

The phenomenon of dynamic imbalance in the partnership between state-owned and private companies: A case study of the joint-operation in sugar production for the milling season of 2001-2002 between PT Perkebunan Nusantara XIV (Persero) and PT Kalpataru Semester

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Abstrak

<i>Prompted by poor performance of most state-owned enterprises, the Indonesian government has made the partnership between state-owned and private firms as one of its 'strategic' steps. However, partnership between business entities from different institutional backgrounds can cause uneasy relationship stemming from different characters and imbalanced position between partners. In the Indonesian context, partnerships between state and private firms show imbalance in which the former enjoy more prestige and power than the later. Dependency is reflected in the obligation of spending some cost by private companies, some of which become additional income or rent to the executives of state firms.

The case study looks at the joint-operation in sugar production for the milling season of 2001-2002 between the state-owned PT Perkebunan Nusantara XIV (PTPN XIV) and the privately owned PT Kalpataru Semesta (PTKS). During the course of the joint-operation, relations between two partners have demonstrated lack of transparency and growing distrust. Complexities have intensified because of a persistent competition between key actors, namely president directors of the respective firms, in an attempt to show that each was more powerful than the other.

This research tries to answer four questions. First, how is partnership between PTPN XIV and PTKS possible? Second, why are differences between both partners so wide and very difficult to reconcile? Third, how are the relationships between actors during the implementation of the partnership? Fourth, how do partners eventually agree on the termination of their joint-operation? In brief, this study attempts to reveal various processes, networks, and structures that affect the partnership. Due to his position as a member of the Monitoring Team of the joint-operation project, the researcher chooses to apply participant observation as the main method of data collection. Informal talks and interviews with other actors and informants also contribute to the process.

This study takes into consideration three theoretical perspectives, namely Exchange, Exchange-Network, and Governance theories, but all lack of comprehension in describing the overall structures and processes behind the partnership. This has led to the formulation of a combination of relevant ideas and aspects of those theories by utilizing concepts and ideas of the dramaturgical and social capital perspectives. This attempt has resulted in the emergence of a pair of exchange network models of key actors; and a matrix of all relevant actors and elements.

This research finds that in contrast to widespread practices in Indonesia, state firms are not permanently stronger than their private counterparts. The relative position between PTPN XIV and PTKS demonstrates a

dynamic imbalance in the sense that either the state-owned or private firms may hold dominance over the other. In the initiation phase, the private partner gains strong position over the state-owned partner. During the implementation of the partnership, both demonstrate dominance interchangeably depending on the specific circumstances. At the final phase, the state-owned firm shows its strength and the private company has to accept that it is dependent on its state-owned counterpart.

In general, the partnership between PTPN XIV and PTKS reflects a success and a failure simultaneously. It has succeeded in salvaging the ill-fated state-owned firm, or serving public interest, but at the same time it fails in delivering satisfactory profit to private partner. In addition to its failure, the project proves that a governance arrangement fails to perform well under a distrustful relationship between partners as a result of mysterious behavior of the PTPN XIV president director. However the involvement of a state official has served two functions; first, help make partnership possible in the first place, second, create a forum through which partners meet to discuss differences.

The study recommends that state officials should . take a more active role in managing tensions and reducing unnecessary differences between partners. State-owned enterprises should be encouraged to open up their data and predictions that are highly relevant to the joint-project. This will help create trust and norm of mutual benefit between partners. Private companies, despite their strong position, should be well-prepared prior to entering into an agreement with state firms. They should obtain sufficient knowledge especially on the calculation methods of production costs and the familiarity with key actors from the other side in the partnership.</i>