

Indonesian paradox: When business strategy becomes a crime

By the standards of any classical business school textbook, a state-owned ferry operator acquiring a rival, boosting market share by nearly half, positioning itself to become the world's largest ferry company and turning in handsome profits is the sort of achievement that earns executives stock options, not prison time. Yet, here we are.

On Nov. 20, the Jakarta Corruption Court convicted former ASDP Indonesia Ferry president director Ira Puspadiwati and two of her colleagues for their role in acquiring PT Jembatan Nusantara. Prosecutors argued the rival company was worth far less than the Rp 2.15 trillion (US\$130 million) ASDP paid.

Whether this was a shrewd strategic move or the crime of the decade depends on whom one asks: Prosecutors see a state loss of Rp 1.25 trillion, defenders speak of a strategic masterstroke with no personal enrichment. The judges largely sided with the prosecution, handing down multiyear prison sentences.

The case is many things: legally complex, politically charged and institutionally revealing. But above all, it is a warning siren for anyone hoping Indonesia's state-owned enterprises (SOEs) might someday behave like Singapore's Temasek or France's EDF: entrepreneurial, competitive and capable of playing on the world stage. The message is blunt: Take a bold

strategic risk, and you may end up justifying it from the defendant's chair rather than the boardroom table.

In the classical canon of strategy, from Porter and Chandler to Mintzberg and Kaplan-Norton, the good strategist is one who creates value, outmaneuvers competitors and allocates resources to serve long-term advantage. But under the shadow of the ASDP case, the new playbook reads differently: Before projecting market share, one must first project the likelihood of prosecution.

We must recognize that this transformation is subtle but deadly. Instead of pursuing acquisitions, transformation or calculated risks, state executives will now gravitate toward activities that look unimpeachably safe: routine operations, incremental improvements and processes that generate mountains of documentation but little dynamism. Indonesia's SOEs, already notorious for bureaucratic inertia, may now embrace a new form of strategic minimalism: "Don't do anything bold, it's safer."

Consequently, a perverse outcome emerges: the evolution of what can only be called forensic strategy, decision-making designed not for business excellence, but for potential future litigation. Under this model, every strategic initiative must be accompanied by documentation and a governance



Insight

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process thick enough to stop a bullet.

Strategic planning becomes less about choosing a direction and more about designing an alibi. The quality of the paper trail, not the content of the idea, becomes the determinant of viability. This approach is safe in the way that embalming is safe: It prevents rapid decay, but only because the organism is already dead.

In many countries, the Business Judgment Rule shields directors who make informed, good-faith decisions. Indonesia nominally embraces this doctrine in Article 97(5) of the Company Law. This requires directors to prove that losses were not their fault, that they acted with due care and in the company's interest, that no conflict of interest tainted the decision, and that they took steps to prevent harm.

In theory, this framework draws a clear line: Absent fraud, illegality, conflicts or gross negligence, directors acting *willens en wetens* (knowingly and willingly) should

find refuge in the principle of *geen straf zonder schuld* (no punishment without guilt).

In practice, however, Indonesia lacks a uniform understanding of how to apply this protection. The statute lists the conditions but offers no standards for measuring them, leaving courts free to impose and prosecutors exposed to prosecutorial hindsight.

When liberty, not just balance sheets, becomes the price of a distanced business decision, the rational executive will avoid bold choices entirely. Ambitious executives, precisely those whose SOEs desperately need, will either flee to the private sector or decline promotions. What remains are caretakers, custodians, and administrators. Not strategists.

Strategy, by definition, concerns the long term. But legal systems, prosecutors and auditors operate in the short term. Temporary losses, transitional inefficiencies or multiyear plans are easily read as evidence of malfeasance rather than the unavoidable cost

of transformation.

Institutional theorists offer a grim prediction for what happens next. Faced with legal uncertainty, organizations adapt not by innovating but by imitating. The safest player in the room sets the tone, and everyone else copies it. This "coercive isomorphism" produces a landscape in which every SOE behaves alike: risk-averse, complacency-heavy and allergic to differentiation.

In such an environment, formal strategy systems, such as balanced scorecards, risk frameworks and key performance indicators, risk sliding into symbolism. They are drafted for the file, displayed to satisfy auditors and repurposed as administrative insulation rather than strategic instruments. Formal structures accumulate while substantive action evaporates, the organization grows more elaborate on paper even as it becomes strategically inert.

The legal ambiguity surrounding directors' liability accelerates this drift. To hedge against future scrutiny, firms multiply procedures, meetings and attestations, an elaborate performance of compliance designed to prove innocence rather than guide choices.

Decisions migrate upward because no one wishes to bear traceable responsibility, boards overcomply to protect themselves and executives avoid initiatives that might someday be second-

guessed. The result is a quiet doctrine of nonmovement. Dynamism is not extinguished by graft or incompetence, but by the pervasive calculation that the safest decision is no decision at all.

The tragedy is that the ASDP case, through the lens of classical strategy, looked like a rare example of an SOE actually behaving strategically: acquiring scarce assets, consolidating a fragmented industry and positioning itself globally. It is exactly the sort of bold, forward-looking move that policymakers keep insisting Indonesia needs.

The verdict against ASDP's executives does not punish three individuals only, it reshapes the incentive structure of the entire sector. And incentives are destiny. If taking risks leads to prison and playing it safe leads to promotion, the strategic future of Indonesia's SOEs is already written. It is not a story of global ambition. It is a story of fear.

The country can choose to reverse that trajectory. But it must begin by recognizing a simple, uncomfortable truth: Without legally protected space for bold, good-faith strategic decisions, Indonesia's SOEs will never innovate, compete and rise above the low bar of "good enough".

Last but not least, strategy will not die all at once. It will die quietly, smothered not by bad ideas, but by the fear of good ones.

Lunch time



Timor deer (*Cervus timorensis*) eat mahogany leaves brought by a worker at the Maliran Deer Breeding Center, also known as Kesambi Trees Park, in Blitar, East Java, on Monday. The facility, managed by Perhutani Blitar Forest Management Unit, houses at least 80 Timor deer on 4.5 hectares of land and serves as both a conservation area and an educational tourism destination, attracting an average of 200 visitors per day and up to about 700 on weekends.

Religion ministry hosts first Christmas event

Celebration designed to foster tolerance

Radhiyya Indra

The Jakarta Post/Jakarta
The Religious Affairs Ministry is breaking new ground with its first-ever Christmas celebration, which officials say sends a historic message of religious inclusivity.

Speaking at an interfaith walk at the ministry complex in Jakarta on Sunday, Religious Affairs Minister Nasaruddin Umar, affiliated with Indonesia's largest Islamic organization, Nahdlatul Ulama (NU), announced the ministry would hold its own Christmas festivities this year, a first in its decades-long history.

"All this time, Christians and Catholics have celebrated Christmas, but we have never held one inside the Religious Affairs Ministry," Nasaruddin said, as quoted by *kompas.com*.

Director General of Christian Community Guidance Jeanne Marie Tulung said the celebration would be limited to the ministry's internal environment, distinguishing it from the annual national Christmas celebrations.

"To date, the ministry's Christian Community Guidance has only held our own Christmas celebrations [within our group]," she told *The Jakarta Post* on Monday, declining to comment on the same thing about the ministry's Catholic Community Guidance.

As for the national Christmas events, she said they would unfold across multiple regions following the Jakarta kickoff, featuring seminars, services, book launches, social programs and a main celebration scheduled for Dec. 22.

"This year's Christmas series flows from city to city and from community to community, carrying messages of love, peace and brotherhood to strengthen religious moderation and national harmony," Jeanne said, as quoted in the ministry's website.

The move comes amid continued concerns about religious intolerance in Indonesia, where issues surrounding Christmas greetings and joint celebrations with Muslims remain sensitive in the country's Muslim-majority context.

In March 1981, the Indonesian Ulema Council (MUI) issued a controversial fatwa on Joint Christmas Celebrations, prohibiting Muslims from participating in Christmas events to "maintain religious harmony and simultaneously purify the beliefs of each religion."

Four decades later, the situation in some areas has worsened, with restrictions on Christmas celebrations for Christians in regions deemed highly intolerant toward religious minorities. One notable example was the 2019 ban on Christmas celebrations in Dharmasraya regency in West Sumatra.

Catholic priests have also been sealed under the pretext of lacking permits, due in part to the notorious joint regulation (SKB) from the Religious Affairs Ministry and Home Ministry on the construction of places of worship, which makes it difficult for congregations to meet administrative requirements, including obtaining approval from 60 surrounding residents.

Calls are growing for the government to take concrete steps to address the ongoing crisis of religious intolerance in pluralistic Indonesia. The Religious Affairs Ministry's decision to hold an internal Christmas celebration is seen as a positive move.

Siti Kholsih, managing director of the religious freedom watchdog Wahid Foundation, praised the initiative but emphasized that sustained efforts are needed to tackle intolerance nationwide.

"This step reinforces the message that the state is a shared space for all citizens," she said.

"But moving forward, further efforts are needed, including public education, engagement with vulnerable and minority groups and expanding dialogue to deepen diversity literacy."

Catholic priest Hans Jelurah of the Bishops Council of Conference (KWI) also welcomed the ministry's internal celebration, noting that it complements national Christmas events organized with KWI and the Indonesian Community of Churches (PGI).

"We appreciate this effort as a way to show that the ministry belongs to all religions in the public," Hans told *The Post* on Monday.

He added that the ministry's initiative should prompt a more "concrete response to various acts of intolerance, prohibitions, obstructions and persecution of adherents of [minority] religions, such as the ongoing difficulty in obtaining church building permits in certain areas".

Govt grants stay permits, no dual citizenships

Reuters

Jakarta

Indonesia has opened applications for a permit that would allow former citizens to live and work in the country for an indefinite period as an alternative to dual citizenship, an official at the Immigration Ministry has said.

Indonesian law does not recognize dual citizenship for adults, and anyone with two passports must make a choice of nationality when they turn 18.

The new policy, named Global Citizenship of Indonesia (GCI), is modelled after the Overseas Citizenship of India (OCI), which allows foreigners of Indian ances-

try to visit, work and live in India indefinitely, the ministry said.

"GCI is a strategic solution to the issue of dual citizenship by giving an unlimited stay permit for foreign nationals with strong ties to Indonesia," Is Eko Putranto, the ministry's director of immigration residence permits, told Reuters on Saturday, adding the Indonesian diaspora could help with national development.

Putranto said former Indonesian citizens, foreign nationals of Indonesian descent up to the second degree and children from mixed marriages would be eligible to apply.

Calls to allow dual citizenship

have increased amid concerns about a "brain drain" as Indonesians leave the country for better opportunities abroad.

Nearly 4,000 Indonesians became Singaporean citizens from 2019 to 2022, according to data from the Directorate General of Immigration. The country's population is 280 million people, making it the fourth most populous country in the world.

"The ministry essentially responds to the 'brain drain' phenomenon by turning it into a strategic opportunity by facilitating a special right to the diaspora so that Indonesian talents can return or contribute remotely," Putranto said.

Libraries, bookshops point to rising reading interest

Maretha Uli

The Jakarta Post/Jakarta

During a visit last Thursday to the Jakarta Library in Menteng, Central Jakarta, all five floors were humming with activity: Reading nooks were filled with visitors engrossed in books while long tables were occupied by students and office workers tapping away on laptops.

Most patrons hailed from the capital and surrounding areas, but the library, located inside the Taman Ismail Marzuki cultural complex, has also become a destination for out-of-town readers.

Hanifah Amalia, 17, a senior high school student from Nabire, Central Papua, said she was struck by the scale and quality of the facilities on her first visit. It offered what her hometown lacked: a well-funded public library with a comprehensive, updated collection.

She had hoped to borrow *Madilog* by Tan Malaka, a nonfiction title banned under the New Order that had long been on her wish list but was rarely found in Nabire.

Unfortunately, the library's last copy had been checked out.

Hanifah came with Nabila Putri, 17, a friend from Bengkulu who was delighted to find the shelves stocked with both new releases and classics works of Indonesian literature.

With no comparable facility at her home in southwest Sumatra, Nabila usually frequents bookstores to discover new reads.

The Jakarta Library has recorded a 50 percent surge in footfall since May, when Governor Pramono Anung extended its operating hours to 10 p.m.

As of Nov. 24 according to its database, it had logged nearly 750,000 visitors, around 10 percent of whom came from outside the capital.

"This increase shows strong public enthusiasm for flexible, multifunctional reading spaces," said Nasaruddin Djoko Surjono, head of the Jakarta Library and Archives Agency.

this article did not take the claim at face value.

"Out of a thousand, maybe a hundred like to read," Nabila said.

"My family, friends, classmates, all love reading, so the number could be much higher."

Imanuddin agreed.

"The desire to start reading is definitely there," he said, pointing to a growth he had observed in the number of reading communities and book discussions he attended across Jakarta.

Manifah, however, noted that reading interest could vary in remote regions that had limited access to books.

Rejection of the oft-cited figure also came from Laura Bangun Prinsloo, chair of Tujubelasir Pulau Imaji Foundation, a literacy organization, and former head of the now-defunct National Book Committee (KBN).

"It's a hoax. UNESCO never released such a statistic," she told *The Post* on Friday.

Laura instead said reading interest among Indonesians was in fact relatively high, especially in remote areas where entertainment options were limited.

But she acknowledged that access remained a real barrier: "Good books rarely reach those regions and when they do, imagine the shipping costs."

If the government was serious about improving literacy, it "should provide public libraries and distribute free books," she suggested.



Page by page: Children read books at the Kampung Buku Reading House in Ciracas, East Jakarta, on Oct. 31. Thriving libraries and a growing enthusiasm for reading quietly reshape the old narrative of Indonesia's weak reading culture.