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ESTABLISHMENT OF THE FIELD OF FEASIBILITY FOR SUB-CONTRACT PARTNERS OF THE MINISTRY OF DEFENSE IN SUPPORTING THE DEFENSE ECONOMY

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ABSTRACT

Sub-Contracting Company defined as a third party engaged by the main contract to perform certain obligations arising from the contract between the main contracting party and the bouwheer party, the work which the sub-contractor performs for and on behalf of the main company or other more bona fide contractors. Sub-contracting companies are dominated by Small and Medium Enterprises which have less competitiveness in terms of capital, skills, experience, relationships, and human resources compared to companies with main contracts. In this study, the authors used data analysis techniques with a qualitative descriptive analysis strategy model. The results of the study indicate that the government needs to intervene in these problems by establishing a Feasibility Field for Sub-Contract Partners of the Ministry of Defense. The formation must also involve all interested parties by making a cooperation agreement so that the existing Defense budget in Indonesia could become the main sector in improving the economy in Indonesia.

KEYWORDS

Sub-Contractor, Small and Medium Enterprise, Feasibility Field, Defense Economics, defense policy.



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Introduction

Business Partnership is a form of business relationship or business model that generally involves a small company with a medium/large company that has a coaching function, including the exchange of information and experience and development by large entrepreneurs. In conducting partnerships there are several principles to foster harmonious cooperative relationships in order to create a continuous and sustainable business ecosystem. These principles are equality or balance (equity). This principle has the meaning of a two-way relationship that respects and trusts, respects each other, and puts forward the value of equality which includes rewards, obligations, and (emotional bounding) emotional bonds that need and complement each other. The second principle is transparency, which means respecting trust between entrepreneurs, including the integration of information management and the formation of consolidation for managing finances. The third principle is the main goal of business people, namely to create mutual benefit relationships, meaning that partnerships are able to provide alternative answers from a business process to obtain the highest profit.

The Universal People's Defense and Security System is a state defense system that involves all citizens, territories, and national resources (Presidential Regulation of the Republic of Indonesia, 2021). Universal people's defense and security system is a defense and security system with components consisting of all potential national powers in order to realize national defense and security. Article 30 Paragraph 2 of the 1945 Constitution as a result of the second amendment states that national defense and security efforts are carried out through the Universal People's Defense and Security System by army and the Indonesian National Police as the main force and the people as a supporting force.

The main component has a function as the main force of national defense. Backup components have a function to increase the strength and capabilities of the main components. Meanwhile, the supporting components work to increase the strength and capability of the main components and reserve components (Law Number 3 of 2002 concerning National Defense).

The universal people's defense and security system is carried out because 1. The diversity of Indonesia as well as the position of the State of Indonesia which is located in a cross-world position is very vulnerable to threats, challenges, obstacles and disturbances from other countries. 2. Upheavals between ethnic groups, religions, races and between groups and regional sentiments have the potential to trigger horizontal and vertical conflicts. 3. As a manifestation of State Defense Efforts as regulated in the 1945 Constitution of the Republic of Indonesia Article 27 paragraph (3) and 4. There are military and non-military threats that threaten the integrity and sovereignty of the Unitary State of the Republic of Indonesia. Indonesia (Suwito, Anton 2017).

Global economic conditions are likely to experience a slowdown, the fate of the trade war is not yet clear. With the situation, it is difficult to increase acceptance. As a result, the state budget deficit and debt could increase

Universal people's defense and security system is a strategy in dealing with military and non-military threats. Universal people's defense and security system is also one of the efforts to maintain national defense and security. By optimizing the role of universal people's defense and security system, it will certainly make National Resilience stronger and more independent in accordance with the nature of Indonesia's national resilience, namely independent, dynamic, united, and authoritative (Suwito, Anton 2017).

National resilience is a dynamic condition of a country that has covered all aspects of national life that are integrated and have the resilience to develop national strength in dealing with and overcoming all problems, both coming from internal parties and external parties (Marlinah, Lili 2017). Improving national resilience is synonymous with national development through a welfare and security approach. The success of national development will increase national capacity and encourage national development to be more successful. The concept of national resilience is to utilize and integrate all the potential of national life which consists of eight gatra, which are used in the regulation and implementation, both for the interests, welfare and security in a broad, comprehensive and integrated, comprehensive and integral sense based on Pancasila, the 1945 Constitution, and the elaboration of the Insights(Husin, Farida 2020).

Economic resilience affects various aspects, one of which is the economy. The form of economic resilience is reflected in the economic condition of the nation which is able to maintain healthy and dynamic economic stability, is independent, highly competitive, and realizes the prosperity of the people in a just and equitable manner. Defense budget planning and the right allocation of defense spending every year can support Indonesia's defense forces, so that they are able to create and increase Indonesia's economic growth (Saputro, Rivai, et al., 2021)

In Indonesia, the form of business partnership has been divided into several types. This has been regulated by PP No. 17 of 2013 concerning Micro, Small, and Medium Enterprises. This type of partnership is based on a process of integrating multi-sectoral skills, including marketing, capital, production and processing, technology, and most importantly, human resource capabilities.

In its implementation, partnerships are often carried out in relation to meeting various requirements and standards in fields of work that have a complex level of difficulty. Because not all companies have special abilities, it is necessary to cooperate with other companies to complete the work that has been given by the employer. This then becomes a new business potential called Sub-contract partnership which is basically the transfer of part or almost all of the work by the job provider to another party.

Sub-contractors are generally companies that have less competitiveness in terms of capital, skills, experience, relationships, and human resources compared to the main contract companies. These companies can generally be categorized into Micro, Small and Medium Enterprises (MSMEs).

According to the Central Statistics Agency (BPS) in (2019), MSMEs alone amounted to 65.5 million businesses or a total of 99.99% of businesses in Indonesia (Jayani, 2021). This figure shows the potential for developing a business ecosystem that can be obtained by the Indonesian state. With the focus on establishing standardization from the government to sub-contracting companies, it is hoped that there will be an increase in GDP, additional state revenues in the form of taxes, taking into account the security risk aspect of potential state losses.

In this article, the author will describe more about the Establishment of the Feasibility Field for Sub-Contract Partners of the Ministry of Defense.

Research methods

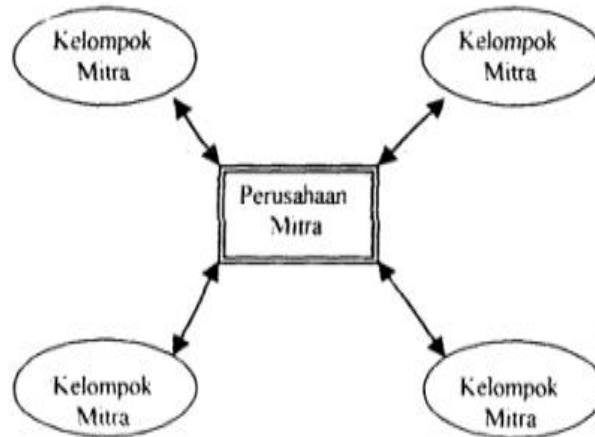
The article in this study is the result of a qualitative research which as a whole uses library research methods in its approach. Research with a library approach is a study which in general is the fruit of books and the results of previous previous studies which are of the same type with the sole purpose of obtaining a theoretical basis or even becoming several theories of the problems studied (Sarwono, 2006). The literature study in this study was carried out through the mechanism of researching and studying various literature references, scientific articles, including books, journals and other documents that were related to the Establishment of Viability for Sub-Contract Partners of the Ministry of Defense. Sources of data in this study are books, journals, web pages and other references that are considered relevant to the theme in this study, namely reviewing the Establishment of the Field of Eligibility for Sub-Contract Partners of the Ministry of Defense.

According to (Huberman & M. B., 2002) Data analysis is an activity related to the investigation or investigation of problems systematically to determine how big the parts are, then how big is the relationship between the parts, and the last is to determine the relationship as a whole. This is done jointly, and is interwoven between data reduction and drawing conclusions or validation, with data collection and again providing feedback on data collection. The author uses data analysis techniques in a qualitative descriptive analysis strategy model. This analytical technique model aims to provide a view or description of the purpose of the logical flow of data analysis in qualitative research and can also contribute to the use of qualitative data analysis methods.

Results and Discussion

Partnership with a sub-contract pattern is a partnership between two people or in groups between partners and business partner companies, which produce part or all of the components needed by entrepreneurs through partner companies as a sub-part of their production goals. (Harisman, 2017).

Figure 1. Sub-Contract Pattern



Source: Agribusiness Agency Ministry of Agriculture Republic of Indonesia

The subcontractor partnership pattern has several advantages, including:

- a. A smooth marketing of products for partner groups.
- b. There is a transfer of technology and knowledge from partner companies to partner groups.

However, the subcontracting partnership pattern has several drawbacks:

- a. Sub-contracting further strengthens relationships, dwarfs small producers, and tends to lead to monopoly or monopsony, especially in the supply and marketing of raw materials.
- b. The disadvantages of having a partnership between the parties, such as product quality, are very tight but are not compensated by a proper payment system. The problem with the Indonesian Defense Industry is that a system has not yet been established to decide the most appropriate sub-contractor based on the value of the offer, job reputation, number of workers and variable processing time. The Ministry of Defense itself already has the Ministry of Defense Feasibility Center (PuslaikKemhan) as a partner standardization center within the Ministry of Defense. One form of implementation of the Ministry of Defense's Puslaik tasks is the implementation of certification activities for companies that will and have partnered with the Ministry of Defense. However, the implementation of the certification is only aimed at partners of the Ministry of Defense who get the main contract, while for sub-contracting companies, there is no specific field that regulates the certification of eligibility. This indicates that there is a great opportunity to create a multiplier effect business environment. In relation to where in addition to mutually beneficial cooperation, there needs to be an aspect of fostering and developing sub-contractor business partnerships so that the company is promoted to become a large company and is able to foster the companies under it.

Basically, a subcontracting partnership is a type of partnership that must be approved by the relevant officials. This is the impact of the work that wins in the tender for the provider selection, which is included in the category of contractors who meet the requirements, while the subcontractors who are billed as the work of the construction service provider are service providers. Because it does not meet the qualifications. This allows KDP to understand who the third party is as a construction subcontractor, at least meets the requirements and standards of construction providers, and avoids government losses in construction. needed.

In practice, the providers of contracted goods/services are allowed to outsource part of their work to third parties by way of subcontracting. Sub-contracts providing part of the work to third parties are usually carried out with the consent of the employer, but the agreement in question is a KDP partnership or as a party to a contract concluded by a sub-contractor. Not a form of involvement. Suppliers of goods/services subcontractors. (Fajarini, 2019).

Solutions and development

The solutions that can be applied to overcome the problems that arise in the subcontracting partnership pattern are:

- a. Partner groups of several small businesses that need development.
- b. Partnership elements such as talent development, innovation, management and capital need to be considered.
- c. Promote care and mutual trust between entrepreneurs through partner companies and partner groups and other members of partner groups.
- d. government intervention to make cooperation agreements between related parties.
- e. Transparency of the LPSE registration mechanism for subcontracting partners.

Conclusion

The conclusion of writing this article is that the government already has laws and government regulations that are closely related to partnerships. However, there is no specific regulation that regulates sub-contract partners which are dominated by Micro, Small, and Medium Enterprises. This should be of particular concern because the results of the BPS survey in 2019, MSMEs alone amounted to 65.5 million businesses or almost 100% in total in Indonesia. In order to strengthen the existing defense economy in Indonesia, the government needs to intervene in these problems by establishing a Feasibility Field for the Ministry of Defense's Sub-Contract Partners. The formation must also involve all interested parties by making a cooperation agreement so that the existing Defense budget in Indonesia can become the main sector in improving the economy in Indonesia.

In supporting the Establishment of the Feasibility Sector for Sub-Contract Partners of the Ministry of Defense, further research is needed that focuses on the technical regulations of the formation flow and the impacts resulting from the establishment of the feasibility field, both from the government side, partners and related parties.

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