An Analysis of The Role of Law In The Formation of Social Identity In Urban Communities

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public policy; governance; collaborative governance; bumd; regional competitiveness

ABSTRACT
The purpose of this study is to find out an analysis of the role of law in the formation of social identity in urban communities. Regionally-Owned Enterprises (BUMD) have the goal of managing strategic sectors for the regions, supervising, and ensuring the benefits of resource management in order to achieve optimal community welfare. PT. PITS is engaged in the provision of drinking water, but in reality it has not yet achieved its goals. The post-positivist approach is used so that this research can combine theory with phenomena found in the field. The results of this study show that there are problems in the dimensions of shared values, styles, and skills. These problems are expected to be solved by using a collaborative governance approach. PT. PITS must be problem-driven first, when the problem has been solved, PT. PITS must also be opportunity-driven. With the involvement of non-state actors, it is hoped that it can help the performance of PT. PITS in achieving its goals.

Introduction
Academically, as many as 2 (two) dual jobs are owned by Composition of Regionally Owned Enterprises (BUMD) (Dribe et al., 2015), namely: (i) as a public assistance organization; Next (ii) as a company/business organization (Enterprises) who are asked to make a profit. In fact, in general, the double work carried out by BUMDs often makes the administration not run optimally. This can be seen from the following indicators: (i) BUMD in general does not contribute fundamentally to Regional Original Revenue (PAD); (ii) BUMD in normal conditions and has an impact on poverty alleviation in the regions; next (iii) BUMD in general, it does not play a role in seeking the nature of improvement in the region. The receipt from regional organizations is still small as sources of local original income (PAD), the majority of businesses are relatively medium and limited standards, and many of them have not had time to be held based on the company's economic standards, but rather consider public services (Kamaluddin, 2000), BUMD has not strengthened its commitment to the region because BUMD is still not able to be a driver of progress (Ainiyyah, 2022).

The role of government-owned companies (BUMD) is based on the principles stated in the constitution, especially in the implementation of the mandate of Article 33
Paragraphs 2 and 3 of the 1945 Constitution. These articles state that government companies have duties that involve management in the production sector that has important significance for the country and is related to the needs of the wider community, the management of natural resources, including land, water, natural resources, and space, the best use of these resources is for the welfare of the people. (Wirabrata & Silalahi, 2012). In another sense, the role of BUMD in this context is to manage sectors that are strategic for the state, supervise natural resources, and ensure that the benefits of this management achieve optimal community welfare (Mahpudin, 2021).

One of the areas that is very inspired by the improvement of BUMD is South Tangerang City. PT Pembangunan Investasi Tangerang Selatan (Persero), commonly referred to as "PT PITS," is a Regionally Owned Enterprise (BUMD) owned by the City of South Tangerang (Nurmiati et al., 2019). This company was formed after 5 years of the City of South Tangerang being established, precisely on May 8, 2014 in accordance with the provisions of the Regional Regulation of the City of South Tangerang Number 2 of 2013 which regulates the establishment of Regionally Owned Enterprises. In its ownership structure, 99% of PT PTS's shares are controlled by the South Tangerang City Government, while the remaining 1% is controlled by the South Tangerang City Civil Servant Cooperative Sejahtera Praja Mandiri. PITS is engaged in Drinking Water Management, Medical Waste Transportation Management and Markets, which was formed with the aim of providing services in the form of clean water to the community, providing medical waste transportation services from several hospitals in South Tangerang and providing clean market services (Syafri & Setyoko, 2010).

PT PITS as a newly established BUMD is expected to be a potential source to improve the Results of Regional Wealth Management by adding to the existing PAD apart from the Regional Tax and Regional Levy sectors. Regional Capital Participation in PT PITS to do business from the South Tangerang City Government aims to obtain profits and profits so as to generate a proportional income for the local government as an investor. The purpose of the establishment of PT. PITS for regional economic development, seeking profits, implementing community benefits by providing quality and satisfactory goods/administration, local government assets are improved with governance, replacing the role of the private sector and cooperatives as initiators of business movements that have not been able to be carried out, and actively participating in fostering professionally in developing and empowering the people's economy (Nuryan, 2016).

In an effort to achieve the targets and objectives for the development of the company, PT. PITS, the Regional Government of South Tangerang City has provided regional capital participation to PT. PITS as follows:

1. In 2014 the local government has made a capital investment of Rp. 21,780,000,000,- (twenty-one billion seven hundred and eight million rupiah)
2. In 2016 the Civil Servant Cooperative of the Republic of Indonesia "Sejahtera Praja mandiri" has made a capital investment of Rp. 20,000,000,- (twenty million rupiah)
3. In 2018 the local government has made capital participation of Rp. 22,000,000,000,- (twenty-two billion)
4. In 2019 the local government has made a capital investment of Rp. 22,000,000,000,- (twenty-two billion)
5. In 2020, the local government has provided expanded capital support as land and market structure, namely Serpong market, Jombang market and Bintaro market sector
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2 if converted into rupiah of Rp. 100,396,000,000,- (One hundred billion three hundred and ninety-six million rupiah)

Table 1 Recapitulation of the Income Statement of PT. PITS Year 2016-2021

<table>
<thead>
<tr>
<th>II</th>
<th>Loss Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Income</td>
<td>246.000.000</td>
</tr>
<tr>
<td>Cost Of Business</td>
<td>1.342.000</td>
</tr>
<tr>
<td>Dirty Food</td>
<td>244.658.000</td>
</tr>
<tr>
<td>Sales expenses</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>528.206.085</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>36.405.063</td>
</tr>
<tr>
<td>PROFIT (LOSS) BEFORE TAX</td>
<td>1.286.033.184</td>
</tr>
<tr>
<td>Income tax burden</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Financial Statements of PT. PITS Year 2016-2021 (processed)

According to the data, the results of PT PTS's financial data processing for the last 6 (six) years show a graph that tends to fluctuate and continues to decline. The results of the assessment of the level of health from the financial side in the last 2 (two) years even showed that the achievement was below 50% of the total financial score that should have been achieved. This shows that from the financial side, especially in the last two years, the level of PT PTS's financial performance tends to be in the Less Healthy category. If you pay attention, this is in line with the increasing number of divisions and services formed by PT PITS.

Judging from the data, Regionally Owned Enterprises (BUMD) as business companies and public service providers do not reach efficient standards so that they can have a significant impact on the Regional Revenue and Expenditure Budget (APBD). This can happen because BUMD is an entity that is wholly or partially owned by the local government and operates to achieve certain financial and social goals.

Therefore, it is necessary to revitalize BUMD PT. PITS, especially in the context of business development, is expected to increase profitability while changing the role of BUMD into a more effective public service provider. An in-depth evaluation of the core business is the main focus, considering that the company's performance trend continues to decline from year to year. This evaluation needs to consider the potential of the existing
market as well as the level of readiness of internal management. This view is in line with the theoretical view presented by (Wojcik et al., 2006), who argued that the best strategic step for the further development of government-owned organizational execution is to assess the central business position and distinguish the most promising business sectors.

**Literature Review**

(Koteen, 1997) in his book entitled "Strategic Management in Public and Nonprofit Organizations: Managing Public Concerns in an Era of Limits" mentioned that strategic management can play a very important role in developing a construct that is responsive to organizations. Strategic management is adopted from the business sector model that serves as a role model for managing the public interest. However, such management does not always achieve the desired results in the public sector or non-profit bodies. Strategy management is a crucial instrument to make organizations faster and get more decisions that can help organizations to adapt to new conditions. This is because the organization must absorb all kinds of symptoms of changes that occur in the organizational environment, which can have an impact on the performance of the organization itself. Further, it can be an internal guide for the organization to assess performance against each change issue and determine which ones will be of primary concern. The tools of power to solve these issues are expertise; resources; and approvals for action (Koteen, 1997).

According to David (2009: 336) the formulation and application of strategies differ in the following ways: 1) The formulation of strategies to position power before action. Implementation of power management strategies during actions; 2) The breakdown of the strategy is centered on effectiveness. The implementation of the strategy focuses on efficiency; 3) The refinement of the strategy is primarily an intellectual process. The implementation of the strategy is primarily an operational process; 4) Strategy formulation requires great instinctual and scientific skills. The system that is run requires unique motivational and leadership skills; 5) Strategy formulation requires coordination and discussion between more than one individual. Performing a technique requires coordination between many people. The McKinsey 7S framework was created in the early 1980s by consultants Tom Peters and Robert Waterman, both of whom previously worked at McKinsey and other corporate consulting firms. The basic idea behind this model is that the success of an organization depends on the alignment of seven internal aspects. McKinsey's 7s concept, including: Hard Elements consisting of: Structure, Strategy and Systems, and Soft Elements, including: Shared Values, Skills, Staff, & Style.

To manage the public interest, the government requires to adopt the business sector model to carry out its strategic management. Strategy formulation requires coordination and discussion between more than one individual. Conducting collaborative governance is one way to achieve the goal, which is to strengthen regional competitiveness. (Donahue & Zeckhauser, 2011) in their book entitled "Collaborative Governance: Private Roles for Public Goals in Turbulent Times" stated that Collaborative Governance is a condition where when the government wants to achieve a certain public goal through a collaboration involving the private sector, organizations or individuals. Furthermore, (Donahue & Zeckhauser, 2011) provides 8 (eight) potential dimensions that can be defined in collaborative governance, namely: 1) Formality; 2) Duration; 3) Focus; 4) Institutional Diversity; 5) Valence; 6) Stability versus Volatility; 7) Initiative, and; 8) Problem-driven versus opportunity-driven.
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Research Methods

The current study employs a literature review as part of its research design. Library research, also known as a literature review, examines and critically evaluates knowledge, ideas, or conclusions from academic literature. Additionally, it entails the development of theoretical and methodological contributions to a particular subject matter (Cooper et al., 2016). A comprehensive literature evaluation enables the systematic organisation of existing research findings, establishing a solid groundwork for current research endeavours (Stockemer et al., 2019)

Results and Discussions

Complicated administrative problems cause the efforts of local organizations to not be successfully supervised (Andi, 2020). The majority of BUMDs in Indonesia have not made maximum contribution to the province's financial development, making this exhibition of Regionally Owned Enterprises not ideal (Kresno, 2004). The benefits/benefits of BUMD actually do not provide a large commitment to Regional Original Revenue, Regional Original Revenue also cannot affect regional financial development (Susilawati et al., n.d.). The performance of this BUMD is considered less than optimal which can be observed from table 1. The performance should not be very ideal due to the limitations of large businesses in various regions, but its commitment to PAD is not seen as too expected. PT PITS's contribution to PAD is not too large considering many factors.

Graph 1 Financial Performance Score of PT. PITS Year 2019-2021

According to the data, the results of PT PTS's financial data processing for the last 6 (six) years show a graph that tends to fluctuate and continues to decline. The results of the assessment of the level of health from the financial side in the last 2 (two) years even showed that the achievement was below 50% of the total financial score that should have been achieved. This shows that from the financial side, especially in the last two years, the level of PT PTS's financial performance tends to be in the Less Healthy category. If you pay attention, this is in line with the increasing number of divisions and services formed by PT. PITS.
Until 2023, there has not been a significant increase in profit in the Income Statement. This report provides a reflection on the financial performance of PT. PITS in the past period, includes information on revenue, expenses, net income, and net income per share. By analyzing the income statement, companies can evaluate current financial performance and identify areas that need to be improved or optimized in the context of existing development strategies.

According to the data above, the calculation of the financial performance score of PT. PITS showed negative results. This reflects that the cash inflow from the company's operating results cannot cover the investment needs needed by the company. Nine years after its establishment, PT PITS has never provided any benefits to the region. This, both in terms of dividends and efforts to support the Government's efforts in achieving community welfare, as well as efforts to assist public authorities in recognizing local government assistance, open doors that are worth working on is one of the models, especially during the ongoing pandemic. The South Tangerang City Government, which is also the largest shareholder of PT PITS, has the right to conduct an in-depth study of all BUMD operations.

The data above shows that PT. PITS needs to evaluate the results of the investment analysis of the formation of existing service divisions to see if there are assumptions that need to be improved, so that managerial and financial adjustments can be made to try to improve the company's financial performance, this research was conducted to measure the performance of PT. PITS and conducting an in-depth analysis related to the potential for business development (transformation) that can improve the company's performance. Taking into account problems such as suboptimal financial performance and lack of contribution regarding Regional Original Revenue (PAD), it is necessary to redesign BUMD Governance in Strengthening Regional Competitiveness (Case Study at PT. PITS with a collaborative governance approach).

According to Mckinsey's 7s theory and the problems that occurred at PT. PITS has a relationship, and can help PT. PITS in determining future strategies related to the problems that occur. If viewed in the structural dimension, there are already rules that underlie the formation of PT. PITS as a BUMD. The policy strategy implemented at PT. PITS does not reflect how a business organization runs, because the South Tangerang City Government provides the entire budget for PT. PITS to run all this time. Then, from the skills dimension, the board of directors has a background as a politician. The staff has the status of company employees, which is in accordance with regional regulations as the
basis for the formation of PT. PITS. Furthermore, from the system dimension will be related to the skills dimension, it is inseparable from the background of the abilities possessed with the field of work occupied. Shared values that do not support the achievement of the company’s goals, because it can be seen from the data above that PT. PITS has always suffered losses in recent years. Finally, the style dimension that should be able to accommodate all the shortcomings of other dimensions, in fact, PT. PITS has still not achieved its main goal, which is to increase the original income of the South Tangerang City area.

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Graph 2. Free Cash Flow Chart of PT. PITS 2019-2021

In the field of corporate finance, Free Cash Flow (FCF) is an amount that reflects when the cash flow generated by the company's operations exceeds the necessary expenditure on working capital and investment in fixed assets (capital expenditure). FCF is a portion of cash flow that can be withdrawn from the company and given to creditors and securities holders without interfering with the smooth operation of the company. As such, the FCF is an indicator that reflects a company's financial capabilities that are of great importance and interest to a wide range of parties, including corporate shareholders, bondholders, preferred shareholders, holders of convertible securities, as well as potential lenders and investors.

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The problems that occurred above revealed that there was still a lack of attention from PT. PITS to the involvement of other actors in its implementation. Collaborative governance (Donahue & Zeckhauser, 2011) has 8 (eight) dimensions, namely: formality, duration, focus, institutional diversity, valence, stability versus volatility, initiative, and problem driven versus opportunity driven. This approach is used to achieve the goal of increasing regional original income and will later increase regional competitiveness. When viewed from the dimension of formality, PT. PITS must invite the private sector by collaborating or partnering. The partnership in question can be ratified by the establishment of binding regulations. The regulation will be seen from the next dimension, namely duration. The duration in question can be permanent, short-term or long-term. Then, the partnership formed has a focus to increase revenue from various businesses owned by PT. PITS. In this case, it is the provision of drinking water for the community in South Tangerang City with the aim of carrying out public services. The next dimension, namely institutional diversity, has been fulfilled when PT. PITS invites other actors, for example the private sector to collaborate. The relationship of collaboration can be strengthened by issuing relevant regulations regarding the duties and functions of each member involved in collaboration. 

The initiation carried out by PT. PITS has been fulfilled if it has invited other actors outside the government to participate in the collaboration or partnership that has been formed. The government as the largest shareholder that makes it the owner of PT. PITS, must use a more democratic system. Inviting actors to be involved in collaboration in a forum held to solve the problem of the lack of contribution of PT. PITS in increasing regional competitiveness. It is hoped that with the presence of other actors, decision-making can see aspects that cannot be handled by the government. The relationship between the parties must be strategic, that each acts by paying attention to the other party and anticipates the other party to take actions outside the existing rules. In other words, the interaction is carried out in the long term, because the role of the government is limited to setting the rules of the game, where the role of the private sector is limited to the provision of goods and services on the basis of market demand.

Stable collaboration is a collaboration to the extent to which its members can share a normative view of governance success, and the extent to which differences in norms or interests of actors are involved in collaboration. This dimension will solve problems related to shared value faced by PT. PITS. The greater the difference in views and norms, the less stable the collaboration, the larger the portion of energy that must be expended to maintain the collaboration that occurs. Because the authorized capital of PT. PITS is based on Regional Regulation Number 2 of 2013 concerning the Establishment of Regionally Owned Enterprises, where the company's authorized capital is Rp 88,000,000,000,- (eighty-eight billion rupiah). Over time, in an effort to achieve the targets and objectives for the development of the company, PT. PITS, the Regional Government of South Tangerang City has provided regional capital participation to PT. PITS as follows: 1) Rp. 21,780,000,000 in 2014; 2) Rp. 20,000,000 in 2016; 3) Rp. 22,000,000,000 in 2018; 4) Rp. 22,000,000,000 in 2019; 5) Rp. 100,396,000,000 in 2020.
In the end, PT. PITS must be *problem-driven* first to solve the current problems. Repeated losses every year, make the South Tangerang City government always provide an injection of funds so that PT. PITS remains standing and carrying out its role as a servant of public needs. When these problems have been resolved through *collaborative governance*, PT. PITS has just done an *opportunity driven*. The *collaborative governance* approach (Donahue & Zeckhauser, 2011) is expected to solve the problems faced by PT. PITS is current, and will increase regional original income, as well as increase regional competitiveness.

**Conclusion**

The problems faced by PT. PITS in carrying out its role as a public service provider experienced problems in the organization of PT. PITS itself. The South Tangerang City Government as the owner of PT. PITS must take a collaborative approach to eliminate problems in the body of PT. PITS. The presence of other actors besides the government is also expected to help PT. PITS in changing its shared values, skills, and style. The South Tangerang City Government as a provider of regulations must make regulations or partnership mechanisms that involve at least private actors. The presence of private actors is expected to achieve the goal of the establishment of PT. PITS, which is to increase regional original income and will ultimately increase regional competitiveness.
References


