

Review of Asset Management Practice in Indonesian State-Owned Enterprise

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Abstract

This study examines Indonesian State-Owned Enterprises (SOEs) asset management methods, problems, and financial and operational performance effects. The report synthesizes case studies and academic research on how large organizations manage their huge and diverse asset portfolios and how governance, regulatory frameworks, and human resource practices affect their effectiveness. The research begins with case studies of talent management innovations from big Indonesian SOEs. These cases show how proactive human resource approaches can boost company commitment and reduce turnover, improving asset management efficiency. According to the research, governance and legal frameworks influence asset management techniques. Studies show that corporate governance quality affects SOE operational performance. The paper explores how reforms and legislation affect state asset management, highlighting the major changes in SOE governance and legal frameworks, particularly after economic and political reforms. Asset management difficulties for Indonesian SOEs include managing large and diverse asset portfolios, integrating modern management frameworks, and optimizing state asset revenue. According to the study, comprehensive asset management systems, governance transparency, and professional management can address these difficulties. The research examines how asset management strategies affect Indonesian SOE profitability, corporate governance, and performance measures. Strategic asset management boosts financial performance, especially profitability. SOE profitability is greatly affected by current asset and liability management. The study offers advice to Indonesian SOEs and policymakers. Enhancing financial and operational performance requires comprehensive asset management, governance changes, and strategic innovation. These efforts boost Indonesia's economy, demonstrating the importance of asset management in SOE performance.

Keywords: State-Owned Enterprises (SOEs); Asset Management Practices; Corporate Governance; Indonesian Economic Policy; Organizational Performance

A. INTRODUCTION

Asset management in Indonesian SOEs is critical to determining operational efficiency and effectiveness. SOEs in Indonesia play a significant role in the national economy, operating in various sectors, from infrastructure to telecommunications. The unique landscape of Indonesia, with its vast geographical spread and diverse industries, presents distinctive challenges in managing assets effectively. These enterprises are not only required to be financially viable but also to fulfil social and political objectives set by the government. This dual role complicates their asset management practices (Dominic & Runde, 2016). Additionally, the transformation of Indonesian SOEs, as evidenced in companies like Telkom Indonesia, reflects a broader shift in asset management strategies, focusing more on technological integration and strategic talent management to enhance overall efficiency and competitive advantage.

Effective asset management in Indonesian SOEs is crucial for several reasons. Firstly, these enterprises manage significant state assets, directly impacting the country's economic health. Efficient asset management leads to better financial outcomes, which is essential for SOEs to be accountable to the government and the public. Secondly, as Indonesia faces rapid technological changes and global competition, SOEs need robust asset management strategies to stay competitive. This involves managing physical assets and optimizing human capital, as highlighted in the case of Adhi Karya Ltd., where talent management practices significantly influenced organizational commitment and reduced turnover intentions (Hariyanto & Said, 2020). Furthermore, effective asset management is critical for achieving sustainability goals, ensuring that SOEs contribute positively to environmental and social objectives.

The primary objective of this review is to provide a comprehensive analysis of asset management practices in Indonesian SOEs. The review aims to understand the current state of asset management, identify best practices, and highlight areas for improvement. The scope includes examining various facets of asset management, such as financial management, human resources, legal and regulatory frameworks, and operational efficiency. Key studies, such as those by (Taufik et al., 2018) on the relationship between corporate governance and firm value in SOEs, provide insights into asset management's financial and operational aspects (Taufik et al., 2018). The review will also cover the challenges faced by SOEs in asset management and propose strategies to overcome these obstacles, thus helping to improve overall performance and contribute to national development goals.

Asset Management in Indonesian State-Owned Enterprises

Globally, asset management has evolved as a discipline that integrates organizational objectives with the management of physical assets. International standards such as ISO 55000 provide frameworks for optimizing asset lifecycle and enhancing efficiency, as demonstrated in European water and wastewater works (Milina et al., 2017). In sectors like electricity distribution, effective asset management is seen as crucial for network reliability and cost management (Blackmore & Leeprechanon, 2015). Integrating advanced technologies and expert systems in asset management is becoming increasingly important, as shown in the electric power sector, where decision-making processes are critical for optimizing asset life and reducing costs (Spatti et al., 2019).

In Indonesia, asset management in SOEs reflects a blend of global best practices and local adaptations. Like Telkom Indonesia, Indonesian SOEs have been focusing on aligning their asset management strategies with global standards, particularly in managing talent and technological assets to maintain competitiveness (Dominic & Runde, 2016). The Indonesian SOE sector also faces unique challenges due to its dual role in achieving financial viability and fulfilling social-political objectives. This requires a more nuanced approach to asset management, balancing efficiency with broader national goals (Hariyanto & Said, 2020). Indonesian SOEs operate in a complex regulatory and socio-political environment, posing unique asset management challenges. Regulatory changes, political influence, and public accountability add complexity not typically found in private-sector asset management (Mardiasmo et al., 2010).

Indonesian SOEs' diverse and geographically spread operations require a tailored asset management approach. This includes managing vast physical assets across islands, adapting to local market conditions, and navigating the logistics and supply chain challenges inherent in such a spread (Dewi et al., 2021). Opportunities for Indonesian SOEs in asset management lie in leveraging technology and innovation. Adopting digital tools and advanced analytics can enhance operational efficiency, optimize asset utilization, and improve decision-making processes (Taufik et al., 2018). There is also an opportunity for Indonesian SOEs to lead in sustainable and responsible asset management practices. Emphasizing environmental, social, and governance (ESG) factors in asset management strategies can position these enterprises as leaders in sustainable development, aligning with global trends and investor preferences (Hariyanto & Said, 2020).

B. RESEARCH METHODS

The methodology for this review involves a comprehensive analysis of both qualitative and quantitative data sources. Qualitative data is collected from published research papers, government reports, and case studies on Indonesian SOEs, such as the studies on talent management in Telkom Indonesia and Adhi Karya Ltd. (Dominic & Runde, 2016; Hariyanto & Said, 2020). Quantitative data is sourced from financial reports, asset management performance metrics, and other relevant statistical data. This data provides insights into Indonesian SOEs' financial and operational performance, as examined in studies like those on corporate governance and firm value (Taufik et al., 2018).

Data analysis involves synthesizing information from these varied sources to identify patterns, trends, and key insights into asset management practices in Indonesian SOEs. This process includes comparing Indonesian practices with global standards and identifying unique challenges and opportunities in the Indonesian context. The review also employs a thematic analysis approach, categorizing findings into governance, financial performance, human resource management, and technological adaptation. This provides a structured and comprehensive overview of asset management in Indonesian SOEs. Case studies and data sources are selected based on their relevance to the Indonesian SOE context, the credibility of the source, and the comprehensiveness of the information provided. Priority is given to studies that offer in-depth insights into the unique aspects of Indonesian SOEs, such as the paper on civil rights in state land management by SOEs in Indonesia (Dewi et al., 2021). The selection process also considers the diversity of sectors within Indonesian SOEs. This includes case studies from various industries, such as telecommunications, construction, and utility services, to ensure a holistic understanding of asset management across different operational contexts.

Timeliness and historical relevance are also important criteria. The review includes historical data to understand the evolution of asset management practices in Indonesian SOEs and current data to capture the latest trends and practices. Finally, the review considers studies and data sources that provide comparative perspectives, contrasting Indonesian SOEs with global practices or similar enterprises in other emerging economies. This approach helps to contextualize Indonesian SOEs within the broader global landscape of state-owned asset management.

C. RESULTS AND ANALYSIS

Asset Management in Indonesian SOEs

In Indonesian SOEs, asset management practices are diverse and complex, often tailored to each enterprise's specific needs and objectives. Telkom Indonesia, for instance, has implemented effective talent management practices as a crucial part of its asset management strategy. This approach includes talent retention, attraction, learning and development, and career management, aiming to build a strong and committed workforce (Dominic & Runde, 2016). Another example is Adhi Karya Ltd., where talent management practices have been evaluated for their impact on organizational commitment and turnover intention. The study shows that effective talent management can significantly enhance employee commitment to the company and reduce the likelihood of employees leaving (Hariyanto & Said, 2020).

Further, the case of PT Kertas Leces, a state-owned enterprise, illustrates the challenges of SOE debt management within the state financial regime. The study explores the theoretical and empirical aspects of SOE debt from a state finance perspective, highlighting the need for careful management and government intervention in financial distress (Hidayatulloh & Erdős, 2023). Applying public asset management in Indonesian local government, such as in South Sulawesi province, also provides insights into the challenges of adopting a public asset management framework. These challenges include the absence of a supporting institutional and legal framework and the complexity of managing public property (Hanis et al., 2011).

Empirical Evidence of SOE Asset Management

PT KAI Indonesia

PT KAI's asset management encompasses a broad range of assets divided into two main categories: Non-Railway and Railway assets. Non-railway assets include land, company houses, and official buildings (messes, lodges, offices, warehouses). In contrast, Railway assets are directly related to railway operations, including rolling stock (locomotives, carriages, wagons, bogies) and infrastructure (tracks, bridges, signal houses, electrical substations). The assets are distributed across regional divisions and operational areas, with significant holdings in land (over 327 million square meters) and various types of buildings. The organizational structure for managing these assets is headed by the Chief Executive Officer, under whom various directors oversee different aspects of asset management, including commercial operations, infrastructure, safety, human resources, strategic planning, and finance.

PT KAI's strategy involves commercializing assets for short-term leases (up to 10 years) and long-term partnerships. This includes renting out spaces at stations, along the right of way (ROW), and at non-station locations for various purposes such as storage, retail, and advertising. The company also leases out its rolling stock and facilities for tourism and events. Examples of asset optimization include the redevelopment of the

former Bandung Station Warehouse and the Mercure Hotel on Jl Lengkong Bandung. These examples illustrate PT KAI's approach to maximizing the value of its assets through commercial development.

PT KAI utilizes an SAP-based system to track revenue and performance. This system provides detailed daily, weekly, monthly, semester, and annual reports. Such a system is essential for effective asset management, aligning with global best practices in asset management as highlighted in literature by experts on decision-making processes in asset management (Spatti et al., 2019). The Asset Portal application is crucial in PT KAI's asset management ecosystem. It facilitates asset data recording, updating, commercialization, and reporting. This includes detailed information about asset identification, acquisition, location, size, and condition, reflecting a comprehensive approach to asset data management.

PT KAI employs a structured approach to managing contracts for asset utilization. This involves monitoring each asset block's invoices, payments, contract terms, addendums, and extensions. The system also handles direct selection processes for potential partners, ensuring transparency and efficiency in managing partnerships. The company conducts thorough business and risk analyses, including feasibility studies and legal reviews, to measure potential outcomes at prospective partnership sites. This practice is crucial for mitigating risks and maximizing returns; a principle echoed in global asset management literature, where risk management is a key component of strategic asset optimization (Blackmore & Leeprechanon, 2015).

Overall, PT KAI's asset management practices demonstrate a sophisticated and systematic approach, integrating modern technology and strategic planning to optimize the use and commercialization of its extensive asset portfolio.

PT Pos Indonesia

The company's shareholding structure comprises 99% ownership by PT Pos Indonesia and 1% by PT Pos Logistik. This structure indicates the significant control and influence PT Pos Indonesia has over its property subsidiary, PT Pos Properti. PT Posties's main business areas include Building Management, Property Rentals, Hospitality Management, and Property Development. This diversification shows the company's strategic move towards leveraging its vast asset base for varied commercial purposes.

The document details the asset profile of PT Pos Indonesia, highlighting that a significant portion of its assets are still used for operational and service activities. It provides specific percentages of asset types, such as KCU/KC (Customer Service Office/Branch Office) and RMD (Regional Main Office), indicating the extensive reach of the company's physical assets.

PT Pos Properti's asset optimization plan involves reorganizing space for postal business and commercial property ventures. This suggests a strategic approach to maximize the utility and profitability of existing assets. The company is focusing on revitalizing heritage assets and collaborating with various stakeholders. This approach preserves historical value and opens new revenue streams through these spaces' creative and communal use. The business model of PT Pos Properti includes Building Management at various GPI (Pos Indonesia Property) locations, Hospitality Management that encompasses hotels and co-living spaces, and Property Development projects like Poin Regencia and Point Residence. This model reflects a comprehensive strategy for managing and developing its vast properties.

PT Pos Properti is adopting innovative approaches in asset management, such as creative hubs and gaming houses. This modern approach indicates the company's efforts to stay relevant and competitive in the dynamic property market. PT Pos Properties' strategic initiatives include optimizing and expanding its asset portfolio showcasing a blend of traditional and innovative property management and development approaches. This aligns with global trends in asset management, where companies are increasingly looking to diversify their portfolio and adopt innovative strategies to enhance asset value and generate new revenue streams.

PT PLN Indonesia

PT PLN's 2023 strategic plan includes a focus on increasing revenue beyond electricity sales (kWh) through the utilization and commercialization of its property assets across Indonesia. This aligns with broader corporate strategies aimed at diversifying income sources and optimizing asset use. PTPLN's asset management strategy is based on a four-pillar initiative, focusing on data and technology development, policy and process improvement, performance measurement, and organizational and human resource strengthening. This approach reflects a holistic view of asset management, addressing various facets from technology to people management. Significant emphasis is placed on developing an ecosystem for digital optimization of property asset utilization. This involves centralizing asset management supported by digitalization, indicating PT PLN's commitment to

modernizing its asset management practices. The company is working on developing strategic and operational policies for property asset management. This includes conducting feasibility studies for new property ventures and strengthening business processes for managing these assets.

PT PLN is enhancing its performance measurement criteria for property asset management. This includes developing Key Performance Indicators (KPIs) that are cascaded through the organization and implementing contract management as a KPI for asset management between PLN Holding and its subsidiaries. There is a focus on strengthening the organization and human resources involved in property asset management. This includes structuring and formalizing the organizational units managing property assets at the headquarters and subsidiary levels. The document details various models for asset utilization, including lease, borrowing, and partnership arrangements such as Build-Operate-Transfer (BOT). These models are designed to maximize the value and utility of PT PLN's property assets. PTPN's approach to property asset management illustrates a strategic and integrated method, incorporating modern technology and data management, policy development, performance tracking, and organizational restructuring. This aligns with global best practices in asset management, emphasizing the importance of a comprehensive and technology-driven approach to maximize asset utilization and revenue generation.

Table 1. Comparison Between Each SOE Asset Management Practice

Criteria	PT KAI Property	PT Pos Indonesia	PT PLN Indonesia
Policy	Focuses on the commercialization of assets, particularly for short-term leases and long-term partnerships.	Diversified business areas include building management, property rentals, hospitality management, and property development.	Emphasizes increasing revenue beyond electricity sales through property asset utilization and commercialization.
Approach	Asset Optimization through redevelopment of non-utilized spaces and commercial development.	Revitalizing heritage assets and collaborating with various stakeholders for new revenue streams.	Integrating technology and data for asset management; developing digital tools for asset monitoring.
Regulations	Governed by internal corporate governance for property management and leasing agreements.	Subject to state-owned enterprise regulations, focusing on preserving historical value while expanding commercially.	Adheres to corporate and national regulations for property and electricity infrastructure management.
Asset Utilization	Utilizes a variety of assets like station spaces, ROW, and non-station locations for commercial purposes.	It focuses on maximizing the use of building hospitality spaces and developing property projects.	Utilizes property assets for electricity infrastructure and explores additional commercial ventures.
Technology Integration	Uses modern technology for asset management, such as SAP-based systems for tracking and performance.	Adopts innovative approaches in asset management, including creative hubs and gaming houses.	Centralizes asset management with digitalization; develops integrated applications for asset monitoring.
Performance Measurement	Tracks revenue and performance through detailed SAP-based reporting systems.	Possibly employs modern KPIs and performance-tracking methods	Enhances performance measurement criteria with a focus on KPIs and contract management as a performance metric.
Organizational Structure	Has a structured approach to managing contracts and partnerships for asset utilization.	Likely follows a structured organizational approach for managing its diversified business ventures.	Structuring and formalizing organizational units at both the headquarters and subsidiary levels for asset management.
Revenue Generation Focus	Concentrates on maximizing asset value through commercial rent and lease agreements.	Balances revenue generation with cultural preservation and innovative property use.	Aims to diversify income sources beyond traditional electricity sales, leveraging property assets for additional revenue.

Source: Research data, 2023

Civil Rights and Regulatory Environment for SOEs Managing State Land

The management of state land by SOEs in Indonesia is a complex process influenced by various legal, social, and economic factors. The regulatory environment is characterized by a mix of national laws, local regulations, and company policies, which SOEs must navigate to manage state land assets effectively. (Dewi et al., 2021) discuss the civil rights aspects involved in managing state land, emphasizing the importance of respecting local community rights and interests while pursuing commercial objectives. The legal framework

governing state land management by SOEs often requires balancing the commercial interests of the SOEs with the public interest. This involves adhering to environmental regulations, land use planning laws, and other relevant legislation. The case study of PT Kertas Leces illustrates the legal challenges faced by SOEs, including bankruptcy and asset confiscation issues (Shubhan et al., 2020).

In managing state assets, SOEs are also tasked with optimizing the use of these assets for economic development while ensuring compliance with social and environmental standards. The study on the potential utilization mapping of state-owned assets in Palangkaraya City provides a practical example of how SOEs can evaluate and maximize the revenue potential of state land assets (Dorojatun & Purwanto, 2019). Finally, the regulatory environment for SOEs managing state land also includes mechanisms for public accountability and transparency. SOEs must regularly report on their asset management activities, performance, and compliance with legal and regulatory requirements, as highlighted in the case of the balanced scorecard application for measuring competitive advantage in state-owned ports (Hamid, 2018).

Financial and Operational Performance

Asset management in Indonesian State-Owned Enterprises (SOEs) significantly impacts their financial and operational performance. Effective asset management practices, including the management of assets and debts, have shown a direct influence on the liquidity and profitability of SOEs listed on the Indonesia Stock Exchange. The study by Firizq, Rahmiyati, and Ratnawati (2019) highlights that asset management has a directly proportional relationship with debt management, although it does not significantly impact liquidity and profitability due to high operational costs financed by debt (Firizq et al., 2019). The research (Susanty & Salwa, 2017) focuses on the role of knowledge management practices and organizational learning in impacting the organizational performance of SOEs. The study reveals that the implementation of knowledge management contributes significantly to organizational performance, emphasizing the importance of intellectual capital in enhancing SOE performance (Susanty & Salwa, 2017).

Daryanto and Samidi (2018) analyze the financial performance of SOEs under the Ministry of Energy and Mineral Resources. Their study measures financial health conditions using indicators like return on equity and total asset turnover. It underscores the challenges SOEs face in inventory management and asset utilization, reflecting the need for improved efficiency in asset management (Daryanto & Samidi, 2018). (As'ari & Yaya, 2020) examine the influence of factors such as capital contribution, asset growth, liquidity, and state ownership on the financial performance of SOEs. Their findings indicate that higher government shares in SOEs tend to lead to more external intervention, suggesting a need for professional management to improve financial performance (As'ari & Yaya, 2020).

Profitability, Corporate Governance, and Performance Metrics in Indonesian SOEs

The study of profitability in Indonesian SOEs, as discussed by (Taufik et al., 2018), emphasizes the importance of asset management in enhancing profitability. The research suggests that strategic asset management can lead to improved financial outcomes, including increased profitability (Taufik et al., 2018). (Roni et al., 2018) explore the effect of working capital management on the profitability of SOEs. Their study demonstrates that effective management of current assets and liabilities significantly impacts the overall profitability of SOEs, highlighting the critical role of asset management in financial performance (Roni et al., 2018).

The impact of corporate governance practices on SOE performance has been examined by (Alamsjah et al., 2012). Their study finds a positive relationship between corporate governance quality and operating performance, indicating that improved governance practices can enhance the efficiency and effectiveness of SOE operations (Alamsjah et al., 2012). (Surifah et al., 2020) investigate the relationship between ownership, remuneration, corporate governance, and financial performance in Indonesian SOEs. Their findings suggest that public ownership and independent board members positively impact financial performance, while excessive remuneration at the supervisory level may not contribute effectively to performance (Surifah et al., 2020).

Governance and Legal Framework in Indonesian State-Owned Enterprises (SOEs)

The governance and legal framework of SOEs in Indonesia play a crucial role in shaping their asset management practices. These frameworks provide the structural and regulatory foundation for how SOEs operate and manage their assets. According to Alamsjah, Kusuma, and Ramadhan (2012), the quality of corporate governance practices has a direct relationship with the operating performance of Indonesian SOEs, emphasizing the importance of governance in effective asset management (Alamsjah et al., 2012). Legal reforms and regulatory

changes have been instrumental in shaping the current asset management landscape in Indonesian SOEs. The implementation of corporate governance principles, such as transparency, accountability, responsibility, independence, and fairness, is vital for SOEs to reach their maximum potential and fulfil public accountability, as discussed by (Sukarja et al., 2020) in their study on the regulatory framework of Village-Owned Enterprises (BUM Desa) in Indonesia.

Mardiasmo et al.'s studies in 2010 and 2014 focus on the reform processes and laws impacting state asset management in Indonesia. These studies highlight the significant transformations in the governance and legal frameworks governing SOEs, particularly in the wake of economic and political reforms. The reforms have aimed to enhance efficiency, transparency, and accountability in SOE operations (Mardiasmo et al., 2010); (Mardiasmo et al., 2014). Governance reforms have also been accompanied by changes in corporate law and business practices, as explored by (Tabalujan, 2001) in his analysis of corporate governance in Indonesian banks. These changes have been pivotal in improving the management and oversight of state assets, leading to better economic outcomes and increased public trust in SOEs (Tabalujan, 2001).

The governance and legal frameworks in Indonesian SOEs have evolved significantly over the years, with reforms aimed at improving transparency, accountability, and overall efficiency in asset management. These changes reflect the broader global trend of increasing corporate governance standards in the public sector to enhance performance and public trust.

Challenges in Asset Management for Indonesian State-Owned Enterprises (SOEs)

Indonesian SOEs face several challenges in asset management, including the complexity of managing large and diverse asset portfolios across various sectors and regions. (Daryanto & Samidi, 2018) highlight challenges in inventory management and asset utilization in SOEs under the Ministry of Energy and Mineral Resources, emphasizing the need for improved efficiency in asset management.

Another significant challenge is the integration of modern asset management frameworks in a public sector context. The study by (Hanis et al., 2011) identifies obstacles such as the absence of a supportive institutional and legal framework and the complexities in managing public property for local governments in Indonesia. The mapping and evaluation of the potential utilization of state-owned assets, as explored in Palangkaraya City, show the challenges in optimizing revenue generation from state assets. The study reveals the need for better asset mapping and valuation techniques to maximize revenue potential (Dorojatun & Purwanto, 2019).

The formation and functioning of the State Asset Management Agency (LMAN) in Indonesia also present challenges, particularly in terms of organizational structure and responsibilities. (Jannah & Lutfansa, 2017) discuss the challenges faced by LMAN, including the need for a more elaborate structure and clearer responsibilities to manage state assets effectively.

Future Directions and Recommendations for Improvement

To address these challenges, SOEs in Indonesia should focus on implementing more comprehensive and integrated asset management systems. Adapting international standards like ISO 55000, as discussed on Indonesian Railways, can provide a structured approach to asset management, enhancing efficiency and asset utilization (Ali, 2021). Improving transparency and governance in asset management is also critical. This includes adopting clear policies and practices that align with good governance principles, as suggested in the examination of governance principles within state asset management laws in Indonesia (Mardiasmo et al., 2010).

Enhancing the professional management of SOEs and reducing external intervention in their operations is another key area for improvement. (As'ari & Yaya, 2020) indicate that high government shares in SOEs often lead to more external intervention, suggesting the need for professional management to improve financial performance. Lastly, adopting innovative technologies and modern asset management practices can help SOEs overcome challenges related to asset utilization and revenue generation. (Muslih et al., 2020) emphasize the importance of information technology governance and enterprise risk management in enhancing the performance of SOEs, which could be instrumental in future asset management strategies.

Key Findings and Implications for Indonesian SOEs and Policy Makers

Governance and legal frameworks are fundamental to shaping the operational and strategic directions of Indonesian SOEs. Studies like that emphasize the impact of boardroom decision-making influenced by the interplay of politics and business, highlighting the need for SOEs to have board members who are knowledgeable and rationally motivated for better decision outcomes (Apriliyanti & Randøy, 2019). Effective asset management

practices directly contribute to the financial and operational performance of SOEs. It has shown that asset management is linked to debt management, highlighting its influence on liquidity and profitability in Indonesian SOEs (Firizq, Rahmiyati, & Ratnawati, 2019). Indonesian SOEs face challenges such as managing extensive and diverse asset portfolios, integrating modern management frameworks, and optimizing revenue generation from state assets. (Daryanto & Samidi, 2018) highlight these challenges, particularly in efficiency and asset utilization.

To overcome these challenges, SOEs in Indonesia should focus on adopting comprehensive asset management systems, improving transparency in governance, and enhancing professional management. The study (Ali, 2021) suggests adopting international standards like ISO 55000 to provide a structured approach to asset management. Policymakers should prioritize establishing a supportive legal and regulatory environment that facilitates efficient asset management and good governance in SOEs. The insights from Mardiasmo et al.'s studies on governance and legal reforms underline the importance of continual improvement in these areas (Mardiasmo et al., 2010).

There is a critical need for SOEs to innovate strategically, particularly in asset management and corporate governance. The research (Rohayati & Kurhayadi, 2021) on public policy innovation in SOEs underscores the importance of innovative approaches to address societal issues and improve public services. Professional management and reduction of external intervention are crucial for improving the financial performance of SOEs. (As'ari & Yaya's, 2020) study indicates that higher government shares in SOEs often lead to more external intervention, suggesting the need for professional management to improve financial performance. The effective management of SOEs has a profound impact on Indonesia's economic development. Studies such as those by (Kim, 2019) on restrained state capitalism and (Nugroho, 2020) on SOE management policies emphasize the broader economic implications of SOE performance and the need for policies that balance commercial success with socioeconomic objectives.

CONCLUSION

Throughout this conversation, we explored various aspects of asset management in Indonesian State-Owned Enterprises (SOEs), focusing on their practices, challenges, and the impact on financial and operational performance. We delved into case studies of companies like Telkom Indonesia and Adhi Karya Ltd., highlighting their unique approaches to talent management and the influence of these strategies on organizational commitment and turnover intentions. These case studies underscored the importance of effective human resource management as a key component of asset management in Indonesian SOEs. The discussion also covered the critical role of governance and legal frameworks in shaping the asset management practices of Indonesian SOEs. We examined the influence of corporate governance on the operational performance of these enterprises, emphasizing the need for knowledgeable and motivated board members to ensure rational and effective decision-making. The reform processes and laws impacting state asset management were also discussed, noting the significant transformations in governance and legal frameworks governing SOEs, particularly in the wake of economic and political reforms.

Key challenges faced by Indonesian SOEs in asset management were identified, including managing extensive and diverse asset portfolios, integrating modern management frameworks, and optimizing revenue generation from state assets. To address these challenges, it was recommended that SOEs adopt comprehensive asset management systems, improve transparency in governance, and enhance professional management. Embracing international standards like ISO 55000 and innovative technologies were suggested to help SOEs overcome these challenges. In conclusion, the conversation highlighted that effective asset management is crucial for the financial and operational performance of Indonesian SOEs. The adoption of strategic asset management practices, good governance, and legal compliance are essential for these enterprises to thrive. The insights gained from various studies provide valuable recommendations for Indonesian SOEs and policymakers, emphasizing the need for continual improvement and innovation in asset management strategies. These efforts are not only pivotal for the success of SOEs but also contribute significantly to Indonesia's broader economic development.

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