

The Concept of Indonesia Raya Incorporated Conforms the Constitution of Economics: Studies of Grounded Theory on State Asset Ownership Management

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Abstract

The phenomenon regarding the emersion of the idea of Indonesia Raya Incorporated (IRI) is interesting to be the references in economic policy studies. This study aim to reveal and interpret the management of state asset ownership as a proposal on the IRI approach. This research used qualitative method, designed with grounded theory approach and constructivism philosophy. Data collection was obtained from the results of Focus Group Discussion (FGD) of economists from various universities. The results reveal that: (1) The gap on state asset ownership by state-owned enterprises (BUMN), regional government-owned enterprises (BUMD) and private sector as a result of economic liberalization is the antecedent of the emergence of the idea about IRI; (2) IRI encourages changes in the legislation for new economic policies; (3) The new economic policy, in form of IRI eliminates the gap in state asset ownership by BUMN, BUMD and private sector; (4) The gap on state asset ownership by BUMN, BUMD, and private sector will determine the prospects of society welfare level and economic sovereignty, and finally lead to the integrity of the Unitary State of the Republic of Indonesia. It is generally concluded that IRI which is

proposed in the management of state asset ownership has fulfilled the economic constitution.

Keywords: Indonesia Raya Incorporated (IRI), Economic Constitution, Management of State Asset Ownership, State-Owned Enterprises (BUMN and BUMD), Economic Policy

1. Introduction

The description of economic constitution deals with political and social constitution. Economic constitution is a constitution which contains policies in economic field (Asshiddiqie, 2016). It is mentioned by Asshiddiqie (2016, p.77) that the intended policies stated that the state regulates economic policy related to the provision of state ownership, as well as the wealth of energy, natural resources and minerals, including other matters related to economic policy itself. This research topic raises the ownership management of natural resources for energy and minerals (oil and gas, and minerals and coal) by the State Government of Indonesia.

Currently, state asset ownership management is relatively limited or untapped into academic research topics by previous researchers. Meanwhile, in its development, the various economic policies that have been established or the policies designed by each government regime need to be examined whether it is appropriate or not in accordance with the economic constitution. The idea of changing the mechanism of the ownership of energy-related state assets such as oil and gas has been proposed by Prabantoro (2014). Through the book of *Migas The Untold Story* (Prabantoro, 2014, p.121-16) proposes a concept called Indonesia Incorporated. Departing from this idea, the use of the term began to be introduced into Indonesia Raya Incorporated (IRI).

IRI is conceptually proposed as a strategic policy proposal for the government through the revitalization process of State-Owned Enterprises (BUMN) as has been widely reported through the media in recent times (click Indonesia Raya Incorporated). The proposed revitalization form is to unify or incorporate business between BUMN and Regional-Owned Enterprises (BUMD). Furthermore, the concept of IRI has been matured in various discussion forums organized by the Yayasan Gerakan Ekayastra Unmada Semangat Satu Bangsa. This forum is set up in the form of Focus Group Discussion (FGD) which includes academics from various universities in Indonesia. Meanwhile, in the content of mass media publications have not illustrated the constructionism of the emergence of the IRI. Therefore, revealing the concept of IRI in the perspective of state assets ownership management is the originality of this research.

The author's search results through print and online media have identified that the concept of IRI becomes an interesting phenomenon to be used as a reference policy for state asset management related to natural resources. In fact, the Presidential Advisory Council of Indonesia has opened the door for discussion with several delegates from the IRI expert team. The spirit to socialize the IRI is intended by these academics to provide inputs for economic policy makers in Indonesia and to improve public understanding of IRI. These inputs and insights are done from a pragmatic point of view in order for IRI to be part of the economic policy design in Indonesia. The problem is how and why does the IRI concept need to be

implemented as part of the state asset ownership management?

This study aims to reveal and interpret the management of state asset ownership as a proposal of Indonesia Raya Incorporated (IRI) approach, so that the focus of research leads to: (1) Identify and describe the concept of IRI related to economic constitution and state asset ownership; and (2) Conceptually illustrate the management of state asset ownership using the IRI concept approach.

The results of this study are expected to contribute theoretically and practically in Indonesian economic system. Including for other countries in accordance with their economic constitution related to state-owned enterprises in the country. Academics can utilize theoretical results of this research as a reference in the development of science about economic system and economic constitution. The concept constructed from the results of this study can be practically used by economic policy makers in applying state asset ownership management. Furthermore, the concept and theory of state asset ownership management that is successfully built in this paper is expected to be followed up as a foothold of future research.

2. Literature Review

It has been explained in the introduction that the concept of IRI is a new thought. In 1979, E. Vogel first introduced the term Japan Incorporated published in his book titled *Japan As Number One* (Prabantoro, 2014). The concept of IRI basically wants to ensure that state assets in oil and gas sector must be managed incorrectly between BUMN and BUMD. Therefore, IRI is conceptualized in the form of the unify between BUMN and BUMD for natural resource management of oil and gas sector nationally. Limited to the study concerning with IRI, then the form of argumentation related to the emergence of the IRI concept will be revealed through this research.

All things related to state asset ownership management can not be separated from the economic constitution. Indonesia's economic constitution is governed by the mandate, declared in Article 33 of The 1945 Constitution of the Republic of Indonesia (Pasal 33 UUD NRI 1945), stated that: (1) Section 2, Production branches that are important to the state and which affect the livelihood of the people are controlled by the state; and (2) Section 3, Earth and water and natural resources contained therein are controlled by the state and used for the greatest prosperity of the people. The implementation of the economic constitution mentioned, philosophically is a form of the 5th principle Basic State of Pancasila, namely: Social Justice for All Indonesians.

State asset ownership management began to emerge in late 2016, after the Minister of Finance Republic Indonesia established an institution named the State Asset Management Institute (LMAN). In the meantime, LMAN is not a manager for all state assets, but only as a fund manager of the State Budget (APBN) for infrastructure development, in particular, land acquisition of toll roads and river dams. Thus, the perspective of this paper is as the recent extension of state asset ownership management especially concerning with the governance of all natural resource assets governed by the economic constitution.

Ismail, Santoso and Yustika (2014) identify that state ownership is conducted for the benefit of the community, as well as public ownership. State ownership means that the state has full authority to grant or impair an individual or institutional in the use or the enjoyment of state property. In contrast, the state has no authority over assets in public ownership. Limited to the study of state assets ownership, this study will reveal the position of IRI in the management of state asset ownership.

This research is explorative, aiming to build a theory and a concept of state asset ownership management through a very limited literature review. Therefore, theoretization and conceptualization process allows for further discussion with the literature apart from some of the above literature, after the research results are obtained (Fatchan, 2011).

3. Methods

The research used qualitative methods designed with grounded theory approach and social constructivism philosophy (Proctor, 2005, Jonker and Pennink, 2010; Creswell, 2009, Saldana, 2011; Creswell, 2013; Hammersley, 2013; Gupta and Awasthy, 2015; Taylor, Bogdan and DeVault, 2016; Kalu and Bwalya, 2017). The incorporation of philosophical theories and assumptions is a type of constructivist grounded theory (Charmaz, 2006 in Creswell, 2013). The direction of Charmaz (2006) regarding constructivist grounded theory is: (1) flexibly guided; (2) the focus on developed theories depends on the views of researchers; (3) learn about experiences in network of situations, as well as embedded and hidden relationships; (4) pay attention to the herarchy of power, communication and opportunity.

Data collection have been conducted through Focus Group Discussion (FGD) located in Surakarta City, Central Java, Indonesia. Participants in the FGD consisted of 14 (fourteen) informants ie academics at the level of Professor and Dokorate in the field of economics and management obtained from various universities in Indonesia. The implementation of FGD was initiated by the initiator of IRI concept (Putut Prabantoro), so he served as an material conveyor and discussion observer with some media crew. Discussion mechanisms as directed by Charmaz, 2006 in Creswell (2013), include: (1) Participants are given the freedom to flexibly express their opinions on the concept of IRI; (2) The researcher acts as moderator and also writes the results presented by the participants; (3) The academic view through the experience of the participants presented is the hidden data revealed; (4) The excavated data regarding with the herarchy of state power is revealed to be communicated as an input opportunity for thought.

Validity checking or data validation is done through data triangulation, member check, observation persistence, audit trial, and data interpretation analysis (Creswell, 2013; Fatchan, 2011). The process of triangulation, persistence of observation and participation as an effort to build credibility, then, retracing and checking members aimed to assess the analysis of data interpretation to find dependability and confirmability (Creswell, 2013; Kalu and Bwalya, 2017). In the FGD execution, the role of the researcher as moderator and notary is to formulate the conclusions and confirmed to the participants of the FGD for further response. Therefore, the overall methodology is deemed to have fulfilled dependability and confirmability procedures in data validation.

Data analysis and interpretation with the constructivism philosophy through the process as follows : (1) Reducing and categorizing data done to obtain findings and tentative conclusions inductively; (2) Conducting componential analysis is performed as a systematic search for the "component" properties related to the "focus" categories of the found themes; (3) Interpreting the data and presenting back into the modeling of axial coding results upon the identification of the theme of the relationship between the variables associated with IRI.

A theme is a phrase or sentence that clearly encapsulates (manifest) and latent meanings of data, as well as lists in superordinate and subordinate outline formats as analytical tactics (Boyatzis, 1998; Auerbach and Silverstein, 2003 in Saldana, 2011). Pieces of relationships between variables as a theory or selective coding to form a proposed model as a proposition (hypothesis) (Strauss and Corbin, 1998 in Creswell, 2013). Therefore, the result of research themes identification will be described in a textual and structural way as the model depiction.

4. Results

4.1 Textual Identification and Description

The results of the study identified the themes of IRI in the preparation of the concept of state asset ownership management, namely: Technically described based on the identification of theme groups (see, Table 1). In order to maintain privatization and confidentiality, the names of the participant informants are disguised using code S.1-11 and descriptively called experts in economics or economist. The themes which are summarized in the Table are compiled based on the results of the compositional analysis of this study. Furthermore, it is textually described to show the results of the first research questions, and structurally arranged to provide answers to the second research question.

Table 1. Identify the Themes of Indonesia Raya Incorporated

Number	Themes	Description of Themes	Informans
1.	Constitution of Economics and Economic Policy - Old (Legislation)	appropriate economic policies; Whose? For who?; has not succeeded; the implementation of policies or policy plans is lacking; ownership tend to be raw	S: 1, 2, 3, 5, 9
	Economic Policy - Old (liberalization) and - Gap of Ownership	between government, oil companies, and civil society; controlled by parties from other cities; private sector and it is not from Riau entrepreneurs; performance of BUMN and BUMD at this time; there are 100 (one hundred) coal exploration permits; controlled by foreigners; dominant in oil and gas sector; sell natural resources "to private parties	S: 2, 3, 4, 5, 6, 8, 9
2.	Economic Constitution, as well as the New Economic Policy and IRI (Harmonization)	need new legislation; UUD NRI 1945; approval of DPR and DPRD; new legislation; legalization and restructuring	S: 1, 3, 8
3.	Gap of Ownership and (IRI) Harmonization	economic integration; bridges over the facts and problems of natural resources; regional solution	S: 1, 6, 11
4.	Economic Policy – New and Gap of Ownership	more to BUMN and BUMD; mapping of BUMN and BUMD; integration of inter and between BUMN & BUMD; there is resistance from BUMN	S: 1, 3, 7, 8
5.	Disparity in Ownership	how rich the community is; people welfare; below the	S: 1, 2, 4,

	and Society's Welfare	poverty line; poor society	11
6.	Gaps of Ownership and Economic Sovereignty	a new problem; be the object of development; common prosperity; sovereignty of the nation of Indonesia on natural resources	S: 2, 3, 6
7.	Economic Sovereignty and Integrity of NKRI	a unifying strategic tool of the nation; binding NKRI; maintaining NKRI; social and structural conflicts	S: 3, 4, 5, 6

Economic policy has been referring to the prevailing laws. It can be interpreted that all policies in the legislation have been in accordance with the economic constitution. It can be shown that any government regime so far has not lost defendants on the economic policies they set. However, any such policy is considered by economists to be unsuccessful. Such non-success tends to give freedom to the private sector in managing Natural Resources (SDA), especially oil & gas, and mineral and coal sectors. Here are the results of evaluations of economists expressed in the discussion.

“Appropriate and expected economic policy has proved unable to eradicate poverty” (S1).

“Keep in mind that all this time when the oil in the "bowels of the earth" belongs to the state, but when the oil out of the “bowels of the earth”, who belongs? How is it exploited and for whom? This reflection is very important, from an economic, political and social point of view” (S2).

“Regional autonomy has been running for 16 years, during which time the expectation is that people's prosperity can be achieved or at least approximate. The question that arises is whether regional autonomy is unsuccessful? The answer is not successful” (S3).

“Temporary suspicion that this is not a concept problem but a matter of implementation. In any policy implementation or policy plan is still lack of firmness or fear of the mass movement” (S5).

“Many resources (SDA) are not recorded, so the ownership tend to be wild. It is politically like an omission, because it will be a commodity with interests. Licensing and status are more favorable to who is in power with who supports the process towards that power” (S9).

The results of economists' study stated that economic policy has been liberal, which cause a gap in state ownership among state-owned enterprises, local enterprises and national and foreign private sector. This state asset ownership gap implies an injustice in state ownership of assets between the central government and local governments, as well as the private sector. It is proved that in some areas of Indonesia that has abundant natural resources, but the natural resources are controlled by private and central government. This requires evaluation because this problem will be the cause of the reduced prosperity of the people in the region and reduce the sovereignty of the ownership of regional natural resources. Here's a quote from economists' statements to support the above interpretation.

“So the problem lies in its governance, especially the governance of relationships between government, oil companies, and civil society” (S2).

“In fact, the area is already controlled by parties from other cities 'Jakarta'. Pensioners from

state-owned companies and local enterprises (BUMD), especially in the field of natural resources, often become the contractors” (S3).

“This is a form of reflection that we can not relish the 'Riau' petroleum products, so this becomes a potential problem. But like oil, CPO (Crude Palm Oil) business is not dominated by BUMD, but by the private sector and it comes not from Riau entrepreneurs” (S4).

“What are the causes major industrialized sectors dominated by foreign companies ?; How is the performance of BUMN and enterprises today and what are the causes? The question will answer the general upstream-downstream problem, why is it not controlled by the state?” (S5).

“Meanwhile, field facts indicated that on average for a District, there are 100 (one hundred) coal exploration permits. It is unfortunate that obtaining such a license is dominating for entrepreneurs from 'Jakarta” (S6).

“Need to remap the performance of BUMN, BUMD, Union (Koperasi) and private sector in Indonesia's economic system. Our upstream industry is occupied by foreigners, so there is fighting over land between Pertamina, PGN, PLN and PERTAGAS (name of Indonesian oil and gas companies). Currently Pertamina is No.2, the other main is controlled by foreign ". ... how is the direction of Indonesia's economic system, such as whether 'Pancasila, Socialist, Capitalist, Liberalist'. Currently, foreign ownership has been dominant in the oil and gas, banking and stock sectors and others" (S8).

“Various political interests will also inhibit IRI, because the region tends to 'sell natural resources' to private parties. To achieve success, suggested ownership factors should be equitable or fair” (S9).

To overcome the problem of the old economic policy required a new legislation as the basis for the establishment of new economic policy. The legal basis is the economic constitution that has been covered in The 1945 Constitution of the Republic of Indonesia (UUD NRI 1945). The law is intended as a legal protection of economic policy that refers to the concept of IRI. This interpretation leads to the adoption of a new concept in the management of state asset ownership. In this context, the concept of IRI requires a legal protection in the form of an enacted economic policy. Exploration at this point revealed the process of meeting between IRI and economic policies based on the economic constitution, as presented by the following informants.

“IRI will certainly ignore the concept of union (Koperasi) that have been enacted, so it needs new legislation to regulate it” (S1)

“The momentum is very precise, hopefully the FGD will absorb the aspirations of the community associated with the implementation of the Constitution of the Republic of Indonesia 1945 (UUD NRI 1945)” (S3).

“In addition, the ownership of BUMN and BUMD is a capital participation that must obtain the approval of DPR and DPRD (Legislators)” (S3).

“At the same time whether the regulation is correct or not, so if it needs new regulations or legislation” (S3).

“Some of the important stages of IRI are consolidation, legalization, restructuring, integrated control, and profit gain” (S8).

The state ownership gap between BUMN, BUMD, and the private sector encourages a new thought for the process of economic harmonization. The views of economists show that IRI is a concept to harmonize the gap of state assets. Harmonization of the economic system using the concept of IRI becomes a tool to overcome the problems of natural resources in the region. In summary as stated by the following economists.

“Structural strategic concepts of IRI are community institutions, economic integration among stakeholders, the utilization of potential areas, and the peak is the independence of local communities” (S1).

“Hopefully, the strategic concept of IRI will be a bridge over the facts and problems of natural resources in East Kalimantan” (S6).

“The idea of IRI is expected to be part of the regional solution as well as Riau Islands which is still relatively as a new province” (S11).

The expectation towards the establishment of a new economic policy based on the concept of IRI is to reduce the ownership gap of state assets in order to be harmony or not to become more liberal. In accordance with the concept of IRI, the main target of the concept submission is to change or restructure the ownership of natural oil and gas by BUMN, BUMD, and private sector. The impact of the new economic policy will automatically change the ownership gap of state assets by BUMN, BUMD, and the private sector. Yet this structural change of ownership of state assets is not an easy or instant job. The following statements of economists below are to interpret the description.

“Give more opportunity to BUMN and BUMD to manage oil / gas. Participation of BUMN and BUMD in the strategic concept of the IRI should be up to the village level” (S2).

“It is necessary to mapping which BUMN and BUMDs are strong into the upstream and downstream” (S3).

“These factors need to be considered in the study when the IRI is indeed acceptable as a strategic design of inter and between BUMN & BUMD” (S7).

“Need institutional preparedness through related ministries; this depends on the courage of the Ministry itself, because there is resistance from BUMN to not want to be changed” (S8).

If the ownership gap in state assets is minimized by the concept of IRI, then the hope that can be achieved is to reduce the poverty rate or improve the welfare of people in the regions. Logically, SDA will directly boost APBD input (Regional Budget), although it consequently reduces APBN input (State Budget) and cuts private wealth on natural resources business. Conversely, if the state ownership gap is more dominated by state-owned enterprises and private sector, the impact can not overcome poverty as it is today. Therefore, the poverty rate

is directly related to economic periphery nationally per region, not just centralized at the central level. Here's an excerpt from economists about the impact of IRI on people's welfare.

“If IRI happens applied, then how rich the community will be, because at this time the condition is reversed” (S1).

“The emphasis is the distribution of central and regional ownership to meet the welfare aspect of the people” (S2).

“Meanwhile, the results of the oil natural resource did not bring the welfare of the people in Riau. The fundamental question again requires an answer that is why Riau is 'under oil and above oil', but 22% of Riau people are below the poverty line” (S4).

“Temporary conjecture, the colonial mindser still prevails today, how it can happen to the 'rich country', but with the 'poor society’” (S11).

The poverty rate is directly linked to the national economic sovereignty per region, not just centralized at the central level. If the state asset ownership gap is terminated by the IRI concept, then the hope that can be achieved is to strengthen regional and national economic sovereignty. Through the unify of BUMD and BUMN throughout Indonesia, asset ownership in abundant areas of natural resources is also distributed to other areas with minimal natural resources. Distribution of state asset ownership by a combination of BUMN with BUMD will form the power of national economic sovereignty. It has also been shown that currently the private sector is more dominant in managing natural resources than by BUMN or BUMD. This means, in the national economy, the state is not sovereign over the natural resources it has, such as the following passage.

“To that end, the concept of IRI need to pay attention to it so as not to become a new problem” (S2).

“Of course this goal will not be achieved without community participation. The participation of the main community is the rural community which has been the object of development. ... Mutual prosperity, as a basis of this thought is to encourage prosperity, which is relished by all areas that have Natural Resources or who do not have Natural Resources, and enjoyed by the people of Indonesia directly” (S3).

“In general, if a region has oil, then the tendency of its manufacturing is to decline” (S4).

“Keywords about natural resource governance are sovereignty, distribution and sustainability. The problem is where the sovereignty of the nation of Indonesia over the natural resources?” (S6).

The final result of the IRI concept is to maintain the unity of the Unitary State of the Republic of Indonesia (NKRI: Negara Kesatuan Republik Indonesia). The impact of economic sovereignty is the sovereignty of the state, meaning that state assets must be re-regulated by the state through the power of all BUMN and BUMD in the oil and natural gas sector. The situation of the integrity of Unitary State of the Republic of Indonesia (NKRI) becomes the concern of economists, because of the gap in state assets ownership between the central and

regional levels. The ultimate goal of the IRI is as stated by the following economists.

... “the unify, the goal to be achieved in addition to welfare is to make "Natural Resources Become a Strategic Unifier Nation Tool” (S3)

“The challenge is whether IRI will eventually be able to bind NKRI, because allegedly, there are some Riau leaders who have a desire to be independent with Aceh” (S4).

“Thoughts on the IRI, academically remains attractive because the goal is for the sake of sustaining the NKRI” (S5).

“This indicates that the people of Kalimantan have lost their sovereignty over the land and the natural resources contained therein. In fact, what happens is that the extent of permits granted by the central government is broader than its own land, because there is no synergy whereas the regional government (PEMDA) can not perform its control functions. This would be one of the social and structural sources of social conflict in Kalimantan” (S6).

The identification and description of IRI variability in the management of state asset ownership in the explanation above, then compiled into structural description that is to formulate the premise and proposition (hypothesis) research. The premise formula (Pa .---) and Proposition (P1-11) are described structurally in accordance with the main theme described above.

4.2 Structural Description

First: (Pa) The legislation enacted in the determination of economic policy to date "old" has a basic economic constitution; (Pb) Old economic policy is economic liberalization. (Pc) Economic liberalization has an impact on the gap of state assets ownership over natural resources and natural resources dominated by state-owned (BUMN) and private enterprises.

P1: Economic constitution as the basis for establishing legislation on old economic policy.

P2: The old economic policy is liberalist, impacting the ownership gap of state assets among BUMN, BUMD, and private sector.

Second: (Pa) The new legal basis and economic policy legislation are covered constitutionally in the substance of The 1945 Constitution of the Republic of Indonesia (UUD NRI 1945). (Pb) The new economic policy law as the legal protection of the IRI concept.

P3: The new economic policy legislation in the form of the IRI concept is underlined by the economic constitution.

P4: The IRI needs a legal protection in the form of a law on new economic policy.

Third: (Pa) The state ownership gap between BUMN, BUMD, and private sector encourages a new thinking for the process of economic harmonization. (Pb) Economic harmonization in the form of IRI concept is the restructuring of state asset ownership by BUMN and BUMD.

P5: The state ownership gap between BUMN, BUMD, and private enterprises encourages economic harmonization efforts in the form of IRI.

Fourth: (Pa) The new economic system using the concept of IRI becomes a tool to overcome the problems of natural resources in the region. (Pb) The problem of natural resources in the regions is the disparity of state assets ownership in areas dominated by the central and private or state enterprises and private national and foreign.

P6: IRI's new economic policy will reduce the state assets ownership gap by BUMN, BUMD, and the private sector.

Fifth: (Pa) The elucidation of the IRI concept of the state asset ownership gap is expected to strengthen the national economic sovereignty of regions per region. (Pb) The dominance or centralization of the economy by the central through state-owned (BUMN) and private enterprises has not been able to overcome poverty. (Pc) The level of community welfare can encourage the power of economic neglect nationally.

P7: The state ownership gap between BUMN, BUMD, and private enterprises affects the level of community welfare.

P8: Society's welfare strengthens national economic sovereignty

Sixth: (Pa) Elimination of the concept of IRI to the gap of state asset ownership, is an effort to build a nationwide economic advantage, per region. (Pb) National economic sovereignty becomes the economic resource for the welfare of society.

P9: The state ownership gap between BUMN, BUMD, and private enterprises has an impact on the strengthening of economic sovereignty.

P10: Economic sovereignty will create community prosperity

Seventh: (Pa) The strength of economic sovereignty nationwide per region will strengthen the integrity of NKRI. (Pb) The erosion of national economic sovereignty of regions per region will contribute to the disunity of NKRI.

P11: Regional economic sovereignty per region will have an impact on the unity of NKRI.

A structural description in the form of constructivist propositions forming a conceptual framework of IRI as a proposal on state asset ownership management (see, Fig.)

5. Discussion

The research results have identified and described the concept of IRI related to the economic constitution and ownership of state assets. Therefore, it is theoretically contribute to complement the IRI's thought which has been proposed by Prabantoro (2014). The results revealed that the emergence of the concept of IRI was motivated by the symptoms of economic liberalization which resulted in the gap of state assets and their effects. Meanwhile, constitutionally, the economy is not a liberal system. Therefore, the emergence of the concept of IRI as a corrective input to the Indonesian economic constitution in order to remain in accordance with Section 2 and Section 3 of Article 33 of The 1945 Constitution of the Republic of Indonesia (Pasal 33 (2) dan (3) UUD NRI 1945), and also based on the 5th Principle of Pancasila.

The conceptualization of the results of this study has succeeded in building a new construct on the management of state asset ownership. The building is in line with the building of economic system composed by Ismail et al. (2014, p.23), that ideological basic values aim for prosperity through the ownership of resources and their participants, as well as the process of regulating the economic activity itself. New economic policy to support the concept of IRI, one of the goals is to alleviate poverty or towards the welfare of society. Economic policy for the welfare of society is basically to fulfill human rights, so that this finding is in line with Balakhrisnan, Elso and Patel (2010).

The results revealed that while economic liberalization has caused a gap of ownership or processing rights on the SDA between BUMN and BUMD and private parties. There are as mentioned by Swasono (2017) which provides an example of a summary of the analysis as an estimation of the gap that occurred in five regional areas: (1) East Kalimantan identified that mining permits for mineral and coal 5 million hectares, and processing for plantation 2.4 million hectares & forestry 9.7 million hectares. That are, 19.8 million hectares or 86% of the land area of East Kalimantan has been distributed / handed over to large investors who are mostly foreign private. (2) West Nusa Tenggara identified are Newmont Nusa Tenggara Company that controls 50% of West Nusa Tenggara Region. In addition there are more than 141 mining permits operating in West Nusa Tenggara. (3) Papua identified that Freeport's rich contracts cover an area of 2.6 million hectares, forest processing 16.5 million hectares & 5.4 million hectares of plantations, and excluding oil and gas are work contracts. That is, the overall private right to natural resources in Papua has covered 57% more than the land area of Papua. (4) Riau identified 8.6 million hectares of Riau's total land area of 8.9 million hectares (96.7%) was granted for forest processing permits, and this excludes plantation permits, and oil and gas are work contracts. (5) Madura - East Java are indicated as the extended of oil and gas contracts exceeds the area of Madura island handed over / managed by Petronas, Huski Oil and Santos companies, and others private companies. Swasono's (2016) analysis shows that BUMN and BUMD are not the majority managers / owners of the natural resources intended for these areas, but the majority by national or foreign private parties.

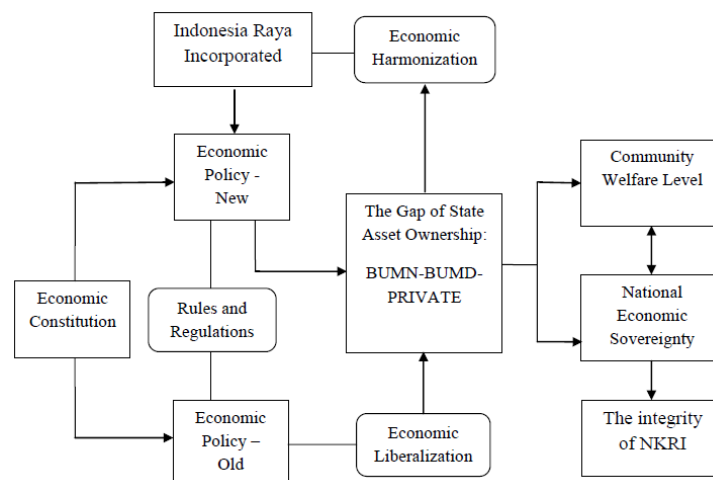


Figure 1. Model of Indonesia Raya Incorporated Application for State Asset Ownership Management

The results of those study illustrate that the gap of state assets ownership will determine the level of community welfare. The theoretization can be elaborated among areas with abundant natural resources are supposed to be the people in the area will enjoy wellbeing, including national welfare. Nevertheless, the Badan Pusat Statistik (2017) has reported that the poverty line in Indonesia is 10.64% of the total population or 27.771 million peoples. Specifically the areas in the above example (nominal number in thousands of population, and percentage of the population): (1) East Kalimantan 220.17 (6.19%); (2) West Nusa Tenggara 793.78 (16.07%); (3) West Papua 228.38 (25.10%) & Papua 897.69 (27.62%); (4) Riau 125,37 (6,06%); and (5) East Java (within includes Madura) 4,617,01 (11,77%). These findings suggest are theoretically choice of the new economic policy or the old economic policy against natural resources governance will have an impact on the balance of SDA ownership by BUMN, BUMD or private. The asset ownership variable will determine the acceleration or deceleration of community welfare issues in each region and nationally.

The results of the study identified that IRI needed a new economic policy change through regulation and legislation. Therefore, the opportunity for the establishment of IRI in terms of governance of state assets over SDA is supported by Ismail et al. (2014), which stated : The State has full authority to grant or impose to an individual or institutional party in the case of a beneficiary or relishing state property. Thus, according to the thinking of Sumitro Djojohadikusumo, the strategy of cutting the poverty chain by increasing productivity is through the development of the production sector by the Government (Raharjo, 2017).

The IRI effort in terms of harmonization of the gap of state asset ownership of natural resources and other economic resources, philosophically is in accordance with the Indonesian economic system based on kinship. As has been interpreted by the economists mentioned in Ismail et al. (2014, p.6-p.12) on the principle of kinship, among others, namely: (1) the familial meaning of the foundation for joint responsibility aimed at achieving joint efforts that will ensure the progress of each participant (Wilopo, 1985); (2) The role of the private sector is also important but not dominant, so there is no free fight liberalism, which means that state and private enterprise coexist without excessive dominance between one another (Emil Salim, 1985); (3) The economy as a whole must be consciously regulated, so that it is not allowed to grow and compose itself (Harahap and Swasono, 1985); and (4) The spirit of nationalism is demonstrated by the strong rejection of foreign domination, but the western world also instills nationalism although it must harm other countries (Mubyarto, 1985).

Trihatmoko's paper (2017) in the framework of LMAN socialization has introduced the "murakab" economic system. Theoretically, the "murakab" economic paradigm, meant that the multiple effect of economic activity of every business actor is abundant and equitable, and also equitable and fair or "murakabi", for the "big" and the "small" mutually grow and develop in harmony or balance. Incorporation and affiliation in harmony between the state parties, private sector, UMKM and union (koperasi) in the framework of governance of national economic resources is a philosophical meaning of "murakab economics". The priority scale of development and the concept of IRI by LMAN will fulfill the elements of the national minister without hypocritical development of the global world (Trihatmoko, 2017). Therefore, the concept of IRI for the management of state asset ownership of natural

resources is in line with the “murakab” economic system by Trihatmoko (2017).

6. Conclusion

The results reveal that the economic policy during this time (old policy) leads to economic liberalization. Nevertheless, the laws and regulations that produce economic policies are "considered" to be in accordance with the economic constitution. The phenomenon shows that the old economic policies have an impact on the gap of state assets owned among BUMN, BUMD, as well as national and foreign private sector. The results of the study identified that such an old economic policy has not been able to solve the problem of poverty and reduce the ownership of state assets by areas of natural gas, mineral, and coal natural resources owners. The disclosure of the findings leads to the first conclusion that the impacts of the old, lenient economic policy were the reason for the emergence of the IRI idea.

The results of the study identified that the effort of IRI concept is to eliminate the gap of state asset ownership by BUMN, BUMD and private sector. The concept of IRI itself is proposed by restructuring the share ownership of BUMN and BUMDs by incorporating nationally. The result of the research mentioned that phenomenologically, IRI need new economic policy which need legal protection in the form of regulation and law. For that, the second conclusion is the incorporation between BUMN and BUMD nationally required new regulations and legislation as a legal protection for the new proposed economic policy formed IRI.

The results reveal that the harmonization of the state ownership gap by BUMN, BUMD and private sector is expected to have a direct impact on the level of people's welfare and national economic sovereignty. Factors of welfare and economic sovereignty, both of which influence each other with one another. Phenomenologically, regional economic sovereignty per region, nationally will strengthen the integrity of NKRI. The perspectives of these findings lead to the third conclusion that IRI's efforts to harmonize the state ownership gap by state-owned enterprises (BUMN), BUMD, and the private sector are predicted to provide people's welfare and national economic sovereignty and strengthen the integrity of Unitary State of the Republic of Indonesia (NKRI)

Based on the conclusion of research in the above explanation, it can generally be concluded that IRI, which is proposed in the management of state asset ownership has fulfilled the economic constitution. It has been mentioned in Article 33 of The 1945 Constitution of the Republic of Indonesia (Pasal 33 UUD NRI 1945) and affirmed by the 5th Principle of Pancasila, namely: Social Justice for all Indonesian People, within the corridor of NKRI. The conclusions of this research are substantial, as reported by various mass media, or may be presented in papers that have keywords Indonesia Raya Incorporated and IRI.

7. Recommendation

The grounded theory study of state asset ownership management has succeeded in building a new construct in the economic system. The results of the study identified that economic liberalization impacted the ownership gap of state assets by BUMN, BUMD, and private sector. IRI is a method that seeks to harmonize the ownership gap of state assets that tend to be dominated by state-owned and private companies. Meanwhile, the economic constitution

has provided that the wealth of the state and economic resources are controlled by the state in justice for the welfare of the people of Indonesia.

It is recommended for economic policy makers to pay attention to the emergence of the concept of IRI. Technically, changes to legislation and regulation are needed, in this case by the government and legislators. The aim is to restructure the management of state assets in order to build economic sovereignty based on the economic constitution. Basically any economic policy without leading to economic sovereignty will be contrary to the economic constitution. Implementation of the IRI concept at the latest momentum, for example in the present moment that the Government of Indonesia is in the process of restructuring ownership of 51% company shares of Freeport McMoRan Inc. This paper is consistent with its recommendation of Trihatmoko (2017) in some mass media, that 51% company shares of the Freeport company is suggested to be proportionately owned by the central government and all others local governments, as well as individuals with an Indonesian Identity Card.

Therefore, in this paper also recommends to the Ministry of Finance of the Republic of Indonesia in managing LMAN to adopt IRI concept. Likewise, for other countries, it is recommended to re-examine the management of their country's asset ownership through the state's economic constitution. For example, as recommended by Trihatmoko (2017) in the LMAN socialization forum that the government apply the concept of IRI, namely: (1) local government that its area is built toll road (highway) is suggested to be invested in the toll road company managements; (2) individual landowners their land are acquired for toll roads, a portion of the replacement value of land are advisable to be invested in the toll road company managements; (3) the central government is advised to directly invest in the toll road companies through LMAN; (4) techniques or mechanisms for the operation of such recommendations and other matters could be developed and require further study.

8. Limitation

This IRI-related research is limited in the perspective of ownership of state assets by BUMN, BUMD, and private sector on oil & gas, and mineral & coal. Meanwhile, state assets and strategic economic resources still have many more groups and types. Therefore research on expanding state asset ownership and management becomes the next research opportunity. The proposed IRI construction is still limited to the theoretical study of the economic constitution in the management of state asset ownership. On the other hand, the operationalization of IRI in detail has not been revealed in this study. To that end, researchers can conduct IRI-themed studies to contribute to the system and operationalization of IRI. For example: (1) The study covers the situational of the economy and socio-political developments in an effort to impede economic liberalization (Swasono, 2017); (2) The study includes elements of corporate governance of BUMN and BUMDs referring to Lukviarman literature (2016); (3) The review of regulations and legislations in economic policy namely the Regulation of Regional Government and the Regulation of Central Government; and others.

In the previous above discussion have been exemplified only for a few areas, there are a gap of ownership between the BUMN and/or BUMD and private parties. Meanwhile, the potential of natural resources and other economic resources in the entire territory of Indonesia

is very large. Therefore, the future research has the opportunity to identify the gaps of state assets in every region in Indonesia. Research opportunities could be done by using descriptive statistical analysis approach.

This research is in the context of the Indonesian state economic constitution, the opportunity to expand the state asset ownership management model can be followed up by researchers in other countries. Including, this grounded theory study is philosophically designed using constructivism, so it has proposed non-generalizable propositions. Therefore, research on economic system and asset ownership management can utilize this research proposition as a quantitative research hypothesis. Hopefully, the new building of state asset ownership management can continue to be developed to become a sub-division of management science in the paradigm of the “murakab” economic system. Nevertheless, the country's asset management has not yet completed the paradigm of the “murakab” economic system itself. Next, the researchers need to carry out further studies in depth to examine the “murakab” economic paradigm introduced in this paper.

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Glossary

APBD: Anggaran Pendapatan dan Belanja Daerah (Regional Budget)

APBN: Anggaran Pendapatan dan Belanja Negara (State Budget)

BUMN: Badan Usaha Milik Negara (State-owned enterprises)

BUMD: Badan Usaha Milik Daerah (Regional government-owned enterprises)

Badan Pusat Statistik (Bureau of Statistics Center)

CPO: Crude Palm Oil

DPR: Dewan Perwakilan Rakyat (People's Representative Council)

DPRD: Dewan Perwakilan Rakyat Daerah (Regional People's Representative Council)

FGD: Focus Group Discussion

IRI: Indonesia Raya Incorporated (name of idea and concept)

LMAN: Lembaga Manajemen Aset Negara (State Asset Management Institute)

Migas: Minyak dan gas (Oil and gas)

MPR RI: Majelis Permusyawaratan Rakyat Republik Indonesia (People's Consultative Assembly of Republic of Indonesia)

NKRI: Negara Kesatuan Republik Indonesia (Unitary State of the Republic of Indonesia)

PEMDA: Pemerintah Daerah (Regional Government)

Pertamina: Name of State-Owned oil company

PGN: Name of company – State- Owned Oil Company

PLN: Name of Company – State-Owned Electric Company

PERTAGAS: Name of State-Owned Gas Company

SDA: Sumber Daya Alam (Natural Resources)

Sekretariat Jendral (General Secretary)

UMKM: Usaha Mikro Kecil-Menengah (Micro Small-Medium Enterprises)

UUD NRI 1945: Undang-Undang Dasar Negara Republik Indonesia 1945 (The 1945 Constitution of The State of The Republic of Indonesia)

Yayasan Gerakan Ekayastra Unmada Semangat Satu Bangsa: Name of Social Institution or Foundation

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