

# Legal Accountability of Regional Company Management for Regional Capital Investment in PT. Self-Paced Safe

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## ABSTRACT

This study aims to analyze the effectiveness of regional companies PT. Bahari Aman Mandiri Kota Tidore Islands in the implementation of local government in the era of regional autonomy, and How is legal responsibility for losses incurred by regional companies PT. The research method used in this study is a type of empirical legal research, namely research that looks at the application of laws and regulations in society. The research carried out includes the type of field qualitative research (field research), which is research that emphasizes the completeness of the data collected, namely in the form of primary and skunder data. The results of this study show that the effectiveness of regional companies PT. Bahari Aman Mandiri Tidore Islands City In the implementation of local government in the era of regional autonomy, there are at least two fundamental reasons that are the subject of research that can be the basis that the ineffectiveness of regional companies PT. Bahari Aman Mandiri Kota Tidore Islands in the administration of local government.

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## INTRODUCTION

The position of Regional Companies is increasingly important and strategic with the implementation of regional autonomy. Regions must be able to finance themselves from Regional Original Revenue (PAD). The profit or profit of Regional Companies is one of the sources of PAD to support regional autonomy and economy as well as the welfare of the people, in its development, the formation and management of Regional Companies are not in accordance with the mandate of the Constitution and the principles of good company management so that they experience losses and are unable to perform public services and create legal accountability for the Regional Government and its managers.

A Regional Company is a production unit that provides services, organizes public benefits and fosters income. Regional Companies are led by a Board of Directors whose number of members and composition are stipulated in the regulations of establishment. The Board of Directors is under the supervision of the Regional Head / shareholders / prioritas shares or the body appointed by him. For each financial year by the Board of Directors, the annual calculation consisting of balance sheet and profit and loss calculation is sent to the Regional Head / shareholders / prioritas shares according to the method and time specified in the Regional Company establishment regulations. The district is responsible for losses suffered by third parties

if the losses are caused because the balance sheet and profit and loss calculations that have been certified do not reflect the actual state of the company.

Regional wealth is divided into owned regional wealth and separated regional wealth. Regional wealth owned is called Regional Property (BMD), which is all goods purchased or obtained at the expense of the Regional Budget or derived from other legitimate acquisitions (article 1 of Law No. 1 of 2004 concerning State Treasury). Meanwhile, regional wealth whose management is separated from the regional budget is called regional wealth that is separated. The existence of segregated regional wealth is partly due to local government investment in business entities, both state/regional owned companies (BUMN/BUMD) and private-owned companies. Regional investment in the form of separated regional wealth is expected to be a source of APBD revenue.

As one of the pillars in Regional Companies, Indonesia's economic system is due to weak regulations on its status and independence as a business institution. Granting status as a legal entity cannot realize its independence due to various government regulations and policies that limit and burden it in its institutional, management and accountability aspects.

The term Regional Company was first mentioned in Law Number 5 of 1962 concerning Regional Companies and other laws and regulations. In addition, the term Regional Company is also used in Home Affairs Regulation Number 3 of 1999 concerning the Legal Form of Regional Owned Enterprises (BUMD), Law Number 22 of 1999 concerning Regional Government, Law Number 32 of 2004 concerning Regional Government as well as in various sectoral laws such as the State Treasury Law, Electricity Law, Mineral and Coal Law, Shipping Law and Road Law.

In Article 84 of Law Number 22 of 1999 concerning Regional Government, it is determined that Regions can have Regional Companies in accordance with laws and regulations and their formation is regulated by Regional Regulations. Furthermore, the existence of Regional Companies is also emphasized in Law Number 23 of 2014 concerning Regional Government, in Article 177 it is stated "Regional Governments can have Regional Companies whose formation, merger, disposal of ownership, and/or dissolution are determined by Regional Regulations guided by laws and regulations"

The provision has not provided clarity on the boundaries or definitions of Regional Companies. The limitations and definitions of Regional Companies can be seen in Law Number 5 of 1962 concerning Regional Companies. This Law uses the term Regional Company, in Article 2 it is explained what is meant by Regional Company is all companies established under this Law whose capital is wholly or partly the property of the separated Region, unless otherwise stipulated by or under the law.

This provision provides restrictions on Regional Companies, it is stated that Regional Companies are companies whose capital comes from the assets of the separated Regional Government. In the changes in regulations in recent decades, the Government gave birth to the nomenclature of Regional Owned Enterprises or abbreviated as BUMD, especially after the establishment of Minister of Home Affairs Regulation No. 3 of 1998. Furthermore, in Article 1 number 6 of Law Number 17 of 2003 concerning State Finance, it is explained that a Regional Company is a business entity whose capital is wholly or partially owned by the Regional Government.

The management of the company is not carried out based on the principles of good corporate governance so that the company becomes unhealthy, experiences losses and is unable to perform public services and benefit as a source of Regional Original Revenue. Regional Companies as legal entities are legal subjects that are responsible for all legal consequences arising from management activities in accordance with the provisions, objectives and interests of the company. The responsibility of local governments as shareholders for company losses varies widely.

Local Government capital participation can come from the APBD provided that the APBD is estimated to be surplus, and regional property. The consequence of the participation of local government capital in the form of money and regional property is a form of local government investment in BUMD business entities by obtaining ownership rights, so that there is a transfer of

ownership of regional money and property which was originally wealth that was not separated into separated wealth to be counted as regional capital/shares in BUMD. There are various arrangements that need to be considered regarding the capital participation of this Regional Government, all of these regulations need to be considered so that capital participation meets the principles of functional, legal certainty, efficiency, accountability, and value certainty.

The government should establish a comprehensive and integral Regional Company Law so that it can become the legal basis for the formation, management and accountability of companies. The regulation and application of good company management principles is a prerequisite for realizing a healthy company that is able to carry out public services and earn profits as a source of Regional Original Revenue, as part of the amendment of Law No. 5 of 1962 concerning Regional Companies which was declared to have been repealed with the birth of Law No. 6 of 1969 concerning the Declaration of Invalidity of Various Substitute Government Laws and Regulations. The law (especially in Annex III where there is a provision for the invalidity of Law Number 5 of 1962) which until now has no replacement.

This research was conducted on the legal responsibility of important Regional Companies carried out at PT. Bahari Amah Mandiri in Tidore Islands City for the following reasons: First, Regional Companies are formed under public law to conduct business activities in the field of private law; Second, Regional Companies that suffer losses cause legal problems in their liability.

The legal responsibility of local governments, administrators and employees should be based on their obligations and mistakes. The loss of the Regional Company in addition to causing it to be unable to contribute to PAD, burdening the regional budget and causing losses to regional finances, also raises legal problems regarding its liability. Thus, the legal responsibility of Regional Companies as legal entities, Regional Governments as shareholders/capital owners, supervisory bodies and directors as trustees to manage the company properly and responsibly.

Capital Participation is the transfer of Regional wealth which was originally unseparated wealth into separated wealth to be calculated as Regional capital/shares in the Aman Mandiri Regional Public Company. And intended for increasing the efforts of Regional Governments to explore regional potential is a consequence of the enactment of regional autonomy. From several sources of Regional Original Revenue (PAD), sources of income derived from Regional Companies need special attention. So far, it is considered unable to contribute to PAD optimally due to the lack of professionalism in business management and the many interventions of executives who are full of interests in it.

## **METHOD**

This type of research has a type of empirical legal research, namely research that looks at the application of laws and regulations in society. Research conducted by researchers includes the type of qualitative research (field research), namely research that emphasizes the completeness of the data collected, namely in the form of primary data and skunder. This research researchers took the location of the research of the Regional Company (Perusda) Aman Mandiri in Tidore City Islands. Nature of Research This research is descriptive, because this study aims to explain the solution of existing problems based on data, so this study also presents data, analyzes and interprets.

Descriptive research is research directed to provide symptoms, facts, or events systematically and accurately, regarding the characteristics of a particular population or area. Descriptive research tends not to need to look for or explain interrelationships and test hypotheses. This study used several data sources, namely primary data sources and secondary data sources. Data analysis techniques that researchers use are qualitative data analysis techniques, research that is or has the characteristics that the data is expressed as it is by not changing in the form of symbols or numbers, while the word research basically means a series of activities or processes of revealing secrets or something that is not yet known using a systematic, directed and accountable way of working or methods, After that researchers use an inductive thinking pattern, which departs from specific cases based on real experience (speech or behavior

of research subjects) to then be formulated into concepts, theories, principles or definitions that are general.

## **RESULTS AND DISCUSSION**

### **A. The Effectiveness of Regional Companies PT. Bahari Aman Mandiri Tidore Islands City in the Implementation of Local Government in the Regional Autonomy Era**

Regional Company means all companies established whose capital is wholly or partly a segregated regional property, unless otherwise provided by or under law. The purpose of Regional Companies is to participate in implementing Regional development, especially in national economic development to meet the needs of the people by prioritizing peace and pleasure of work in the company, towards a just and prosperous society. The management of Regional Companies is in the hands of the Regional Company management who are responsible to the Regional Head, the responsibility of the Regional Head is as the owner and also the manager.

Regional Owned Enterprises (BUMD) based on their target categories consist of 2 (two) groups, namely regional companies to serve public as well as private interests and regional companies for the purpose of increasing regional revenues. The purpose of the establishment of the Regional Owned Enterprise is to carry out regional development through services to the community, the implementation of public benefits and increasing regional income.

A Regional Company is a company whose part or all of the capital owned belongs to the Regional Government, either from the separated regional wealth or from the Regional Budget (APBD). This condition is in line with the concept of regional autonomy, regional governments are required to carry out regional financial management effectively, efficiently and accountably. Local governments must try to manage regional revenues carefully, appropriately and carefully. Local governments must ensure that all potential revenues have been collected and recorded into the local government accounting system.

The main aspect in regional revenue management that needs serious attention is the management of local original revenue (PAD). PAD should be the largest financial resource for the implementation of regional autonomy. This shows that PAD is the most important benchmark for regional capabilities in organizing and realizing regional autonomy, so that PAD reflects the independence of a region. PAD can come from local taxes, regional levies, the results of segregated regional wealth management, and other legitimate PAD. PAD derived from the results of segregated regional wealth management is income derived from Regional Companies (PD) or Regional Owned Enterprises (BUMD).

BUMD has a role in realizing regional prosperity by contributing to PAD Revenue either in the form of dividends or taxes. One of the challenges of increasing PAD can be answered by increasing the role / contribution of BUMD. Macro-wise, the role of PD/BUMD in the regional economy can be measured through its value-added contribution to Gross Regional Domestic Income (GDP) and its ability to absorb labor. In the development of the business world, BUMD is faced with severe challenges. As a tangible manifestation of regional investment, BUMD will inevitably face increasingly high competition with the entry of the global market. The choice is whether the BUMD should stick with its current condition or follow the competition by making changes to its vision, mission, and business strategy.

Looking at its function, BUMD was established to participate in implementing regional development in particular and national economic development in general to meet the needs of

the people towards a just and prosperous society. But until now, this goal has not been actually realized by PD/BUMD. The contribution of BUMD in producing PAD is still very minimal. BUMD is ideally one of the sources of revenue from a local government. BUMD is a manifestation of the role of local governments in regional economic development. In its development, BUMD has become one of the regional financial problems. Not only does it fail to be a source of revenue, even BUMD can burden regional finances.

BUMD was established to participate in implementing regional development in particular and national economic development in general to meet the needs of the people towards a just and prosperous society. But until now, this goal has not been actually realized by PD/BUMD. The contribution of BUMD in producing PAD is still very minimal. BUMD is ideally one of the sources of revenue from a local government. BUMD is a manifestation of the role of local governments in regional economic development. In its development, BUMD has become one of the regional financial problems. Not only does it fail to be a source of revenue, even BUMD can burden regional finances. There are various problems faced by BUMD, both internal problems related to company management or external problems related to a very high level of competition and changes in the business environment that pose a threat to the survival of the company.

The spirit of regional autonomy encourages the enthusiasm of local governments, especially rich regions, to establish BUMD, or in other words, regional autonomy provides space for local governments to do business. Thus, the existence of BUMD cannot be separated from policy developments related to State-Owned Enterprises (SOEs). Unlike SOEs whose definition has been stipulated by Law Number 19 of 2003 concerning SOEs, the term BUMD is only known in Home Affairs Regulation Number 3 of 1998 concerning the Legal Form of BUMD, and contained in Law Number 22 of 1999 which was amended into Law Number 32 of 2004 concerning Regional Government. This is because the establishment and regulation of BUMD is still subject to Law Number 5 of 1962 concerning Regional Companies.

The regulation of Law Number 5 of 1962 concerning Regional Companies is still valid until the enactment of the successor Law. However, until now there has been no replacement law, while the material of Law Number 5 of 1962 concerning Regional Companies has a different spirit from the current situation and conditions. Therefore, in its implementation, the Law is no longer relevant and less able to accommodate the implementation of BUMD and cannot answer the dynamics of company management which involves sharing aspects, including institutional personnel, work procedures that cannot carry out their functions and roles in supporting the company's function as a contributor to PAD.

Furthermore, Law Number 5 of 1962 concerning Regional Companies is a Law whose preparation was inspired by the issuance of Government Regulation in Lieu of Law Number 17 of 1960 concerning State Companies. The implementing regulations for the Law are Minister of Home Affairs Regulation Number 1 of 1984 concerning Procedures for Development and Supervision of Regional Companies and Minister of Home Affairs Regulation Number 3 of 1990 concerning Management of Regional Company Property. Since the issuance of Law Number 1 of 1995 concerning Limited Liability Companies and Regulation of the Minister of Home Affairs Number 3 of 1998 concerning the Legal Form of BUMDs, some BUMDs have been in the form of Limited Liability Companies.

The establishment and management of Regional Companies is carried out based on Law Number 5 of 1962 concerning Regional Companies (UUPD). Article 157 of Law Number 32 of 2004 concerning Regional Government, Law Number 17 of 2004 concerning State Finance.

Regional sources of revenue include Regional Original Revenue, namely: local tax revenues, regional levy proceeds, and separated regional wealth management results. In the explanation of the article, it is determined that the results of regional wealth management that are separated include the share of profits from BUMD, and the results of cooperation with third parties.

If comprehensively traced, Law Number 5 of 1962 concerning Regional Companies is a law whose preparation was inspired by the issuance of Perpu Number 17 of 1960 concerning State Companies. This law basically accommodates basic things about the functions and duties of Regional Companies, but many articles in this law are no longer in accordance with current economic developments and demands, especially with the existence of regional autonomy. This law was repealed by Law Number 6 of 1969 concerning the Declaration of Invalidity of Various Laws and Government Regulations in Lieu of Law, but in the Explanation it was affirmed that the Law has not been valid since the issuance of the replacement law which until now has not existed. However, as a replacement, the Government regulates it in Law Number 23 of 2014 concerning Regional Government. The provisions of this law will be further regulated in a Government Regulation.

The legal form of BUMD legal entity according to the Regulation of the Minister of Home Affairs Number 3 of 1998 concerning the Legal Form of BUMD can be in the form of Regional Companies or PDs and Limited Liability Companies or PT, then in its operation each BUMD is subject to each provision governing their respective legal entities, in other words for Regional Companies provisions apply to Regional Companies as stipulated in Law Number 5 of 1962 concerning Regional Companies while for BUMD whose legal entity form is Limited Liability Company applies the Law regulating Limited Liability Companies which is currently regulated in Law Number 40 of 2007 concerning Limited Liability Companies.

As long as this regulation has not been established, all implementing regulations of the Regional Company Law can be established by the Provincial Government and the Regency / City government with Regional Regulations (Article 4 paragraph (1) of the UUPD). The Regional Regulation comes into effect after obtaining approval from the superior agency/Ministry of Home Affairs (Article 4 paragraph (3) of the UUPD). The ratification is one form of prevention intended so that the activities of Regional Companies are adjusted to national economic policies so that duplication of business between the Center and the Regions can be avoided. Thus, in the framework of managing regional households, financial resources are needed that provide capabilities and strength to the region. Regional companies can be used as a means to increase regional revenue. The emphasis of all Regional Companies is aimed at regional development in particular and national economic development in general.

According to the author, the existence of the Regional Company Law (UUPD) is in line with Law No. 19 Prp of 1960, which both regulate government involvement in economic business activities through Regional Companies for the Regional Government level and through State Companies for the Central Government level. Law No. 19 Prp of 1960 has been amended through Presidential Instruction No. 17 of 1967 which was further stipulated by Law No. 9 of 1969. Meanwhile, UUPD has not experienced such developments. However, as the will of Presidential Instruction No. 17 of 1967 whose targets include Regional Companies and the provisions of Article 59 paragraphs (1) and (2), as well as Article 60 paragraph (1) of Law No. 5 of 1974, as long as there is no new law regulating Regional Companies; By analogy, Law No. 9 of 1969 should be used as a guideline. Thus, the development of economic / business activities in the regions can be regulated into the following forms of business:

**1) Regional Office Company (Perdinda)**

Perdinda is established and regulated by Regional Regulations and ratified by authorized officials, is in the nature of providing services to the community and does not seek profit, the overall capital comes from the APBD determined and regulated by Regional Regulations (Perda), led by a Head who is appointed and dismissed by the Regional Head and authorized by the authorized official, and his employment status is a Regional Employee.

**2) Regional Public Company (Perumda)**

Perumda was established with a Regional Regulation and its position as a Legal Entity is obtained by the enactment of a Regional Regulation that has been ratified by an authorized official, prioritizes the provision of services and the implementation of public benefits and fosters profits for regional revenues, the overall capital comes from regional wealth or regions that are separated and provided in the APBD (can be divided into shares), led by the Board of Directors whose composition and amount are regulated in the Establishment Regulations and appointed and dismissed by the Regional Head and authorized by the authorized Officer, his employment status is an employee of the Regional Company and regulated by Regional Regulations.

**3) Regional Persero Company (Perseroda)**

The Company was established and regulated in accordance with the provisions of the KUHD (Stb. 1874-23) and in the form of a Limited Liability Company (PT), prioritizing the fertilization of profits for regional revenues, its capital is regional participation in the form of regional wealth separated and provided in the APBD, led by the Board of Directors whose structure, amount and authority are stipulated in the Company's Articles of Association and appointed and dismissed by the Regional Head authorized by the authorized official (in the case of all of the Company's capital is regionally owned), or the appointment and dismissal of the Board of Directors is carried out by the GMS (in the event that the Company's capital is a joint venture), and the employment status is Private Employees.

Based on the description above, it can be concluded that the focus of the author's research is the form of Regional Public Companies (Perumda). Of course, as part of the Regional Company, Perumda in the economic arena in Indonesia, must first understand the purpose of its establishment. As is known that national economic growth is the aggregate of regional economic growth. Thus, to get national economic growth, regions must be encouraged by economic growth. Regional economic growth, among others, can be done through local government investment. This is in accordance with Permendagri Number 52 of 2012 concerning Guidelines for Local Government Investment Management.

Regional companies are engaged in fields that are in accordance with their household affairs according to laws and regulations governing local government. The branches of production that are important to the region concerned are managed by Regional Companies whose capital is entirely the wealth of the separated region. In implementing these objectives, Regional Companies cooperate with State Companies, cooperatives and the private sector. In the event that the business field of Regional Companies has something to do with the cooperative business field, the cooperative is still prioritized. Therefore, Regional Companies are essentially looking for profits that can be used for regional development, or function as regional assets, and one of the sources of regional income with the aim of increasing regional revenue. So, the income of Regional Companies becomes a source of income for the Regional Government and is included in the APBD of each region.

In this case, effectiveness is intended as the achievement of organizational goals through efficient utilization of resources owned, in terms of input, process, and output. In this case, the

implementation of local government in the management of Regional Companies in the era of regional autonomy is said to be efficient if done correctly and in accordance with procedures, while it is said to be effective if the activities are carried out correctly and provide useful results and run according to the rules or run according to the targets set by the PERUMDA. However, the reality is that the Regional Public Company (Perumda) Aman Mandiri is no longer in line with the main purpose of establishing the Regional Company itself. There are at least two fundamental reasons that are the subject of research that can be the basis of the author that the ineffectiveness of regional companies PT. Bahari Aman Mandiri Kota Tidore Islands in the implementation of local government is reviewed from two main indicators, as follows:

### **1. Business Plan Of Aman Mandiri Regional Public Company**

A company can be understood as an organization that processes economic resources owned to become goods or services aimed at meeting customer satisfaction. With the activities it does, a company is expected to provide benefits for its owners (shareholders). Business activities carried out by a company can be interpreted as all coordinated activities between people involved in commerce (producers, traders, consumers and industries) in an effort to increase customer satisfaction and expectations. In other words, business activities consist of a series of processes involving external parties.

Companies certainly operate in certain industries or several industries which means facing competition in grabbing their customers. Competition in the same market between producers should not be ignored so that the company can maintain its business continuity. To be able to meet customer desires, managers must be able to measure the company's ability to provide resources and funds for operational needs. The results of operational activities are expected to bring profit (*profit*), namely revenues (*revenues*) exceeding expenses (*expenses*).

The inability of leaders to identify and take into account the company's capabilities will have a negative impact on the company. The competition that is always faced requires a combination of resource utilization to achieve company goals. The main goal of business activities, according to conventional business literature, is to maximize profits. In a business environment, a company must be able to deliver goods or services in a way that can provide benefits throughout its life. To support the main business goals, companies need to find potential and opportunities to be able to meet consumer satisfaction. Business is formed by several interrelated things, namely: (1) markets, (2) companies, (3) competition, and (4) change.

The company must clearly define the authority and responsibility between its parts. The separation between operations and management must also be clearly distinguished. Included in the operational (functional) part are marketing, human resources (HR), finance and production. The management of a company can be divided into top-level, middle-level, and lower-level management. Misalignment between all functional and management parts will have a detrimental effect in the long run due to the absence of good coordination. In addition to the separation of authority and responsibility and management levels, it is also necessary to pay attention to various aspects of the company that play an important role in the success of achieving its goals. These aspects are marketing aspects, technological aspects, HR aspects, management aspects and financial aspects.

### **2. Local Government Capital Participation to Aman Mandiri Regional Public Company**

The purpose of establishing a Regional Company for the development and development of economic potential in the area concerned. Regional companies need to optimize their



management so that they truly become a reliable economic force so that they can play an active role, both in carrying out their functions and duties and as regional economic strength. The establishment of a Regional Company with the pure intention of profit is intended to increase Regional Original Revenue from dividends deposited into the Regional Treasury.

The dividends obtained from the Regional Company will be the revenue of the Regional Government to increase the ability of the Regional Budget to finance regional development. The success of the Regional Company's performance is based on how much it is able to contribute dividends to the Regional Budget. The expected role of Regional Companies is large enough to sustain this PAD in reality far from expectations. The role and contribution of Regional Company profits in PAD revenue at the provincial level and at the district / city level is still very small.

Local governments as company owners can provide financial assistance, one of which is through capital participation. Capital participation plays an important role in the early stages of company formation because funds can be used for basic development that supports the company's business operations, for example for infrastructure development related to company operations. The provision of capital participation funds is an effort to provide financial assistance for regional companies sourced from public money managed by local governments in regional finance.

Local Government expenditures recorded as capital participation are included in the Regional Budget and separate local regulations are made to regulate them. The local government provides capital participation funds must be adjusted to the needs of the regional companies themselves so that a study of the nominal calculation of capital participation funds is needed. Regional Government capital participation is the transfer of ownership of regional wealth which was originally wealth that was not separated into separated wealth to be calculated as regional capital/shares.

The purpose of Local Government Capital Participation is an effort to increase the productivity of land and/or building utilization and other wealth owned by the Regional Government by forming joint and mutually beneficial businesses. The purpose of Local Government Capital Participation is to increase the source of Local Original Revenue; economic growth; community income; and employment. Thus, to achieve this goal, the participation of local government capital is carried out based on the principles of transparent and accountable corporate economy.

Capital participation by local governments can be made to government-owned and/or private-owned enterprises by addition, subtraction, sale to other parties, and transfer to BUMD in accordance with laws and regulations. Local Government investment tends to be given to BUMDs that have a mission as agents of development. The state through the provincial government should be involved in the economy of the community by managing resources for the prosperity of the people who are responsible as providers of public services and usually charged to public companies.

## **B. Legal Responsibility for Losses Incurred in Regional Companies PT. Maritime Amah Mandiri City Tidore Islands**

Regional Companies as legal entities have legal personality as legal subjects. This was also confirmed in Supreme Court Decision No. 047 K / Pdt / 1988, dated January 20, 1993. In terms of Civil Law, there are several responsibilities attached to each company as a separate and different legal entity from shareholders and management of the company. Civil liability called Civil Law liability (*civielrechtelijke aanspraake lijkheid*, liability under civil law) is a corporate

responsibility that concerns the domain of the field of Civil Law in a broad sense. Basically, the responsibility of the field of Civil Law does not cause legal problems. This is because the company is recognized as having the capacity to carry out legal actions such as making contracts or transactions with third parties as long as it is in accordance with the aims and objectives and business activities specified in the Articles of Association.

In addition to having the capacity to make contracts or transactions with third parties based on the provisions of Article 1315 jo. Article 1320 of the Civil Code, companies can also enter into engagements arising from the law or as a result of company actions under Article 1352 of the Civil Code. The act can be in the form of lawful acts in accordance with the provisions of Article 1354 of the Civil Code such as representing the affairs of others without the order and consent of that person (*zaakwarneming*). In addition, it can also be an unlawful act (*onrechtmatige daad, wrongful act*) that harms others, as specified in Article 1365 of the Civil Code.

The company as a legal subject is different from shareholders and administrators, which is attached contractual responsibility (*contractuele aansprakelijkheid, contractual liability*) for the agreements or transactions it makes for and on behalf of the company. Contractual responsibilities are born and attached to the company from the agreements it makes with other parties. According to the law, the company as a legal entity can conduct business in accordance with the aims and objectives stipulated in the Articles of Association.

The Company may enter into any form of agreement permitted by law as long as it is in accordance with the capacity stipulated in the Articles of Association. The company is no different from individual legal subjects, has rights and obligations in law. The Company reserves the right to seek legal assistance and protection before the Court, just as individual legal subjects, may seek legal assistance and protection in Court.<sup>410</sup>

If the company breaks its promise or defaults, it is qualified to commit a breach of contract or is said to have not fulfilled obligations (*niet nakoming, non performance*), so that it can be sued to fulfill the agreement and pay reimbursement (cost), compensation (schade, damage), and interest based on Article 1243 jo. Article 1267 of the Civil Code. This is among others affirmed in Supreme Court Decision No. 695 K / PDT / 2010 that the agreement made by the management of the company in the case In carrying out business activities in accordance with the aims and objectives stipulated in the Articles of Association, the company can carry out legal relations and legal actions with other parties both with individuals and with other legal entities. Such relationships and legal actions are represented by the Board of Directors.

In such a case, if the company enters into an agreement or engagement with another party, according to Article 1338 of the Civil Code, the company has bound itself to another person or party. If the engagement is carried out in accordance with the provisions of Article 1320 of the Civil Code, then according to Article 1338 of the Civil Code the agreement is binding as law to the company and must be carried out in good faith. Thus, since the agreement came into force, the company has arisen a legal obligation to fulfill (*nakoming, performance*) the contents of the agreement and at the same time attached to the contractual responsibility to the other party is for and on behalf of the company. If the company does not fulfill the agreement, then he has defaulted. Therefore, the counterparty may sue the company to fulfill the obligations agreed in the agreement.

## **CONCLUSION**

This study concluded that effectiveness of regional companies PT. Bahari Aman Mandiri Tidore Islands City In the implementation of local government in the era of regional autonomy, there are at least two fundamental reasons that are the subject of research that can be the basis

that the ineffectiveness of regional companies PT. Bahari Aman Mandiri Kota Tidore Islands in the implementation of local government in terms of two main indicators, First, the Business Plan of the Public Company of the Aman Mandiri Area Company must be clearly defined the authority and responsibility between its parts. The separation between operations and management must also be clearly distinguished. Included in the operational (functional) part are marketing, human resources (HR), finance and production. The management of a company can be divided into top-level, middle-level, and lower-level management. Misalignment between all functional and management parts will have a detrimental effect in the long run due to the absence of good coordination. In addition to the separation of authority and responsibility and management levels, it is also necessary to pay attention to various aspects of the company that play an important role in the success of achieving its goals. These aspects are marketing aspects, technological aspects, HR aspects, management aspects and financial aspects. Second, the participation of local government capital to the Aman Mandiri Regional Public Company. The purpose of establishing a Regional Company for the development and development of economic potential in the area concerned. Regional companies need to optimize their management so that they truly become a reliable economic force so that they can play an active role, both in carrying out their functions and duties and as regional economic forces. The establishment of a Regional Company with the pure intention of profit is intended to increase Regional Original Revenue from dividends deposited into the Regional Treasury.

Legal responsibility for losses incurred by regional companies PT. Nautical Safe Independent City Tidore Islands. Regional Companies as legal entities are legal subjects who have rights and obligations. These rights and obligations are carried out by the management and the company is responsible for all legal consequences arising from the activities of the management in accordance with laws and regulations, objectives and interests. The responsibility of the Regional Government as a shareholder for the company's losses is unlimited (exceeding the issued capital) in the event that the balance sheet and financial statements it approves contain false information, engage in unlawful acts that harm the company, management and third parties and/or receive the assets (assets) of the Regional Company that it dissolves. The accountability of the Regional Government can be categorized as the application of the principle of piercing the corporate veil. The application of this principle can strengthen protection against creditors because the Region as a public legal entity has relatively large assets. However, on the other hand, regional assets cannot be used as collateral for debts, pledges and confiscation for debt repayment to third parties (debtors). Normatively, Commissioners, Directors and Employees are responsible for company losses arising from errors / omissions and unlawful acts committed. However, in practice, the principle of liability cannot be applied because the dissolution of Regional Companies is not carried out through the process and decision of the competent court.

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