

The content of discussion is various views and thoughts, theories and concepts with a scientific study package called Murakabi Economics juxtaposed with their study of Neoliberalism/ Capitalism Economy based on the results of the State Owned Enterprises (SOEs) study in Indonesia. On the corporate management side, the scope of governance of SOEs is essentially the same as that of private companies in general. The distinction is in the ownership of the company's shares, which is held by the government as opposed to individuals or groups of capital owners. Coverage in debates and studies on political economy and public policy, public management, business operations and management bodies, corporate governance, and other topics. The direct benefits of each study as a deeper understanding of the murakabi economic system on a national and global scale. The derivative is known as the murakabi corporation concept in microeconomic theory or strategic management of state enterprises. The theoretical implications and conceptions of state corporate governance are inextricably linked to regional & village owned enterprises, national and multinational private corporations, MSMEs and cooperatives.



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State Owned Enterprises Governance

Paradigm and Pragmatism in the Economics System and Economic Constitution

R. AGUS TRIHATMOKO



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PREFACE

The author is extremely grateful to God for allowing him to compile a case study on the governance of State Owned Enterprises (SOEs) into a paper in the form of this monograph book. In today's world, the development of economics and management, social and cultural sciences, law and politics, technology, and other fields is so rapid that every effort made by scientists to formulate their ideas and conduct research is laudable. They indirectly contribute to one another, including this study. The community, nation, and state all look forward to the presence of their work.

On this occasion, they participated in presenting various views and thoughts, theories and concepts with a scientific study package called murakabi economics juxtaposed with their study of neoclassical or neoliberalism economics based on the results of the SOEs study in Indonesia. Both approaches to economic systems are central to the discussion, as is their extension as murakabi economic system knowledge development when implemented in state enterprises. Researchers, academics, practitioners, society, and stakeholders in general are hoping that new inspiration will be taught and used.

“The world's civilisation occasionally changes so quickly. Consequently, human adaptability to their needs and circumstances must take into account the nature of life itself, namely peace and the wellbeing of humanity.”

Scope and Coverage

On the corporate management side, the scope of governance of State Owned Enterprises (SOEs) is essentially the same as that of private companies in general. The distinction is in the ownership of the company's shares, which is held by the government as opposed to individuals or groups of capital owners. The study in this book discusses various perspectives on state company share ownership using a new paradigm and pragmatism approach developed from research on Indonesia's economic constitution.

The study focuses on how the state's corporate governance is based on the economic constitution in terms of company management. The phenomenon of practice in state companies emerged as a result of the deepening of the state constitution and its derivative laws. Coverage in debates and studies on political economy and public policy, public management, business operations and management bodies, corporate governance, and other topics. This coverage collectivity leads to the essence of being framed into a national economic system. The economic system based on the findings of this study, namely the murakabi economy, favors the constitutional economy, which is currently being applied to Indonesia's future.

To cover the scope of this study's objectives, qualitative methods were used with great care. The obtained results are discussed and reinterpreted in light of the facts and phenomena discovered through observations and general analysis. In qualitative methods, methodological approaches and procedures employ a combination of several theories. The complexity of the results and the discussion of its implications grew to the point where the concurrent movement of the methodology encouraged further analysis to produce theoretical findings, which were then conceptualized, concluded, and recommended.

The embodiment of the murakabi economic system in state companies in the murakabi company format is an understanding of all these studies from a political economy perspective. Discussions on the various dimensions of concepts and implications per management area relevant to the focus of study are included in the corporate management perspective. For example, the concept or formation of murakabi company shares in State Owned Enterprises (SOEs), Regional Owned Enterprises (ROEs), Village Owned Enterprises (VOEs), and the Murakabi Corporation for Cooperative (MCC). The discussion of these concepts is relevant for national and multinational private companies, both politically, in state government, and in company operations management.

Added and Benefits

Researchers around the world conduct extensive research on State Owned Enterprises (SOEs), particularly in countries that manage their state-owned enterprises, as well as in Indonesia. However, studies on SOEs that focus on political economy or economic constitution are uncommon. Perhaps the review

in the legal science session focuses on the norms and application of business or corporate law. The scope of this research aims to raise legal issues concerning Indonesia's economic constitution by directing its philosophy, theory, concept, and practice.

The study of the economic constitution is expected to result in further development, both in terms of economics and law itself. It is important to emphasize that the development intended in the context of the Indonesian state does not change the essence and description of the constitution and the state philosophy, namely 'Pancasila'. The real goal, however, is to describe the practice of the constitution and state philosophy in a pure and consistent manner.

The specificity of the study objectives is to be realized first and foremost through state business tools, namely state enterprises. This is consistent with the spirit and national development strategy of state enterprises serving as development agents. A thorough academic examination will clarify them, specifically agency theory and stakeholder theory, as well as subsequent derivatives of other theories. The fundamental meaning of constitutional law, economic law, and business law in the national economic system serves as the foundation of the grand theory. The development of this science is linked to its understanding of murakabi economics and its comparison to neoclassical economics, also known as neoliberalism or neoliberal capitalism in practice.

The direct benefits of each study as a deeper understanding of the murakabi economic system on a national and global scale. The derivative is known as the murakabi corporation concept in microeconomic theory or strategic management of state enterprises. In Indonesia, state companies are first referred to as SOEs, followed by Regional Owned Enterprises (ROEs) and Village Owned Enterprises (VOEs), which are described as relevant to the existence of SOEs. The theoretical implications and conceptions of state corporate governance are inextricably linked to national and multinational private corporations, Micro Small and Medium Enterprises (MSMEs), and cooperatives. Thus, the goal of every contextual discussion of murakabi corporations is to broaden and deepen the murakabi economic system's theories and conceptions, which are relatively new to the world of science. So, it is hoped that this knowledge will eventually be useful for practical and academic interests, and that it will always leave room for further development and discussion.

This study's significance is also expected to apply universally to every country outside of the Indonesian context. First as a comparison, then for the benefit of a specific country, and finally as an inspiration or even a critic for the advancement of the theory and its conception. It is difficult to gain a realistic understanding of the prospect of implementing a murakabi economic system. This is a challenge in the twenty-first century because it is at the heart of the substance of political economy and political democracy within and between countries. Murakabi's economic thought is very promising, specifically for the realization of people's welfare and world peace. It is at this point that economic murakabism becomes the homework of world leaders to be able to answer it.

Author Acknowledgments

I am honored to be able to serve as an Expert Witness at the Constitutional Court of the Republic of Indonesia's Session on May 2, 2018. Participating in the forum of the highest legal institution is a very valuable experience that will help to shape the history of the Indonesian economy. The trial discussion between my testimony and the Honorable Justice of the Constitutional Court is well documented for the benefit of the state and the public. As a researcher and academician, this prompted me to conduct additional research by using it as a case study on the governance of State Owned Enterprises (SOEs) in Indonesia in relation to its economic system.

This scientific work is specifically dedicated to the Indonesian people, and in general to all human life, in navigating their respective countries' life journeys and economic histories. The substance of the discussion in the direct disclosure of SOEs governance is also contributed as a follow-up reference from the previous one, namely the Minutes of the Constitutional Court of the Republic of Indonesia's Session on May 2, 2018, which has been publicly published.

First and foremost, I would like to express my gratitude to the Honorable Justices of the Constitutional Court of the Republic of Indonesia, the Session Presiding Judges, and the Member Judges (Wednesday, 2 May 2018). Statements, questions, and responses in our session are critical discussion points for the Indonesian people. The trial's scope and context aided in my personal development of constitutional economics, economics and political science, management and business.

The honorable AM. Putut Prabantoro and Retired Lieutenant General Kiki Syahnakri, as the Petitioner or Plaintiff against the State Owned Enterprises Law No. 19 of 2003, are also thanked, as is the Advocate Team who attended the meeting. The Petitioners have placed their trust in me to serve as an Expert Witness. Although formal knowledge of murakabi economics had not yet been born, its philosophical content could be stated. Murakabi's economic ideas were only written down and published in book form in September 2018. Then, on March 8, 2022, it will have full legality in the form of Intellectual Property Rights or Copyrights from the Ministry of Law and Human Rights of the Republic of Indonesia.

I sincerely thank to my friends and colleagues from various professional backgrounds and their respective expertise, including: (1) Rahayu Saraswati D. Djojohadikusumo, a national politician who is tenacious in her fight for the Indonesian people's welfare. Her struggle's values also inspired him, and she became involved in encouraging the presence of constitutional economic thought; (2) Antonius Aris Sudjatmiko, a senior practitioner in the SOEs firm who consistently supports economic murakabism; (3) Astrid Widayani, MBA., academics and business practitioners who enthusiastically support each of the latest works presented, also Dr. Roch Mulyani and Dr. Arya Surendra with colleagues at University of Surakarta; (4) The Study Team of Indonesia Raya Incorporated (IRI) from various universities in Indonesia. They are also concerned with Pancasila-based economic thought; (5) Prof. Niki Lukviarman, Ph.D., Prof. Dr. Bernard Isyandi, Prof. Djoko Suharjanto, Ph.D., Prof. Dr. Tulus Haryono, Prof. Dr. Salamah Wahyuni, Prof. Dr. Mudrajat Kuncoro, Dr. Mugi Harsono, Dr. Y. Sri Susilo, Dr. Intan Novela, Dr. Dian Indri Purnamasari, FA. Luky Primantari, MT., Dr. Hudi Kurniawanto, Dr. Ignatius Endi Nugroho, or others whose names are not mentioned in this article. Academics directly contribute to the same spirit of science development by collaborating in our scientific works; (6) Media journalists in Indonesia are very open, just, and professional in containing my personal views about economic development related to social, political, legal, cultural, education, and technology. So far, the mass media has played a significant role in murakabi's economic thinking, creating a new dynamic in the national development system through their reporting; (7) There are still so many friends and colleagues who have been so kind, but too many to name one by one; (8) Translators, Reviewers, Editors and Publishers, Marketers and Distributors who have played a role in the publication of this work.

Finally, and most importantly, thank you to all of our cherished extended families. They are not visible hearts on the surface, but their love is one of the sources of strength that supports and becomes a spirit in our lives as we go about our daily lives.

Surakarta, October 10th 2022

Dr. R. Agus Trihatmoko

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“Cold war and trade war between countries is politically caused by a country feels that their sovereignty is threatened by economic and political interest of other countries. Meanwhile, economic sources and natural wealth that are available for human is not for contested, but to be managed under familial principle so that it is murakabi for all. Solidarity and kinship always teach to life in peace and prosperous.” (R. Agus Trihatmoko,2018)

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EXECUTIVE SUMMARY

State Owned Enterprises Governance: Paradigm and Pragmatism in the Economics System and Economic Constitution

State Owned Enterprises (SOEs) being one of the representatives or implementers of each nation's economic constitution. The issue with SOEs and other state-owned enterprises' governance stems from the economic system in which they operate. Two economic systems that have crossed paradigms and pragmatists are juxtaposed as contemporary economics: neoliberalism, also known as the neoclassical approach to economics, and murakabism. Compared to classical economics, murakabi economics is still a relatively young field, hence it requires a direct knowledge. This study was conducted to carry out a theoretical reconstruction in order to provide an overview of SOEs governance from a constitutional economic perspective in the Indonesian economic system.

The research design used in this study is a combination of case study, narrative and grounded theory approaches, with an interpretive philosophy of constructivism. Data analysis was obtained from the focus of the discussion at the Session of the Constitutional Court of the Republic of Indonesia regarding the Judicial Review of Law Number 19 of 2003 related to Article 33 of the 1945 Constitution of the Republic of Indonesia. Case studies of state enterprise governance related to Indonesia's economic conditions, economic politics, and government policies, as well as people's social issues, supplement data interpretation and analysis.

The results of the study reveal the relevance of the economic constitution in the constitution with the socio-economic environment, in two paths of paradigm and pragmatic preference. The meanings of the economic constitution have an impact on the government policies in the governance of SOEs which are based on kinship or individualism, are capitalistic in character or mutual cooperation, and each has consequences on socio-economic factors, namely liberalism or murakabi. The identification of these findings leads to the conclusion that the government policies within SOEs still tend to be individualistic and capitalist, thus, SOEs are in the flow of economic neoliberalism or neoliberal capitalism.

The study's findings were described as an understanding of terminology, philosophy, theory, concepts, and implementation. The discussion was restructured to refer to the theory and the findings of previous studies in a way that supports and complements each other. The Murkabi Corporation for state companies is the main concept developed, with illustrations of a top down and bottom up system approach in case examples of several phenomenal sectors in

the economy and its industrialization governance. The Murakabi Corporation for Cooperative is the most recent conceptualization of the murakabi corporation, which integrates the role of cooperatives.

The concept of SOEs governance has implications for corporate management, government policies in the national economic development. This Indonesian constitutional economy study contributes as a new understanding to expand knowledge at the national and global levels about the murakabi economic system. In the realm of microeconomic theory, corporate management is discussed in terms of strategic management and corporate governance. This is to demonstrate that the government's political policy leads to the correct foundation, namely the noble goal of the Indonesian economic constitution, namely the welfare and prosperity of the people. The relevance to the realm of macroeconomic theory, namely the performance of state finances related to the State or Regional Revenue and Expenditure Budget, follows. The explanation of the implications of the study's findings confirms that the governance of state corporations using the Murakabi or classical economic approach is a choice of economic systems today and in the future to be determined/ chosen by Indonesia, as well as similar offers for every country in the world.

The discussion of the study's findings and their implications for the world of practice prompted this paper to provide further discussion, namely state corporations in the Murakabi corporation format. Its relevance to Regional Owned Enterprises (ROEs), Village Owned Enterprises (VOEs), national and multinational private companies, and the role of cooperative units is discussed in this context. The presence of the Murakabi corporation concept is undoubtedly important knowledge in the business world and a system of systems for one country both nationally and globally. As a result, learning case studies from Indonesia's economic constitution will be extremely beneficial for stakeholders such as state leaders and industry, investors, politicians, society, and others. Furthermore, it is critical for academics to advance their economic knowledge, whether through research or in the pursuit of higher education learning.

Keywords

Corporate Governance and Economics System, Case Study of Economy, Economic Constitution, Murakabi Economics, Murakabi Corporation, Government Policy, Neoclassical Economy and Neoliberalism, State Owned Enterprises (SOEs), State Companies.

CHAPTER 1

INTRODUCTION

1.1 Background

Governments in various countries have State Owned Enterprises (SOEs) for both domestic and international business interests. The same is true for SOEs in Indonesia, some of which have branches or company units in other countries in addition to operating in Indonesia. This paper is a continuation of the SOEs study in Indonesia, and it is also related to Regional Owned Enterprises (ROEs). This study draws from a number of other studies, but it tries to be innovative by expanding the SOEs study and incorporating earlier theories.

This paper was inspired by an effort to investigate Indonesian SOEs from both a constitutional and practical economic standpoint. Discussion of research findings fosters thinking and the expansion of theories and concepts. This section of the discussion demonstrated that this SOEs study has interesting implications for ROEs, national and multinational private companies. Barriers and opportunities are identified, and a new perspective is proposed as a solution to micro and macroeconomic problems. The microeconomic approach is concerned with corporate management, whereas the macroeconomic approach is concerned with state finances and national and international economic politics.

The study of SOEs in Indonesia is a complicated and highly political task, particularly after the passage of the SOEs Law No. 19 of 2003 (Law 19/2003-SOEs). The presence of this regulation reflects the state's attempt to reorganize SOEs established at the start of the reform era. The governance of SOEs in terms of capital and finance structure has become an unfinished debate in relation to the Indonesian economic system model. The Constitutional Court's judicial review of the law has been found invalid (Trihatmoko, 2019). The case for judicial review of Law 19/2003-SOEs is still ongoing and worth revisiting in order to build its theoretical premises and criticize its conception and practice. This case study aims to shift the paradigm of state enterprise governance, including both SOEs and ROEs. The broad horizon must be studied carefully because it extends beyond written legal principles.

1.2 Problem Statement

The law (constitution) or the constitutional economy regulates the government as the organizer of the state and the elements of society in carrying out the national economic system (Trihatmoko, 2019; Asshiddiqie, 2016; Sulardi, 2015). The role of State Owned Enterprises (SOEs) in the perspective of state asset ownership management is a business institution that is expected to function as a manager of state assets for the welfare of the people. The SOEs play an important role since some of them rank among Indonesia's biggest companies (in terms of profit, sales and assets), thereby generating plenty of money for the government (in the form of tax revenue or dividend) while at the same time creating jobs for millions of Indonesians (Akyuwen, 2017; Trihatmoko & Susilo, 2018a). This explains that between the state administrators and the SOEs jointly play a role in the national economic system, including in the global competition (Singh & Chen, 2017). The existence of SOEs is normative as one of the representations or implementers of the economic constitution, according to the laws of each country. Lin et al. (2020) explained in their study of SOEs in China, the increase of SOEs' operating rights in regulating the economic system in accordance with the state's intentions. Abramova et al. (2017) make a similar conclusion, stating that countries as owners of SOEs must be assessed while deciding on economic policy.

The study of Trihatmoko (2019) generally identifies studies on SOEs in the realm of strategic and operations management, and especially corporate governance (see, Udin et al., 2016; Kloivene & Gimžauskiene, 2014; Radygin et al., 2015; Sanusi, 2015; Arkhipova et al., 2015; Liang et al., 2015; Dobson, 2017; Singh & Chen, 2017; Abramova et al., 2017; Purnamasari & Negara, 2020; Lin et al., 2020; Purnamasari & Trihatmoko, 2022). Meanwhile, in the operational area and business strategy of SOEs, it is regulated and controlled by the economic constitution of each country which has substantive differences from one country to another. Every effort to explore SOEs and the economic constitution is considered very important, in this context is the State of Indonesia. The studies on SOEs based on the economic constitution have been initiated by Akyuwen (2017), and then most recently by Trihatmoko and Susilo (2018a and 2018b), Trihatmoko (2019), Trihatmoko (2020), Trihatmoko and Kuncoro (2021). They follow up on the deepening of the thoughts of Indonesia Raya Incorporated (IRI) by Prabantoro (2014), along with the expansion of murakabi economic theories by Trihatmoko (2018).

The highest economic constitution in Indonesia is regulated in Article 33 of the 1945 Constitution of the Republic of Indonesia (33/UUD/1945) (Trihatmoko & Susilo, 2018a and 2018b; Trihatmoko, 2018; Asshiddiqie, 2016; Ismail et al., 2014). Trihatmoko (2019) provides critical points for the Judicial Review of the SOEs Law or Constitution No. 19 of 2003 (Law 19/2003-SOEs) which is related to the interpretation of 33/UUD/1945. The Law 19/2003-SOEs has sparked disagreement among government officials, academics, lawmakers, and law enforcers. As a result, it has been sent to the Constitutional Court of the Republic of Indonesia for review (Trihatmoko, 2019). However, the lawsuit against Law 19/2003-SOEs was ultimately dismissed by the Constitutional Court (Trihatmoko, 2019). This means that, for the time being, Law 19/2003-SOEs remains in full force as the constitutional cornerstone of SOEs governance (Trihatmoko, 2019). The logical consequences of the perspective between the constitution or laws and the practice of the governance of SOEs remain open as an area of discussion and political-economic debate (see, Sulardi, 2015; Akyuwen, 2017). Thus, one of the questions that relevant to be promoted is:

How and what are the consequences of the economic constitution in 33/UUD/1945 and Law 19/2003-SOEs on SOEs governance in the economic development system of Indonesia?

1.3 Objectives

Trihatmoko's (2019) prior study was the start of a review of 33/UUD/1945 and Law 19/2003-SOEs in highlighting the outcomes of the Judicial Review on the economic constitution. The objective of this paper is to theoretically reconstruct the constitutionalization of SOEs. The anticipated outcome is the ability to articulate the perspective of SOEs governance in Indonesia's economic system based on its economic constitution. To define the core of the provisions in Article 33/UUD/1945 and Law 19/2003-SOEs, a notion of SOEs governance can be developed by identifying the research findings and theoretical descriptions.

This paper was successful in embedding the concept of SOEs governance inside the paradigm and orientation of the economic system, with consequences for company management. This is an argument for the significance of this study since it is tied to government policies in national economic development. This study has a value of originality compared to the previous studies, since it

and supervisory boards (Isyandi & Trihatmoko, 2021). Efforts to expand the business structure and governance of ROEs are encouraged to use the Indonesia Raya Incorporated (IRI) concept, specifically incorporation with SOEs (Trihatmoko & Susilo, 2018a and 2018b; Trihatmoko, 2019; Trihatmoko & Kuncoro, 2021). However, the problem with SOEs is that they have not yet opened themselves up to investment in ROEs, or that SOEs share ownership has not involved ROEs or local governments. Contextual state companies that have yet to be integrated are SOEs and ROEs in comparison to VOEs and private companies. These issues are inextricably linked to the management of SOEs, which is examined in this paper both theoretically and in terms of current regulations or laws.

1.5 National and Global Context

Understanding conceptualization of the SOEs governance case study outcomes is likely to have direct consequences for the governance of ROEs, VOEs, and major national and global private firms. These ramifications are dependent on the national economic system paradigm utilized today and in the future in Indonesia. Because this is a political economy issue, each implementation has implications for the global economy. The logic behind this argument is that multinational corporations from various Indonesian countries dominate strategic economic sectors, including the natural resources sector. Furthermore, Indonesia is a large country that is a global target market.

The identification of the pragmatism of SOEs governance in Indonesia is based on two economic system paradigms, namely neoliberalism and murakabism. According to their respective interests, the practical implications of the two economic systems open the widest possible discussion space for governments of countries other than Indonesia. This paper introduces some of the most recent ideas, namely the application of the Murakabi economic system in the context of the microeconomic, namely the Murakabi corporation. This is what this paper means by expanding Murakabi's economic knowledge for the good or harmony of the global economy (Trihatmoko, 2018).

“The free market is out of control, multinational companies are increasingly dominant and rampant, the absence of state intervention, the end of the nation-state and the borderless world, the power of ‘market-sovereignty’ and the marginalization of ‘state-sovereignty’. We should be able to revive the spirit of business togetherness, so that an ideal national togetherness is formed between strategic SOEs and strategic private business entities.” (Sri Edi Swasono, 2018)

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CHAPTER 2

LITERATURE REVIEW AND THEORY

The study of state companies uses agency theory as the basis for state administration in the economic field (Trihatmoko & Susilo, 2018b). The roles and functions of legislators are the House of Representatives of the Republic of Indonesia in the position as principal; The executor is the government as the main agent where in this case the President and the ranks of the Ministry of State Owned Enterprises (SOEs) and other Ministries related to the economy. This theoretical review places the position of SOEs as sub-agents of the interests of the government and principals (see, Trihatmoko, 2022; Trihatmoko & Kuncoro, 2021; Trihatmoko & Susilo, 2018b; Lukviarman, 2016; Liang et al., 2015; Bergen et al., 1992; Jensen & Meckling, 1972). Agency problems arise in SOEs corporations, namely conflicts of interest between the majority shareholder as the main controller and the minority shareholder (Lin et al., 2020). SOEs shareholders in Indonesia are dominated by the central government (Trihatmoko & Susilo, 2018b; Trihatmoko & Kuncoro, 2021). Meanwhile, SOEs governance is related to the stakeholder theory to place the justice factor which is constitutionally contained in Paragraphs (2 and 3) - 33/UUD/1945 (see, Akyuwen, 2017; Trihatmoko & Kuncoro, 2021).

The identification of the agency theory structure in connection to state firms follows the constitutional description stated by Asshiddiqie (2016), meaning the existence of direct and indirect interest interactions between state administrators and the people. In that case, through the role and function of SOEs for stakeholders to foster justice for the people (Trihatmoko & Susilo, 2018a). The House of Representatives of the Republic of Indonesia has the authority to give approval or rejection of any proposed changes to laws or new draft laws submitted by the President. In a general understanding that a law has been ratified by the state administrators is constitutional as a legal foundation for the subject (Trihatmoko, 2019). Essentially, it can be understood that the source of all sources of the economic law in Indonesia is in 33/UUD/1995 (Swasono, 2017; Trihatmoko, 2018). Every issue of law as a political-economic policy should be attached to the meaning of 33/UUD/1995 (Sulardi, 2015). The case of Judicial Review of Law 19/2003-SOEs in the Constitutional Court indicates that there is a difference in the perspective between the highest

provides benefits or profitable to the people for their rights as shareholders in various murakabi corporations (Trihatmoko, 2018). The state government regulates the ownership of shares by the people in various murakabi corporations, or the economic system is called plural/ stacked/ murakab (Trihatmoko, 2018).

At first, Trihatmoko and Susilo (2018a) cited the statement by Trihatmoko that the paradigm used by IRI was economic murakabism, then the studies of IRI always explained its relationship with the murakabi economy. Economic thinking with the term murakabi is in line with the economic understanding that uses the term Pancasila economy or the economy of the people, or other terms in economics which are intended to realize the mandate of 33/UUD/1945 (Trihatmoko & Kuncoro, 2021). The arguments of Trihatmoko (2018) and Trihatmoko and Susilo (2018a and 2018b) explain that the murakabi economy does not ignore the role of state parties/ foreign corporations against a country in the national economic development. However, the literature criticizes that so far the economic liberalization has had an impact on the domination or hegemony of large capitalists, namely SOEs, national and multinational private companies, on the national economy in Indonesia. Trihatmoko (2019) criticizes that the policies of Indonesian government on SOEs governance tend to strengthen its position as a capitalist, as well as SOEs capitalism with a company holding system in various business sectors, that is “Neoliberal Capitalism.”

Natural resource studies reveal that it has a theoretical impact on regional revenue and economic growth (Isyandi & Trihatmoko, 2021). This advantage occurs when the government and its political actions are in the best interests of the larger community, avoiding potential conflicts of interest (Iskandar et al., 2020). The participation of local companies in natural resource governance becomes important (Singh & Chen, 2018; Liljebloom et al., 2020; George et al., 2015), meaning that incorporation occurs as IRI intends in the murakabi economic system. A philosophical review of the natural resources perspective leads to the practice that natural resources are managed in a family manner, not liberalism.

The IRI conceptual framework illustrates how the governance of SOEs and ROEs is thought to be capable of carrying out the mandate of the economic constitution through the ownership of shares in the state company by the central, regional, private, and individual communities, also known as

literature (2018). Along the way, the book has been translated into several national language versions by 2020, for countries in Europe and Latin America, as well as Africa (see, Trihatmoko, 2020). The essence of the murakabi economy directs the governance of the economy of the country by including the participation of its people to own shares in large 'state-owned, national and multinational private' corporations (Trihatmoko, 2018; Trihatmoko, 2020). The understanding of the meaning of 33/UUD/1945 and Law 19/2003-SOEs is deepened in this paper as a reconstruction of a previous study by Trihatmoko (2019). The previous study has described the economic constitutionality, economic principle, government policy, characteristic of SOEs, economic system, and socio-economic environment. How and what is the description like? The findings and discussion of theoretical paradigms and pragmatic construction are carried out in this current study.

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“Although economic liberalization in some degrees is still considered constitutional, because economic policy is based on an economic constitution, it is need for criticizing the meaning of the old law needs to be changed as an effort to harmonize the economy in a constitutional manner. Changes or updates to the SOEs Act is needed to overcome the gap in ownership of state assets, between SOEs, ROEs, and the private sector.” (R. Agus Trihatmoko, 2019)

“This is very possible, because in the history of economic constitutionalization from time to time changes have changed to adjust the economic and political democracy of each country.” (Jimly Asshiddiqie, 2016)

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CHAPTER 3

METHODOLOGY

This paper is a continuation/ series of the Trihatmoko (2019) study, so that the methodology is applied with 4 (four) approaches, namely case studies, narratives, grounded theory, and an interpretive approach, namely constructivism. As a form of “reflectivist” critique of the scientific approach to the study of social sciences, constructivism was initially developed as a mostly interpretive “metatheory” (Fatchan, 2011; Creswell, 2013; Kalu & Bwalya, 2017; Trihatmoko, 2019). The case study is the source of data and the deepening of the data focuses on the discussion on the case for judicial review of Law No. 19 of 2003 (Law 19/2003-SOEs), meaning that this case only happened once in the Constitutional Court Session.

The narrative research strategy uses two techniques, namely biography and autobiography (Creswell, 2013; Trihatmoko, 2019). The researcher acts as an Expert Witness, so that his/ her statement is his/ her autobiography, instead of the statements of other Expert Witnesses and Government Proxies in the court or called as their biographies (Trihatmoko, 2019). The statements of the Experts and Government Authorities are seen as personal stories in a momentum in the economic history of Indonesia, so that they are considered to be informants in this study. The presentations or data from these informants and their descriptions have been reported by Trihatmoko (2019), as well as the Minutes of the Session on May 2, 2018 which can be accessed by the public (see, *Mahkamah Konstitusi Republik Indonesia*, 2018).

The interpretation of the data is supported by observation data from researcher highlighting actual and phenomenal cases in national reconciliations as well as global situations. The freedom of data interpretation is intended to provide an overview of the facts in order to explain and describe a philosophical point of view. As a result, reading the entire paper of this study indirectly contributes to a better understanding of qualitative research methodology.

Grounded theory strategy is combined with the constructivism interpretation as an effort to build theories and concepts based on the legal narratives and statements of informants (Creswell, 2013; Fatchan, 2011; Trihatmoko, 2019). Research procedures were applied to fulfill the

methodology of this study in accordance with the general understanding of qualitative research methods (Trihatmoko, 2019; Flick et al., 2017; Kalu & Bwalya, 2017; Taylor et al., 2016; Hammersly, 2013; Creswell 2013; Fatchan, 2011; Jonker & Penning, 2010). The data validation was carried out automatically, namely in the question-and-answer session between the Constitutional Court Judges and the Expert Witnesses, which was a direct discussion of the research data (see, Minutes of Session). Furthermore, the Minutes of the Trial and the statements of the Judges of the Constitutional Court and the Expert Witnesses have been released by various mass media, thus showing the dependability and confirmability of this study. Confirmability test is to test the results of research associated with the process carried out. If the results of the research carried out are the function and process of the research carried out, then the research has met the confirmability standard (Fatchan, 2011; Creswell, 2013; Taylor et al., 2016; Trihatmoko, 2019). The narrative approach is described as a textual identification and description of themes in his study Trihatmoko (2019), while grounded theory and constructivism are described structurally in this study.

The interpretation of State Owned Enterprises (SOEs) with the practice format as a *murakabi* corporation is no less important. The discussion is an application of critical theory in qualitative research methodology, specifically the researcher's alignment to develop his thoughts pragmatically towards the *murakabi* economy (Trihatmoko, 2019; Creswell, 2013). The *murakabi* corporation concept or pragmatism is a new elaboration of the previous theory for state companies, namely SOEs, Regional Owned Enterprises (ROEs), and Village Owned Enterprises (VOEs).

CHAPTER 4

RESULT AND DISCUSSION

Law 19/2003-SOEs encourages State Owned Enterprises (SOEs) to play a role in assisting the government in realizing the welfare of the people. This interpretation is consistent with the spirit of 33/UUD/1945 paragraph (3), which states that natural resource management is employed to benefit the people. Law 19/2003-SOEs is an effort to constitutionalize the economy, so that the constitutional basis for SOEs is regulated in the Law 19/2003-SOEs, and 33/UUD/1945. Trihatmoko (2019) describes that the economic constitution consists of two, namely the Law or Constitution and the Basic Law or Basic Constitution which have a reciprocal relationship. The Constitution has implications for the Basic Constitution, since the Basic Constitution is the basis for controlling the applicable law or constitution.

The enactment of Law 19/2003-SOEs is part of a change in the direction of the economic history of Indonesia, due to the development and change of economic and political democracy (Asshiddiqie, 2016: p. 40). Therefore, the enactment of Law 19/2003-SOEs on the basis of 33/UUD/1945 as a tool for the government in determining policies on SOEs governance (Akyuwen, 2017). The shift in the meaning and implementation of the economic constitution between 33/UUD/1945 and Law 19/2003-SOEs leads to the formulation of proposition (P) as the first theory, as follows.

- P1: The economic constitution in 33/UUD/1945 as the basis for the formation of Law 19/2003-SOEs.
- P2: The economic constitution in Law 19/2003-SOEs has implications for the meaning of 33/UUD/ 1945.
- P3: Law 19/2003-SOEs and 33/UUD/1945, both of which give the Government the authority to set policies on SOEs management.

However, in the case of Law 19/2003-SOEs at the Session of the Constitutional Court, it was debated between Article 2 paragraph (1) of Law 19/2003 and Article 33 paragraph (1). The phrase Article 2 (1) adheres to the classical economic theory, which refers to the individualist strength, while the

mutual cooperation, so that it is directly acceptable to the people (Trihatmoko, 2018), then:

- P5: Government policies on SOEs governance will shape the characteristics of SOEs in their business practices.
- P6: The principle of individualist economic policy for SOEs forms a capitalistic character, while the family economy builds the character of mutual cooperation.

The results of the Trihatmoko study (2019) stated that the characteristics of SOEs are related to the socio-economic environmental factors, both in the micro and macro economic settings. In this regard, SOEs indirectly act as implementers of the economic constitution. Trihatmoko (2018) explains that individualist ownership of corporate shares is a reflection of the strength of the capitalist group, so that the economy leads to a liberal economy. On the other hand, the ownership of corporate shares in a family manner through the mechanism of mutual assistance by all elements of the citizenry is a reflection of the murakabi economy. Trihatmoko and Susilo (2018a and 2018b) and Swasono (2017) criticize that SOEs have led to a pattern of economic liberalization in the natural resource sector and other strategic economies. The recommendations of the study encourage the concept of IRI to be applied by SOEs in order to provide changes to the socio-economic environment, namely the result of the efforts of SOEs or income can be beneficial (murakabi) for the people. The discussion at the end of this section leads to a theoretical description, as follow:

- P7: The capitalistic nature of SOEs governance leads to the development of a socio-economic environment with a liberal pattern, "capital competes freely according to the capital strength of the businessmen."
- P8: The mutual cooperation nature of SOEs governance leads to the development of the socio-economic environment with the murakabi pattern, "capital is regulated by the government evenly to the people."

The interpretations of P7 and P8 remind that economic liberalization actually "in certain situations" SOEs lose the opportunity to invest in the natural resource sector and production branches in the strategic economic sector. Limited state capital is thought to be a political argument, so that the power of

debated (Trihatmoko & Susilo, 2018a). In fact, in terms of business unit volume, it is certain that SOEs and ROEs outnumber private banks.

4.2 Principals

At a glance, the observations about the economic system in the implementation of the banking sector in Indonesia show that the perspective of competitive advantage has the economic liberalism principle. Each individual business unit and their branch offices must seize the existing market share through any means or management strategy. Economic liberalization in Indonesia's regional and national banking sectors poses a risk of failure. The 1997 economic crisis, as well as the *Century Bank* case, which exploded in 2009, demonstrated the impact of banking liberalism. When there is a national and global economic crisis, similar events are very likely to occur in the future.

For all sectors of the economy, the mutualism principle differs from the concept of economic liberalism. Mutualism in the banking sector refers to the integration of all of these companies, also known as the incorporation strategy between SOEs, ROEs, and the private sector. They have similar interests in the financial services industry and the same target market, so they can work together to manage these interests. The company unit becomes a murakabi corporation under the murakabi economic system. The company's units become few, but each has great power because they jointly own the majority of the company's shares. Each murakabi company unit has a focus for each segment group, implying that banking is not centered on a single murakabi company unit.

This review of economic principles can also be applied to non-banking industries. Other than banking, the phenomenon of controversy is exemplified in the case of the land transportation system, which involves the lives of small people. The mutualism principle used by taxi cooperatives in Indonesia and many other countries has now been supplanted by the liberalism of the one-line system. Aside from taxis, there are motorbike transportation services carried by the online system in Indonesia and several other countries. This occurs because the company operating the system has a higher level of competitiveness due to digital technology and capital factors than when it is managed by cooperatives or individually.

financial failures have the potential to have a systemic impact on national financial problems.

4.4 Focus

Neoclassical economics' liberal and individualistic features emphasize both free markets. This is against the murakabi economy's economic constitution because the emphasis is not on the people's economic sovereignty. Murakabism is here to restore the meaning of economic democracy itself, namely economic sovereignty in the hands of the people, which means for the people's welfare. Because of this noble goal, the state must be present to intervene with its economic policies.

The most recent case in Indonesia in 2022 involving cooking oil is worth investigating to demonstrate that the government's priority is free market sovereignty. According to data analysis, Indonesia is the world's largest producer of Crude Palm Oil (CPO), with a production capacity of more than forty million tons per year. CPO production is derived from oil palm plantations covering fifteen million hectares. The majority of oil palm plantations are managed by private companies and SOEs, with the remainder managed by individual or group farmers. These companies will have management rights over state land for decades to come, which is typically converted forest into plantations. This review will determine whether CPO is produced on state land.

World CPO prices rose sharply in early 2022 when compared to the previous average general price. CPO producers set their prices based on international prices, including those for the domestic market, causing the price of cooking oil to more than double. There are various policies or interventions implemented by the government to address these issues, but they are not appropriate from a constitutional economic standpoint. It can even be called a blunder, because small communities can only benefit from price and cash assistance. The policy on the interests of the state is clear as a waste of the state financial budget, and for the people, it does not help the market price mechanism. This case demonstrates that SOEs, or the private CPO producer, adheres to market sovereignty and receives government support.

Policies that prioritize the sovereignty of the people are undoubtedly not like that. As was reasonable in the past, the role of the state through the political might of the government should be adequate to set domestic pricing, with

export prices potentially following the global market. This system is very simple and beneficial to the people's welfare, without the need for state subsidies. It is well understood that since CPO is generated domestically on public land, it should be returned to the populace fairly in accordance with Articles 33, paragraphs 2 and 3, of the Economic Constitution.

When there are contemporary political issues with private CPO producing firms, plantation SOEs should be able to serve as the foundation for policies that prioritize people's sovereignty. The case of CPO management is addressed with a focus on people's interests rather than the global market. Furthermore, the future of CPO is not only for cooking oil consumption, but also as a new renewable energy source, namely bio-diesel. It is time to present SOEs as forerunners of government intervention policies for the people.

In a different context, but the essence of oil and gas governance, as well as other energy, remains the same. The increase in fuel oil prices had a significant impact on the people and the economy in early September 2022. A similar incident occurred under the guise of the government being unable to bear the burden of subsidies due to the high price of global oil. Again, the critical theory must state that Indonesia is a petroleum producer, and that the economic constitution requires that as much as possible be used for the welfare and prosperity of the people. *Pertamina* is more inclined to the SOEs law, which prioritizes market sovereignty, because it serves a constitutional economic mandate.

4.5 Power Center

The illustration of the case of cooking oil and fuel oil, likes or dislikes Indonesian SOEs and private companies in general. The development of industrialization behavior is considered to be included in the behavior of homo economicus that exceeds the limit or uses greedy rude language. The state is unable to intervene on behalf of SOEs and instead divides its functions between the state and corporations.

A critical discussion about SOEs greed is simply that organizational management's behavior is not linear with the outside, namely products that benefit the people. When the cost of salaries of managers, boards of directors, and commissioners of SOEs companies is compared to the average income per capita of the poor, the crisis can be clearly answered. The state budget is then

including debt swelling to the bank. The deferral of payment of maturing debt obligations is said to have temporarily secured the *Garuda* case. It is possible that the delay will be due to the agreement sooner or later, and cases threatening the company's bankruptcy will emerge.

When the solution to debt is to use a murakabi economic strategy, the situation will be different. The public's participation is prioritized in order to receive company shares in cash for debt repayment. A hundred to two hundred trillion rupiah is not out of reach for two hundred million Indonesians of productive age working together. This theory is similar to Trihatmoko and Kuncoro's (2021) recommendation for SOEs in the case of *Jiwasraya* Insurance. The financial cases of SOEs will be completely resolved only when the company's orientation is based on public ownership of business, such as the murakabi corporation concept.

“The tactical direction of IRI of making *Jiwasraya* aim at the murakabi corporation is indeed not the ideal or normal way of conventional policy. The practical thinking of IRI is considered as an alternative solution to open up good opportunities for the future of *Jiwasraya*.” (Trihatmoko & Kuncoro, 2021)

4.7 Construction of Case Study Results

The results of the study or theorizing from the deepening of Law 19/2003-SOEs and 33/UUD/1945 above (P1-P8), in the end build the conception of SOEs governance in the national economic system, with a paradigmatic and pragmatism approach (Figure 1). The description of SOEs governance is a theoretical structure derived from the description of the variability of the Trihatmoko study's findings (2019), which also illustrates the relevance of SOEs to Indonesia's economic constitution. This construction helps to a broader understanding of IRI thought and the murakabi economy (Trihatmoko & Susilo, 2018a and 2018b; Trihatmoko, 2018; Trihatmoko, 2020; Trihatmoko & Kuncoro, 2021). The results of this study encourage a climate of economic and political democracy to reorganize the governance of SOEs. Future opportunities for the government and legislators in the country's political mandate, the choice is "whether" to follow the currents of neoliberalism or economic murakabism.

The two choices have implications for the practice of corporate management within SOEs, as well as the government by the President along with the Ministry of SOEs and Finance as the executor of the economic constitution. The policy choices of the government mainly start in the regulation

company has not yet entered the murakabi corporation category as envisioned by Trihatmoko (2018: p. 37). According to the literature, the share ownership structure involves its elements, which include local governments in various parts of Indonesia or their ROEs, central government or SOEs, company employees, regional and national general public, vendor or customer companies, capital markets, including VOs or cooperatives that are directly related to business operations.

“The essence of the political economy concerns national politics in the context of fulfilling a sense of justice in the governance of the national economy. The ownership of *Freeport* shares by the Papua Regional Owned Enterprises (ROEs) is justice that is still nationalistic for the Papua region, which is directly 'sovereign' over land with natural resources. Meanwhile, the implementation of IRI for ROEs throughout Indonesia is a political and economic nationalism, for the entire homeland of Indonesia. There is no distinction between regions that are rich in wealth and areas that lack natural resources.” (Trihatmoko, 2021)

The transformation of the *Freeport* company to a murakabi corporation is very possible. Indeed, not only in Indonesia, but also in its country of origin, namely the United States (USA) and its gold trading partner countries. Because of this murakabi corporate structure, all *Freeport* business stakeholders will benefit directly commercially from the company's profits. This pragmatic illustration explains how the murakabi economic theory is open or mutual cooperation through the use of the principle of kinship in corporate and government policies (Figure 1).

The discussion about natural resource companies is not limited to *Freeport*. Another study, Isyandi and Trihatmoko (2021), shows that Riau Province is rich in oil and oil palm plantations. In their study, Trihatmoko and Susilo (2018a) explain the centers of natural resource wealth in Indonesia, such as oil, gas, coal, nickel, or forestry, agriculture, plantations, fisheries, and others. From a social and economic standpoint, these natural resources are typically managed with a liberalism approach, so that the capital strength factor becomes the company's character. It means that the role of other stakeholders, namely the general public and ROEs, is ignored by both SOEs and national and multinational private companies.

Economic murakabism necessitates the transformation of economic liberalism in Indonesia or other countries into murakabi corporations. According to this paper, the first initiative should be carried out by SOEs in

shareholders in SOEs companies in Indonesia, when the SOEs shareholders also include the people there. The opposite opportunity is for Indonesian SOEs to participate as shareholders in the SOEs of other countries, so that SOEs benefit the people of Indonesia.

Finally, the analogy between SOEs and the murakabism approach provides an idea or theoretical extension, specifically for private companies. The murakabi economic system encourages SOEs in Indonesia to be the forerunners of murakabi corporations; only then will they be able to inspire national and multinational private companies with large business sizes and strategic markets. When private companies implement the murakabi corporation, it is almost said to eliminate the dichotomy of domestic and foreign SOEs, as well as national and foreign private companies. The only distinction between the two is the composition of the majority of shareholders. Individual capitalists or a company are the minor-majority shareholders in SOEs, while the government is the major-minority shareholder in the private sector (Trihatmoko, 2018: p. 37; Trihatmoko & Kuncoro, 2021).

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CHAPTER 5

IMPLICATION

The findings of the research and subsequent discussions have implications for the governance of State Owned Enterprises (SOEs), Regional Owned Enterprises (ROEs), and Village Owned Enterprises (VOEs) in Indonesia, including the practice of situational economic systems or phenomena that are currently occurring, both for the benefit of the national and international economies. The national phenomenon in Indonesia demonstrates that the country's financial situation is less than ideal. The same thing is happening to SOEs in general, who are carrying a relatively large debt burden. Because of the state debt, this condition makes it difficult for the government to increase its capital contribution. The solution that the government must implement is determined by its economic policy on SOEs governance. When adhering to an individualistic pattern, the debt approach is expected to be used for SOEs capital expenditure, namely state capital payments for SOEs with debt sources or SOEs directly adding debt to third parties.

The implications of capitalistic SOEs governance have been reinforced by the most recent political policy, namely the establishment of the Sovereign Wealth Fund (SWF) known as the Investment Management Agency or Indonesia Investment Authority (INA). The institution will be operational as a new investment instrument on February 16, 2021. The functions or authorities of INA granted by the state are: (1) Place funds or as investors in financial instruments; (2) Carrying out asset management activities, which allow controlling state assets that are idle capacity (the remaining amount of capacity left in a company after productive capacity and protective capacity have been eliminated from consideration), and/or administering assets; (3) Cooperating with other parties, including trust fund entities both from within the country and abroad; (4) Determining potential investment partners, either investors or further placement of funds; (5) Giving and receiving loans can be said to be similar to banking institutions.

In essence, INA serves as a repository for investment funds from both domestic and international sources. When money is raised, it is used to finance investments in struggling SOEs. Given that the organization has not observed a

The direct implication in return is expected to reduce SOE's debts, and state debt (Trihatmoko, 2020: *Tribunner; The World News*).

On the other hand, if the government sticks to the capitalistic pattern of SOEs, the government will have difficulty reducing the debt burden of various SOEs. The latest phenomenon indicates that SOEs in the infrastructure business sector are aiming to divest their shares in toll road companies to overcome the company's debt problems/ burden. The corporate action is constitutionally in accordance with Law 19/2003-SOEs, but is capitalistic and liberal in nature. "Only owners of large capital will be able to buy these shares, or not marginal people in general." Previously, Trihatmoko and Susilo (2018a and 2018b) provided an illustration of directions so that people can own shares in toll road companies. For example, for people who receive compensation for land acquisition, it is recommended that some of the money be converted into company share ownership.

The murakabism approach has positive implications for resolving the issue of swelling state debt, in addition to accelerating investment in the national economy, in line with the conception by Isyandi and Trihatmoko (2021). The latest phenomenon in mid-2021 is that the state debt reached to 41% of the average Gross Domestic Product (GDP) or equivalent to IDR 6.500 trillion, and in the future it is estimated that it will continue to increase (Trihatmoko, 2021: *Info Indonesia*). The increase in debt was triggered by the need for funds for national economic recovery during the crisis due to the pandemic, while previously being used for massive infrastructure development. The economic dilemma reoccurs, namely the target of Indonesia's economic growth at the level of 5% in 2021 is still difficult to achieve. The latest data shows the economic growth rate in the first semester of 2021, which is 2.1%. The performance of the national economy in times of crisis and the economic recovery program will prove the future of the Indonesian economy. Will Indonesia use the murakabi economic system according to its country's constitution, or will it perpetuate the current power of capitalism? These economic policies need to be evaluated on an ongoing basis (Abramova et al., 2017).

The current international economic phenomenon is either on the verge of a global economic crisis or has occurred since the COVID-19 pandemic. The physical conflict between Russia and Ukraine harmed the global economy, triggering a political crisis. All countries that rely on or trade with these two countries are deeply troubled and vulnerable to their own economic problems.

SOEs and ROEs in the banking sector, which perform exceptionally well (Purnamasari & Negara, 2020; Purnamasari & Trihatmoko, 2022).

Second, private investors hold a minor-majority of share ownership in their companies, while the majorities are released to the public, including SOEs and ROEs. Because it is implemented through the divestment of company shares, the corporate murakabism approach will clearly reduce the company's debt burden significantly. Because of the role of mutual cooperation between the government and the community, the opportunity for national and foreign private companies to invest in Indonesia does not require large funds.

The murakabi corporation concept, namely the lack of cooperation between the private sector and the government in two positions, is politically strategic for the company's management, both as a major-minority and a minor-majority. The primary concern is that the company's long-term viability is ensured by the government's and the community's involvement. Because of the role of the community, namely employees or employee cooperatives, as well as company shareholders, the company will be efficient according to its business capabilities. This can certainly be quantified commercially where a company is building, growing, or establishing itself.

According to marketing management theory, there will be positive consequences because the role of consumers and company customers as shareholders is in a minority position. In marketing theory, this has implications for traditional free-market strategies (Trihatmoko & Novela Q.A., 2021: p. 43-50), as the relationship between suppliers and customers (Trihatmoko, 2018: p. 62-64). Various facts show that free competition results in the cannibalization of market power, or what is known as "killing each other."

Trihatmoko and Novela Q.A. (2021: p. 29) present constructions from previous agency theory and channel management theories. The study of structural theory reveals that the supplier and buyer have a relationship with an exclusive and temporary contractual system, as well as direct competition. These three relationship marketing systems are based on free competition. This means that business relations will be terminated at any time if the parties do not fulfill their efficiency contracts. This is distinct from a special relationship because of the allure of share ownership in the company that owns the product; the implication is market balance and the fair continuation of the business relationship. The marketing concept of brand loyalty, product reliability, and

CHAPTER 6

MURAKABI CORPORATION IN STATE COMPANY

The theoretical and practical implications discussed above encourage in-depth discussions to provide an overview of the murakabi corporation concept in state corporations, specifically State Owned Enterprises (SOEs), Regional Owned Enterprises (ROEs), and Village Owned Enterprises (VOEs). The term People's Shares of the murakabi economic system appeared as public propaganda on several occasions. The people's stock theory is a framework for thinking about the preparation of the strategic business approach as it is constructed.

The review on the illustration of a murakabi corporation in a murakabi company by Trihatmoko (2018; p. 37) is significant because it is flexible. In essence, the murakabi company's formation places the position of its shareholders proportionally, namely the formulation of the main or major shareholders in the minority position and the following distribution is the minor-minor shareholders in the majority position, from the total value of the shares "Major-minority (minority shareholders as majority of its individual composition) with Minor-majority (majority shareholders as minority of its individual composition)" (Trihatmoko & Kuncoro, 2021; Trihatmoko, 2018: p. 64-65). An important understanding is that:

“The basic principle of the Murakabi Company's Shareholder Structure is Major-minority and Minor-majority, Management Leadership is in the hands of the Major.”

The study by Trihatmoko and Susilo (2018a) provides notes and recommendations for a more in-depth study of SOEs governance operationalization in the oil and gas sector. The natural resources sector was chosen because of its existence as a reliable source of natural wealth and energy, as well as an important branch of the economy that controls many people's lives. Furthermore, the management of the oil and gas sector has resulted in the participation or interest of stakeholders such as SOEs and ROEs. This is based on the argument that the discussion on the concept of Indonesia Raya Incorporated (IRI) needs to be expanded and deepened, and corporate

The murakabism paradigm can be described by a strategic management approach that resembles the circular economy principle between supply chain elements. This differs from the linear economic approach of employers and employees, supply and demand, and so on. Based on the principles of fairness and harmony described above, the murakabistic conception integrates all stakeholders based on common interests and jointly owns and becomes the subject of the said economic activity, namely where entrepreneurs, workers, suppliers, and consumers all act as shareholders. The government in power is the other party in the context of state companies that act as entrepreneurs.

6.1 State Owned Enterprises (SOEs) as Murakabi Company

SOEs play a strategic and vital role as agents of national development and an extension of the state's arm in managing natural resources and important sectors of the economy, as well as controlling many people's livelihoods. However, there were many negative comments along the way that while it was too tight in its management, it was full of political interests. On the other hand, there are still numerous issues concerning improvement and management, particularly those concerning corporate governance and financial and capital management.

The fundamental inconsistency of SOEs corporate governance is caused by the situation of corporate and state financial pressures, political and economic problems, and other difficult-to-study issues. One type of criticism is the privatization of SOEs through the policies of President Joko Widodo's government, which has implemented it through Mergers to form Holding's SOEs and their subholdings in their fields or sectors. With the argument of the pragmatic legality principle that underpins its constitution, public governance becomes functionally weak. Because divestment of company shares is considered an internal corporate action, the management policy on subholding or subsidiary holding companies is beyond the control of the main principal, namely the Parliament, which carries out the mandate of the people and their constitutional rights and obligations.

Recent highlights to illustrate this brief discussion, namely: The concept of the rights issue of '*Bank Rakyat Indonesia (BRI)*' formed by *Ultramicro* holding is the total privatization of SOEs assets to private parties '*PT Pegadaian (Persero)*' and '*PT Permodalan Nasional Madani (Persero)*' or '*PNM 'holding'*'. The government only left the SOEs symbol of the two holding companies with 1 (one) Series A *Dwiwarna* share. Is 1 (one) A *Dwiwarna* Series share sufficient

and regions devoid of natural resources are equal in their ability to own state assets on a national scale, putting the people/public in a minority position. Including, if necessary, the role of national or multinational private corporations participating Minority from the company's strategic management approach. Murakabi's relational transformation of SOEs has resulted in private multinational companies that participate in the development of business-to-government (B2G) relationships between Indonesia and other countries from which the foreign companies originate.

The next possibility is that Murakabi's VOEs or certain Village Governments directly take the Major-minority position, particularly in villages that are operational areas for natural resource exploration by certain VOEs. The murakabi economic justice principle must be implemented on a local-small scale, namely at the village level. The presentation of Trihatmoko and Susilo (2018a) is a serious example, demonstrating that in East Kalimantan, mining sector companies were granted coal exploration permits for more than 100 (one hundred) averages in each sub-district.

When the development of the Indonesian capital city in Kalimantan is realized, attention is also crucial in comparable situations. In order to involve the Village Government and individual land owners as the major-minority, land eviction for the benefit of the state over local village or regional land assets is carried out by infrastructure businessmen or SOEs contractors, as well as the private sector in the application of murakabi corporations. Illustration of the East Kalimantan Region's location is provided for mutual understanding, as is the case with the creation of several business centers, toll highways, ports, industrial estates, asset management systems, and other corporate infrastructure all across Indonesia. The next option is for the local government to participate in share ownership with the village authority.

6.2 Regional Owned Enterprises (ROEs) as Murakabi Company

ROEs as murakabi companies are conceptualized similarly to VOEs as murakabi companies, with the only difference being the scale of the area and the major-minority position of the local government (Figure 3). The paradigm that must be established is that ROEs are state assets, and therefore the presence or participation of the central government is a symbol and spirit of corporate nationalism. As a result, the share distribution of Murakabi ROEs at the Regency or City (R) level is analogous to the inverse of the Murakabi ROEs

top performing VOs in terms of corporate governance and management. As a result, ROEs and VOs are similar to SOEs, which can become the best business units.

6.4 Settlement of State Owned Enterprises (SOEs) Cases to Become a Murakabi Company

The *Jiwasraya* case study describes SOEs Murakabi with IRI perspective (Trihatmoko & Kuncoro, 2021). The recommendation for solving the case differs conceptually from the structural one shown in Figure 2, but the principle is the same. Recommendations for resolving the *Jiwasraya* case by encouraging the participation of Village Governments throughout Indonesia, as well as Regional Governments. The village government's participation in share ownership can be interpreted as an institutional public group. Because of the constitutional issue with the use of the State Revenue and Expenditure Budget, which was not previously included in the Plan, this can be recommended. SOEs Murakabi can be reconstructed using Figure 6 to clarify the similarities with Figure 2 based on the *Jiwasraya* case study.

The participation of the village government in share ownership can be interpreted as an institutional public group. This is recommended due to the constitutional issue with the use of the State Revenue and Expenditure Budget, which was not previously included in the Plan. Learning from the *Jiwasraya* case study, SOEs Murakabi can be reconstructed using Figure 6 to clarify the similarities with Figure 2. The Swift Capital Financial share ownership distribution strategy is an instant financial capital strategy. The urgency of this case stems from the state's financial situation during the economic downturn, as well as the speed with which *Jiwasraya's* customer funds can be replaced.

The goal of the case's explanation is to demonstrate that the company's conversion to murakabi, i.e., direct share ownership to the people, is normative in nature. After the company is sound and reliable, the shares of the village government and/ or local government are released to specific local village residents in the following step. The murakabi company then decided to go public with its strategy. The leadership of the 'Central Government's' major-minority shareholder will decide later through the mechanism of the Extraordinary General Meeting of Shareholders.

6.5 Bottom Up and Top Down Strategy of Murakabi Company

In Indonesia, it may be claimed that companies in the upstream position have far more economic clout than those in the downstream position, both in the production of goods and services in different spheres of their respective economies. Although SOEs and ROEs enterprises are in such situation, their existing nature is the same as that of private corporations, i.e., capitalistic (Trihatmoko, 2019). The fact that the natural resource sector and critical industries for the welfare of the people are not fully controlled by SOEs, despite the fact that they include ROEs countrywide, adds to the harsh criticism. This review is aimed to demonstrate objectively that fair cooperation between public and private parties is critical in the development of murakabi firms.

The upstream line industry is dominated by national and multinational private corporations. The private group manages its strategy directly, through direct investment in producer industries, or indirectly, through stock market investment actions, and includes investors in government securities. According to the classical economics approach, this strategy is correct and must be implemented by the company's management in order for the company to dominate the market and the overall economy. They are required to continue to excel in competition; there are only two options: grow up or fall. As a result of this discussion, all large and well-established companies can be confident that their good corporate governance index is very high, and that their management competence is superior.

Why do SOEs appear too large to thrive in the face of national and global economic competition, causing management polemics to be counter-productive? Meanwhile, the national economy's power is eroding, and the power of private capitalists is growing to dominate the national economy. There is no single answer that all Indonesian citizens agree on. Because it has entered the realm of political democracy, where pragmatic participants are determined by their support for the ruling government regime. Only the economic constitution, which is also very abstract, can provide the truth of the answer. The brief analogical review that follows may serve as a starting point for further discussion.

The study by Trihatmoko and Susilo (2018a) is phenomenal for the international academic world, but not yet in Indonesia (Trihatmoko, 2020: The Implementation of the Murakabi Economy in a Time of Crisis). The VOEs management policy that has been implemented continues to follow neoliberal

murakabi private companies, because both people's positions are the same, namely Minor-majority.

The difference between bottom-up and top-down approaches is only for the murakabi's corporate strategy. Both follow the same economic murakabism principles. That is, the only difference is the pattern of establishing the principle of justice in the best interests of each shareholder participant. As a result, the top-down formulation of the share ownership pattern of murakabi companies also applies to all murakabi corporate groups, namely private company, ROEs, or VOs.

Strategic management in the murakabi corporation theory, which favors a top-down approach, such as the paradigm of a company with a conglomeration system, in which the upstream line or producers control the majority of the shares of the downstream line. However, conglomeration is incompatible with the constitutional economy, which is the main critic of murakabism. In response to this criticism, the Murakabi Corporation employs a top-down strategy. Only upstreams owned by the livelihood of many people or a group of people, namely micro, medium, and small businesses, cooperatives, and individuals as company vendors, are prioritized by the top-down approach. Such a top-down system can be interpreted in its economic constitution as intended by Article 33 (2) of the Republic of Indonesia's 1945 Constitution.

The conclusion is that the top-down and bottom-up strategies have similar thinking frameworks. Only the Minority subject distinguishes between bottom-up and top-down systems. The people or the public who act as suppliers or vendors of products to the company are the top-down subject, while the buyers and demanders of the company's products are the bottom-up. Top-down stock composition is more dominant than down-stream, whereas bottom-up stock composition is dominated by down-stream.

6.6 Discussion I

In the current digital and decentralization era, a group of people in their position as upstream is very implementable so that the company is murakabi for stakeholders. It is worthwhile for the Indonesian people to debate and reflect on the phenomenon of economic disruption, which affects the livelihoods of the lower classes. They require the assistance of government policies in order to participate in economic activities as intended by the murakabi economic system.

The top-down explanation is applicable to the following description of the phenomenon, which then becomes a murakabi economic initiative.

A large private startup company, namely the two-wheeled vehicle transportation service provider '*Ojek*,' formalized millions of previously informal workers. The presence of national or multinational startups is recognized and laudable in the Industry 4.0 era as a great entrepreneurial innovation. The political economy public, on the other hand, may sharply criticize this business pattern on the following points: (1) Informal or individual *Ojek* businesses provide 20% of their net income to 'company' operators. It is necessary to recalculate whether 20% is a reasonable margin in the transportation services industry ratio; (2) The income deposit is made upfront (in advance) so that they can work online. This means that the daily working capital paid by the working group (marginal) is donated to working capital or company liquidity (capitalist); and (3) the vehicle is entirely owned by the perpetrators of this transportation service, whether by credit or cash. As a result, the total infrastructure investment for transportation service providers is estimated to be in the trillions of rupiah, which is borne by the people for the success of these various companies, and without even a single share owned by these (marginal) workers.

The same applies to 'Taxi' services, regardless of whether the actors are individuals or groups with Taxi Cooperative business entities. Thousands of cooperative members were involved in a movement or demonstration against injustice at the time, which eventually failed. Almost all taxi drivers operate their vehicles through an online network of startup companies. Because they can no longer compete with the cooperative's system. This debate highlights the government's role as "mismanagement" in the constitutional economic system. Even though the essence of cooperative business reflects the implementation of the murakabi economy, purely family-based cooperatives have collapsed or even collapsed.

This discussion can lead to recommendations for implementing a top-down system for murakabi companies in order to fulfill the principles of economic justice in Indonesia. Individual *Ojek* service providers are shareholders in companies that provide business services. Taxi cooperatives that participate are given the opportunity to own company shares, or at the very least individual drivers, and they can still effectively become cooperative members. Individual

discussion for the formation of a murakabi company, whether through Private Corporations or ROEs. The potential of MSMEs pursuing *batik* is distributed across various regions in Indonesia, which is known as *Batik Nusantara* (Primantari & Trihatmoko, 2020).

There are technological limitations to the marketing of MSME products, such as *Batik* (Primantari & Trihatmoko, 2020), in terms of channel management (Trihatmoko & Novela Q.A., 2021). A large or medium-sized corporation must act as a distributor or in the capacity of a “Distributor” company to mediate the initiative solution for the group of MSMEs who are confined as shown in the example. The company's capability includes the ability to strategically manage product marketing on a national and international scale (Trihatmoko, Mulyani & Novela Q.A., 2020).

The 'formed' distributor company should be a murakabi corporation with a top-down strategy, according to the recommendation. Thousands of Batik MSMEs in a region can be empowered by various government policies, with the hope that their market efforts are formed and ready for distribution companies to operationalize. The distribution company's role can then be expanded as an input-output for product development, innovations and related services to respond to market needs and trends, such as the expansion of downstream *batik* products not only as clothing (garments) products but also as accessories for board/ housing and office needs, holiday/ celebration ornaments, and so on. Such ideas are not limited to *batik* products; there are many handicraft products based on local wisdom that can benefit from the *batik* review.

The establishment of a distribution center for specific MSME products has evolved into a strategic concept for enabling Indonesian MSMEs to advance more quickly into their target market. Local governments play an important role in collaborating with other ministries such as the Ministry of Cooperatives and MSMEs, as well as the Ministries of Trade, Industry, Tourism, and SOEs. Its successful implementation should become the goal of economic development, abandoning the conventional way of capitalistic liberalism in the discussion ahead, such as the experience of informal workers engaged in vehicle services.

The new distribution company, whether private or ROEs, is formed in a murakabi company pattern. In theory, the private company considers the Regional Government, along with MSME Vendors, to be a minor-majority. Meanwhile, the Regional Government's position as a major-minority if the

company's building is titled SOEs. The problematic background, which includes not only the issue of corporate governance and corporate management, but also the necessity for the government's political will as the shareholder of ROEs, deserves to be highlighted.

The murakabi corporate pattern provides an opportunity to demonstrate the case that most of these sugar plants may be revitalized into huge and powerful corporations. Murakabi prefers the organizational method of the political economic bureaucracy to the status of the firm being divested from the central government to the regions to become ROEs.

The premise is that instead of stalling or becoming a tourist attraction, the policy of supporting the agricultural sector in the local area will be effective once again. Another idea is to relocate the facility to a new location as a new factory or as a food downstreaming research and development center to replace the original factory, which has become a tourist attraction. Psychologically, the local government organizational management has new energy because the leadership of the local regional head changes on a regular basis. On the other hand, it must be understood that the management of the SOE's Sugar Factory company has become discouraged, due to the high operating and maintenance costs and the decreasing number of plantation land, seeing the company's days getting worse, stalling, and witnessing its death.

According to the focus of this case study, the initiative or effort to revive sugar factories with the concept of people's shares was presented at the Constitutional Court Session on May 2, 2018. Murakabi's ROEs from the cased sugar mill SOEs can be revitalized by making the local government a minor-majority shareholder in the company. Meanwhile, because these farmers are upstream parties, individual farmers of sugarcane, sap, sugar palm, and other sweetener products dominate other interests as vendors of factory raw materials. The strategic recommendation is to convert SOEs into Murakabi ROEs. However, if the central government wishes to keep the SOEs, the best option is SOEs Murakabi. As shown in Figure 6's explanation of SOEs using its theoretical approach. The two options are consistent with the spirit of the constitutional economy; thus, the sugar commodity (along with all kinds of other sweetener product variants) is a food sector that affects people's livelihoods from upstream to downstream.

In this context, there is discussion for industry in general, such as cassava and corn factories, as well as other plantation commodities. Farmers are the

sector's principals because they produce and become suppliers to manufacturing firms or essential workers for plantation companies. It is preferable to form new ROEs companies in the minority of companies in this sector. Private companies, as a minority, are given the freedom to become the main capitalists when adopting a murakabi economic system.

The economy's agro or agribusiness sector, as well as related other fields empowered by the grassroots, must be reorganized. During the harvest season, for example, farmers get certainty about the price of their products. In general, a recurring condition that never resolves itself, agricultural commodity prices tend to plummet during the harvest season. Because its ownership ensures economic stability for all company stakeholders, the murakabi company's role will be to control price justice.

6.9 Murakabi Corporation Go Public

The corporate shareholder structure pattern depicts the position of shares distributed to the Stock Exchange. Some positive feedback on this strategy includes:

- 1) The murakabi economy keeps the investment market open to the public, for both large and small economic groups. However, the number of shares is limited to between 5 and 10% of the murakabi company's total shares. Even if it has to be greater than that proportion, the limit differs greatly from the number of minor-majorities. The consideration is to avoid investment actions carried out by internal capitalist interests or those in the major-minority position.
- 2) The stock market is a tool for managing the general stability of a company's stock value. Most small owners (minor-majority shareholders) have access to monitoring at all times, so they are aware of the current value of the shares they own.
- 3) Go public companies tend to build excellent corporate governance. Companies that go public face stringent requirements from their governments to ensure that they are worthy of participating in the financial investment market.
- 4) If the majority minority party in a private company wants to sell all of its shares, the stock market can function temporarily. This means that they stop/ retreat for a variety of subjective reasons. However, no buyer is available to fill this position. In such cases, the government or SOEs

CHAPTER 7

CONCLUSION AND RECOMMENDATION

7.1 Conclusion

The identification of the study's findings suggests that government policies in implementing SOEs governance continue to be individualistic and capitalist in nature, implying that SOEs are in the flow of economic neoliberalism. The constitutional economy in 33/UUD/1945, on the other hand, directs that government and economic development in Indonesia are founded on kinship. This is likewise accommodated by Law 19/2003-SOEs. However, the SOEs statute allows for individual management of SOEs by the central government in a majority and the private sector in a minority. Until date, government policies have tended to be individualistic, resulting in the character of SOEs being similar to that of private business capital, namely capitalistic. This phenomena demonstrates, in a roundabout way, that the socioeconomic environment is in a state/symptom of the continuous liberalist economic system, or “Neoliberal Capitalism.” This result demonstrates that the government's policy in implementing the SOEs statute has been inconsistent with the highest constitutional mandate, namely 33/UUD/1945, which directs the socioeconomic environment through an economic murakabism approach.

The discussion and implications of the study's findings can lead to the following conclusion: the Indonesian economic constitution allows for the presence of murakabi corporations from large corporations. Nonetheless, murakabism requires the political will of the state's economy and the government regime in power to become an economic and administrative system. The murakabi economy appears to be a difficult choice, but a fundamental change would be preferable to surviving in a risky situation for the national economy's future.

The murakabi corporation builds the best good corporate governance, as well as being part of the management strategy, according to the next practical review. Every aspect of management becomes a strategic component of the murakabi corporation. Rather than relying on debt for capital, financial management strengthens and optimizes the company's capital structure. Production management and the supply chain are becoming more innovative,

action. Meanwhile, the door was open for the government to complete and revitalize the company with the murakabi corporation concept. During the COVID-19 pandemic crisis, the national airline ‘*Garuda Indonesia*’ was nearly bankrupt because it was unable to pay debts to partners or business partners. The company was saved along the way by the management's agreement with the company's partners for the payment delay. According to a theoretical financial analysis, deferring debt is a temporary financial therapy but not a long-term solution to the problem.

The example of the struggling SOEs serves as a reminder that many SOEs currently require money in addition to the strain of maturing debt. Another example is the state of infrastructure company "Toll Road," which among other things sold shares to pay off debt. The government is currently having financial issues when it comes to expanding its capital contribution, hence this financial management strategy policy was adopted. The government's efforts to establish an INA may be able to overcome SOEs financial problems, but risk management and strategies are difficult to meet its objectives from various perspectives. If INA's investment fails, it is difficult to find the person in charge because the risk is borne by the President as the direct leader of INA's management. This viewpoint can be analyzed from the standpoint of political democracy, as the presidential term of office is 5 years, and the INA is a sustainable business institution. Such political logic may deter investors from investing in INA, making it difficult for the company to grow financially. The state, on the other hand, is unable to continue investing in capital due to a large debt burden.

The analysis in this paper suggests that state capitalism's methods for managing cooperative SOEs should be clarified. The idea of SOEs with a murakabi corporate structure is advised. The capital structure of SOEs no longer relies on debt, but instead prioritizes ownership distribution from employees, cooperatives, communities, and local governments to national and multinational private parties. Naturally, the political will of the state is required in order to implement the SOEs-murakabi, in this case relying on a President who is in office. The highest reference, according to the Constitution, is Article 33 of the 1945 Constitution, which refers to the current SOEs statute. Due to the government's policy of selling its stock in several existing SOEs, the legislature must approve the constitutionalization of SOEs-murakabi.

Creation Law in 2021, will have an impact on the national and regional economies. Researchers in political economics and corporate governance are encouraged to conduct more research as an extension of SOEs governance, including its interaction with ROEs and VOEs in the national economic system. The results of future research are expected to contribute to providing track records of the development of the economic system and the national development from each period of the Indonesian government regime.

The economic constitution of Indonesia is the subject of the case study in this paper, yet neoliberalism and economic murakabism are global paradigms. Numerous chances exist for researchers from different regions of the world to conduct additional research on the economic paradigm that serves as a country's and the world's overall economic model. The best chance for the future is for scientists to conduct research on murakabi economics and socioeconomic studies so that it can develop into a fresh, comprehensive body of literature to advance the paradigm review and its theorization.

This qualitative research method gives room for in-depth examination of the current economic system. The economic theory method is related to the national and global focus on legal and political theory, state defense and security, social, cultural, anthropological, theological or religious, technology, and others. The focus of research in these scientific fields on each dimension of theory will enrich murakabi economics. The best research findings are expected to support the murakabi economic system's thinking while not ignoring constructive criticism and recommendations.

Using descriptive statistical methods, quantitative researchers can compare economic conditions in each country to the economy of Indonesia or other relevant countries. Furthermore, survey or experimental methods can be used to test the perspectives of theories in their scientific fields.

The findings of quantitative and qualitative research are expected to contribute to the debate over Neoliberalism (neoliberal capitalism), Marxism, and Murakabism approaches. It is difficult for a research team to bridge the gap between the two methodologies at the same time. Academics' consistency in developing murakabi economics in a sustainable manner is expected in the future. When the murakabi economy is applied and developed, the role of researchers is still required to carry out deepening. The greatest essence is very useful or contributes to a harmonious, peaceful, and people-centered national and global economic and political order.

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