



LEGAL IMPLICATIONS ON SOCIAL AND EDUCATIONAL ACTIVITIES REGARDING THE CHANGE IN THE POSITION OF FOUNDATIONS IN LAW NUMBER 28 OF 2004*

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Abstract

This study examines the legal implications of changes to the status of foundations as outlined in Law No. 28 of 2004, specifically regarding their social and educational activities in Indonesia. The purpose of this study is to analyse how changes in the status of foundations as legal entities affect their management, and to identify solutions that can optimise the role of foundations in the social and educational fields. This study employs a qualitative research method, incorporating a literature-based approach and legal analysis. Data were obtained from various sources, including scientific journals, legal literature, and relevant laws and regulations, which were analysed using a normative legal approach. The results of the study indicate that the changes regulated in Law No. 28 of 2004 provide a more substantial legal basis for foundations to carry out social and educational activities more accountably and transparently. However, there are challenges related to the management and supervision of foundations that must be faced, including the potential for abuse of authority by foundation administrators. This study suggests the need for strengthening regulations, more effective supervision, and the application of sound corporate governance principles to ensure that foundations play a maximum role in social and educational activities.

Keywords: Legal Implications; Foundations; Social and Educational Activities; Changes in the Status of Foundations

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A. INTRODUCTION

Foundations, as non-profit legal entities, play a crucial and strategic role in supporting various social and educational activities across Indonesia. According to Law No. 28 of 2004, which amends Law No. 16 of 2001, foundations are recognized as legal entities established specifically to carry out social, religious, and humanitarian missions. The law ensures that all assets and resources of these foundations are solely used to achieve these objectives, thereby reinforcing their non-profit nature. This framework allows foundations to make a significant contribution to the community by providing education, healthcare, and other vital social services.¹

In the social and educational context, foundations play a vital role in bridging gaps and providing essential services that improve the quality of life for many in Indonesia. They contribute significantly to both formal and non-formal education by establishing schools, training centers, and scholarships for underprivileged students. Additionally, many foundations run orphanages, healthcare facilities, and community empowerment programs, focusing on vulnerable groups such as the elderly, disabled, and marginalized communities. By fulfilling these needs, foundations complement government efforts and extend critical support to areas where the state's resources may be limited or insufficient. Their role is indispensable for overall societal development.²

In addition, as a legal entity strictly regulated by law, foundations are required to apply the principles of transparency and accountability in managing their assets and operational activities. Annual financial and operational reports must be submitted to the foundation's supervisors to ensure that there is no misappropriation or misuse of foundation assets. Thus, the existence of foundations supports the creation of sustainable and equitable community welfare.³ However, research indicates that obstacles in supervision and law enforcement remain significant challenges in ensuring that foundations effectively carry out their objectives. Weak government supervision and unclear division of authority between agencies often become obstacles in handling irregularities that occur in foundations. Therefore, it is necessary to strengthen regulations and ensure more effective supervision so that foundations can carry

¹ Utama, A. (2018). Kedudukan Yayasan sebagai Badan Hukum Nirlaba dalam UU Yayasan. *Jurnal Legalitas*, 12(1), 32-45.

² Setiawan, B. (2019). Peranan Yayasan dalam Kegiatan Sosial dan Pendidikan di Indonesia. *Jurnal Hukum & Keadilan*, 16(2), 87-101.

³ Susanto, D. (2021). Implementasi Good Corporate Governance dalam Pengelolaan Yayasan. *Jurnal Ilmu Hukum*, 9(1), 45-59.

out their roles optimally in supporting social and educational activities in Indonesia.⁴

The changes in legal provisions regarding foundations, introduced by Law No. 28 of 2004 amending Law No. 16 of 2001, bring substantial shifts in the regulation of foundations in Indonesia. These amendments focus on enhancing the legal status of foundations, emphasizing the need for better accountability and transparency in their management. The primary aim of these reforms is to ensure that foundations operate in line with their social, religious, and humanitarian objectives. By tightening regulations, the law seeks to prevent misuse of foundation assets and increase public trust in these organizations, ensuring their activities remain focused on their intended purposes.⁵

One of the significant changes is the stricter regulation regarding the formation, management, and supervision of foundations. Law No. 28 of 2004 stipulates that foundations must have a board of directors, administrators, and supervisors whose function is to maintain the foundation's governance professionally and responsibly. This aims to prevent the foundation from being misused for the personal interests of the administrators or third parties.⁶ Additionally, Law No. 28 of 2004 restricts the business activities of foundations. Foundations are allowed to establish business entities or participate in existing business entities, provided that their capital participation does not exceed 25% of the foundation's assets. This limitation is intended to keep foundations focused on their social goals, rather than becoming profit-oriented business entities.⁷

Another change is the introduction of stricter provisions regarding the reporting and management of foundation assets. Foundations are required to prepare an annual report that includes activity reports and financial reports, which must be submitted to the supervisor. This regulation ensures transparency and accountability in the management of foundation funds and assets.⁸ However, even though these changes strengthen the regulation of foundations, the implementation of supervision and law enforcement still faces various obstacles.

⁴ Sukma, H. (2020). Kendala Hukum dalam Pengawasan Yayasan di Indonesia. *Jurnal Penegakan Hukum*, 11(3), 153-167.

⁵ Susanto, D. (2021). Implementasi Good Corporate Governance dalam Pengelolaan Yayasan. *Jurnal Ilmu Hukum*, 9(1), 45-59.

⁶ Setiawan, B. (2019). Peranan Yayasan dalam Kegiatan Sosial dan Pendidikan di Indonesia. *Jurnal Hukum & Keadilan*, 16(2), 87-101.

⁷ Utama, A. (2018). Kedudukan Yayasan sebagai Badan Hukum Nirlaba dalam UU Yayasan. *Jurnal Legalitas*, 12(1), 32-45.

⁸ Sukma, H. (2020). Kendala Hukum dalam Pengawasan Yayasan di Indonesia. *Jurnal Penegakan Hukum*, 11(3), 153-167.

Weak government supervision and limited resources for overseeing thousands of foundations in Indonesia pose challenges to ensuring compliance with applicable legal provisions among these foundations.⁹

Law No. 28 of 2004 provides more explicit guidelines on the legal status of foundations as non-profit legal entities, aiming to enhance their accountability and ensure they operate in line with their established objectives. While this law has significantly improved the regulatory framework, the supervision of foundations still requires further strengthening. In practice, there are gaps in oversight mechanisms that need to be addressed to ensure compliance and prevent the misuse of foundation assets, thereby fully realizing their role in social and educational activities.

Foundation management in Indonesia frequently faces a range of legal challenges, with issues such as administrative abuse and internal conflicts within the organisational structure being particularly prominent. These legal disputes can arise due to mismanagement, lack of transparent governance, or failure to comply with legal requirements. Research indicates that several key factors contribute to these issues, including weak regulatory oversight, unclear operational guidelines, and insufficient accountability mechanisms. These challenges highlight the need for stronger government.

First, abuse of authority by foundation administrators often occurs due to inadequate supervision. Law No. 28 of 2004 requires foundations to have a supervisor, administrators, and a management board as essential organs for managing the foundation. However, in practice, these organs often fail to perform their duties as outlined in legal provisions, leading to significant issues such as the misuse of foundation assets for personal benefit. Typical forms of abuse of authority include the illegal transfer of foundation assets, non-transparent fund management, and failure to provide proper accountability for financial decisions, undermining the foundation's mission and public trust.¹⁰

Second, internal conflicts within foundations are often triggered by unclear division of tasks and authority between the supervisors and administrators. This situation can lead to power struggles and unilateral decisions, which are highly detrimental to the foundation's operations and long-term sustainability. Such conflicts often arise when there is a lack of a clear and

⁹ Rahman, A., & Putri, S. (2020). Pengawasan Pemerintah terhadap Yayasan di Indonesia. *Jurnal Hukum & Keadilan*, 17(1), 52-66.

¹⁰ Rahman, A., & Putri, S. (2020). Pengawasan Pemerintah terhadap Yayasan di Indonesia. *Jurnal Hukum & Keadilan*, 17(1), 52-66.

effective dispute resolution mechanism within the foundation's articles of association. Without proper guidelines for resolving conflicts, internal disputes may escalate, impairing decision-making processes, and negatively affecting the foundation's ability to fulfill its social and educational objectives. This highlights the need for better governance structures to prevent such issues.¹¹

Third, weak government supervision in ensuring that foundations operate by Law No. 28 of 2004 is also an obstacle. In many cases, foundation administrators fail to make their annual reports transparent, which complicates the task for authorities to identify potential violations or mismanagement. This lack of transparency undermines accountability and makes it challenging to track the proper allocation and usage of funds. Without clear and accessible financial reports, it becomes easier for administrators to misuse foundation resources, whether intentionally or due to negligence, thus affecting the foundation's credibility and trustworthiness in the eyes of donors, beneficiaries, and regulatory bodies.¹²

The problem of foundation management, which has the potential to lead to legal conflicts and abuse of authority, can be mitigated by strengthening both internal and external supervision mechanisms. Increasing the accountability of administrators and optimising the supervisory functions within the foundation are crucial steps in this process. Additionally, the government must enhance regulations and ensure strict law enforcement to create a framework that holds foundations accountable. This will help foundations fulfill their intended social and educational purposes, maintaining their integrity and public trust.

This research holds significant urgency in the context of foundation management in Indonesia. Foundations, as non-profit legal entities, play a pivotal role in supporting social and educational activities, thereby directly impacting community development. However, the regulatory changes introduced by Law No. 28 of 2004, which amended Law No. 16 of 2001, have substantial legal implications for how foundations are managed and held accountable. These changes necessitate a reevaluation of foundation operations, particularly in terms of transparency, asset management, and adherence to legal frameworks, to ensure their continued contribution to societal development.

¹¹ Setiawan, B. (2019). Peranan Yayasan dalam Kegiatan Sosial dan Pendidikan di Indonesia. *Jurnal Hukum & Keadilan*, 16(2), 87-101.

¹² Sukma, H. (2020). Kendala Hukum dalam Pengawasan Yayasan di Indonesia. *Jurnal Penegakan Hukum*, 11(3), 153-167.

The urgency of this research lies in the need for in-depth analysis of how foundation management can be adjusted to comply with the principles of good governance and fulfill its legal obligations. Changes to the law regulate the management of foundation assets and the supervision of its operational activities more strictly. This is intended to ensure that foundations can function optimally in carrying out their social and educational goals without deviation or abuse of authority.¹³ Furthermore, this study is crucial for understanding the legal implications of the foundation's management exceeding its authority or failing to fulfill its duties. Law No. 28 of 2004 emphasises that managers who abuse their authority can be held personally accountable, so strengthening the legal aspects in foundation management needs to be considered.¹⁴

This study is particularly relevant in identifying the key obstacles to law enforcement against deviant foundations. Issues such as weak government supervision, unclear division of authority between different agencies, and overly complex bureaucratic procedures often impede effective action against foundations that fail to comply with legal regulations. By addressing these challenges, the study aims to provide insights that will contribute to the development of more effective policy recommendations. These recommendations will improve the supervision, regulation, and overall management of foundations, ensuring that they operate transparently and under their intended social and educational purposes.¹⁵

This research supports the development of more stringent and effective regulations to ensure that foundations operate by their founding objectives, provide optimal benefits to the community, and minimise the potential for abuse of authority. This study makes a new contribution to understanding the role of foundations as non-profit legal entities within the Indonesian legal context. The novelty of this study lies in its comprehensive approach, which links regulatory changes in Law No. 28 of 2004 with their specific impacts on social and educational activities.

This study provides a detailed examination of how changes in legal provisions in Law No. 28 of 2004, which amend Law No. 16 of 2001, regulate the asset management mechanism and the responsibilities of foundation managers

¹³ Sutiyo, B. (2019). Implikasi Perubahan UU Yayasan terhadap Kegiatan Sosial dan Pendidikan. *Jurnal Hukum & Keadilan*, 16(2), 101-115.

¹⁴ Rahman, A., & Putri, S. (2020). Pengawasan Pemerintah terhadap Yayasan di Indonesia. *Jurnal Hukum & Keadilan*, 17(1), 52-66.

¹⁵ Sukma, H. (2020). Kendala Hukum dalam Pengawasan Yayasan di Indonesia. *Jurnal Penegakan Hukum*, 11(3), 153-167.

more strictly. In previous studies, the focus was often limited to the general administrative and institutional aspects of foundations. However, this study highlights the impact of new regulations on foundation governance, specifically in supporting social and educational activities, as well as the legal consequences that may arise if foundation managers exceed their authority or are negligent in their duties.¹⁶ In addition, this study highlights the challenges faced by law enforcement in addressing deviant foundations, including inadequate government supervision, unclear authority between agencies, and bureaucratic complexity. This provides new insights into the need for improvements in the supervision and legal regulation of foundations in Indonesia, a topic that has not been widely discussed in previous studies.¹⁷

The normative legal approach employed in this study also offers a sharper perspective on understanding the legal position of foundations, as outlined in Law No. 28 of 2004, particularly in the context of social and educational activities. Thus, this study not only deepens the understanding of the legal aspects of foundations but also offers policy recommendations that can strengthen the supervision and accountability of foundations in Indonesia.

Based on the background above, the researcher focuses on several questions as part of the formulation of research problems, namely: How has the position of foundations changed in Law No. 28 of 2004? What are the legal implications of these changes for social and educational activities? What is the solution to optimise the role of foundations in social and educational activities?

B. METHODS

This study employs a qualitative research method, incorporating both a literature and legislative approach. This method was chosen because it enables an in-depth understanding of complex legal phenomena, as well as to describe the legal implications arising from changes in the legal provisions of foundations based on Law No. 28 of 2004. The literature approach, also known as library research, involves collecting and analysing relevant secondary data, including books, scientific journals, legal articles, and related academic research. The literature study aims to understand legal theories, the concept of foundations as non-profit legal entities, and the contribution of foundations to social and

¹⁶ Rahman, A., & Putri, S. (2020). Pengawasan Pemerintah terhadap Yayasan di Indonesia. *Jurnal Hukum & Keadilan*, 17(1), 52-66.

¹⁷ Sukma, H. (2020). Kendala Hukum dalam Pengawasan Yayasan di Indonesia. *Jurnal Penegakan Hukum*, 11(3), 153-167.

educational activities in Indonesia. This study employs a qualitative approach to examine legal issues that cannot be measured quantitatively but require an in-depth, interpretive understanding.¹⁸

Additionally, this study employs a legal approach, also known as a normative legal approach. This approach aims to examine the laws and regulations governing foundations in Indonesia, particularly Law No. 28 of 2004, which amends Law No. 16 of 2001 concerning Foundations. Normative legal analysis enables research to assess the conformity of legal rules with foundation management practices and evaluate the effectiveness of supervision and law enforcement in preventing the abuse of authority by foundation managers.¹⁹

By employing a qualitative research method, this study comprehensively explored the challenges and complexities related to foundation management, as well as the various obstacles hindering effective law enforcement. This in-depth approach enabled a nuanced understanding of the challenges faced by foundations in Indonesia, particularly in fulfilling their social and educational responsibilities. The findings of this study are expected to provide policymakers with valuable insights, ultimately contributing to the formulation of more effective regulations that strengthen and support social and educational activities in Indonesia, ensuring long-term sustainability and a positive societal impact.²⁰

C. RESULTS AND DISCUSSION

1. Changes in the Position of Foundations in Law Number 28 of 2004

This amendment aims to enhance the legal standing of foundations in conducting social, educational, and humanitarian activities in a more transparent and accountable manner. Before the amendment, the regulation on foundations in Law No. 16 of 2001 was considered inadequate in providing legal protection for foundation assets and supervising the actions of managers who have the potential to deviate. Therefore, Law No. 28 of 2004 emphasizes that foundations are legal entities that are not profit-oriented, and their assets must be used entirely to achieve the social and educational goals outlined in their articles of association.

¹⁸ Creswell, J. W. (2014). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. SAGE Publications.

¹⁹ Marzuki, P. M. (2017). *Penelitian Hukum*. Kencana.

²⁰ Ali, M. (2019). Analisis Hukum terhadap Kedudukan Yayasan dalam Perspektif UU Yayasan. *Jurnal Hukum dan Keadilan*, 7(2), 123-135.

Law No. 28 of 2004 clarifies the legal status of foundations by stipulating that a foundation obtains legal entity status after its deed of establishment is ratified by the Minister of Law and Human Rights. This differs from previous regulations, which did not provide strict guidelines regarding the legality of foundations. With this ratification, foundations have more precise legal rights and obligations and are bound by the provisions of the law in carrying out their activities.²¹ Additionally, Law No. 28 of 2004 provides more detailed regulations for the supervision, management of assets, and responsibilities of foundation administrators. Foundation administrators are personally liable if it is proven that they have committed abuse of authority that is detrimental to the foundation, whether civilly or criminally. This provision aims to prevent the misuse of foundation assets and ensure that the foundation operates by its established purpose.²²

The amendments to Law No. 28 of 2004 enhance the legal status of foundations as entities with social, educational, and humanitarian responsibilities. However, strict law enforcement is still necessary to ensure that foundation administrators do not abuse their authority and remain consistent in achieving the foundation's social goals. Law No. 28 of 2004, as an amendment to Law No. 16 of 2001 concerning Foundations, imposes strict limitations on the business activities of foundations, ensuring they remain aligned with their purpose, which is focused on social, educational, and humanitarian endeavors. Foundations are essentially non-profit legal entities that are prohibited from engaging in business activities with the primary objective of generating commercial profit. However, Law No. 28 of 2004 permits foundations to hold business entities or participate in equity as long as the proceeds are used exclusively to support the foundation's social and educational activities. This is intended to ensure that foundations continue to fulfill their primary function as social institutions and do not become business entities.²³

In asset management, Law No. 28 of 2004 stipulates that the foundation's assets are obtained from donations, grants, endowments, and other legitimate sources that do not conflict with legal provisions. The foundation's assets may not be distributed to the founders, patrons, administrators, or supervisors of the foundation, except in the form of a reasonable salary or honorarium according to

²¹ Harahap, Y. (2018). Perubahan Kedudukan Hukum Yayasan dalam UU No. 28 Tahun 2004. *Jurnal Hukum dan Keadilan*, 10(1), 45-60.

²² Rahayu, I. (2020). Implikasi Perubahan UU Yayasan terhadap Pengelolaan Yayasan di Indonesia. *Jurnal Hukum dan Masyarakat*, 8(2), 115-130.

²³ Harahap, Y. (2019). Kedudukan Hukum Yayasan dalam UU No. 28 Tahun 2004. *Jurnal Hukum dan Keadilan*, 12(1), 55-70.

their respective roles. This limitation aims to ensure that the foundation's assets are maintained and utilised for social, educational, and humanitarian activities in accordance with the purpose of its establishment.²⁴

The ineffective management of foundation assets or the misuse of these assets for personal gain can result in legal sanctions, including both civil and criminal penalties, under applicable laws. This condition underscores the critical importance of implementing robust supervision and accountability mechanisms in managing foundation assets. By ensuring that all assets are used exclusively to achieve the foundation's social and educational objectives, foundations can operate with greater transparency, professionalism, and integrity. Effective asset management is vital for optimising the foundation's contributions to society and fulfilling its mission sustainably.²⁵

The restrictions on business activities and asset management in Law No. 28 of 2004 are designed to safeguard the integrity of foundations as non-profit legal entities that focus on social and educational activities. These regulations aim to prevent misuse of foundation assets and ensure that all financial and operational activities align with the foundation's original mission and objectives. By enforcing professional and responsible management practices, the law aims to enhance transparency and accountability, enabling foundations to contribute to societal development while effectively upholding their non-profit nature.

2. Legal Implications for Social and Educational Activities

This study examines the significant impact of regulatory changes on foundations, which are legal entities that focus on social and educational activities. The main changes in Law No. 28 of 2004, which is an amendment to Law No. 16 of 2001 on Foundations, affect how foundations can operate and manage their assets and business activities within a stricter legal framework.

One of the main impacts of this regulatory change is increased accountability and transparency in the management of foundations. With the new requirement to prepare annual reports that include financial statements and operational activities, foundations are now more encouraged to manage their resources more transparently and responsibly. This has a positive impact on

²⁴ Rahayu, I. (2021). Pengelolaan Aset Yayasan Berdasarkan UU No. 28 Tahun 2004. *Jurnal Hukum dan Masyarakat*, 9(2), 105-125.

²⁵ Prasetyo, B. (2020). Perlindungan Hukum terhadap Aset Yayasan Berdasarkan UU No. 28 Tahun 2004. *Jurnal Hukum Bisnis*, 8(3), 120-135.

social and educational activities because better management will increase the effectiveness of foundation programs.²⁶

In addition, restrictions on the foundation's business activities, which are limited to establishing a business entity or participating in a business with strict limitations, ensure that the foundation does not become a commercial entity. Thus, the foundation's primary objective in conducting social and educational activities remains intact, undiverted from financial gain alone. This regulation encourages the foundation to stay focused on its mission, providing more significant social, academic, and humanitarian contributions to society.²⁷ However, this change can also cause difficulties for foundations that previously relied on business activities to obtain funding. Foundations must be more creative in finding other sources of financing, such as donations or grants, to continue running their programs. This adds to the challenge of ensuring the continuity of social and educational activities, but also strengthens the foundation's goal to focus more on the public interest.

Several cases of abuse of authority by foundation administrators have been identified, posing a serious threat to the foundation's ability to achieve its social and educational objectives. Such misconduct often arises when administrators neglect their responsibilities and fail to adhere to the principles of transparency, accountability, and responsibility as mandated by applicable laws and regulations. This situation not only undermines the foundation's credibility and reputation but also disrupts its mission to provide meaningful contributions to society. Therefore, it is crucial to enforce stricter regulations and supervision to prevent such abuses and ensure proper governance.

One form of abuse of authority that often occurs is when the management of a foundation uses the foundation's assets for personal gain. Although the foundation operates for social, religious, and humanitarian purposes, some managers utilise the foundation's assets for personal gain or benefits that are not in line with the foundation's mission.²⁸ Another example is a foundation administrator who uses funds intended for social or educational programs for activities that are not relevant to the foundation's goals, such as funding personal activities or expenses that cannot be accounted for.

²⁶ Rizki, A., & Santoso, R. (2020). Akuntabilitas Yayasan dalam Pengelolaan Kegiatan Sosial dan Pendidikan. *Jurnal Administrasi Negara*, 12(3), 85-95.

²⁷ Setiawan, F. (2019). Pembatasan Kegiatan Usaha Yayasan dan Implikasinya terhadap Pendidikan di Indonesia. *Jurnal Hukum dan Pembangunan*, 19(2), 112-124.

²⁸ Rahman, S., & Putri, A. (2020). Penyalahgunaan Wewenang oleh Pengurus Yayasan dalam Perspektif Hukum di Indonesia. *Jurnal Hukum dan Sosial*, 14(1), 102-116.

In some cases, foundation administrators may also be involved in financial report manipulation to conceal policies that are not transparent or detrimental to the foundation. This results in significant losses, both in terms of the foundation's reputation and public trust in the foundation itself.²⁹ Such abuse of authority can result in lawsuits against the foundation's administrators, with the possibility of returning misappropriated assets and dismissal from their position as administrators. Therefore, it is essential to enhance the foundation's supervision and ensure that each administrator understands their legal obligations under the applicable regulations when managing the foundation.

3. Solutions for Optimizing the Role of Foundations

The solutions that can be implemented to optimise the role of the Foundation include: Strengthening the regulation and supervision of foundations by the government, implementing the principles of good corporate governance, and Synergy between foundations and government agencies in social and educational activities.

First: Strengthening of the regulation and supervision of foundations by the government

Along with the changes introduced by Law No. 28 of 2004, which regulates the legal status of foundations, the primary challenge in managing foundations is to ensure that they remain focused on social and educational goals, and prevent abuse of authority by administrators. Strengthening regulations can be done by formulating more detailed policies related to asset management and restrictions on business activities by foundations. This aims to prevent activities that are not aligned with the foundation's goals, such as the misuse of funds or the diversion of foundation assets for personal gain. In addition, stricter regulations will help clarify the division of authority between agencies involved in supervising foundations, thereby minimising non-transparent practices.³⁰

Supervision by the government also needs to be strengthened to ensure that foundations carry out their functions in accordance with the objectives of their establishment. In this case, related agencies, such as the Ministry of Law and Human Rights and the Ministry of Education and Culture, should conduct

²⁹ Setiawan, F. (2019). Tantangan Pengawasan terhadap Pengurus Yayasan dalam Kasus Penyalahgunaan Aset Yayasan. *Jurnal Administrasi Negara*, 17(2), 95-108.

³⁰ Setiawan, F. (2019). Tantangan Pengawasan terhadap Pengurus Yayasan dalam Kasus Penyalahgunaan Aset Yayasan. *Jurnal Administrasi Negara*, 17(2), 95-108.

more intensive monitoring of foundations involved in social and educational fields. The implementation of a more transparent reporting system, along with routine supervision, will help identify irregularities early on and reduce the potential for abuse of authority.³¹ By strengthening effective regulation and supervision, it is hoped that foundations can carry out their social and educational functions more effectively and responsibly, thereby having a positive impact on the broader community.

Second: Implementation of the principles of good corporate governance

In the context of foundations, Good Corporate Governance (GCG) acts as a framework that ensures foundations are managed in a transparent, accountable, and responsible manner, in line with their objectives, which focus on social and educational interests.

The implementation of GCG in foundations encompasses several key aspects, including transparency in financial management and activities, accountability in reporting to the relevant authorities, and management's responsibility for all decisions made. The management of the foundation must prepare clear and timely financial reports and ensure that the foundation's assets are used exclusively for social, religious, and educational purposes. Additionally, the principle of participation is crucial to ensure that all stakeholders, including trustees, managers, and the broader community, have access to relevant information and can actively participate in the decision-making process.³²

Good governance plays a crucial role in preventing the misuse of authority and irregularities in the management of foundations. By implementing stringent supervision and establishing precise, accurate reporting mechanisms, the foundation's management becomes more transparent and accountable. This approach ensures that the foundation's assets and activities are managed responsibly, aligning with its objectives. Consequently, the foundation can operate more effectively and efficiently, maximising its impact in achieving social and educational goals while maintaining the trust and confidence of stakeholders and the public.³³

³¹ Rahman, S., & Putri, A. (2020). Penyalahgunaan Wewenang oleh Pengurus Yayasan dalam Perspektif Hukum di Indonesia. *Jurnal Hukum dan Sosial*, 14(1), 102-116.

³² Setiawan, F. (2019). Tata Kelola Yayasan dan Implementasi Prinsip Good Corporate Governance. *Jurnal Hukum dan Bisnis*, 18(1), 60-75.

³³ Rahman, S., & Putri, A. (2020). Peran Tata Kelola yang Baik dalam Pengelolaan Yayasan. *Jurnal Administrasi Negara*, 16(3), 145-160.

By implementing the principles of Good Corporate Governance (GCG), the foundation is expected to operate in a more professional, transparent, and accountable manner. This approach enhances the foundation's credibility and trustworthiness, enabling it to manage resources effectively and responsibly. As a result, the foundation can provide optimal benefits to society by delivering high-impact social and educational programs. Adopting GCG principles also ensures long-term sustainability, enabling the foundation to continue making meaningful contributions to the development of education and social welfare.

Third: Synergy between foundations and government agencies in social and educational activities.

One effective solution to optimize the role of foundations is to strengthen the synergy between foundations and government agencies. When foundations and the government work together, they can combine resources, knowledge, and expertise, significantly improving the quality and reach of social and educational activities. This collaboration not only boosts the effectiveness of programs but also ensures that the activities remain aligned with existing legal frameworks. By creating a supportive partnership, both parties can help maximize the impact of foundations' efforts, contributing to the advancement of social welfare and educational development across communities.³⁴

This synergy can be strengthened through various mechanisms, including technical assistance, joint supervision, and more efficient and targeted allocation of resources. The government, acting as both a supervisor and mentor, plays a pivotal role in ensuring that foundations carry out their social and educational activities with high levels of transparency and accountability. By partnering with foundations, the government can provide financial support, capacity-building programs, and access to additional resources that enhance the foundations' ability to achieve their objectives. Moreover, the government can incentivize good governance practices through tax incentives or other forms of support. Foundations that demonstrate effective management and contribute significantly to social and educational initiatives may be eligible for these rewards, thus encouraging a higher standard of governance. Such collaboration not only strengthens the foundations' operational capacity but also ensures that

³⁴ Rahman, H. (2019). Peran Sinergi Pemerintah dan Yayasan dalam Meningkatkan Kualitas Pendidikan di Indonesia. *Jurnal Pendidikan dan Kebijakan Sosial*, 22(2), 175-188.

their activities are aligned with the broader national goals of social welfare and educational advancement.³⁵

With a strong synergy between foundations and the government, foundations can effectively focus on achieving their social and educational goals without being hindered by bureaucratic challenges or a lack of support. This collaborative relationship enables foundations to access necessary resources, receive proper guidance, and align their programs with national development priorities. The importance of this synergy is evident in efforts to strengthen social and educational institutions at the grassroots level, which play a crucial role in empowering communities and providing quality education. By working closely with the government, foundations can ensure that their initiatives are sustainable, impactful, and aligned with Indonesia's development agenda. Ultimately, this cooperation significantly contributes to human resource development by fostering the skills, knowledge, and values essential for the nation's progress. Enhanced collaboration between foundations and government agencies will create a supportive environment for effective, transparent, and accountable social and educational programs, benefiting communities across Indonesia.

D. CONCLUSION

This study aims to comprehensively analyse the changes in the legal position of foundations in Indonesia, as regulated in Law No. 28 of 2004, with a focus on the legal implications for social and educational activities. It also proposes solutions to optimise the role of foundations in these fields. The amendments introduced by Law No. 28 of 2004 serve to strengthen the legal standing of foundations, emphasising the principles of transparency, accountability, and good governance. These changes underscore the importance of clear organisational structures and responsibilities, necessitating that foundations manage their assets and conduct operational activities in a manner consistent with their social, religious, and humanitarian objectives. The regulation mandates foundations to adopt sound governance principles, which include proper asset management, responsible decision-making, and adherence to ethical standards. This framework aims to prevent the misuse of authority and ensure that foundations operate efficiently and effectively in serving the public interest. The enhanced regulatory environment requires foundations to report

³⁵ Mulyani, S. (2020). Kolaborasi Antara Yayasan dan Pemerintah dalam Pengelolaan Pendidikan dan Sosial di Indonesia. *Jurnal Administrasi Publik*, 13(4), 200-213.

financial statements accurately, disclose relevant information, and implement internal controls to safeguard assets. These changes highlight the role of foundations as nonprofit legal entities that make significant contributions to the welfare of society. By fostering transparency and accountability, the law seeks to empower foundations to achieve their social, educational, and humanitarian missions with integrity and trust from the community.

The legal implications of the changes brought by Law No. 28 of 2004 for social and educational activities are substantial. The stricter regulations aim to protect foundation assets, ensuring that all funds and resources are used exclusively for purposes aligned with the foundation's original objectives. This legal framework provides stronger safeguards against misuse or misappropriation of assets, reinforcing the importance of transparency and accountability in foundation management. However, these regulations also impose greater responsibilities on foundation administrators, requiring them to be meticulous in managing and reporting their activities. Failure to comply, including acts of negligence or exceeding their authority, can result in severe legal consequences, both personally and institutionally. Administrators may face legal liability, sanctions, and even criminal charges if it is proven that they have violated the law. These measures are designed to prevent the abuse of power and ensure that foundations effectively fulfill their social, educational, and humanitarian missions, while maintaining public trust and credibility.

To optimise the role of foundations in social and educational activities, this study provides several key recommendations. First, it is crucial to strengthen government regulations and supervision to ensure that foundations operate within a clear legal framework and adhere to their intended purposes. Second, the implementation of sound corporate governance principles is crucial for fostering transparency, accountability, and professionalism in managing foundation assets and activities. This includes regular audits, proper financial management, and transparent reporting mechanisms. Third, fostering closer collaboration and synergy between foundations and government agencies is vital for aligning social and educational programs with national development goals. By providing better support, guidance, and oversight, the government can help foundations operate more effectively, transparently, and responsibly. These measures would enable foundations to contribute more meaningfully to social welfare and education, ultimately delivering greater benefits to the community and ensuring sustainable, impactful programs.

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