PATTIMURA Legal Journal

Volume 5 Issue 1, April 2026: p. 64-81
https://ojs3.unpatti.ac.id/index.php/pela//issue/view/1319

E-ISSN: 2830-2435
10.47268/pela.v5i1.24234

State-Owned Enterprises Reform and Dual Office Holding: A Comparative Legal and Governance Analysis of Indonesia and Selected African Countries

Shanti Wulandari[a*], Uche Nnawulezi[b]

[a,] Faculty of Law, Universitas Wijaya Kusuma Surabaya, Surabaya, Indonesia.
[b,] College of Law, Bowen University, Iwo, Nigeria.
: shantiwulandari_fh@uwks.ac.id
Corresponding Author*

Abstract

Introduction: *State-Owned Enterprises (SOEs) play a crucial role in national economic development, yet many face inefficiency, political interference, and governance challenges. The dual office holding phenomenon where public officials occupy positions within SOEs often intensifies conflicts of interest and reduces accountability. Reforming SOEs, therefore, becomes essential to balance political influence with corporate autonomy and transparency.*

Purposes of the Research: *This study aims to analyze how Indonesia and selected African countries have undertaken SOE reforms while addressing the problem of dual office holding. It explores the institutional mechanisms, legal frameworks, and political dynamics influencing reform outcomes. The research seeks to provide comparative insights into best practices that promote effective governance and minimize political entanglement.*

Methods of the Research: *The study employs a qualitative comparative approach, utilizing document analysis, policy review, and semi-structured interviews with policymakers and governance experts. By examining legislative reforms, administrative structures, and case examples, the research identifies patterns and differences in SOE governance models. Comparative data from Indonesia and three African nations underpin the analysis of institutional performance.*

Results Main Findings of the Research: *Findings reveal that successful State-Owned Enterprises (SOEs) reforms depend on institutional independence, legal clarity, and enforcement against dual office practices. Indonesia shows progress through regulatory refinement, while African cases highlight persistent political patronage. Comparative analysis suggests that transparency mechanisms and merit-based appointments significantly enhance accountability and efficiency in state enterprise management.*

Keywords: State-Owned Enterprises; Dual Office Holding; Governance Reform.

Submitted: 2026-01-06	*Revised: 2026-04-23*	*Accepted: 2026-04-24*	*Published: 2026-04-30*

How To Cite: Shanti Wulandaria, Uche Nnawulezi. "State-Owned Enterprises Reform and Dual Office Holding: A Comparative Legal and Governance Analysis of Indonesia and Selected African Countries." *PATTIMURA Legal Journal* 5 no. 1 (2026): 64-81.https://doi.org/10.47268/pela.v5i1.24234

Copyright © 2026 Author(s) Creative Commons Attribution-NonCommercial 4.0 International License

INTRODUCTION

State-Owned Enterprises (SOEs) play a central role in supporting a country's economic stability and growth, especially through the management of strategic sectors that form the backbone of national development. Through their involvement in energy, transportation, and infrastructure, SOEs not only function as economic actors but also as public policy instruments

that ensure the availability of basic services for the community[1]. The contribution of SOEs is evident in the improvement of regional connectivity, equitable development, and the provision of significant employment opportunities. Additionally, the profits generated by SOEs often serve as an important source of state revenue to support the financing of social programs and sustainable development. Therefore, efficient and integrity-based SOE management is crucial to ensure their role remains productive without compromising public interests and good governance principles[2].

Various developing countries, including Indonesia and several countries in Africa, still grapple with fundamental challenges in SOE governance that hinder the optimization of their economic role. Inefficiencies often arise due to low productivity, weak oversight systems, and tangled bureaucracy, preventing SOEs from competing effectively in the market. Corruption and abuse of authority worsen the situation by eroding public trust and diverting resources from development goals. Furthermore, the dominance of political interests in policy-making and SOE leadership appointments often leads to strategic decisions being based on short-term interests, rather than on principles of professionalism and economic sustainability. The combination of these factors makes SOE governance reform an urgent need for these institutions to function efficiently, transparently, and accountably[3].

The weak governance conditions and dominance of political interests in SOEs demand comprehensive reform to enable these institutions to operate professionally and competitively. Such reforms include improving organizational structures, implementing transparency principles in decision-making, and strengthening accountability mechanisms for financial and social performance. These efforts also emphasize the importance of meritocracy in filling strategic positions, so that roles in SOEs are no longer determined by political affiliation, but by individual competence and integrity[4]. With a focus on performance, SOEs are expected to

[1] Maria Vagliasindi, Tito Cordella, and Judith Clifton, "Introduction: Revisiting the Role of State-Owned Enterprises in Strategic Sectors", *Journal of Economic Policy Reform* 26, no. 1 (2023): 1–23, doi:10.1080/17487870.2022.2080409.

[2] Radosław Miążek, "Corporate Governance in State-Owned Enterprises. A Systematic Literature Review: An International Perspective", *International Journal of Contemporary Management* 57, no. 4 (2021): 1–13, doi:10.2478/ijcm-2021-0011.

[3] Nematatani Pfanelo and Elizabeth Chinomona, "Reforming Competitive Advantages and Supply Chain Effectiveness in South African State- Owned Enterprises", *Journal of Contemporary Management* 21, no. 1 (2024): 157–86, doi:10.35683/jcm23.050.250.

[4] Peter Daiser, Tamyko Ysa, and Daniel Schmitt, "Corporate Governance of State-Owned Enterprises: A Systematic Analysis of Empirical Literature", *International Journal of Public Sector Management* 30, no. 5 (2017): 447–66, doi:10.1108/IJPSM-10-2016-0163.

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

operate efficiently, generate sustainable profits, and continue to carry out their social functions for the community. Such reforms serve as an important foundation for transforming SOEs from political instruments into modern, integrity-driven engines of national economic growth[5]. The practice of dual office-holding in SOE governance has become one of the main sources of distortion to the principles of professionalism and state corporate accountability. When public officials also hold strategic positions as commissioners or directors, the balance between oversight functions and policy implementation becomes blurred. This situation creates a gray area in SOE management, where administrative and political interests can dominate business orientation. As a result, SOE strategic decisions often do not reflect economic efficiency, but are instead directed at fulfilling power agendas or protecting the interests of specific groups. This weakens the position of SOEs as economic entities that should be independent and performance-oriented[6].

The dual office-holding phenomenon also creates systemic effects in the form of conflicts of interest and policy bias that hinder sound governance. Officials with two roles often face a dilemma between carrying out their public duties objectively and serving the interests of the corporation they lead. As a result of this overlapping responsibility, SOE policy directions are often more driven by political considerations than business rationality. Dependence on political decisions not only reduces SOEs' competitiveness but also lowers public trust in these institutions. Therefore, strict restrictions on the practice of dual office-holding are an important prerequisite for ensuring SOEs can be managed based on the principles of transparency, integrity, and sustainable performance[7]. Various countries have implemented SOE reform programs aimed at strengthening strengthening the principles of accountability and efficiency in the management of state-owned enterprises. One of the main focuses of these reforms is the restriction of dual office-holding to prevent oversight functions and decision-making from overlapping[8]. In addition, many countries also emphasize the importance of strengthening the

[5] Vagliasindi, Cordella, and Clifton, 'Introduction: Revisiting the Role of State-Owned Enterprises in Strategic Sectors'.

[6] Alexander Abramov, Alexander Radygin, and Maria Chernova, "State-Owned Enterprises in the Russian Market: Ownership Structure and Their Role in the Economy", *Russian Journal of Economics* 3, no. 1 (2017): 1–23, doi:10.1016/j.ruje.2017.02.001.

[7] Vagliasindi, Cordella, and Clifton, "Introduction: Revisiting the Role of State-Owned Enterprises in Strategic Sectors".

[8] Abramov, Radygin, and Chernova, "State-Owned Enterprises in the Russian Market: Ownership Structure and Their Role in the Economy".

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

independence of supervisory boards so that they can work objectively without political pressure or personal interests. These efforts are expected to create a more transparent governance structure, enabling SOEs to operate with a healthy business orientation while still fulfilling their social responsibilities. Such reform measures serve as an important foundation for building public trust in the role of SOEs in the national economy[9].

SOE reform in Indonesia continues to be strengthened through policy updates that emphasize transparency and management professionalism. The appointment of SOE officials is now directed to be more open and competence-based, with a reduction in political influence in the selection process. However, this Indonesian experience contrasts with several African countries that still face major obstacles such as weak institutional capacity and the dominance of political patronage in SOE decision-making. In that region, strong political intervention often hinders the effective implementation of reforms. Therefore, a comparison between Indonesia and African countries provides important insights into how institutional context and political culture influence the success or failure of SOE reform in developing countries[10].

Research on State-Owned Enterprises (SOEs) has been widely conducted, but it is only of a general nature. Research by Putra Adibil Anam and Inda Rahadyan in the *Ius Quia Iustum Law* Journal reveals that Indonesian regulations (the SOE Law & the Competition Law) still have legal gaps regarding the rule of reason approach in dual office-holding, which often ends up legitimizing bureaucratic conflicts of interest in commissioner positions[11]. Next, research by Misheck Mutize and Ejigayhu Tefera in the *Journal of Economics and Behavioral* Studies highlights that in African countries (such as South Africa and Nigeria), the dual office-holding of political officials in SOEs becomes a major obstacle to board independence, triggerspurring operational inefficiencies, and strengthening political patronage[12]. And research by Miko Kamal in the *Journal of International Commercial Law and Technology* finds that the SOE governance model in the Asia-Pacific is shifting from a decentralization model to a holding model. Dual office-

[9] *Ibid*.

[10] Miążek, "Corporate Governance in State-Owned Enterprises. A Systematic Literature Review: An International Perspective".

[11] Putra Adibil Anam and Inda Rahadiyan, "Pengaturan Jabatan Rangkap Anggota Direksi Dan Dewan Komisaris BUMN: Perbandingan Indonesia Dengan Amerika Serikat", *Jurnal Hukum Ius Quia Iustum* 30, no. 3 (2023): 515–36, doi:10.20885/iustum.vol30.iss3.art3.

[12] Misheck Mutize and Ejigayhu Tefera, "The Governance of State-Owned Enterprises in Africa: An Analysis of Selected Cases", *Journal of Economics and Behavioral Studies* 12, no. 2 (2020): 9–16.

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

holding is found to undermine sustainability reporting (ESG) transparency due to a conflict of interest bias between regulators and implementers[13].

The urgency of this research lies in the need to understand how SOE reform can be implemented effectively amid complex political and institutional challenges in developing countries. Dual office-holding practices and weak governance remain major obstacles to SOE professionalism and accountability, thus requiring a comparative study to identify contextual successful reform patterns. This research is innovative because it not only examines reform policies at the national level but also compares them between Indonesia and several African countries with different socio-political backgrounds. This cross-regional approach enables the identification of institutional and political factors that influence the effectiveness of SOE reform. Thus, this research contributes to the development of a more adaptive, independent SOE governance model that is responsive to the challenges facing today's developing countries.

This research is guided by two main questions: how does dual office-holding practice affect the effectiveness of SOE reform in Indonesia and African countries, and to what extent do political and institutional factors play a role in determining the success of such reform. Through these two focus questions, this research seeks to uncover the dynamic relationship between political power, institutional structure, and state corporate governance. The objectives of this research are to comparatively analyze the implementation of SOE reform in both regions by highlighting efforts to restrict dual office-holding, improve transparency, and enhance management professionalism. Additionally, this research aims to identify factors that support or hinder reform effectiveness as a basis for policy recommendations to achieve more accountable, independent, and performance-oriented SOE governance.

METHODS OF THE RESEARCH

This research is a normative legal study with a comparative approach aimed at analyzing the regulation and implementation of State-Owned Enterprise (SOE) reform and dual office-holding practices in Indonesia and several African countries. The normative juridical approach

[13] Miko Kamal, "Corporate Governance and State-Owned Enterprises: A Study of Indonesia's Code of Corporate Governance", *Journal of International Commercial Law and Technology* 5, no. 4 (2010).

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

is used because this research focuses on legal norms, legislation, and the principles of state corporate governance. The comparative approach is applied to compare the similarities and differences in the legal frameworks and SOE reform policies in two different regional contexts. The legal materials in this research consist of three types: primary legal materials, namely legislation related to SOEs such as Law Number 19 of 2003 concerning SOEs, Law Number 40 of 2007 concerning Limited Liability Companies, as well as relevant regulations in African countries on state-owned enterprise management and dual office-holding bans; secondary legal materials in the form of academic literature; and tertiary legal materials that help clarify the legal and administrative concepts used. Legal material collection is carried out through library research by searching various written sources, both printed and digital, such as legal journal databases, government regulations, and official publications of international institutions. This process involves the identification, classification, and selection of legal materials relevant to the research focus. The legal material analysis method uses descriptive-comparative analysis, which involves explaining the content and meaning of each legal norm and comparing its application between Indonesia and African countries. This analysis aims to identify similarities, differences, and the effectiveness of regulations in restricting dual office-holding and strengthening SOE governance. The study results are expected to provide a conceptual overview and normative recommendations for ideal SOE reform, based on the principles of professionalism, transparency, and public accountability.

RESULTS AND DISCUSSION

A. Dynamics of State-Owned Enterprise (SOE) Reform in Indonesia and African Countries

SOE reform in Indonesia and African countries is generally aimed at improving governance, enhancing efficiency, and reducing political dominance in the management of state-owned enterprises. Reforms in Indonesia focus on regulatory updates, management transparency, and improving the professionalism of directors and commissioners. The government seeks to enforce good corporate governance principles so that SOEs can function more adaptively to market dynamics and public demands. This step is not only intended to strengthen economic performance but also to ensure that SOEs can operate with high standards of accountability

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

and integrity[14]. Meanwhile, in several African countries, the direction of SOE reform policy also seeks to reduce dependence on political intervention, although the process still faces many institutional challenges. Countries such as Nigeria, Kenya, and South Africa are attempting to implement ownership restructuring models and improve financial reporting transparency. However, weak legal oversight and a culture of political patronage often hinder the effective implementation of reform policies. The policy direction in this region shows similar goals to Indonesia, namely to create SOEs that are more professional, efficient, and capable of making a real contribution to national development[15].

The main objective of SOE reform focuses on improving efficiency so that state-owned enterprises can compete healthily and make an optimal contribution to the national economy. This efficiency is measured not only by improved financial performance but also by the ability of SOEs to carry out their public functions sustainably without wasting resources[16]. Reform also promotes the implementation of transparency principles in business processes and decision-making, so that every corporate activity can be accounted for openly. Thus, SOEs are expected to no longer be a fiscal burden, but rather a competitive and integrity-driven engine of the economy[17].

The next important pillar in the direction of SOE reform is professionalism, with a competence-based recruitment system and objective performance evaluation mechanisms. This improvement in professionalism is expected to create independent management that is not easily influenced by political pressure and is focused on achieving realistic business targets. Efforts to realize SOE independence from political intervention also serve as a strategic step to strengthen *good governance* principles, where strategic decisions are made based on economic considerations rather than power interests. With the realization of efficiency, professionalism, and independence, SOEs can carry out their dual function as both business entities and effective

[14] Kyunghoon Kim, "Using Partially State-Owned Enterprises for Development in Indonesia", *Asia Pacific Business Review* 25, no. 3 (2019): 317–37, doi:10.1080/13602381.2019.1575660.

[15] Barry Ackers and Adeyemi Adebayo, "Governance of African State-Owned Enterprises (SOEs)-Towards Agenda 2063", *Accounting Profession Journal (APAJI)* 4, no. 2 (2022), https://au.int/en/overview.

[16] Atep Wahyu Supriajat, I Gede, and Agus Kurniawan, "The Independence of State-Owned Enterprises Following the Enactment of Law Nomor 1 of 2025, Reviewed from a Business Law Perspective", *Pena Justisia: Media Komunikasi Dan Kajian Hukum* 24, no. 2 (2025).

[17] Kamal, "Corporate Governance and State-Owned Enterprises: A Study of Indonesia's Code of Corporate Governance".

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

development agents[18]. The SOE reform model in Indonesia focuses on strengthening regulations and improving transparency in state-owned enterprise governance. The Indonesian government seeks to improve the legal and administrative system through regulatory updates that govern the appointment of SOE officials, financial reporting, and public accountability. Transparency also serves as an important instrument to reduce corrupt practices and increase public trust in SOE performance. This approach shows that reform in Indonesia is more normative and institutional in nature, with a focus on reforming the legal system as a foundation for clean and efficient corporate management. Reform success is measured by the extent to which SOEs are able to implement the principles of openness and responsibility in all aspects of their operations[19].

Conversely, several African countries have pursued a reform path that is more focused on institutional restructuring and improving the ownership structure of SOEs. These steps include separating oversight and implementation functions, establishing independent management bodies, and efforts to privatize some state assets to enhance efficiency. The main focus of this approach is to create institutions that are more streamlined, adaptive, and free from direct political pressure[20]. Although institutional restructuring is a priority, many African countries still face obstacles such as weak administrative capacity and dependence on political elites. These differences in orientation between Indonesia and Africa reflect that the effectiveness of SOE reform is highly dependent on the institutional context and the maturity of the legal system in each country[21]. One of the main factors driving SOE reform is the pressure of globalization, which demands efficiency and competitiveness in the international market. In the context of an open economy, SOEs can no longer rely on state protection but must be able to compete with private companies and multinational entities. Globalization requires a paradigm shift from a bureaucratic model to performance and innovation-oriented

[18] Roderikus Agus Trihatmoko and Y. Sri Susilo, "Conditions, Challenges and Prospects of State-Owned Enterprises in Indonesia: The Governance Perspective Based on Economic Constitution", *Applied Research in Quality of Life* 18, no. 5 (2023): 2459–84, doi:10.1007/s11482-023-10194-9.

[19] Anam and Rahadiyan, "Pengaturan Jabatan Rangkap Anggota Direksi Dan Dewan Komisaris BUMN: Perbandingan Indonesia Dengan Amerika Serikat".

[20] Mutize and Tefera, "The Governance of State-Owned Enterprises in Africa: An Analysis of Selected Cases".

[21] Ackers and Adebayo, "Governance of African State-Owned Enterprises (SOEs)-Towards Agenda 2063".

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

corporations. Therefore, many countries including Indonesia and several African countries are encouraged to strengthen SOE governance to be more responsive to global economic dynamics. This impetus also drives digital transformation, increased productivity, and the implementation of international standards in the management of state-owned enterprises[22].

The demand for the implementation of good governance principles has become an important driver in SOE reform. Society and international institutions are increasingly emphasizing the importance of transparency, accountability, and integrity in the management of public assets. The implementation of good governance is believed to minimize abuse of authority and strengthen public trust in state institutions[23]. On the other hand, the need to enhance national economic competitiveness also serves as a fundamental reason for reform, as well-managed SOEs can become the engine of growth in strategic sectors such as energy, infrastructure, and transportation. The combination of global pressure, demands for good governance, and national economic interests forms a strong foundation for the direction of SOE reform policies in various developing countries[24].

Early evaluation of the impact of SOE reform in Indonesia shows a positive improvement in the aspects of corporate accountability and performance. Reforms that emphasize transparency and professionalism have begun to bring changes in governance practices, such as more open financial reporting and a more selective director recruitment process. Several SOEs have successfully recorded increased profits and operational efficiency as a result of improved management and oversight structures. That said, challenges still exist, including uneven implementation of reforms across sectors and bureaucratic resistance that hinders consistent implementation across all SOE entities[25]. The results of SOE reform in several African countries show more varied and generally slower progress compared to Indonesia. Institutional restructuring efforts have indeed brought improvements in governance, but weak institutional

[22] Adeyemi Adebayo and Barry Ackers, "Comparing Corporate Governance Practices of State-Owned Enterprises (SOEs) in South Africa and Singapore", *Journal of Accounting and Investment* 23, no. 1 (2022): 170–95, doi:10.18196/jai.v23i1.13830.

[23] Indri Dwi Apriliyanti and Stein Oluf Kristiansen, "The Logics of Political Business in State-Owned Enterprises: The Case of Indonesia", *International Journal of Emerging Markets* 14, no. 5 (2019): 709–30, doi:10.1108/IJOEM-08-2018-0433.

[24] Trihatmoko and Susilo, "Conditions, Challenges and Prospects of State-Owned Enterprises in Indonesia: The Governance Perspective Based on Economic Constitution".

[25] *Ibid*.

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

capacity and the continued strength of political intervention often reduce the effectiveness of reforms. Public accountability has not yet been fully achieved because the oversight system and reporting transparency are not yet functioning optimally[26]. Even so, several countries show signs of improvement, especially in the energy and telecommunications sectors which have begun to be managed more efficiently. Overall, reforms in both regions show a positive direction, but their success depends heavily on consistent implementation and the strengthening of institutional integrity[27].

B. Dual Position Practices and Their Implications for the Governance of State-Owned Enterprises (BUMN)

Dual office-holding in the context of SOEs refers to a situation where a public official, such as a minister, head of an institution, or other government official, simultaneously holds a strategic position in an SOE as a commissioner or director. This practice can take various forms, ranging from formal structural dual positions to indirect involvement in corporate decision-making. In some cases, dual office-holding is carried out for reasons of policy coordination or government oversight of SOEs, but it often creates potential conflicts of interest. Another form of dual office-holding can also be seen in political officials or bureaucrats who use their public positions to influence the direction of SOE business policies. Conceptually, this practice becomes an important governance issue as it creates an imbalance between public interests and the principles of corporate professionalism[28].

The practice of dual office-holding has a significant impact on the independence of the board of directors and commissioners in SOEs, especially in the strategic decision-making process. When public officials hold concurrent positions in SOE managerial or supervisory roles, the institution's room for independence becomes limited due to political pressure or bureaucratic interests[29]. Directors and commissioners, who are supposed to act as professional decision-makers, often face a dilemma between upholding business principles or following political directives. As a result, corporate policies become less objective and potentially fail to optimally

[26] Vagliasindi, Cordella, and Clifton, "Introduction: Revisiting the Role of State-Owned Enterprises in Strategic Sectors".
[27] Miążek, "Corporate Governance in State-Owned Enterprises. A Systematic Literature Review: An International Perspective".
[28] Vagliasindi, Cordella, and Clifton, "Introduction: Revisiting the Role of State-Owned Enterprises in Strategic Sectors".
[29] Abramov, Radygin, and Chernova, "State-Owned Enterprises in the Russian Market: Ownership Structure and Their Role in the Economy".

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

reflect the company's economic interests. This weakens the internal oversight function and reduces the effectiveness of *good corporate governance* implementation[30].

Dual office-holding can also create a power imbalance within the SOE's organizational structure, where decision-making is no longer based on collective mechanisms but rather becomes more top-down. When the independence of the board of directors and commissioners is reduced, the potential for abuse of authority increases as there is no clear separation between oversight and executive functions. This situation has a negative impact on organizational culture, lowers employee morale, and hinders business innovation and initiative. In the long term, these conditions can reduce SOEs' competitiveness in the market because decisions are made more with political interests in mind than economic efficiency and corporate sustainability[31].

The overlap of positions between public officials and SOE managers often gives rise to complex conflicts of interest due to the intersection of policy-maker and business executor roles. A public official who holds a strategic position in an SOE can use their regulatory authority to direct policies that benefit the company where they serve. This situation blurs the line between public interests and corporate interests, thereby creating the potential for abuse of power[32].In the context of ideal governance, the separation of the functions of policy makers and company managers is a fundamental principle to ensure the integrity and accountability of public institutions[33]. Conflicts of interest arising from dual office-holding also impact the credibility of government institutions and public trust in SOEs themselves. When business decisions are influenced by political considerations or personal gain, the values of professionalism and efficiency are sidelined. This can cause market distortions because investment or project decisions are no longer based on objective economic analysis. Such practices weaken the implementation of good governance principles and tarnish the image of SOEs as entities that should serve as role models in managing state assets transparently and

[30] Adeyemi Adebayo, "Conceptualising (Corporate) Governance in State-Owned Enterprises: A Research Agenda", *International Journal of Organizational Analysis* 33, no. 10 (2025), doi:10.1108/IJOA-07-2024-4700.

[31] Pfanelo and Chinomona, 'Reforming Competitive Advantages and Supply Chain Effectiveness in South African State- Owned Enterprises'.

[32] Daiser, Ysa, and Schmitt, 'Corporate Governance of State-Owned Enterprises: A Systematic Analysis of Empirical Literature'.

[33] Vagliasindi, Cordella, and Clifton, 'Introduction: Revisiting the Role of State-Owned Enterprises in Strategic Sectors'.

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

responsibly[34]. Dual office-holding between public officials and SOE managers has a direct impact on objectivity in business decision-making. When a public official holds political authority while also occupying a strategic position in a state-owned enterprise, business decisions that should be based on economic analysis and efficiency principles are often influenced by non-economic considerations. Investment, project, or partnership decisions can be directed to serve political agendas or the interests of specific groups. This erodes the managerial independence of SOEs and risks reducing the quality of corporate policies, as business priorities are no longer focused on profitability and long-term sustainability[35].

In addition to undermining business objectivity, dual office-holding also affects the neutrality of public policies issued by the government. Public officials with interests in SOEs may use their positions to direct policies in specific sectors to benefit the entities they represent. As a result, public policies lose their universal nature and risk creating imbalances in the business competition climate[36]. This practice not only harms private economic actors but also reduces the government's effectiveness in carrying out its regulatory functions fairly. Therefore, a clear separation between political and corporate roles is essential to ensure that decision-making processes remain objective, transparent, and focused on public interests[37].

Legal and administrative efforts in Indonesia to limit the practice of dual office-holding are carried out through the implementation of various regulations that emphasize the separation between public positions and positions in SOEs. One concrete step is the issuance of regulations that prohibit state officials from holding concurrent positions as commissioners or directors, except under certain strictly regulated conditions. In addition, the Ministry of SOEs has implemented a competence-based selection mechanism and strengthened transparency in the SOE official appointment process to minimize political influence. Oversight has also been enhanced through the roles of institutions such as the Corruption Eradication Commission (KPK) and the Supreme Audit Agency (BPK), which function to ensure accountability and

[34] Jason Harris et al., *Government Support to State-Owned Enterprises: Options for Sub-Saharan Africa*, 2020.
[35] Daiser, Ysa, and Schmitt, "Corporate Governance of State-Owned Enterprises: A Systematic Analysis of Empirical Literature".
[36] Dimitar Anguelov, "State-Owned Enterprises and the Politics of Financializing Infrastructure Development in Indonesia: De-Risking at the Limit?", *Development and Change* 55, no. 3 (2024): 493–529, doi:10.1111/dech.12828.
[37] Daiser, Ysa, and Schmitt, "Corporate Governance of State-Owned Enterprises: A Systematic Analysis of Empirical Literature".

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

integrity in the management of state-owned enterprises[38]. Conversely, in many African countries, limiting dual office-holding still faces significant challenges due to weak legal systems and political dependence in SOE governance. Several countries such as Kenya and Nigeria have adopted legal frameworks similar to Indonesia's to separate public and corporate functions, yet their implementation is often inconsistent. Political patronage practices remain strong, so the process of appointing SOE officials is frequently based on political loyalty rather than professional competence. This comparison shows that the success of limiting dual office-holding depends not only on formal regulations but also on the capacity of oversight institutions and a bureaucratic culture that upholds *good governance* principles[39].

C. Comparison of Reform Effectiveness and Governance Challenges

The dual office-holding restriction policy in Indonesia is relatively more effective compared to many African countries because it is supported by a clearer legal framework and strong oversight mechanisms. SOE governance reform in Indonesia has proceeded alongside the government's commitment to strengthen transparency and meritocracy in official appointments. The implementation of good corporate governance principles also receives institutional support from the Ministry of SOEs, KPK, and BPK, so that violations of the dual office-holding ban can be promptly identified and addressed[40].This effectiveness is further strengthened by the role of the public and the media in encouraging accountability, making the policy of limiting dual positions not only administrative, but also moral and social[41].

Conversely, the effectiveness of similar policies in African countries remains low due to weak institutional capacity and the lack of a deeply rooted accountability culture. Although several countries such as South Africa and Nigeria have adopted dual office-holding restriction regulations, their implementation is often hampered by political interests that dominate SOE management. The lack of transparency in the official appointment process and weak oversight systems further undermine the policy's effectiveness. As a result, position-overlap practices

[38] Anguelov, "State-Owned Enterprises and the Politics of Financializing Infrastructure Development in Indonesia: De-Risking at the Limit?"

[39] Saibal Ghosh, "Corporate Governance Reforms and Bank Performance: Evidence from the Middle East and North Africa", *Corporate Governance (Bingley)* 17, no. 5 (2017): 822–44, doi:10.1108/CG-11-2016-0211.

[40] Apriliyanti and Kristiansen, "The Logics of Political Business in State-Owned Enterprises: The Case of Indonesia".

[41] *Ibid*.

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

persist and hinder the professionalization of SOE management. This comparison shows that the success of dual office-holding restriction policies is largely determined by political commitment, institutional integrity, and consistency in law enforcement in each country[42].

The implementation of SOE reform in various countries, including Indonesia and the African region, still faces serious obstacles due to weak institutional capacity, patronage culture, and limited legal oversight. Weak institutional capacity slows down the reform process as it is not supported by professional human resources and bureaucratic systems. Political patronage culture causes strategic positions in SOEs to often be used as tools for power distribution, rather than being based on meritocracy or competence[43]. This is exacerbated by weak legal oversight mechanisms, where violations of good governance principles often do not receive strict sanctions. The combination of these three factors makes it difficult to achieve full reform effectiveness, as the SOE management system remains vulnerable to political interference and conflicts of interest[44].

The success of SOE reform in Indonesia is inseparable from the improvement of regulations that serve as the main foundation for building sound and professional governance. The government has updated various rules to clarify the boundaries between public and corporate interests, including the enforcement of the dual office-holding ban and the strengthening of internal oversight mechanisms. These regulations also encourage the implementation of good corporate governance principles across all SOEs, ensuring that every business decision is based on transparency, accountability, and efficiency. With the existence of a clear legal framework, SOEs have more measurable policy directions and legal protection in carrying out their functions independently from political pressure[45]. Transparency in the official appointment process and the strengthening of the Ministry of SOEs' role have become important factors in ensuring the success of the reform. The selection process for directors and commissioners is now carried out openly, taking into account the competence and professional track record of

[42] Ghosh, "Corporate Governance Reforms and Bank Performance: Evidence from the Middle East and North Africa".
[43] Vagliasindi, Cordella, and Clifton, "Introduction: Revisiting the Role of State-Owned Enterprises in Strategic Sectors".
[44] Pfanelo and Chinomona, "Reforming Competitive Advantages and Supply Chain Effectiveness in South African State- Owned Enterprises".
[45] Kamal, "Corporate Governance and State-Owned Enterprises: A Study of Indonesia's Code of Corporate Governance".

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

candidate officials. The Ministry of SOEs plays an active role as a supervisor and mentor, not only in administrative oversight but also in ensuring alignment between corporate strategy and national development policies[46]. This improvement in transparency and accountability strengthens public trust in SOEs and encourages the creation of a cleaner and more competitive business environment. Thus, the synergy between regulation, transparency, and effective oversight is the key to the success of SOE governance reform in Indonesia[47].

The main challenge in SOE reform in African countries lies in the strong political resistance to structural and institutional change. Many officials and political elites oppose limiting power or imposing strict oversight on SOEs because these positions are often used as a source of political and economic patronage[48]. As a result, reform policies are often hindered at the implementation stage, even though there are already supporting formal regulations. This political resistance creates uncertainty in corporate policies and weakens the independence of SOE management institutions from government or ruling party interference[49]. In addition to political resistance, corruption issues and low public accountability also pose major barriers to efforts to improve SOE governance in Africa. Widespread corruption practices at both management and government levels erode public trust and reduce the operational efficiency of state-owned enterprises. The lack of effective oversight systems makes financial irregularities difficult to detect and rarely subject to legal sanctions. Limited transparency in performance reporting and the absence of public participation in policy evaluation further exacerbate this situation. Under such conditions, SOE reform in Africa requires strong political commitment, improvements to the legal system, and the strengthening of accountability mechanisms to create sustainable change[50].

The ideal governance model for SOEs in developing countries should emphasize a balance between corporate independence and public accountability. To achieve this, an institutional structure that clearly separates political and managerial functions is required, so that business

[46] Kim, "Using Partially State-Owned Enterprises for Development in Indonesia".
[47] Vagliasindi, Cordella, and Clifton, "Introduction: Revisiting the Role of State-Owned Enterprises in Strategic Sectors".
[48] Miążek, "Corporate Governance in State-Owned Enterprises. A Systematic Literature Review: An International Perspective".
[49] Pfanelo and Chinomona, "Reforming Competitive Advantages and Supply Chain Effectiveness in South African State- Owned Enterprises".
[50] Adebayo and Ackers, "Comparing Corporate Governance Practices of State-Owned Enterprises (SOEs) in South Africa and Singapore".

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

decisions can be made based on economic considerations rather than power interests. Clear and consistent regulations also serve as an important foundation to ensure that the SOE official recruitment process is carried out transparently and based on meritocracy[51]. In addition, the implementation of an independent audit system and the strengthening of the supervisory board's function can serve as internal control mechanisms to prevent abuse of authority. This model aims to create SOEs that are adaptive, professional, and results-oriented without losing their social responsibility[52]. Enhancing the integrity and professionalism of SOEs requires a long-term commitment to building a clean and ethical organizational culture. The government needs to strengthen a fair reward and sanction system so that every official and employee is encouraged to work in line with ethical standards and high performance. Collaboration with independent oversight institutions and public participation in performance evaluation are also important to improve transparency[53]. In addition, the digitalization of financial management and reporting systems can reduce the risk of corruption and accelerate data-driven decision-making. By implementing this holistic governance model, SOEs in developing countries can transform into globally competitive entities while still maintaining a strategic role in national development.

CONCLUSION

The practice of dual office-holding between public officials and SOE managers has serious implications for the effectiveness of reform and governance of state-owned enterprises, both in Indonesia and in several African countries. Reforms in Indonesia that focus on strengthening regulations, transparency, and management professionalization have proven to have a positive impact on improving SOE accountability and efficiency. Meanwhile, in many African countries, similar efforts still face significant challenges due to weak institutional capacity, political resistance, and a lack of effective oversight systems. This comparison between the two regions emphasizes that the success of SOE reform depends heavily on consistent law enforcement, strong political commitment, and support from integrity-driven institutions. The

[51] Pfanelo and Chinomona, "Reforming Competitive Advantages and Supply Chain Effectiveness in South African State- Owned Enterprises".
[52] Adebayo, "Conceptualising (Corporate) Governance in State-Owned Enterprises: A Research Agenda".
[53] Mutize and Tefera, "The Governance of State-Owned Enterprises in Africa: An Analysis of Selected Cases".

PATTIMURA Legal Journal, 5 (1) April 2026: 64 - 81
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

recommendations from this research emphasize the importance of implementing a governance model that enforces the separation of political and managerial functions, accompanied by independent oversight mechanisms to prevent conflicts of interest. Governments need to strengthen meritocratic systems in SOE official appointments, expand public transparency, and leverage digital technology to accelerate administrative reform and financial reporting. In addition, building a culture of integrity and accountability within SOEs must be a long-term priority so that state-owned enterprises can function as professional, efficient economic development engines free from political influence. Thus, SOE reform in developing countries can yield cleaner, more competitive, and sustainable governance.

REFERENCES

Abramov, Alexander, Alexander Radygin, and Maria Chernova. "State-Owned Enterprises in the Russian Market: Ownership Structure and Their Role in the Economy". *Russian Journal of Economics* 3, no. 1 (2017): 1–23. doi:10.1016/j.ruje.2017.02.001.

Ackers, Barry, and Adeyemi Adebayo. "Governance Of African State-Owned Enterprises (Soes)-Towards Agenda 2063". *Accounting Profession Journal (APAJI)* 4, no. 2 (2022). https://au.int/en/overview.

Adebayo, Adeyemi. "Conceptualising (Corporate) Governance in State-Owned Enterprises: A Research Agenda". *International Journal of Organizational Analysis* 33, no 10 (2025). doi:10.1108/IJOA-07-2024-4700.

Adebayo, Adeyemi, and Barry Ackers. "Comparing Corporate Governance Practices of State-Owned Enterprises (SOEs) in South Africa and Singapore". *Journal of Accounting and Investment* 23, no. 1 (2022): 170–95. doi:10.18196/jai.v23i1.13830.

Anam, Putra Adibil, and Inda Rahadiyan. "Pengaturan Jabatan Rangkap Anggota Direksi Dan Dewan Komisaris BUMN: Perbandingan Indonesia Dengan Amerika Serikat". *Jurnal Hukum Ius Quia Iustum* 30, no. 3 (2023): 515–36. doi:10.20885/iustum.vol30.iss3.art3.

Anguelov, Dimitar. "State-Owned Enterprises and the Politics of Financializing Infrastructure Development in Indonesia: De-Risking at the Limit?" *Development and Change* 55, no. 3 (2024): 493–529. doi:10.1111/dech.12828.

Apriliyanti, Indri Dwi, and Stein Oluf Kristiansen. "The Logics of Political Business in State-Owned Enterprises: The Case of Indonesia". *International Journal of Emerging Markets* 14, no. 5 (2019): 709–30. doi:10.1108/IJOEM-08-2018-0433.

Daiser, Peter, Tamyko Ysa, and Daniel Schmitt. "Corporate Governance of State-Owned Enterprises: A Systematic Analysis of Empirical Literature". *International Journal of Public Sector Management* 30, no. 5 (2017): 447–66. doi:10.1108/IJPSM-10-2016-0163.

Ghosh, Saibal. "Corporate Governance Reforms and Bank Performance: Evidence from the Middle East and North Afric". *Corporate Governance (Bingley)* 17, no. 5 (2017): 822–44. doi:10.1108/CG-11-2016-0211.

Harris, Jason, Bruno Imbert, Paulo Medas, John Ralyea, and Ashni Singh. *Government Support to State-Owned Enterprises: Options for Sub-Saharan Africa*, 2020.

Kamal, Miko. "Corporate Governance and State-Owned Enterprises: A Study of Indonesia's Code of Corporate Governance". *Journal of International Commercial Law and Technology* 5, no. 4 (2010).

Kim, Kyunghoon. "Using Partially State-Owned Enterprises for Development in Indonesia". *Asia Pacific Business Review* 25, no. 3 (2019): 317–37. doi:10.1080/13602381.2019.1575660.

Miążek, Radosław. "Corporate Governance in State-Owned Enterprises. A Systematic Literature Review: An International Perspective". *International Journal of Contemporary Management* 57, no. 4 (2021): 1–13. doi:10.2478/ijcm-2021-0011.

Mutize, Misheck, and Ejigayhu Tefera. "The Governance of State-Owned Enterprises in Africa: An Analysis of Selected Cases". *Journal of Economics and Behavioral Studies* 12, no. 2 (2020): 9–16.

Pfanelo, Nematatani, and Elizabeth Chinomona. "Reforming Competitive Advantages and Supply Chain Effectiveness in South African State- Owned Enterprises". *Journal of Contemporary Management* 21, no. 1 (2024): 157–86. doi:10.35683/jcm23.050.250.

Supriajat, Atep Wahyu, I Gede, and Agus Kurniawan. "The Independence of State-Owned Enterprises Following the Enactment of Law Nomor 1 of 2025, Reviewed from a Business Law Perspective". *Pena Justisia: Media Komunikasi Dan Kajian Hukum* 24, no. 2 (2025).

Trihatmoko, Roderikus Agus, and Y. Sri Susilo. "Conditions, Challenges and Prospects of State-Owned Enterprises in Indonesia: The Governance Perspective Based on Economic Constitution'. *Applied Research in Quality of Life* 18, no. 5 (2023): 2459–84. doi:10.1007/s11482-023-10194-9.

Vagliasindi, Maria, Tito Cordella, and Judith Clifton. "Introduction: Revisiting the Role of State-Owned Enterprises in Strategic Sectors". *Journal of Economic Policy Reform* 26, no. 1 (2023): 1–23. doi:10.1080/17487870.2022.2080409.

Conflict of Interest Statement: The author(s) declares that research was conducted in the absence of any commercial or financial relationship that could be construed as a potential conflict of interest,

Copyright: © AUTHOR. This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License. (CC-BY NC), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

PATTIMURA Legal Journal (Pela) is an open acces and peer-reviewed journal published by Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia.

OPEN ACCESS