

IMPACT ANALYSIS OF LOSS INDUSTRIAL SECTOR AT PT PERTAMINA PERSERO

**Devita Herlin Putri Restia, Fadilla Jannati, M. Gilang Tri Atmaja, Fera
Wati, Bella Anggun Riskita, Husna Angel**

Universitas Islam Negeri Raden Fatah Palembang, South Sumatra
e-mail: devitaherlin20@gmail.com

ABSTRACT

The impact of the Covid-19 pandemic hampered the company's cash flow and reduced public demand for fuel oil, natural gas, geothermal energy at PT Pertamina Persero that year. It was recorded that in 2020 PT Pertamina Persero experienced a fairly rapid decline which resulted in losses. This has an impact on the profit earned by PT Pertamina. This study aims to describe the factors that cause PT. Pertamina experienced losses, described the losses suffered, and described the role of the commissioners in the losses that occurred at PT. Pertamina. This study used the library study method, this was done because literature sources were obtained from journals, information from print media, research reports, articles, and other sources. The approach in this study uses descriptive qualitative, with the aim to describe and reveal the phenomena that occur in depth and systematically. Pertamina's losses were caused by the pandemic (Covid-19) and decreased operating revenues due to sales of crude oil, natural gas, thermal energy and oil production which were experiencing a decline. The role of the Board of Commissioners Against Losses PT Pertamina is to check the competence of the Company and management, management usually pays attention to the Company and its business activities, advising managers on the company's income. In carrying out the supervisory duties of the board of commissioners and in preparing plans for the benefit of the company,

Keywords: Impact, Losses, Commissioners

INTRODUCTION

Cooperation between the state and the private sector has an important role in national economic development activities to ensure the safety of all

parties in society. The state and government play an important role as decision makers and stakeholders in economic growth. achieve the goals of the country, especially the economic and social prosperity of this nation. The government must have the means to carry out welfare in a country. State Owned Enterprises (BUMN) which is one of the practical embodiments of Article 33 of the 1945 Constitution and hereinafter referred to as the 1945 Constitution,(PRESIDENT OF THE REPUBLIC OF INDONESIA, LAW OF THE REPUBLIC OF INDONESIA, nd-aplay an important role in improving people's welfare. Judging from their role and status, SOEs are important in maintaining one of Indonesia's nationalist ideals: people's prosperity.

The impact of the global economic downturn has had a serious impact on several companies that have been one of the main contributors to the country's economic growth, including those engaged in the oil and gas sector.(Hadiwardoyo et al., n.d.). The oil and gas industry itself has an important role for Indonesia as a source of state budget revenue and also contributes to the local economy in areas where oil and gas exploration, production, refining and distribution take place. And also the biggest role of the oil and gas industry is to produce energy (especially fuel) that is used in various environments throughout Indonesia.(Accounting Studies et al., 2021)

When the economy declines due to the Covid-19 pandemic, this causes all human economic activities to become abnormal, including in the oil and gas industry. The enactment of the PSBB regulations has had an impact on reducing demand for fuel, due to reduced use of vehicles to go to the office or activities. In addition, the use of production machines in manufacturing companies has also decreased due to the large number of employees working from home, which has resulted in reduced production volume.

The impact of the Covid-19 pandemic has hampered the company's cash flow and reduced public demand for fuel oil, natural gas, geothermal energy at PT Pertamina Persero. This had an impact on the profits obtained by PT Pertamina in that year. It has been recorded that in 2020 PT Pertamina Persero experienced a fairly rapid decline which resulted in a loss of US\$ 767.9 million or around IDR 11.3 trillion.(Widyastuti & Nugroho, 2020)

This loss raises questions from the public about the performance and responsibilities of the company's board of commissioners who were newly

appointed in early 2020. However, in this case the board of commissioners cannot be personally held accountable according to the piercing the corporate veil doctrine.(Indrawan W, 2021). This is because the losses experienced by the company are caused by external factors.

RESEARCH METHODS

This study used the library study method, this was done because literature sources were obtained from journals, information from print media, research reports, articles, and other sources. The approach in this study uses descriptive qualitative, with the aim to describe and reveal the phenomena that occur in depth and systematically.

RESULTS AND DISCUSSION

Loss Factors at PT Pertamina Persero

1. Pertamina's Loss was due to the Pandemic Covid-19

According to PT Pertamina (Persero), losses due to the corona virus pandemic, also known as COVID-19, reached US \$ 767.91 million or IDR 11.13 trillion (at an exchange rate of IDR 14,500 per US dollar) in the first half of 2020.(Asykiya, 2022) This led to a decline in sales, a depreciation of the rupiah and a decline in the price of Indonesian crude oil. There are three cash flows that are negatively affected by cash flow, namely:

- a. The impact of the Covid-19 pandemic caused BUMN sales to drop sharply. This occurred due to the inseparable decline in demand from the global market.
- b. The fall in the rupiah exchange rate. The effects of the Covid-19 pandemic also have the opportunity to affect the Garuda exchange rate against the US dollar. The rupiah, which was traded at IDR 13,900 in December 2019, gradually weakened to IDR 16,700 per USD in March 2020. rupiah. As a result, it suffers from reduced revenues and significant exchange rate differences.
- c. Decreased ICP. As a result, the state-owned company is experiencing cash flow problems due to high operational costs to maintain oil supplies(Asmianti et al., nd). The demand and price sides also experienced a decline in revenue. The decline in crude oil sales was a

factor in the decline in sales and revenue.

2. Sales of Crude Oil

According to the report posted on Pertamina's official website, it was explained that Pertamina's reduced profit was due to a decrease in operating income, which was previously USD 25.55 billion, which is now USD 20.48 billion. The decline in operating revenues was caused by sales of domestic oil, namely crude oil, natural gas, geothermal energy and oil production, which decreased to 20.91 percent or USD 16.56 billion.(dwi hadya jayani, n.d.)

3. Increased Production & Lifting Expenses

Another reason that resulted in Pertamina's losses was the increase in production and disposal costs from the initial USD 2.38 billion to USD 2.43 billion.

4. The company's operational costs increased

In addition to production and disposal costs, Pertamina also suffered losses due to the sharp increase in the company's operating costs. Previously, the company's operating expenses were USD 803.7 million, now it is USD 960.98 million. However, cost of goods sold and other direct costs, which previously reached USD 21.98 billion, decreased to USD 18.87 billion.(Asykiya, 2022)

5. Reduced Gross Margin

Even though the cost of goods sold and other expenses decreased, they did not increase Pertamina's sales margin. On the other hand, Pertamina's gross profit fell 55.05 percent to USD 1.60 billion. At USD 21.98 billion it fell to USD 18.87 billion.

6. Exchange Rate Losses

Another damage was caused by a cap hit of USD 211.83 million, which almost tripled to only USD 64.59 million in the 2019 season. According to Pertamina's Director of Communications, Fajriyah Usman, explained, Pertamina faced a triple shock in the first half of 2020(Wiryanti et al., nd). Starting from the drop in world crude oil prices, the drop in fuel consumption in the country, to the movement of the dollar. which significantly affect the exchange rate.

7. Reduction of Total Domestic Fuel Consumption

The decline in fuel consumption occurred nationally. Domestic fuel consumption is only 117 thousand kiloliters per day until June 2020, down 13 percent compared to the 2019 period of 135 thousand kiloliters per day. During the Comprehensive Social Restrictions (PSBB) period, fuel consumption fell by 50-60 percent in several cities in Indonesia. Despite the loss, Pertamina is optimistic that it will be able to record a profit at the end of the year. Limited Liability Companies have Law Number 40 of 2007 (UUPT 2007) which emphasizes Responsibilities of Directors and Commissioners, 2007) which specifically regulates corporate income. The use of income as referred to in Chapter IV part three Articles 70 to Article 73 is regulated in one of the regulations in this law.

The Impact of Losses Experienced by PT Pertamina

The impact of the 2019 recession on PT. Pertamina Tbk during the pandemic, namely with the recession that occurred globally in 2019, including Indonesia, the financial performance report, especially cash flow (income statement) was greatly affected (Itmam, 2021). When Covid-19 hit, tens of millions of people immediately lost their jobs and sometimes even their income. Many unjustified layoffs occurred. But at that time PT Pertamina Tbk did not lay off any of its workers. It's just that, PT Pertamina Tbk experienced a decline in the company's profits. (dwi hadya jayani, n.d.)

The decline due to the Covid-19 pandemic has had an impact on a decline in financial performance, which involves the company's income being affected by a decrease in people's purchasing power, which has an impact on the company's income. PT. Pertamina Tbk collapsed in 2020 compared to 2019 when a recession hit due to the impact of the pandemic in 2019. Compared to 2019, PT Pertamina's financial performance fell to 58.44% in 2020 (Itmam, 2021). At that time, the global oil and gas industry and the entire economy experienced a decline since the Covid-19 pandemic. This was also equivalent to a drop in world oil prices and an increasing need for encouragement.

In 2020, Pertamina's revenue is very large from trade in domestic production of petroleum, geothermal and crude oil with a total of USD 33.03 million. Pertamina only earned \$3.42 million of total revenue in 2020 as a result of reimbursement of government subsidies. At Mutia 2021, this

chargeback was stated to have decreased by 29.68% in 2019 reaching USD 4.87 billion(Widyastuti & Nugroho, 2020). a decrease in financial performance, then the rejection of company profits. in 2020 PT Pertamina Tbk experienced depreciation, the previous year, the company was able to maintain its profit level.

A decrease in the company's financial performance can have an impact on the selection and termination of employees. However, regardless of the losses suffered by PT Pertamina Tbk in 2020, the company did not terminate or terminate employment. In the case of companies affected by the recession and laying off their employees, this has been regulated in Law Number 11 of 2020 concerning Job Creation. Prior to the existence of the Job Creation Law which regulated it, there was Law Number 22 of 2001 (PRESIDENT OF THE REPUBLIC OF INDONESIA-2, nd) which regulates Oil and Gas.

The Role of the Board of Commissioners Against PT Pertamina Persero's Losses

The job of the Board of Commissioners is to control the Company and management policies, the management usually pays attention to the Company and its business activities and advises the managers(Augustine Haryono, 2019). In carrying out supervisory duties and making plans for management for the benefit of the Company and in accordance with the objectives of the Company, each manager must do so in good faith, with care and full responsibility.

If a Board of Commissioners makes a mistake or is negligent when carrying out their responsibilities, then a member of the Board of Commissioners must be personally responsible for the losses of the Company. This responsibility applies jointly and jointly to each member of the Board of Commissioners as referred to in Article 114 paragraph (3) UUPT(UUPT 2007 Emphasizes Responsibilities of Directors and Commissioners, 2007), if the Board of Commissioners consists of 2 (two) people or more.

The Board of Commissioners has carried out its duties to oversee the management of the Company by the Directors throughout Semester I 2020(Sofie Widiana, 2016; Wiryanti et al., nd). The Board of Commissioners consistently works to ensure that the performance targets that have been set are achieved in order to be in a position to add value to shareholders and other

stakeholders. For this reason, the Board of Commissioners has carried out an effective oversight function and regularly provides direction and advice to the Board of Directors regarding the management of the Company. Things that have been done by the Board of Commissioners as follows:

- 1) Participated in 1 Annual GMS, namely the 2019 RKAP Approval GMS. Then there were 27 Extraordinary GMS. In addition, carrying out internal meetings of the Board of Directors. In accordance with the mandate of the Shareholders, the Board of Commissioners has carried out the supervisory duties of the Board of Directors over the running of the Company during the first half of 2020. In order to provide value for shareholders and other stakeholders. In the meetings of the Board of Commissioners and by inviting the Board of Directors, the Board of Commissioners consistently works to ensure that the performance targets that have been set are achieved. Committee meetings, both internal committee meetings and external committee meetings, are also held to assist the work of the Board of Commissioners. As well as 8 joint meetings with related partners and other parties.
- 2) The Board of Commissioners and Committees make working visits to operational and commercial units. In addition to trips to Refinery Unit RU II (Dumal, Sei Pakning), RU V Balikpapan (& RDMP), and other important projects seven times

The role of the Independent Commissioner is to see that choices are made fairly and fairly so that the Board of Commissioners can carry out their duties. Independent, free from disturbance and pressure from anyone. And the results of Covid 19 can show Pertamina's ability to survive the scenario of falling crude oil prices, which occurred for most of the first half of 2020.

Pertamina's board usually meets to discuss the company's current condition. In addition to board and committee meetings, the board holds internal meetings with its members. During the first half of 2020, ten board meetings were held, consisting of six internal meetings and four board held meetings. During committee meetings, there are internal committee meetings as well as joint meetings with related parties and other parties. (Sofie Widyana, 2016)

The Board of Commissioners makes a decision. The decision making process is as follows based on the Board of Commissioners Decree No.

012/KPTS/K/DK/2016 dated 18 November 2016 concerning Guidelines for Work Procedures for the Board of Commissioners. (Mechanism-Determination of the Board of Commissioners, nd)

- 1) Take steps before the meeting of the Board of Commissioners:
 - a) During decision-making, the rules established by the delegates must be followed (including the rules for participation in quorums and the use of powers).
 - b) Decisions taken at the delegation meeting are recorded in the meeting protocol of the Board of Commissioners in a decision letter, letter or memorandum signed by the representative at the meeting.
- 2) Decrees, minutes of meetings, letters or memorandums signed by the Commissioner outline the circular decision-making process. The Board of Commissioners must act within the specified timeframe. Acceptable time frames are between 7 and 14 days (good to adequate). starting from the proposal submitted at the Board of Commissioners Meeting or submitted in writing by the Board of Directors to the Board of Commissioners with all supporting documents needed for circular decision making, and may not exceed the 30 day time limit as mandated by the Company's Articles of Association. Association.

CONCLUSION

Pertamina's losses were due to the pandemic (Covid-19). According to PT Pertamina (Persero), losses due to the corona virus pandemic, also known as COVID-19, reached US\$767.91 million or IDR 11.13 trillion (at an exchange rate of IDR 14,500 per US dollar). in the first semester of 2020. The decline in turnover was driven by sales of domestic oil, or crude oil, natural gas, geothermal energy and oil production which fell by 20.91 percent or USD 16.56 billion.

Production and disposal costs increased, Pertamina's losses were driven by an increase in production and disposal costs from USD 2.38 billion to USD 2.43 billion. Exchange rate loss Another loss was caused by an exchange difference of USD 211.83 million, which almost tripled to USD 64.59 million in the 2019 season.

The decline due to the Covid-19 pandemic has had an impact on a decline in financial performance, which involves the company's income being

affected by a decrease in people's purchasing power, which has an impact on the company's income. In 2020, Pertamina's revenue is very large from trade in domestic production of petroleum, geothermal and crude oil with a total of USD 33.03 million.

Role of the Board of Commissioners Against PT Pertamina Persero's Losses In order to comply with Article 108(1) UUPT, the Board of Commissioners is tasked with supervising the Company, as well as management policies, management in general pays attention to the Company and its business, providing advice to the Directors. In carrying out supervisory duties and providing plans to the Board of Directors for the benefit of the Company and in accordance with the aims and objectives of the Company, each member of the Board of Commissioners must do so in good faith, prudence and responsibility. The Board of Commissioners consistently works to ensure that the performance targets that have been set are achieved in order to be in a position to add value to shareholders and other stakeholders. Therefore,

In the meetings of the Board of Commissioners and by inviting the Board of Directors, the Board of Commissioners consistently works to ensure that the performance targets that have been set are achieved. The Board of Commissioners takes steps before holding a meeting, including: a) During decision making, the rules set by the delegation must be followed (including the rules for participation in quorums and the use of power). b) Decisions taken at the board meeting are set forth in the minutes of the meeting of the board of commissioners or in a decision letter, letter or note signed by the members of the board.

BIBLIOGRAPHY

Augustine Haryono. (2019). **ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS.**

Asmianti, S., Nangoi, G., Warongan, J., Master of Accounting, P., & Economics and Business at Sam Ratulangi University, F. (nd). **Analysis of the Causes of Losses at PT Sumber Alfaria Trijaya Tbk Manado Branch.**

- Asykiya, S. (2022). Analysis of the Covid Pandemic on PT Pertamina TBK Company Profits. *Das Sollen: Journal of Contemporary Law and Society Studies*, 1–01.
- Dwi hadyajayani. (n.d.). affected by the pandemic, pertamina recorded a loss in semester 1-2020.
- Hadiwardoyo, W., Higher Economics Hidayatullah, S., & Barat, J. (nd). NATIONAL ECONOMIC LOSS DUE TO THE COVID-19 PANDEMIC. <https://doi.org/10.24853/baskara.2.2.83-92>
- Indrawan W. (2021). Use of the piercing the corpote veil doctrine against the board of commissioners of PT Pertamina (Persero) for the first semester of 2020 based on Law Number 40 of 2007 concerning Limited Liability Companies.
- Itmam, S. (2021). Economic Recession and Its Implications from a Business Law Perspective. *ResearchGate*, 190–191.
- Board of Commissioners Determination Mechanism*. (n.d.).
- PRESIDENT OF THE REPUBLIC OF INDONESIA-2*. (n.d.). Retrieved June 6, 2023, from <http://peraturan.bpk.go.id/Home/Details/44903/uu-no-22-tahun-2001>
- Sofie Widyana. (2016). Responsibilities of the Board of Directors and the Board of Commissioners in a Limited Liability Company.
- Accounting Studies, P., College of Economics, S., & Dwi Lestari, Y. (2021). Disclosure Practices of Sustainability Reports and Environmental Incidents: Studies on the Sustainability Reports of state-owned companies PT. Pertamina (Persero) 2017-2018 Meilani Purwanti. In *Business, Management and Accounting* (Vol. 18, Issue 1).
- UUPT 2007 Reinforces Responsibilities of Directors and Commissioners*. (2007). [http://www. Hukumonline.com/berita/a/uupt-2007-pertegas-responsibility-direksi-dan-komisaris-hol17807](http://www.Hukumonline.com/berita/a/uupt-2007-pertegas-responsibility-direksi-dan-komisaris-hol17807)
- Widyastuti, NL , & Nugroho, H. (2020). "The impact of Covid-19 on the oil and gas industry. Policy recommendations for Indonesia." . *Journal of Development Planning: The Indonesia Journal of Development Planning*, 166–176.
- Wiryanti, T., Bambang, D., & Sulistiyono, B. (nd). Faculty of Economics-Air Marshal Suryadarma University.