

**PROTECTION LAW TO VENDORS RELATED TO THE USE OF  
BEAUTY CONTESTS IN PROCUREMENT OF GOODS AND  
SERVICES BY BUMN**

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**ABSTRACT**

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*KPPU stated that 80 percent of tender problems in Indonesia related with beauty contest . Lots of it report as well as case proves that there are no clear rules regarding the implementation of beauty contests in tender arrangements in Indonesia, giving rise to allegations of collusion within them. Example, PT. Pertamina (Persero) and PT. Medco Energi International, Tbk, suspected of having committed collusion. In case According to KPPU, it is a tender process. In its decision, the KPPU stated that PT Pertamina and PT Medco Energi Internasional and Mitsubishi Corporation were proven to be the winners of the beauty contest. This research uses normative juridical research methods that are qualitative in nature. The beauty contest method is vulnerable to irregularities and collusion due to its closed nature and each provider of goods or services/vendors cannot know who their competitors are. And No There is reject measuring Which clear related appointment winner beauty contest Position vendors in beauty contest in BUMN Not yet Enough protected, because there is no clear legal basis for the implementation of procurement of goods and services by BUMN using a beauty contest .*

**Keywords : beauty contest; BUMN; Vendors.**

**Journal History**

Received : November 20, 2023;  
Reviewed : November 27, 2023;  
Accepted : November 29, 2023;  
Published : November 30, 2023;

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**INTRODUCTION**

Body Business Owned by Country (BUMN) is Wrong One form Companies that always use the process of procuring goods and services to meet their needs. Procurement of goods and/or services is an effort on the part of the user, whether government or ministry, BUMN or private sector, to obtain or realize the goods and/or services they desire, using certain methods and processes to reach an agreement on price, time and other agreements.<sup>1</sup>

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<sup>1</sup>Anna Maria, "Sinergi BumN Dalam Pengadaan Barang Dan/Atau Jasa Dalam Perspektif persaingan Usaha", *Mimbar Hukum*, Volume25,Nomor 3,Oktober 2013, p. 447

The term *beauty contest* is used by the government and private business actors in matter procurement goods/services refer something method or mechanism carried out by BUMN or private business actors to find work partners in a project. *Beauty contests* are commonly used in business practice to run a business or project by inviting business actors to become work partners. Participants who take part in this *beauty contest* must present the best possible proposal to be selected as winners.<sup>2</sup>

A *beauty contest* can be interpreted as a demonstration or presentation of a company's profile at the invitation of a certain person or business actor. This explanation includes the company's financial capabilities and strengths as well as products Which has produced. In a *beauty contest*, screening is carried out internally on the companies that are invited. Based on an assessment of a company's profile, experience and other considerations, the company conducting *the beauty contest* decides (appoints) one of the participating companies as the winner.<sup>3</sup>

Based on Article 1 paragraph 3 Regulation of the Minister of State-Owned Enterprises of the Republic Indonesia Number Per-03/Mbu/08/2017 About Guidelines Work Same Business entity Owned by Country, Partner is party Which Work The same with BUMN Which consisting of BUMN subsidiaries, BUMN affiliated companies and/or other parties. This means that BUMN's work partners can come from the BUMN itself or from external parties or in this case the private sector. Wrong one partner BUMN work itself is generally a vendor that provides goods and services to meet the operational needs of BUMN.<sup>4</sup>

Article 22 of Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition itself states " Business actors are prohibited from conspiring with other parties to organize and/or determine the winner of a tender so that it can result in unfair business competition."<sup>5</sup> Application Chapter 22 related collusion with practice *beautiful contest* seen in the case example *beauty contest* process at the Donggi-Senoro Dalam gas refinery KPPU decision no. 35/KPPU- I/ 2010<sup>6</sup>.

The case involves PT. Pertamina (Persero) and PT. Medco Energi International, Tbk, as provider of gas exploitation projects in the Donggi – Senoro Block and Mitsubishi Corporation winner of *the beauty contest* and LNG Energi Utama as the losing party in the Donggi-Senoro project who then reported the Donggi-Senoro case to KPPU Mitsubishi Corporation as the vendor in the construction project factory gas

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<sup>2</sup> Sheila Posita, "Beauty Contest dalam Perspektif Hukum Persaingan Usaha", *Business law Journal*, Vol 2 No 3 Tahun 2013, p. 120

<sup>3</sup> *Ibid*

<sup>4</sup> Waryanto, "Pengadaan Barang Dan Jasa Yang Dilaksanakan Oleh Badan Usaha Milik Negara", *Notarius*, Volume 13 Nomor 2 Tahun 2020, p. 694

<sup>5</sup> Undang-Undang No 5 Tahun 1999 tentang Larangan Praktik Monopoli dan Persaingan Usaha Tidak Sehat

<sup>6</sup> Benny Hopman, "Tinjauan Yuridis Mengenai Pencarian Mitra Kerja Dengan Menggunakan Konsep Beauty Contest Dilihat Dari Hukum Persaingan Usaha", *Jurnal Hukum Bisnis*, Vol 1 No 4 Tahun, 2012, p 329

Donggi Senoro PT. Pertamina (Persero) And PT. Medco Energi International, Tbk is considered to have committed collusion in the *beauty contest process* even though according to the KPPU this is a tender process. In its decision, the KPPU stated that PT Pertamina and PT Medco Energi International and Mitsubishi Corporation were proven winners of the *beauty contest*. in a way legitimate And convincing has violate Chapter 22 And 23 Law Number 5 of 1999. In its consideration, the KPPU equated *the beauty contest* in this case with tender collusion .<sup>7</sup>

The absence of clear regulations regarding *beauty contests* makes the use of the method of procuring goods/services using *beauty contests* vulnerable to fraud or can be considered as fraud.<sup>8</sup>This is not only detrimental to budget users, in this case BUMN, however can also be detrimental vendors as partner Work BUMN like in case field gas Donggi- Senoro. In this case, vendors with good intentions may suffer losses due to their absence protection Which in result by No he explained rule law related *beauty contest*. Apart from that, the absence of clear legal regulations will also cause irregularities in the use of *beauty contests* in the procurement of goods/services by BUMN.

Difference understanding related *beauty contest* between KPPU with academics, which is also caused by unclear regulations, also increasingly results in the protection of business actors, especially vendors who are BUMN partners in procuring goods/services, becoming less certain. So it is interesting to study the protection of vendors who have good intentions in *beauty contests*. On One side, *beauty contest* permitted in the procurement of goods/services by mechanism which is arranged by rules made by BUMN itself, but on the other hand, the KPPU tends to draw the conclusion that *the beauty contest* is a tender conspiracy based on Law No. 5 of 1999 concerning the Prohibition of Monopolies and Unfair Business Competition.

## METHOD

This research uses normative juridical research and a type of normative juridical research method which is useful for finding out or understanding what and how positive law is regarding a particular problem and can also explain or explain to others what and how the legal regulations are regarding a particular event or problem.<sup>9</sup>

## DISCUSSION

Article 99 Paragraph (1) PP No. 45 of 2005 concerning the Establishment, Management, Supervision and Dissolution of State-Owned Enterprises states that the procurement of goods and services by BUMN uses funds directly from the Revenue Budget And State Expenditures (APBN) are carried out in accordance with the provisions for implementing the revenue and budget next state expenditure article 99 paragraph (2) The PP also states that the BUMN

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<sup>7</sup> *ibid*

<sup>8</sup>Paulus Aluk dan Fajar Dwi Santo, Antara 'Beauty Contest' Dan Tender, *Binus Buisness Law Journal*, Vol 1 No 1, September 2015, p 43

<sup>9</sup>Bambang Sunggono, *Metode Penelitian Hukum*, (Jakarta : PT RajaGrafito Persada, 2007), p.

Directors determine procurement procedures goods And service for BUMN Which concerned, besides procurement goods and services as referred to in paragraph (1) is based on established general guidelines by the minister Based on Article 99 of PP No. 45 of 2005, it can be explained that the procurement of goods and services is related to the direct participation of funds by State Budget so will follow mechanism Which arranged in the Regulations President of the Republic Indonesia Number 12 Year 2021 About Change On Regulation Presidential Number 16 of 2018 concerning Government Procurement of Goods/Services. The use of this Presidential Regulation is a consequence of the use of direct funds which are part of the APBN in the procurement of BUMN goods and services. Chapter 99 paragraph (2) PP No 45 Year 2005 arrange related procurement goods and services outside of direct APBN funds which give BUMN Directors the authority to regulate the procurement process for BUMN goods and services themselves as long as the procurement does not use APBN funds, this is then regulated in the Regulation of the Minister of State-Owned Enterprises Republic of Indonesia Number Per- 08/Mbu/ 12/2019 concerning General Guidelines for Implementing Procurement of Goods and Services Body Business Owned by Country Which It is a mandate From Chapter 99 Paragraph (2) PP No 45 Year 2005 Related Guidelines General Procurement Goods And Service By BUMN which where Chapter 10 Paragraph (3) Regulation Minister Body Business Owned by Country Republic of Indonesia Per Number - 08/Mbu/ 12/2019 again mentions and emphasizes that the Procedures for Procurement of Goods and Services are Further Regulated by the Directors of Each BUMN.

*external* procurement method or purchase is determined based on the type of goods/services and the provider, namely appointment direct, selection, And auction/tender. On in principle method Direct appointment is used if the number of goods providers is only one (single), or the goods/services required are of a certain (special) nature and/or can only be fulfilled by certain Goods/Services Providers.<sup>10</sup>

Apart from that, procurement of goods/services can be done by direct appointment Because reason situational for example work Which No can postponed again Because has happen circumstances force majeure, work advanced from work Which is being carried out based on a contract that has a fixed unit price and is technically a unit of activity that cannot be separated from previous work, and additional work that cannot be avoided in order to complete the original procurement of goods/services as long as it can be accounted for professionally, and the price standard and fixed.<sup>11</sup> looking for partners who will share the business risks ( *sharing risk* ).

Procurement goods And service by BUMN use mechanism Which regulated in Presidential Decree No. 12 of 2021 if using funds directly from the APBN based on Chapter 99 paragraph (1) PP No 45 Year 2005. Presidential Decree No 12 Year 2021 do not recognize *beauty contests* in the procurement of goods or services Presidential Decree No. 12 of 2021 only recognizes a direct appointment mechanism which is similar to the *beauty contest mechanism Article 1 number 39* of Presidential Decree No. 12 of 2021 states that Direct Appointment is a selection method for obtaining Providers

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<sup>10</sup> Adrian Sutedi, *Pengadaan Barang dan Jasa dan Berbagai Permasalahannya*, ( Jakarta: Sinar Grafika, 2015),p. 49

<sup>11</sup> *Ibid*

Goods Construction Work/Consultancy Services/Services Other under certain circumstances.

The use of direct APBN funds in the procurement of goods and services based on Presidential Decree No. 12 of 2021 does not require *beauty contests* but only recognizes direct appointment. Use of Presidential Decree No. 12 of 2021 in procurement goods And BUMN services is form of accountability state finances in the procurement of goods and services using the APBN.

Chapter 10 Regulation Minister Body Business Owned by Country Republic Indonesia Number Per - 08/Mbu/ 12/2019 mention that Wrong One method procurement goods And services are by Appointment through a *beauty contest* further Procedures for Procurement of Goods and Services, in this case *the beauty contest*, are further regulated by the Board of Directors BUMN in the sense of technical implementation of *beauty contest implementation mechanisms* in procurement goods And service by BUMN arranged by each regulation or decision letter of the directors of each BUMN. The mechanism for procuring goods and services refers to Regulation of the Minister of State-Owned Enterprises Republic of Indonesia Number Per - 08/Mbu/ 12/2019 is procurement goods And service who does not use fund direct from State Budget as such Which referred to in Article 99 paragraph (2) PP No. 45 of 2005

Guidelines for the procurement of goods and services at PT Pengerukan Indonesia are regulated in the Letter Decision Directors PT Dredging Indonesia Number : 11/24/1/RKD-2020 date 24 November 2020. As for related beauty contest in in procurement guidelines goods And service in PT Dredging Indonesia arranged in the Chapter 15 paragraph (1) Guidelines procurement goods And service in PT Dredging Indonesia Which States that "Appointment direct is method election provider with provision refer One perpetrator business Which fulfil criteria appointment direct, based on justification from the user which has been approved by the user's Director or highest management in office branch, which can held with through *beauty contest* by users."<sup>12</sup>

Direct Appointment via *Beauty Contest* based on Article 80 paragraph (1) Guidelines for Procurement of Goods and Services for Indonesian Air Navigation Service Organizing Institutions, it is used for:<sup>13</sup>

1. Service Medical *Check Up* ;
2. Services ;
3. Service Events Organizer (EO);
4. Rent building office, home or room open/closed other;
5. Service Consultancy Advisor Finance;

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<sup>12</sup> Surat Keputusan Direksi PT Pengerukan Indonesia Nomor : 24/11/1/RKD-2020 tanggal 24 November 2020 Tentang Pedoman Teknis Pengadaan Barang dan Jasa

<sup>13</sup> Peraturan Direksi Perusahaan Umum (PERUM) Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia Nomor 008/LPPNPI/VI Tahun 2018 Tentang Pedoman Pengadaan Barang dan Jasa Perusahaan Umum

6. Service Consultancy Communication;

7. *Marketplace* Organizing Services or Procurement Agents carried out by private business entities;

8. Procurement House Service; or

9. Goods/Services which, if carried out by Tender/Selection, will be difficult to obtain providers that suit your needs, because the technical assessment criteria for Goods/Services from Providers cannot be equated with one another. On Guidelines Procurement Goods And Service Corporation Institution Organizer Navigation Services Flight Indonesia has clear stated that *beauty contest* is part of a direct appointment, which is different from the goods procurement regulations And service on BUMN previously Guidelines Procurement Goods And Service The Indonesian Aviation Navigation Service Organizing Institution Perum is fully regulated regarding system method procurement goods And service through use appointment directly through a *beauty contest*, this is different from previous regulations which did not regulate the technical procedures for using a *beauty contest* in procuring goods and services.

Based on several BUMN regulations regarding the procurement of goods and services above, it can be analyzed later that the use of *beauty contests* in each BUMN has different usage functions, apart from that there is no regulation. Which Certain about beauty contest make position And system method Beauty contest techniques are different for each BUMN. This then requires rule special Which can align regulation or guidelines procurement technical goods And service on each BUMN so that can assessed that the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number Per - 08/Mbu/ 12/2019 concerning General Guidelines for the Implementation of Procurement of Goods and Services for State-Owned Enterprises has not been able to answer legal certainty regarding the rules for procurement of goods and services within BUMN, especially in this case legal certainty related to the use of *beauty contests* as a method of procuring goods and services at BUMN.

*The beauty contest* itself is regulated in Article 10 paragraph (2) and Article 10 paragraph (3) of the regulations BUMN about procurement goods And service by BUMN so that in a way Legality within the scope of BUMN, the use of beauty contests is permitted with a mechanism referring to each BUMN regulation, but this then requires further regulation because there is no mechanism that uniformly regulates the implementation of beauty contests, so each BUMN has different regulatory mechanisms. in implementing a beauty contest. *Beauty contests* are permitted to be used in the procurement of BUMN or non-APBN goods and services in order to meet the needs of BUMN which are only owned by one service provider or high-tech goods or services which are only owned by certain service providers, although in practice later such as the procurement of construction services which in fact the provider There are quite a lot of construction services, such as those implemented by the *Light Rapid Transit* or LRT

project in DKI Jakarta, where PT Jakarta Properindo or Jakpro held a beauty contest to select the LRT project construction service provider.<sup>14</sup>

The Technical Specifications Unit in Procurement has the following duties and authorities:<sup>15</sup>

- 1) Prepare Technical Documents and *engineer's estimates* before Selecting a Provider;
- 2) Prepare Technical Documents and *engineer's estimates* before adding Addendum Bond Work, in matter there is goods/services new Which previously not in an Employment Agreement;
- 3) Carrying out technical verification and clarification, as well as providing consideration to to the Authorized Official as stated in the Official Minutes of Job Changes in the context of Changes to Work Agreements;
- 4) As one of the resource persons or appointing Experts who assist the Technical Specifications Unit as resource persons in the Selection process;
- 5) Unit ;
  - a) Leader Units Procurement For Package Procurement in Office Center other than those stated in letters a and b; or
  - b) Leader Office Branch For Package Procurement in Office Branch.

Vendors Alone in procurement goods And service own position as a provider of goods and services. Providers of goods and services themselves are participating business actors process election and/or sign Bond Work with Internal company procurement of goods and services. The vendor's function is basically as a distributor who ensures the availability of goods or services required by the company to support its operational activities. The company's operational activities will require the presence of a vendor if the company is unable to provide Alone material standard or work in particular. If Thus, companies can ask vendors to help provide them. Usually, this vendor function can provide various types of goods and services that companies need, such as material raw, material half So, material helper until provision service in doing certain jobs. For the smooth operation of a business, the existence of vendors Can said very important. Therefore, in Work The same with vendors, companies usually will very notice And supervise quality Work from its partner vendors. Because, if a vendor makes a mistake or a problem occurs, the partner company will also be affected.<sup>16</sup>

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<sup>14</sup><https://jakarta.bisnis.com/read/20160819/77/576623/proyek-lrt-jakpro-undang-9-bumn-ikuti-beauty-contest-di-akses-27-maret-2022>

<sup>15</sup> Annang Cahyadi, Penerapan Prinsip-Prinsip *Good Corporate Governance* Dalam Pengadaan Barang/Jasa Secara Elektronik (*E-Procurement*) Di Lingkungan Badan Usaha Milik Negara, *Jurnal Ilmu Hukum*, Vol 14 No 28, Januari 2019, p 40

<sup>16</sup>Hendra satria Pramdana," Analisis Perilaku Penyedia Barang/Jasa (Vendor) Dalam Menggunakan Sistem Pengadaan Secara Elektronik (E-Procurement) oleh BUMN", *Jurnal Ilmu Pemerintahan*, Vol 2 No 3 Tahun 2021, p 87

Preventive legal protection aims to prevent disputes from occurring, which directs government actions to be careful in decision making based on discretion, On preventive legal protection This, subject The law is given the opportunity to submit objections or opinions before a decision is made government gets that shape definitive. Protection very preventive law big It means for follow government Which based on freedom act because with preventive legal protection the government is encouraged to be careful in making decisions based on discretion .<sup>17</sup>

Repressive legal protection aims to resolve disputes. Handling protection law by Court General And Court Administration in Indonesia falls into this category of legal protection. The principle of legal protection against action government resting And sourced from draft about recognition and protection of human rights because according to western history, the birth of concepts regarding the recognition and protection of human rights was directed at limiting and placing obligations on society and government. The second principle underlying legal protection for government actions is the principle of the rule of law. Associated with the recognition and protection of human rights, the recognition and protection of human rights has a primary place and can be linked to the objectives of the rule of law<sup>18</sup>

Related with *beauty contest* protection preventive needed in form of regulation or further regulation regarding the mechanism for using beauty contests in the procurement of goods and services in the context of preventive protection for providers of goods or services, in this case vendors. Related to repressive protection then institution Justice should can give interpretation Which Certain related with the interpretation of the position of the beauty contest, Erman Rajaguguk also conveyed the same thing that the KPPU may not interpret a law, except for interpretation by a judge in the context of legal discovery.<sup>19</sup>

In short, the Company's aim is none other than seeking profit or profits. One of the actions of managing the Board of Directors as *a business judgment* can be given example is look for partners business, partner business, For as internal partnership frame fulfil need company or do business Which The nature of the service is carried out in a *joint venture* , the mechanism of which may be similar to the tender mechanism to achieve the Company's objectives. However, in the context of *business judgment* , partner selection through *a beauty contest* in Company law is part from authority Directors Which enter in deed management.<sup>20</sup>

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<sup>17</sup> Rahman Amin, *Perlindungan Hukum Justice Collaborator dalam Sistem Peradilan Pidana di Indonesia*, (deepublish; Jakarta),2020, p. 21

<sup>18</sup> *Ibid*

<sup>19</sup> Ryan Robby Setyawan, *Op.cit*, p 4

<sup>20</sup> Ryan Robby Setyawan, *Beauty Contest* sebagai Salah Satu Bentuk Business Judgement Rule dalam Perspektif Hukum Positif Indonesia (Analisis Putusan Kppu Nomor 35/kppu/-i/2010 dalam Pemilihan Mitra Kerja oleh PT. Pertamina dan PT. Medco Energi Internasional, *Jurnal Yuridika*, Vol 3 No 1 Tahun 2017, p. 89



Vendors in their position as service providers in the procurement of goods and services in BUMN become problematic in themselves when vendors follow the procurement of goods and services with a *beauty contest* but in fact *the beauty contest* itself has no legal basis. If we refer to KPPU Decision Number 35/Kppu/-I/2010 in the Selection of Work Partners by PT. Pertamina and PT. Medco Energy International use beauty contest as Wrong One the method of procuring goods and services can be indicated as a tender arrangement as regulated in the Chapter 22 Constitution Prohibition Practice Monopoly And Unfair competition .<sup>21</sup>

Arranged in the Chapter 11 Act BUMN Which explain that towards BUMN in the form of a private company everything happens provisions and principles that apply to Limited Liability Companies as regulated in the Company Law. This is also the opinion of IG Ray Widjaya who views *the Business Judgment Rule* as something rule Which protect para director from not quite enough answer in a way personal, when they:<sup>22</sup>

- 1) Act based on faith Good ( *good faith* );
- 2) Has obtain information Which Enough ( *well informed* );
- 3) It can be reasonably believed that the action taken is in *the best interests of the corporation* .

Based on the above, it can be stated that *the business judgment* rules are only limited to protecting directors in relation to the procurement of goods and services using *beauty contests* . *Beauty contest* regulations in the regulations for procurement of goods and services for each BUMN director are a board of directors' decision which cannot be used as a legal basis for protection of vendors as service providers.

Vendors Alone moment This Not yet Enough get protection law matter This can be seen from the vendor's own position and understanding which has not been accommodated clearly in the regulation legislation specifically related procurement goods and services. Vendors themselves are individuals or business entities that provide or supply goods or services in the procurement of goods and services, even though vendors are not regulated in the regulation legislation However in the practice procurement of goods And service term And use vendors become matter Which common used by the company or institution Which do procurement or in this matter BUMN so should vendors as provider goods And service arranged in the legislation related goods And service. besides position vendors in the regulations legislation Which Not yet arranged in a way clear Which create protection law to vendors Not yet Enough adequate in use *beauty contest* on procurement goods And service specifically by BUMN Not yet there is certainty law related position the one from *beauty contest* in the Legislation results in vendors being legally unprotected. Implementation *beauty contest* by BUMN Which followed by vendors in procurement

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<sup>21</sup> *Ibid*

<sup>22</sup> Gatot Supramono, *BUMN Ditinjau Dari Segi Hukum Perdata* (Jakarta:Rieneka Cipta), 2017, p. 103

goods And service can considered as competition business No Healthy in the form of collusion tenders matter This is a consequence from limited regulations which regulates the procurement of goods and services through *beauty contests*. Procurement of goods and services with use *beauty contest* only known on Regulation minister BUMN with mechanism technical implementation arranged by each BUMN directors. position *beauty contest* Which in a way law need regulations more further implementing a *beauty contest* that is participated in by vendors will result in losses for vendors if the vendors are deemed to be in a conspiracy, this will create *distrust* for partnerships with vendors which can result in material losses. Apart from that, if the vendor has been appointed as a service provider, the KPPU can cancel the procurement contract if the KPPU considers that the vendor and BUMN in carrying out *the beauty contest* are colluding.

Protection law to vendors in use *beauty conetest* Procurement of goods and services through BUMN is important not only regarding legal certainty in the implementation of *beauty contests* but also legal certainty in the position of vendors in the procurement of goods and services. There is legal protection for vendors in *beauty contests* in the procurement of goods and services by BUMN materialized through protection preventive with give position The law on vendors and *beauty contests* in the regulations for the procurement of goods and services is of particular urgency because in the practice of procuring goods and services it is used *beauty contest* And appointment vendors certain is matter Which commonly used in the procurement of goods and services, but in practice this is carried out without limited regulations and requires further regulation.

Arrangement law more carry on related *beauty contest* Then become urgency in order to protect vendors or service providers who have good intentions in procuring goods and services by BUMN. This then becomes important because the implementation *beauty contest* Which closed in nature requires regulation implementation Which clear And systemic so that No happen collusion or even competition unhealthy business which not only harms BUMN but can also have an impact on business competition at large.

## CONCLUSION

That the beauty contest is only known in the procurement of goods/services in BUMN. Meanwhile, in government procurement of goods/services, this method is not known. Therefore, legal regulations regarding beauty contests are not found in positive law outside of regulations within BUMN, the status of *beauty contests* as a mechanism for procuring goods and services in positive law in Indonesia, it is a form of direct appointment to find partners or service providers in order to meet the operational needs of BUMN, this position is then based on Article 10 paragraph (2) of the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number Per - 08/MBU/ 12/2019 concerning General Guidelines for Implementing the Procurement of Goods and Services for State-Owned Enterprises.

The use of *beauty contests* in the procurement of goods and services by BUMN varies depending on each technical guideline regulation for the procurement of goods and services by each BUMN as regulated in Article 99 PP No. 45 of 2005 concerning the Establishment, Management, Supervision and The dissolution of State-Owned Enterprises stipulates that BUMN Directors can make arrangements related to procurement goods And service Non State Budget And Chapter 10 Regulation Minister BUMN about Guidelines General Implementation Procurement Goods And State Owned Enterprise Services. In some state-owned companies, *beauty contests* are only used For look for partner or provider service related procurement service which supports BUMN operations but also includes several other BUMN technical guidelines *beauty contest* used in provider goods or service Which can only be fulfilled by partners or special service providers which cannot be fulfilled if the procurement of goods and services uses a tender mechanism.

Vendors in use *beauty contest* on procurement goods And service by BUMN not protected enough. This is because the legal basis is limited and requires further regulation In the implementation of procurement of goods and services by BUMN using *a beauty contest* , vendors who take part in *the beauty contest* can be declared to have entered into tender collusion because the implementation of *the beauty contest* is generally closed because their position is part of the direct appointment.

Protection Law to vendors in use *beauty contest* This can be done by regulating the use of *beauty contests* in legislation by providing a position and system for using *beauty contests* more clear settings this is something that important so that it can be used as a legal basis for implementing *beauty contests* in the procurement of goods and services and preventing business competition Healthy nor abuse authority as well as ensure certainty law on implementing *beauty contests* in the procurement of goods and services.

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