International Journal of
Economics Development Research, Volume 6(4), 2025
pp. 1777-1796

Danantara, the SOE Superholding, and the Pillar of Indonesia's Economic Future?

Jerry Marmen Simanjuntak [1], Kevin Naufal Widyadhana [2]

Abstract:

The establishment of Danantara, Indonesia's state-owned superholding, represents a major milestone in public sector governance and economic transformation. With assets exceeding IDR 14,700 trillion, Danantara is designed to enhance the efficiency, competitiveness, and strategic asset management of state-owned enterprises (SOEs). By centralizing SOE governance under a unified entity, the government aims to foster operational synergies, improve financial performance, and attract foreign investment. This qualitative case study compares superholding models from Singapore, Malaysia, and Germany to identify the most appropriate framework for Indonesia. The findings suggest that a Hybrid Holding model—anchored in Governance, Risk, and Compliance (GRC) principles—offers the optimal balance between managerial autonomy and state oversight. This model integrates features of Investment Holding, Strategic Guidance Holding, and Strategic Control Holding, providing both decision-making flexibility and accountability to the state. Effective implementation of GRC strengthens transparency, risk mitigation, and regulatory compliance, all of which are critical to Danantara's long-term success. Despite its promise, Danantara faces several challenges, including political interference, legal ambiguity, and limited institutional capacity. Nonetheless, with comprehensive structural reforms, robust governance mechanisms, and consistent policy direction, Danantara holds the potential to become a transformative force in SOE restructuring—driving sustainable economic development, industrial advancement, and global competitiveness for Indonesia.

Keywords: *Danantara, Superholding; SOE Reform; Hybrid Holding; GRC; Public Sector Governance; State-Owned Assets; Good Corporate Governance; Institutional Reform, Sustainable Development*

Submitted: April 13, 2025, Accepted: May 10, 2025, Published: June 20, 2025

1. Introduction

State-Owned Enterprises (SOEs) play a highly strategic role in Indonesia's economy, serving as drivers of industrial sectors, providers of public services, and sources of state revenue. The establishment of the Investment Management Agency Daya

[1] *Universitas Pembangunan Nasional "Veteran" Jakarta, Indonesia.* jerrymarmens@upnvj.ac.id
[2] *Universitas Pembangunan Nasional "Veteran" Jakarta, Indonesia.* kevinnaufal@upnvj.ac.id

Anagata Nusantara (BPI Danantara) as Indonesia's largest SOE superholding is part of the national economic transformation strategy.

In January 2025, the launch of Danantara was postponed following directives from President Prabowo Subianto to ensure a solid regulatory framework as the legal and operational foundation. Danantara was officially launched on February 24, 2025, managing initial assets of approximately 900 billion USD, equivalent to IDR 14,700 trillion. This institution oversees all SOEs in Indonesia, including seven strategic SOEs: Bank Mandiri, BRI, BNI, Pertamina, PLN, Telkom, and Mind ID. Given its scale, Danantara is expected to optimize state asset management, enhance efficiency, accelerate development, and attract foreign investment.

As globalization challenges and economic competition intensify, the government continues its efforts to improve the efficiency and competitiveness of SOEs. One of the strategies developed is the implementation of the superholding concept—a management model that integrates various SOEs under a single parent entity to enhance synergy, asset optimization, and global competitiveness (Nachrawi, 2021). As part of this effort, the government initiated the establishment of the Investment Management Agency Daya Anagata Nusantara (BPI Danantara). This institution is designed as a superholding entity that will manage various strategic SOE assets with a more professional approach and a foundation of good governance. With more centralized management, operational efficiency is expected to improve, access to financing will become more optimal, and the financial performance of SOEs will be more stable and sustainable (Williamson, 2002).

As a strategic investment institution, BPI Danantara plays a crucial role in optimizing SOE dividends through asset management and restructuring the portfolio of state-owned enterprises. With a long-term investment approach, BPI Danantara can help enhance the operational efficiency of SOEs while ensuring sustainable dividends for the state. A critical aspect of this initiative is the implementation of Good Corporate Governance (GCG), which encompasses the principles of transparency, accountability, responsibility, independence, and fairness in managing state-owned enterprises (OECD, 2017). Additionally, fiscal policies must be adjusted to accommodate the new ownership structure and its impact on the state budget. Equally important, regulatory and legal frameworks must be strengthened to ensure sustainability and safeguard public and investor interests (Yan, 2020).

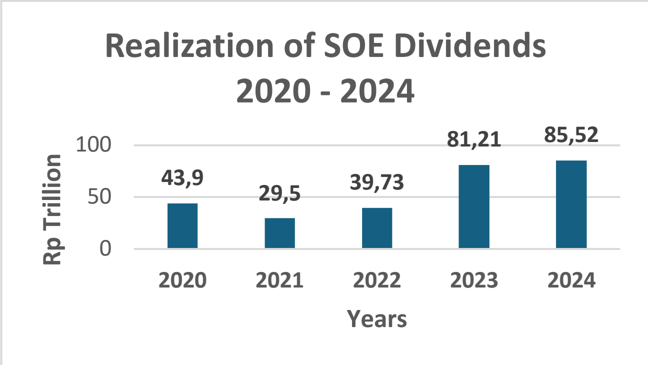

Figure 1. Realization of SOE Dividends 2020 – 2024
Source : www.bumn.go.id, (data processed, 2024)

Therefore, a comprehensive study on the benefits, challenges, and appropriate governance model for Danantara is crucial to ensuring its success in driving a stronger and more globally competitive national economy (Stiglitz, 2017). With the establishment of Danantara, overlapping functions can be integrated, complex bureaucratic processes can be reduced, and operational efficiency can be enhanced through greater economies of scale. This model enables a more strategic utilization of state assets, improves transparency, and ensures that SOEs can compete globally with a more adaptive and innovative structure.

Although Danantara offers significant potential in optimizing state asset management, several key challenges must be addressed. A report from the Ministry of SOEs indicates that more than 30% of SOEs have unhealthy debt ratios due to management inefficiencies and functional duplication among enterprises (Kementerian Badan Usaha Milik Negara, 2023). Additionally, (Transparency International, 2024) reported that Indonesia's SOE sector governance score remains lower than that of other ASEAN countries, particularly in terms of financial transparency and state asset management.

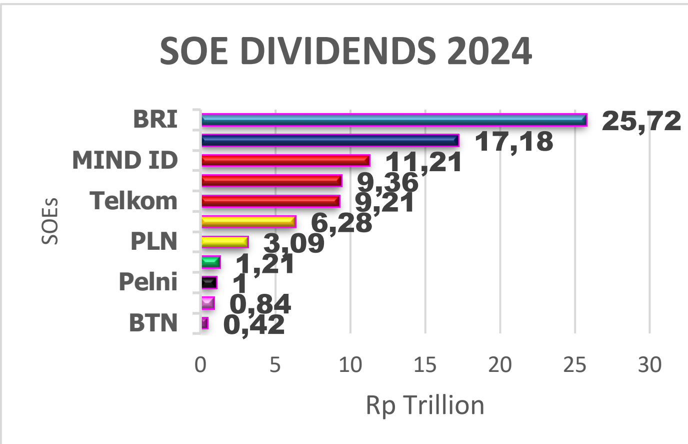

Figure 2. SOE Dividends 2024
Source : www.bumn.go.id, (data processed, 2024)

To ensure the successful implementation of Danantara, the adoption of Governance, Risk, and Compliance (GRC)-based governance is crucial. The application of technology-driven governance systems, independent audits, and adaptive regulations are key elements in ensuring the effectiveness of this superholding. Therefore, the research problem proposed in this study is: What is the most suitable superholding model for the Indonesian economic context? How can the implementation of GRC enhance the effectiveness and accountability of Danantara? What regulatory challenges could hinder the success of Danantara?

The objective of this study is to analyze the concept of superholding in SOE management and identify the benefits and challenges of Danantara's implementation. The research hypothesis is that the adoption of a GRC-based superholding model can improve the efficiency, transparency, and competitiveness of SOEs in Indonesia, while the lack of a strong regulatory framework and potential political intervention remain major obstacles to Danantara’s effectiveness.

2. Theoretical Background

State-Owned Enterprises Superholding

The concept of superholding is not a new innovation in the governance of state-owned enterprises. This model has long been implemented in various countries with the primary objective of enhancing the efficiency of state asset management and strengthening the competitiveness of government-owned enterprises (World Bank Publications, 2014). In international practice, countries such as Singapore, Malaysia, and Germany have successfully adopted this approach by establishing holding entities tasked with managing state-owned enterprise portfolios in a more integrated, professional, and performance-oriented manner. Some of the most prominent examples include Temasek Holdings in Singapore, Khazanah Nasional in Malaysia, and Kreditanstalt für Wiederaufbau (KfW) in Germany. Each of these institutions plays a strategic role not only in optimizing state assets but also in attracting global investment, accelerating innovation, and enhancing efficiency and transparency in the management of state-owned entities (Claessens et al., 2000).

The implementation of superholding has proven to strengthen coordination between business units, create efficiency in resource allocation, and increase coherence in investment strategies. A centralized structure allows decision-making processes to be more directed, based on holistic and evidence-based considerations (Megginson & Netter, 2001). Additionally, this model provides greater flexibility in accessing funding and establishing strategic collaborations with domestic and international investors. Singapore's experience with Temasek Holdings clearly demonstrates how a superholding can enhance the economic value of state assets and contribute significantly to national economic growth. Similarly, Khazanah Nasional in Malaysia has successfully increased the efficiency and competitiveness of state-owned enterprises across various strategic industrial sectors.

Beyond efficiency and funding flexibility, the superholding concept is also crucial for improving transparency and accountability. With centralized supervision and reporting systems, financial mismanagement and managerial inefficiencies can be significantly reduced. This model also strengthens public and investor confidence in state-owned enterprises, particularly through the application of Good Corporate Governance (GCG) standards. However, the implementation of this concept in each country presents different challenges, depending on regulatory readiness, institutional capacity, and the availability of human resources.

Holding Company Structures

In general, there are four main models of holding company structures classified by (Aguilar & Biondi, 2016). First, the Investment Holding model provides a high degree of autonomy to subsidiaries in strategic and operational decision-making. In this framework, the holding entity acts merely as an initial investor without direct involvement in daily management. This model is suitable for diversified business portfolios operating in unrelated sectors, especially if the subsidiaries already have mature governance systems. Nevertheless, strategic coordination remains necessary to ensure synergy and optimal value creation. Unlike the private equity approach, which focuses on an exit strategy, the Investment Holding model emphasizes long-term ownership to promote stability and sustainable growth.

The second model, Strategic Guidance Holding, establishes general strategic directions, financial targets, and governance principles while allowing subsidiaries the flexibility to develop their operational strategies in response to market dynamics. The holding company does not engage in daily operations but conducts regular performance evaluations to ensure continuous improvement and alignment with the overall corporate vision. This model is ideal for business groups that require swift adaptation at the business unit level and have a strong culture of governance and risk management. The success of this model depends significantly on the company’s ability to integrate accountability principles and effective performance monitoring systems.

The third model, Strategic Control Holding, grants the holding company control only over highly strategic aspects, such as capital structure, leadership appointments, and major investment decisions. This approach enables higher efficiency through standardized strategies, business processes, and centralized resource management. Through this strategic control, the holding company can maintain the consistency of the overall business group's development direction. However, this model tends to reduce the flexibility of subsidiaries in responding quickly to market changes. Therefore, the Strategic Control model is best suited for business groups with a high degree of interconnectivity among units and a strong need for synergy across different business lines.

Finally, the Operating Holding model adopts the most centralized approach, controlling not only strategic direction but also key operational aspects of all subsidiaries. In this model, the holding company plays a direct role in critical functions such as information technology, human resources, and financial management, while subsidiaries retain autonomy only in non-strategic functions. The primary objective of this model is to achieve maximum efficiency through integrated management, including centralized procurement processes and financial systems. While effective for homogeneous business units with uniform business processes—such as single-line production operations—this model is less ideal for companies requiring local innovation, high flexibility, or those operating in sectors with highly diverse market dynamics.

In the Indonesian context, the implementation of a superholding model through the establishment of Badan Pengelola Investasi Daya Anagata Nusantara (Danantara) represents a promising transformational step but is not without challenges. The launch of Danantara on February 24, 2025, marks a new era in state-owned enterprise management, backed by strong legal foundations, including Law No. 1 of 2025 on the Third Amendment to Law No. 19 of 2003 on State-Owned Enterprises and Government Regulation No. 10 of 2025 on the Organization and Governance of Danantara. Although the legal framework has been established, the application of the superholding concept in Indonesia still faces structural challenges, particularly in terms of adaptive regulatory readiness and governance systems that can ensure effectiveness and integrity (Kementerian Badan Usaha Milik Negara, 2023).

One of the key issues remains the lack of transparency and accountability in state asset management. Several studies indicate that the application of Good Corporate Governance (GCG) principles within Indonesian state-owned enterprises is inconsistent, particularly regarding financial disclosure and risk management (Nabilla & Suherman, 2024). Therefore, the adoption of the superholding model in Indonesia cannot merely replicate international practices but must also consider local characteristics, including bureaucratic complexity, overlapping institutional authorities, and political dynamics that influence decision-making independence.

Danantara itself faces several strategic risks that must be identified early to ensure its long-term effectiveness. First, political intervention could undermine management independence and distort strategic decision-making. A mitigation strategy could involve establishing an independent supervisory board consisting of private sector professionals, academics, and governance experts to maintain institutional neutrality and integrity. Second, asset distribution imbalances among state-owned enterprises could lead to inefficiencies in portfolio management. Regular evaluations and independent data-driven audits are necessary to ensure optimal state asset utilization. Third, regulatory uncertainty and potential policy overlaps could slow down Danantara's full implementation. Thus, the government must guarantee legal certainty by developing a consistent, adaptive, and cross-sectoral regulatory framework.

The application of Governance, Risk, and Compliance (GRC) principles is a crucial foundation in supporting Danantara’s success. Effective governance requires strong internal oversight systems, adherence to international standards such as the OECD Principles of Corporate Governance (OECD, 2023), and the involvement of independent actors in strategic decision-making processes (Siahaan et al., 2022). In terms of risk management, Danantara must develop an integrated and technology-based risk management system to detect and respond to strategic risks in a timely and measured manner. Meanwhile, the compliance aspect must ensure that all Danantara activities align with national regulations and international standards to prevent deviations and maintain institutional integrity. The GRC framework developed by the OECD and the World Bank emphasizes the importance of governance independence, information transparency, and accountability in every state asset management process. Therefore, a more in-depth and contextual study is needed to determine the most suitable superholding model for Indonesia. This model must integrate economic efficiency, governance integrity, and institutional flexibility that adapts to market dynamics and policy changes. Only through a holistic and data-driven approach can Danantara become a strategic vehicle that realizes state-owned enterprise reform and strengthens national economic resilience amid increasingly complex global competition.

3. Methodology

This research employs a qualitative approach with a case study method, chosen to examine the concept of superholding in the management of state-owned enterprises in-depth and within context. This approach is considered the most relevant as it allows researchers to explore the phenomenon comprehensively, taking into account the social, institutional, and policy dynamics surrounding the implementation of superholding in (Bougie & Sekaran, 2019).

Specifically, this case study is conducted through a comparative analysis of the practices and experiences of superholding implementation in three countries: Temasek Holdings in Singapore, Khazanah Nasional in Malaysia, and Kreditanstalt für Wiederaufbau (KfW) in Germany. The selection of these three countries is based on their relative success in managing state-owned enterprise portfolios efficiently and transparently through a holding structure. The analysis of each case study includes strategic elements such as institutional design, governance mechanisms, investment strategies, and the state's involvement in decision-making. By comparing these international practices, this research aims to identify key success factors and challenges faced, providing both conceptual and empirical foundations for implementing a superholding model in Indonesia that is more contextual and applicable.

Additionally, the case study approach is enriched with policy analysis focusing on the regulatory framework, strategic policies, and legal instruments issued by the Indonesian government in the restructuring process of state-owned enterprises. This approach seeks to examine the readiness of Indonesia’s legal and institutional systems in supporting the establishment of the State Investment Management Agency, Daya Anagata Nusantara (BPI Danantara), as a superholding. The policy analysis considers factors such as regulatory cohesion, cross-sector policy consistency, and political and institutional challenges that may affect the success of this structural transformation (Bougie & Sekaran, 2019).

The data sources used in this study are secondary and obtained through the collection of various types of documents and publications that are academically credible and relevant. These data include academic literature, previous research findings, scholarly journals, government policy reports, and publications from financial institutions and international organizations. The academic literature used encompasses theoretical and empirical studies on superholding, strategic management of state-owned enterprises, corporate governance of public entities, and institutional reforms in the public sector. Utilizing these sources not only strengthens the theoretical foundation of the research but also provides a global context for the issue being studied.

Meanwhile, the primary government policy reports referenced include regulations and policies directly related to the restructuring of state-owned enterprises, such as Laws, Government Regulations, and Ministerial Regulations governing the organization and governance of Danantara. These documents provide concrete insights into the legal instruments serving as the operational foundation for implementing the superholding model in Indonesia. By thoroughly analyzing these policies, the research can identify regulatory gaps, potential policy overlaps, and the necessity for cross-sector institutional harmonization.

Beyond theoretical and policy analysis, this study also integrates financial data analysis related to strategic state-owned enterprises planned to be part of Danantara. This data includes financial performance indicators such as profitability, liquidity, solvency, operational efficiency, and contributions to state revenue. The purpose of this analysis is to evaluate the economic feasibility of merging state-owned entities under Danantara’s umbrella and to identify potential cost savings, asset synergies, and economic value enhancement through the holding structure. This approach provides an empirical dimension crucial for assessing the sustainability and effectiveness of the superholding model.

By combining case study analysis, policy evaluation, and financial data assessment, this research is designed to provide a comprehensive, in-depth, and balanced perspective on the opportunities and challenges of implementing a superholding model for state-owned enterprises in Indonesia. This holistic methodological approach also enables the development of recommendations that are not only theoretically grounded but also practically relevant and aligned with the ongoing national economic transformation agenda.

4. Empirical Findings/Result and Discussion

Potential Benefits of Danantara
The implementation of the superholding model through the Daya Anagata Nusantara Investment Management Agency (Danantara) is believed to have immense capacity to structurally and systemically transform the ecosystem of State-Owned Enterprises (SOEs) in Indonesia. This strategy is designed not only to consolidate SOE entities under a single ownership umbrella but also to enhance managerial efficiency, strengthen competitiveness, and create greater economic value for the state. In the

context of globalization and increasingly intense economic competition, Danantara is expected to serve as a catalyst for progressive and far-reaching SOE reforms.

The first and most evident key benefit is increased efficiency and synergy between institutions. The integration of various strategic SOEs into a single holding entity will reduce institutional fragmentation, eliminate functional redundancies, and lower redundant operational costs. The superholding model enables cross-sector strategic coordination and a more systematic implementation of investment policies. As noted by (Chung et al., 2010), a professionally managed holding structure has been proven to enhance organizational cohesion and significantly improve managerial efficiency. This efficiency can also be achieved through the utilization of shared facilities, integration of procurement systems, and consolidation of administrative functions. Transparency and accountability in state-owned enterprises (SOEs) can be improved through regulatory frameworks, performance evaluation, and centralized ownership structures. It highlights that many Asian countries are making progress but still face challenges, such as weak audit systems and inconsistent reporting. Strengthening governance, professionalizing boards, and enhancing public disclosure are key recommendations for improving SOE performance and reducing fiscal risks (Park, 2021).

Furthermore, synergy through Danantara strengthens negotiation power with external parties. By consolidating business strength into a single holding entity, Danantara will be able to act as an aggregator in establishing strategic alliances with both domestic and international partners. This will enhance the leverage of state corporations in the global supply chain and increase opportunities for vertical and horizontal integration across various sectors.

The second strategic benefit is Danantara's ability to expand and strengthen access to cheaper, larger, and more stable funding sources. A superholding entity with a large-scale economy and a diversified portfolio has a lower risk perception in the eyes of investors. This will ultimately lower the cost of capital, open access to global capital markets, and strengthen institutional credit ratings. This has been demonstrated by Temasek Holdings, where Singapore's superholding entity has successfully attracted investments from global financial institutions at more competitive interest rates (Michaud & Ma, 2001).

With a strong financial position and credible governance, Danantara has the potential to achieve high credit ratings from international rating agencies. This will have a positive ripple effect on all SOE entities under its umbrella. Additionally, this approach aligns with national development financing strategies aimed at reducing dependency on the state budget. Countries that successfully consolidate SOEs through professional holding entities will have greater fiscal flexibility and resilience.

Robust funding will also enable Danantara to execute long-term strategic investments in priority sectors such as energy transition, digitalization, green technology, and connectivity infrastructure. Innovative financing schemes such as green bonds, sovereign wealth fund participation, and project-based investments can be more optimally accessed through a credible holding entity.

The third crucial benefit of Danantara is the optimization of state asset management. One of the structural weaknesses in SOE management has been the fragmented asset management approach, leading to an incomplete mapping of state assets. Danantara presents an opportunity to comprehensively conduct portfolio rationalization. Non-productive or non-strategic assets can be divested, consolidated, or privatized in a more structured and professional manner.

With a holding structure, Danantara will have the flexibility to restructure share ownership, divest non-core assets, and redesign corporate strategies based on economic value and contribution to national development goals. This approach aligns with the principles of economies of scale and economies of scope, where assets and resources can be allocated more efficiently based on optimal capacity and market direction.

A holding structure can reduce agency costs by aligning incentives between owners and management, thereby improving investment decision efficiency. This model also provides a more flexible framework for the government to evaluate SOE performance based on return on assets (ROA) and Economic Value Added (EVA), rather than merely administrative or historical metrics (Aivazian et al., 2005). Moreover, this asset management transformation can be seen as a step toward addressing sustainable development agendas by paving the way for the adoption of sustainable development strategies. Through the superholding model, Danantara can play a central role in accelerating energy transition and implementing Environmental, Social, and Governance (ESG) principles. State asset management will no longer be short-term oriented but directed towards creating long-term, inclusive, and sustainable value.

The OECD emphasizes the importance of strengthening the role of SOEs in transitioning to a low-carbon economy, including investments in renewable energy, green infrastructure, and intelligent transportation systems (Prag et al., 2018). With strong financial scale and institutional authority, Danantara will become a key vehicle for aligning national fiscal policies with sustainable development and net zero emission targets.

Furthermore, the World Economic Forum notes that holding institutions with ESG-based governance will receive preference from global investors (Moynihan & Schwab, 2020). This means that transforming Danantara into an ethical, transparent, and sustainability-oriented entity is not just a normative requirement but a strategy to enhance access to global capital.
From a strategic relevance perspective in the national context, Danantara's potential benefits become even more relevant in light of fiscal pressures, global economic slowdowns, and the need to respond to technological disruptions and climate change. Indonesia faces the challenge of reducing dependence on public financing while improving investment efficiency and the competitiveness of strategic industries.

By establishing a strong superholding entity, the government is not only streamlining the SOE structure but also creating an alternative fiscal instrument that can support national development more sustainably. Amid fluctuating geopolitical and economic dynamics, having an institution like Danantara will strengthen Indonesia's strategic position at both global and regional levels.

Implementation Challenges

Although the superholding model through the Daya Anagata Nusantara Investment Management Agency (Danantara) promises various strategic benefits for transforming Indonesia's State-Owned Enterprises (SOEs), its implementation is not without obstacles. The success of this model largely depends on the state's ability to anticipate and manage a number of complex structural, systemic, and institutional challenges. Generally, these challenges can be categorized into three main areas: (1) regulatory and governance aspects, (2) risks of monopoly and conflicts of interest, and (3) institutional and human resource readiness (Chung et al., 2010). These three challenges are interrelated and could amplify each other's impact if not comprehensively addressed.

Regulatory and governance aspects form the foundation that determines the success of Danantara's implementation. The superholding model requires a legal framework that is not only clear and firm but also progressive and adaptable to market dynamics. Without adequate regulatory support, the risk of political interference in business decision-making is high. This could create market distortions, hinder operational flexibility, and reduce public accountability.

(Habir, 2021) emphasizes that structural reforms such as superholding can only succeed if accompanied by institutional guarantees for operational independence and transparent management. In the Indonesian context, existing regulations—including Law No. 1 of 2025 and Government Regulation No. 10 of 2025—still need continuous review and refinement. Regulatory harmonization among institutions such as the Ministry of SOEs, the Ministry of Finance, and the Financial Services Authority (OJK) is crucial in creating a coherent and harmonious institutional framework.

Moreover, corporate governance mechanisms must also be strengthened to ensure that Danantara is managed professionally, without interventions that contradict business efficiency principles. A system of accountability must be designed, involving periodic external and internal audits, regular public reporting, and management performance evaluations based on objective Key Performance Indicators (KPIs). Transparency in decision-making and resource allocation will be key indicators of Danantara's governance success.

The consolidation of strategic SOEs under a single superholding entity like Danantara carries the consequence of concentrating economic power on a large scale. The risks of market dominance, covert monopolistic practices, or even conflicts of interest in managing key sectors must be carefully monitored. If not strictly regulated, Danantara could become an entity that is excessively powerful both politically and economically, potentially hindering the development of a healthy and competitive market.

The OECD warns that an overly dominant holding structure without regulatory safeguards could experience regulatory capture, a situation where public oversight is weakened due to the economic power of the entity itself (OECD, 2017). In Indonesia, this risk is highly relevant, particularly in sectors such as energy, banking, and telecommunications, which have historically been dominated by SOEs in an oligopolistic market structure.

To mitigate this, the presence of a strong and independent competition authority, such as the Business Competition Supervisory Commission (KPPU), is essential—not just in a reactive capacity but also in proactively evaluating the impact of SOE consolidation. Mechanisms such as Chinese Walls, independent audits of procurement practices and business contracts, and the mandatory separation of regulatory and operational functions are important tools for maintaining market neutrality and fairness.

Beyond external oversight, Danantara itself must adopt the firewall governance principle, ensuring a clear separation between the government's strategic role and business operations. This institutional measure will help minimize conflicts of interest between the state's role as an owner and as a regulator.

The third challenge, which is equally crucial, lies in institutional readiness—both in terms of organizational structure, digital infrastructure, and human resource capabilities. Managing a superholding entity cannot be done using conventional bureaucratic approaches. It requires an adaptive organization, responsive to market dynamics, and capable of professionally managing a diversified asset portfolio.

The complexity of managing a holding entity like Danantara necessitates an integrated technology-based management system. This includes real-time financial data management, analytics-based portfolio evaluation, and a performance dashboard accessible to key stakeholders (Rangasamy et al., 2023). The use of an integrated corporate information system is a primary requirement for establishing modern and efficient holding governance.

However, technology alone is insufficient without adequate human resource capacity. Expertise in corporate finance, strategic management, risk management, information technology, and international governance must be prioritized for development. Danantara's workforce must not only understand the characteristics of different SOE industries but also be able to build a professional work culture that is results-oriented and innovation-driven.

Therefore, the government must prepare a comprehensive human resource capacity-building strategy, including executive training, management certifications, and international collaboration programs with global education and training institutions. Establishing a professional risk management unit and a digital transformation unit within Danantara's structure should also be regarded as a strategic agenda that cannot be postponed.

Addressing the implementation challenges of Danantara requires more than just policy directives. It demands cross-sectoral commitment, including legal reforms, institutional capacity strengthening, and the boldness to establish an independent oversight system. If the three main challenges—regulatory and governance issues, monopoly risks, and institutional readiness—are managed holistically and sustainably, Danantara has the potential to become not only an efficient superholding entity but also a new pillar in Indonesia's economic development architecture that is competitive and sustainable.

The Urgency of GRC for Danantara

The institutional transformation of a state-owned enterprise (SOE) superholding through the establishment of the Daya Anagata Nusantara Investment Management Agency (Danantara) requires not only a strong institutional design and legal structure but also the prerequisite of sound, responsive, and long-term-oriented corporate governance. In this context, the Governance, Risk, and Compliance (GRC) approach is a strategic necessity that cannot be compromised and must serve as the fundamental foundation for every aspect of Danantara's management. The implementation of GRC is not merely an administrative response to regulations but a strategic framework that integrates the principles of good governance, measurable risk mitigation capabilities, and regulatory compliance into a sustainable and adaptive system. Without GRC, the superholding model risks becoming a new source of inefficiency, conflicts of interest, and corporate power abuse.

The first and most fundamental pillar of GRC is Good Corporate Governance (GCG). The application of GCG principles—such as transparency, accountability, independence, responsibility, and fairness—alongside recognized governance standards (e.g., ISO 3100:2021, PER-2 BUMN 2025, and various OJK regulations on governance) must be embedded in Danantara's institutional DNA. GCG acts as a safeguard against structural deviations and potential political interventions that are misaligned with economic efficiency principles. To ensure accountability and objectivity, it is essential for the government to establish an Independent Supervisory Committee consisting of credible figures, such as academics, professionals, and civil society leaders, who possess high integrity and the capacity to oversee strategic decision-making without political interference. This committee will also function as a checks and balances mechanism to monitor management practices, audit investment decisions, and evaluate organizational performance objectively and periodically. In an era of information transparency, financial reporting and conflict of interest disclosures must be made publicly accessible and available to stakeholders. Effective governance not only strengthens public trust but also enhances Danantara's reputation in the eyes of global investors and international financial institutions.

The second pillar of GRC is integrated and data-driven risk management. As a superholding, Danantara will oversee a vast and complex portfolio of state assets across multiple sectors. Therefore, risk management systems must be developed comprehensively, covering financial, operational, reputational, legal, and long-term strategic risks. The implementation of Enterprise Risk Management (ERM) powered by technology is essential. This ERM system must be capable of early risk identification, comprehensive risk mapping, and scenario-based mitigation strategies. Additionally, Danantara must develop and institutionalize a risk appetite framework that defines the organization's acceptable risk levels in alignment with its public mandate. Failure to manage risks at the holding level will have systemic consequences, not only affecting the performance of its SOE subsidiaries but also impacting national fiscal stability. Therefore, risk management must be positioned as a strategic function rather than an administrative one. Regular independent risk audits, following established standards such as ISO 31000:2018 and relevant Indonesian risk regulations, will provide validation of risk control strategies and improve the quality of managerial decision-making.

The third core pillar of GRC is compliance with regulations. In the context of Danantara, compliance should not be limited to domestic regulations but must also align with globally recognized standards such as IFRS (International Financial Reporting Standards) for financial transparency, GRI (Global Reporting Initiative) for sustainability reporting, and ISO 37301:2021 for compliance management systems. In the superholding model, compliance should not be perceived as a bureaucratic burden or a mere formality. Instead, it must be integrated into business strategy and organizational ethics. All organizational elements must instill a culture of compliance with legal and ethical norms as part of daily business processes. By doing so, Danantara will not only avoid legal sanctions but also gain stronger social legitimacy. Companies that internalize ethical values within their corporate culture enjoy sustainable competitive advantages by effectively managing reputation, stakeholder loyalty, and operational risks (Kaptein, 2008).

GRC-Based Hybrid Holding Model

In addressing the complexity of the national economic structure and the increasingly dynamic and unpredictable global landscape, Indonesia requires the most relevant institutional model—one that not only manages state assets efficiently but also ensures public accountability, modern governance, and long-term competitiveness. In the context of establishing Danantara as a state-owned enterprise (SOE) superholding, the most adaptive and contextual institutional approach is the Hybrid Holding Model based on the principles of Governance, Risk, and Compliance (GRC).

This model represents a synergistic integration of three key approaches in modern holding company architecture: Investment Holding, Strategic Guidance Holding, and Strategic Control Holding. This combination not only leverages the strengths of each model but is also designed to address the structural weaknesses inherent in applying any single approach in isolation.

Comparative studies on superholding practices in various countries highlight that institutional approaches are not a one-size-fits-all solution. Instead, they must be tailored to each country's unique political, social, and institutional characteristics. For instance, Temasek Holdings in Singapore adopts a pure Investment Holding approach, granting full autonomy to portfolio companies and avoiding government intervention in operational decision-making. This model is effective in a context of strong state institutions, a well-established legal system, and an efficient bureaucratic culture.

On the other hand, Khazanah Nasional in Malaysia employs a Strategic Guidance Holding model, where the government remains a central actor in setting macroeconomic policies and development priorities while allowing professional management teams operational flexibility. In Europe, Germany's KfW integrates its institutional role as a development bank and a fiscal policy instrument for financing national strategic projects.

While these models have been successful within their respective contexts, they may not be fully compatible with Indonesia's institutional structure and governance challenges. Given the high degree of bureaucratic overlap, fiscal pressures, and public demands for transparency, a more contextual and adaptive approach is essential. The GRC-Based Hybrid Holding Model offers the most relevant institutional solution for Danantara by combining the strengths of government strategic control with managerial flexibility.

Structural Foundation of the GRC-Based Hybrid Holding Model

This model integrates three primary approaches simultaneously:

1. *Investment Holding:* Grants high autonomy to SOEs to grow according to market dynamics, particularly in non-interconnected sectors. The holding's role is limited to share ownership, portfolio performance monitoring, and value-added facilitation, without operational intervention. This approach promotes efficiency, innovation, and pure business accountability.
2. *Strategic Guidance Holding:* In this approach, Danantara has the authority to set national development visions, sectoral strategic policies, and major asset portfolio allocations. However, operational execution remains in the hands of professional management, guided by measurable performance evaluations and results-oriented oversight.
3. *Strategic Control Holding:* Limited but critical control is applied to strategic aspects such as capital structure, key management appointments, and large-scale investment decisions. This mechanism ensures strategic cohesion across SOEs while preserving operational flexibility for each entity.

Institutional Strengthening Through an Integrated GRC Framework

The key advantage of this model lies not only in its organizational structure but also in the integration of Governance, Risk, and Compliance (GRC) principles into Danantara's corporate management cycle:

1) ***Governance***: Good Corporate Governance (GCG) principles are implemented comprehensively, with a clear division of roles between government shareholders, an independent supervisory board, and professional management. The supervisory board must be autonomous and composed of multidisciplinary experts, including academics, industry practitioners, and civil society representatives. Open reporting systems, conflict-of-interest disclosures, and periodic audits enhance transparency and public legitimacy.

2) ***Risk Management***: A risk management system is developed under an Enterprise Risk Management (ERM) framework, leveraging data and technology. Strategic, operational, financial, legal, and reputational risks are mapped through an integrated risk dashboard and mitigated via multi-layered monitoring mechanisms. Regular risk evaluations by independent institutions ensure adherence to prudential principles and corporate sustainability.
3) ***Compliance***: Danantara and all its subsidiaries must comply with both domestic regulations and international standards such as IFRS, GRI, and ISO 37301:2021. Compliance is not treated as a mere administrative burden but as a strategic instrument for building corporate reputation, market credibility, and long-term sustainability.

Multi-Layered Structure: Classification of SOEs Based on Strategic Functions
This multi-layered structure classifies SOEs into three main categories based on their function and strategic value:

1) Core SOEs: These entities perform vital functions such as energy security, national financial stability, and public services. Examples include PLN, Pertamina, Bank Mandiri, and BRI. These SOEs operate under strict supervision by Danantara and serve as pillars of economic resilience with a focus on public value creation, service consistency, and policy continuity.
2) Growth-Oriented SOEs: These are companies with high expansion potential and contributions to long-term economic growth. Examples include Telkom, Jasa Marga, Mind ID, and Garuda Indonesia. Managed professionally with high autonomy, these entities still adhere to GRC-based Key Performance Indicators (KPIs) and oversight mechanisms. Their role is to drive innovation, digital transformation, and global competitiveness.
3) Non-Core SOEs: These are low-strategic-contribution entities that may undergo restructuring, consolidation, or be operated through Public-Private Partnership (PPP) schemes. The goal is to reduce fiscal burdens and enhance the efficiency of underutilized state assets. Selective privatization is encouraged under a transparent, accountable regulatory framework.

Classification Structure of SOEs in the GRC-Based Hybrid Holding Model

Category	Key Characteristics	Examples of SOEs	Management Strategy	Strategic Objectives
Core SOEs	- Performing vital functions in the national economy - Having a significant impact on energy security, financial stability, and basic public services	PLN, Pertamina, Bank Mandiri, BRI	- Directly supervised by Danantara - Governed by strict and multilayered oversight - Protecting public interest - Mandated based on	- Maintaining macroeconomic stability - Ensuring access to and quality of basic services - Supporting the sustainable development agenda

	- Systemic in nature		national mission	
Growth-Oriented SOEs	- Possessing global expansion potential and high economic value-added - Operating in a competitive and dynamic sector - Acting as a driver of new economic growth	Telkom, Jasa Marga, Mind ID, Garuda Indonesia	- Professionally managed with KPI systems and performance-based contracts - High managerial flexibility - Promoting innovation and operational efficiency	- Enhancing global competitiveness - Creating economic and financial value - Driving technological innovation and digital transformation
Non-Core SOEs	- Not having a national strategic function - Low contribution to economic resilience or public services - Many have become fiscal burdens	Various small and non-strategic state-owned enterprises (SOEs)	- Restructuring, consolidation, or privatization - Strategic partnerships through Public-Private Partnership (PPP) schemes - Regular portfolio evaluation	- Reducing the burden on the state and regional budgets (APBN/APBD) - Improving efficiency in state asset management - Encouraging investment and private sector involvement

The organizational structure within the GRC-based Hybrid Holding model supports the process of portfolio rationalization—a strategic approach recommended by the (Adebayo, 2025) as part of the global state-owned enterprise (SOE) reform framework. The primary objective of this approach is to avoid the fragmentation of state assets, prevent fiscal waste due to functional duplication or structural inefficiencies, and maximize the long-term economic value of strategic state-owned assets.

The proposed GRC-based Hybrid Holding model for Danantara is not merely a compromise between state control and market mechanisms, but rather a systematic, adaptive, and forward-looking institutional design. This model integrates the strengths of market discipline—by granting managerial autonomy to SOE business entities—with strategic state oversight, executed through a governance system that is accountable, transparent, and risk-based.

Through the consistent and comprehensive implementation of Governance, Risk, and Compliance (GRC) principles, Danantara has the potential to evolve into a modern superholding institution—one that is not only efficient and competitive in the global business landscape, but also ethical, socially responsible, and resilient in the face of systemic crises.

In the context of a global environment marked by economic disruption, accelerated digital transformation, and the growing urgency of sustainability, this institutional model enables Indonesia to position Danantara as a symbol of national governance maturity. Beyond that, Danantara can also serve as a key catalyst for driving structural reform in the public sector, by strengthening institutional efficiency, the competitiveness of state corporations, and the integrity of national asset management. Therefore, the GRC-based Hybrid Holding model represents the most rational, strategic, and sustainable institutional choice to address Indonesia's long-term economic development challenges.

5. Conclusion

The establishment of Danantara as a state-owned enterprise (SOE) superholding marks a strategic step in the institutional transformation of Indonesia's economy. In addressing structural complexity, fiscal pressures, and the demand for more efficient state asset management, the most relevant and contextual model to adopt is the Hybrid Holding based on the principles of Governance, Risk, and Compliance (GRC). This model integrates the strengths of three main approaches—Investment Holding, Strategic Guidance Holding, and Strategic Control Holding—to strike a balance between managerial autonomy and strategic state control.

The application of GRC serves as the foundational pillar for the success of this model. Governance, through the principles of Good Corporate Governance, ensures accountability and transparency; integrated risk management supports institutional resilience; and active compliance with both domestic regulations and international standards enhances institutional legitimacy. Within a multilayered structure that classifies SOEs into core, growth, and non-core categories, Danantara can implement an adaptive, value-based portfolio strategy aligned with national development goals.
This study also highlights several challenges that may hinder the effectiveness of Danantara, including regulatory uncertainty, risks of political interference, and limitations in institutional and human resource capacity. Therefore, comprehensive institutional reforms are essential—encompassing regulatory harmonization, the strengthening of independent oversight systems, capacity building in managerial competencies, and the digitalization of business processes. If implemented consistently and with integrity, Danantara has the potential to become a key catalyst for SOE reform, enhancing national competitiveness and positioning Indonesia to better face global economic challenges and sustainable development agendas.

This research opens opportunities for further studies to empirically examine the effectiveness of GRC implementation in improving the efficiency, transparency, and competitiveness of SOEs under Danantara. Comparative studies with superholding models in other developing countries such as Brazil, India, and South Africa could enrich institutional perspectives. Political economy analyses regarding the risks of intervention, as well as assessments of regulatory readiness and digital infrastructure, are also crucial to evaluate governance sustainability. Moreover, ESG-based research can reveal how Danantara integrates economic efficiency with the sustainable development agenda.

References:

Adebayo, A. (2025). Conceptualising (corporate) governance in state-owned enterprises: A research agenda. *International Journal of Organizational Analysis*.

Aguilar, O., & Biondi, J.-E. (2016). *Three steps to sustainable and scalable change*. Deloitte Development LLC.

Aivazian, V. A., Ge, Y., & Qiu, J. (2005). The impact of leverage on firm investment: Canadian evidence. *Journal of Corporate Finance, 11*(1–2), 277–291.

Bougie, R., & Sekaran, U. (2019). *Research methods for business: A skill building approach* (8th ed.). John Wiley & Sons.

Chung, K. H., Elder, J., & Kim, J.-C. (2010). Corporate governance and liquidity. *Journal of Financial and Quantitative Analysis, 45*(2), 265–291.

Claessens, S., Djankov, S., & Lang, L. H. P. (2000). The separation of ownership and control in East Asian corporations. *Journal of Financial Economics, 58*(1–2), 81–112. https://doi.org/10.1016/S0304-405X(00)00067-2

Habir, M. T. (2021). *Indonesia's first sovereign wealth fund (INA): Opportunities and challenges*. ISEAS Yusof Ishak Institute.

Kaptein, M. (2008). Developing and testing a measure for the ethical culture of organizations: The corporate ethical virtues model. *Journal of Organizational Behavior, 29*(7), 923–947.

Kementerian Badan Usaha Milik Negara. (2023). *Peraturan Menteri Badan Usaha Milik Negara Nomor PER-2/MBU/03/2023 tentang pedoman tata kelola dan kegiatan korporasi signifikan badan usaha milik negara (PER-2/MBU/03/2023)*. https://www.peraturan.go.id

Megginson, W. L., & Netter, J. M. (2001). From state to market: A survey of empirical studies on privatization. *Journal of Economic Literature, 39*(2), 321–389.

Michaud, R. O., & Ma, T. (2001). *Efficient asset management: A practical guide to stock portfolio optimization and asset allocation*. *The Review of Financial Studies, 14*(3), 901–904.

Moynihan, B., & Schwab, K. (2020). *Measuring stakeholder capitalism: Towards common metrics and consistent reporting of sustainable value creation*.

Nabilla, & Suherman. (2024). Tata kelola BUMN berdasarkan prinsip good corporate governance. *Jurnal Kertha Semaya, 12*(2), 207–225. https://doi.org/10.24843/KS.2024.v12.i02.p16

Nachrawi, G. (2021). *BUMN sebagai usaha pemerintah menuju kesejahteraan rakyat: Tinjauan filosofis, sosiologis, politis dan yuridis*. CV Cendekia Press.

OECD. (2017). *The size and sectoral distribution of state-owned enterprises*.

OECD. (2023). *G20/OECD principles of corporate governance 2023*.

Park, C.-A. (2021). Enhancing the transparency and accountability of state-owned enterprises. In *Reforming state-owned enterprises in Asia* (pp. 21–39). Springer.

Prag, A., Röttgers, D., & Scherrer, I. (2018). *State-owned enterprises and the low-carbon transition* (OECD Environment Working Papers No. 129). OECD. https://doi.org/10.1787/06ff826b-en

Rangasamy, S., Rajamohan, K., Janardhanan, A. K., & Manu, K. S. (2023). The role of financial analytics in decision-making for better firm performance. In *Analytics enabled decision making* (pp. 136–169). Springer Nature Singapore.

Siahaan, M., Suharman, H., Fitrijanti, T., & Umar, H. (2022). Will the integrated GRC implementation be effective against corruption? *Journal of Financial Crime, 30*(1), 24–34.

Stiglitz, J. E. (2017). *Globalization and its discontents revisited: Anti-globalization in the era of Trump*. W. W. Norton & Company.

Transparency International. (2024). *Corruption perceptions index 2024*.

Williamson, O. E. (2002). The theory of the firm as governance structure: From choice to contract. *Journal of Economic Perspectives, 16*(3), 171–195.

World Bank Publications. (2014). *Corporate governance of state-owned enterprises: A toolkit*. World Bank.

Yan, Y. (2020). Anti-corruption provisions in international investment agreements: Investor obligations, sustainability considerations, and symmetric balance. *Journal of International Economic Law, 23*(4), 989–1013.