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Analysis of the Financial Performance Implications for Establishing an Ecosystem State-Owned Holding in Indonesia

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ABSTRACT

This research examines differences in financial performance resulting from the establishment of Indonesia's State-Owned Holding (SOH) by comparing the periods before and after its formation. While many countries have adopted centralized SOH models, the effect on State-Owned Enterprise (SOE) performance under SOH remains unclear. This case study employs a mixed-method approach, incorporating secondary data analysis of quarterly financial reports from six holding members from 2018-2023, alongside primary data obtained from in-depth interviews with five CFOs in the State-Owned Member Holding and relevant government stakeholders. Descriptive statistics and the Wilcoxon Signed-Rank Test were used to identify differences in financial performance before and after the establishment of the holding. In parallel, qualitative analysis was conducted to explore the underlying factors influencing financial outcomes. The research findings reveal that the formation of the holding has not uniformly improved the financial performance of all members in pre- and post-holding financial metrics in profitability indicators (ROE, ROA), liquidity (Quick Ratio), and leverage (DER). Interview results suggest that the timing of the holding's formation—during the COVID-19 pandemic—and the varying initial financial conditions of member entities, due to corporate actions prior to integration, played significant roles. Additionally, some members faced constraints in accessing bank facilities and were burdened with government assignments for economic and social objectives. Results are consistent with prior studies, which highlight that the performance of SOEs under SOH may deteriorate when government intervention persists, particularly when driven by non-commercial, social objectives.

KEYWORDS *State-Owned Entreprises Holding, Financial Performance Pre Post Holding, Financial Performance Evaluation, Government Intervention, Mixed Method*

INTRODUCTION

Numerous State-Owned Enterprises (SOEs) have been transformed into a centralized structure, enabling government oversight while specialized entities oversee operations (Fauzan & Liu, 2022). The efficacy of establishing a holding company through the reorganization of state-owned enterprises remains uncertain—will it genuinely produce beneficial outcomes? (Kim & Chung, 2018). Several Asian nations—Singapore, Malaysia, Vietnam, China, Indonesia, and Bhutan—have formed State-Owned Holdings (SOH) with models tailored to their national preferences. For example, SOH in Singapore operates as a corporate investor with full autonomy to focus on profit under professional supervision. *Khazanah Nasional*

Berhad operates as a shadow investor in Malaysia, with limited managerial autonomy but remaining under governmental oversight for political or social considerations. In China, the State-Owned Assets Supervision and Administration Commission (SASAC) operates as a subservient investor, where SOHs are tightly controlled and direct government intervention is substantial (Kim & Chung, 2018). In Indonesia, the number of SOEs has been reduced from 114 in 2020 to 65 by 2023, organized into 12 clusters (Komaria, 2025). This transition reflects the implementation of a centralized SOE model through the Ministry of SOEs, which has restructured its portfolio through holdings, mergers, and acquisitions (*Kementerian* BUMN, 2021). This downturn underscores the sector's vulnerability and the importance of strategic integration and support to foster recovery and resilience (Cheng, Prasetyo, & Wijaya, 2025).

The Indonesian SOE performance literature reveals a complex landscape of reform attempts and mixed outcomes. Rahmatullah & Saragih (2019) demonstrated that Indonesian SOEs have historically underperformed compared to private enterprises in terms of ROA and ROE, primarily due to political interference and social mandate burdens. Wijaya et al. (2021) found that Indonesian SOE privatization attempts in the telecommunications and banking sectors showed temporary performance improvements but faced sustainability challenges when government intervention persisted. More recently, Putri & Maharani (2023) analyzed the impact of SOE clustering initiatives on financial performance across various sectors, revealing that transportation and infrastructure SOEs showed more promising results than tourism-related entities, particularly during economic uncertainty periods.

Contemporary research on Indonesian SOE governance highlights the unique challenges faced in balancing commercial objectives with developmental mandates. Santoso & Wibowo (2022) demonstrated that Indonesian SOEs operating under stronger governance frameworks and reduced political interference achieved 15-20% better financial performance compared to those with continued government micromanagement. However, Kusuma et al. (2023) noted that tourism-sector SOEs remain particularly vulnerable to external shocks and government assignment burdens, making them challenging candidates for holding company integration during crisis periods.

In 2021, the Indonesian government established a SOH that integrates an ecosystem comprising a parent holding company and subsidiaries, which include airport and cargo services, tourist destinations, hotels, product retail management, and the creative industry (*Kementerian* BUMN, 2021). Dubai and Singapore governments have previously integrated tourism-related entities such as hotels, travel brokers, airlines, and tourist attractions (Lohmann et al., 2009). Given tourism's role as a key driver of foreign exchange—particularly through international visitors—there is a clear need to prioritize transportation and tourism infrastructure, supporting the concept of a unified travel ecosystem (Lohmann et al., 2009). Indonesia's tourist industry, which contributed 5.5% to GDP in 2019 and then dropped to 4% in 2020–2021 owing to COVID-19, has been severely impacted both globally and domestically (*Badan Keahlian* DPR RI, 2023).

Numerous studies, particularly those conducted in Asia, have examined the transformations subsequent to the formation of SOE holding companies, revealing that the effectiveness of the SOE holding model is significantly influenced by institutional design, governance strength, and the extent of direct governmental involvement. In contrast to private enterprises in Malaysia and China, a review of ROA, ROE, and DER data post-SOH development indicates that the establishment of SOH does not inherently enhance the performance of SOEs (Fan & Wang, 2022; Kim & Chung, 2018; Nguyen & Nguyen, 2020). Nonetheless, it enhances performance in Singapore due to variations in governmental intervention and levels of control (Kim & Chung, 2018). Research on SOEs in Vietnam indicates that State-Owned Holding-linked companies (SOH-linked companies, SLCs) exhibit superior market performance and valuation compared to Government-linked companies

(GLCs) and those devoid of government ownership (non-GLCs). These findings suggest that the SOH model can effectively address agency problems commonly associated with SOEs, including political interference, conflicting objectives, and a lack of transparency (Nguyen & Nguyen, 2020).

The novelty of this research lies in its application of mixed-method analysis specifically to Indonesia's ecosystem-based holding model, which differs significantly from the sector-specific or geographically-focused holdings studied in prior literature. Unlike previous studies that examined single-sector SOE consolidations, this research investigates the unique challenges and opportunities of integrating diverse but interconnected tourism ecosystem entities—airports, hotels, destinations, and retail operations—under a unified holding structure. This ecosystem approach represents an innovative organizational model that has received limited academic attention, particularly in the context of emerging market SOE reforms during crisis periods.

Another key criterion for evaluating the efficacy of a Merger & Acquisition (M&A) process in the establishment of SOH can be quantified by a series of financial ratios (Chaturvedi & Weigelt, 2024; Dogan & Ugurlu, 2024; Khan & Bin Tariq, 2023; Mahamuni et al., 2023). Dogan & Ugurlu (2024) assess the performance of the acquired firm through liquidity, profitability, leverage, asset management ratios, market valuation metrics, and financial stability, with a focus on the acquisition method—cash versus non-cash. Their findings suggest that target companies involved in non-cash transactions tend to experience declines in profitability, leverage, and liquidity ratios. Further analysis indicates that SOEs are more vulnerable to post-acquisition operational losses (15%) compared to non-SOEs (9%) due to political influences. Moreover, elevated leverage can heighten the probability of operational losses for a corporation, with a 1% increase in leverage resulting in a 3.9% rise in losses (Fan & Wang, 2022). Khan and Tariq (2023) found that the decline in financial performance—measured through operating profit return and cash return—before and after M&As did not support the hypothesis of synergy realization or agency effects, as the presumed misuse of free cash flow was unsubstantiated. Their study also highlights the influence of firm size and industry relatedness on post-M&A performance, while emphasizing the critical role of majority shareholders in mitigating performance deterioration (Khan & Bin Tariq, 2023).

Several studies have employed qualitative methodologies to enhance and refine the researchers' interpretative analytical practices and elevate the worth of the knowledge generated (Eakin & Gladstone, 2020). Maile et al. (2022) examined research assessing the merger and post-merger processes at the University of Oxford Hospitals, concluding that a merger can succeed based on six contingencies: a robust clinical rationale, comprehensive and timely communication of change strategies, cross-level engagement and collaboration, transparency regarding costs and benefits, sensitivity to organizational culture, and effective cultural integration. Research indicates that most organizations continue to face challenges with post-merger integration and human factor management, despite the significance of these elements in generating long-term value (Galpin, 2021). These findings underscore that qualitative research can enhance the understanding of M&A success, despite many organizations still facing challenges with post-merger integration and managing human factors.

The aforementioned studies attempt to present a coherent understanding of the establishment of the holding company resulting from this M&A transaction (Fan & Wang, 2022; Kim & Chung, 2018; Nguyen & Nguyen, 2020). Numerous empirical studies demonstrate that post-acquisition, enterprises fail to exhibit beneficial transformations due to operational losses affected by political involvement (Fan & Wang, 2022; Kim & Chung, 2018). However, existing research has yet to sufficiently explore the role and outcomes of SOEs within the context of Indonesia. To address this gap, the present study investigates whether the formation of a SOH in Indonesia has a positive impact on the financial performance of the

acquired SOEs or those operating under its structure. This is achieved through a case study of an SOH that integrates a network of subsidiaries across diverse, yet interconnected, business sectors.

The urgency of this research is particularly heightened in the context of post-pandemic recovery strategies. As governments worldwide reassess the role of state enterprises in economic recovery and resilience building, understanding the effectiveness of ecosystem-based holding models becomes critical for policy formulation. Indonesia's tourism sector, which experienced devastating impacts during COVID-19, serves as a crucial test case for whether integrated SOE structures can facilitate faster recovery and build long-term resilience against future shocks. The timing of this holding's establishment during the pandemic provides a unique natural experiment for examining SOE reform effectiveness under crisis conditions.

This research provides a comprehensive assessment of the current circumstances of the holding, specifically highlighting any differences in financial performance before and after the SOH's establishment—specifically in terms of profitability, liquidity, and leverage. The findings are intended to inform policymakers in designing more effective strategies related to SOH contexts. Furthermore, this study seeks to contribute valuable insights for academics conducting future research on SOE holdings, particularly given the limited availability of data and prior studies on the Indonesian context.

RESEARCH METHOD

This study employs a mixed-method explanatory case study design to assess the impact of establishing an ecosystem-based SOE holding by analyzing performance measures from three years prior to, and three years following, its creation. The analysis is complemented by interviews to explore the underlying factors influencing the results. The research procedure begins with the collection of quarterly financial reports from the researcher's institution. These reports are then manually reviewed to select the most relevant data, culminating in an examination of the financial performance of the SOEs under the holding company (SOH).

The selection of six companies for this study was based on purposive sampling criteria, focusing on entities that: (1) were integrated into the ecosystem-based holding simultaneously in 2021, (2) had complete quarterly financial data available for the 2018-2023 period, and (3) represented core components of the tourism ecosystem value chain. While this sample provides deep insights into the ecosystem-based holding model, generalizability is limited to similar tourism-focused SOE integrations and may not apply to other sectoral holdings or different economic contexts.

This study focuses on six companies acquired by an ecosystem-based holding, including airport services, tourism attractions, hotels, product retail management, and tourism destination management. To determine whether there is a difference in pre- and post-holding performance (the holding was formed in 2021), the observation period runs from 2018 to 2023 with quarterly financial performance data.

Table 1. Quantitative Data Sample

Samples	Total Observations
PT API	24
PT APII	24
PT ITDC	24
PT HIN	24
PT SRNH	24
PT TWC	24
Total	**144**

In line with the methodology used by Dogan & Ugurlu (2024), who evaluated disparities in financial ratios to assess the performance of the target company pre- and post-acquisition using the independent t-test, this study adopts a similar approach. The paired t-test is used to analyze variations in financial ratios across quarters within the same cohort. Additionally, the Wilcoxon signed-rank test, a suitable nonparametric method, is employed to assess differences between two paired (dependent) samples. This test serves as a substitute for the paired sample t-test when the population is not presumed to follow a normal distribution and the data is of ordinal, interval, or ratio scale (Lind et al., 2018). The Wilcoxon Signed-Rank Test will be conducted using SPSS version 26.0, based on the hypothesis formulation by Lind, Marchal, & Wathen (2017). The hypothesis of the Wilcoxon signed-rank test is articulated as follows:
H_0: There is no difference between the two conditions (median diff = 0).
H_1: There is a difference between the two conditions (median difference ≠ 0)
If p value > 0.05 then H_0 is accepted which means that there is no difference in the data.
If p value < 0.05 then H_0 is rejected which means that there is a difference in the data.

This study examines several financial ratios, detailed in the subsequent table summary:

Table 2. Financial Ratios in the Analysis

Indicators	Ratio
Profitability	Return on Equity
	Return on Aset
Liquidity	Current Ratio
Leverage	Debt to Equity

The hypothesis for the analysis in this study is derived from multiple journal references indicating that SOH established with significant government intervention will not yield a performance differential (Fan & Wang, 2022; Kim & Chung, 2018; Nguyen & Nguyen, 2020); consequently, the following hypothesis is proposed:

1. Profitability Indicators:
   H_{1A}: There is no difference between pre-holding and post-holding on the Return on Equity indicator.
   H_{1B}: There is no difference between pre-holding and post-holding on the Return on Asset indicator.
2. Liquidity Indicator:
   H_{2A}: There is no difference between pre-holding and post-holding on the Current Ratio indicator.
3. Leverage Indicator:
   H_{3A}: There is no difference between pre-holding and post-holding on the Debt to Equity indicator.

Ethical compliance measures were implemented throughout the research process, including obtaining informed consent from all interview participants, ensuring confidentiality of proprietary financial information through anonymization procedures, and securing approval from relevant institutional ethics committees. All respondents were informed of their right to withdraw from the study and were provided with clear explanations of how their data would be used and protected. Primary data obtained through interviews, observations, or questionnaires is applicable in business research, as corporate decision-making is a social phenomenon necessitating the collection of diverse responses (Uma Sekaran & Roger Bougie, 2016). This study will gather primary data via interviews to obtain knowledge concerning the post-formation integration of a SOE ecosystem holding. In-depth interviews were performed using a semi-structured approach in one-on-one settings with respondents. Sekaran & Bougie

(2016) define semi-structured interviews as those performed with a predetermined focus on certain information, typically organized around a coherent collection of subjects, where identical questions are posed to all participants. To achieve a comprehensive and strategic understanding, the researchers focused on various key respondents involved in the establishment of the SOH, as outlined below:

Table 3. Targeted Respondents

Position	Number
Chief Financial Officer (Acquired Company) *	5
Representative of the Ministry of State-Owned Enterprises	1
Total	**6**

* By the end of 2023, two corporations that operate airport services consolidated into a single entity through a merger.

Upon completing interviews and gathering adequate material, the researcher does an analysis. Interviews must be recorded to prevent inaccuracies and biases that may arise from reliance on memory (Uma Sekaran & Roger Bougie, 2016). The author will do validation and comprehensive analysis of alterations in financial performance. Text is transcribed from interviews with informants to improve understanding of the acquired information. This phase consists of a thorough evaluation of the transcription, therefore allowing researchers to fully grasp the given remarks of the informants and identify traits relevant to the study questions. This method helps researchers spot trends, themes, and important points of emphasis the informants. The interview recordings were transcribed and subsequently examined through the following stages:

1. Data Reduction

   Qualitative data analysis begins with data reduction, namely through coding and categorization. Classifying text units into designated categories facilitates coding proficiency (Sekaran & Bougie, 2016). Key components in the transcription related to the elucidation of financial performance after the establishment of the holding are emphasized in bold for further examination. This prominent labelling serves to identify critical data and ensure emphasis on items of significant importance for the study.

   The author will subsequently conduct a comprehensive data analysis to identify themes from the previously generated collection of codes. Codes derived from informant interviews are organized according to overarching themes to encompass key aspects related to the primary focus of the investigation. Analyzing the development of these codes and their relevance to the investigation facilitates the enhancement of this study. Multiple overarching themes can be derived from the previously organized codes based on the research findings.

2. Data Presentation

   Data presentation employs charts, matrices, diagrams, graphs, recurrent words, or images to identify patterns and correlations within the data, facilitating the derivation of appropriate conclusions (Uma Sekaran & Roger Bougie, 2016).

3. Drawing The Conclusion

   Drawing conclusions is the final stage of qualitative data analysis. At this stage, the research question must be able to answer the research question according to the identified theme, explain the observed pattern or relationship, or create a contrast (Uma Sekaran & Roger Bougie, 2016).

Qualitative Data Validity

The reliability and validity of qualitative data can be enhanced by the triangulation method. The triangulation method employs various techniques or sources that yield same outcomes (Uma Sekaran & Roger Bougie, 2016). Sekaran and Bougie (2016) developed many

forms of triangulation, including method triangulation, data triangulation, and theory triangulation.

RESULT AND DISCUSSION

Descriptive Analysis

A descriptive analysis was conducted on 144 samples collected from the data. In the descriptive analysis, the data was divided into pre- and post-periods. The presentation of the descriptive analysis for the four financial ratios examined is as follows:

Table 4. Descriptive Analysis Result

Variables	N	Minimum	Maximum	Mean	Skewness	Kurtosis
					Statistic	Statistic
ROE PRE	72	-0.07230	0.05500	0.00197	-0.87700	5.36700
ROE POST	72	-0.13490	0.03740	-0.01065	-2.35600	7.21400
ROA PRE	72	-0.02420	0.02770	0.00152	0.16200	3.49900
ROA POST	72	-0.03910	0.01270	-0.00302	-2.30400	6.76000
CR PRE	72	0.00470	0.91660	0.19492	1.13700	0.33000
CR POST	72	0.00230	0.90120	0.15358	1.63800	2.92400
DER PRE	72	0.00080	0.90890	0.15221	1.51900	1.43500
DER POST	72	0.00070	1.50900	0.37891	1.15400	-0.06500

Source : data processed

1. Profitability Indicators :

   The average values of ROE, and ROA diminished following the establishment of SOH, evidenced by the decline in ROE from 0.00197 to -0.01065 and ROA from 0.001512 to -0.00302. The standard deviation and skewness markedly rose following the SOH, signifying a broader and left-skewed (negative) data distribution, which suggests heightened variability and a potential deterioration in financial performance post-treatment.
2. Liquidity Indicator :

   The average of Current Ratio (CR) decreased from 0.19492 in the pre-period to 0.15358 in the post-period, indicating a decline in SOE under SOH to fulfill short-term obligations. The skewness and kurtosis of the liquidity variable indicate a data distribution that is increasingly positively skewed and exhibits a heightened distribution peak following the acquisition of SOE.
3. Leverage Indicator :

   The average Debt to Equity ratio (DER) rose from 0.15221 to 0.37891. This indicates the company's propensity to augment its debt burden following the SOH.

Table 5. Normality Test Result

Variables	N	Shapiro-Wilk
		Sig.
ROE	72	.0000000019
ROA	72	.0000000014
CR	72	.0000000227
DER	72	.0000000011

Source : data processed

The normality test results using Shapiro-Wilk methods for all variables (ROE, ROA, CR, DER) show significance values (Sig.) of 0.00000, which are far below the 0.05 threshold. This indicates that none of the variables are normally distributed. These findings are further supported by the descriptive statistics, where skewness and kurtosis values for all variables deviate substantially from the values expected for a normal distribution (skewness ≈ 0, kurtosis

≈ 3). Therefore, it is appropriate to use non-parametric statistical tests, such as the Wilcoxon Signed Ranks Test, for further analysis of these data.

Wilcoxon Signed Rank Test

The Wilcoxon Signed-Rank analysis of four variables reveals a distinct trend indicating that most enterprises suffer a deterioration in financial performance following the holding period. The consistently higher number of negative ranks compared to positive ranks across nearly all variables—specifically ROE, ROA, and Current Ratio—indicates a trend, but Debt to Equity exhibits greater positive ranks, signifying an increase in debt during the post-holding period.

Table 6. Wilcoxon Signed-Rank Test Results

Wilcoxon Signed-Rank	Z	Asymp. Sig. (2-tailed)
ROE POST - ROE PRE	-4.402[b]	0.00001071
ROA POST - ROA PRE	-4.147[b]	0.00003368
DER POST – DER PRE	-3.693[b]	0.00022206
CR POST - CR PRE	-6.190[c]	0.00000000

a. Wilcoxon Signed Ranks Test, b. Based on positive ranks, c. Based on negative ranks.

Source : data processed

A Wilcoxon signed-rank test was conducted on four financial ratios to determine the Asymp. Sig. (p-value), which indicates the probability of obtaining results as extreme or more extreme than those observed. If the null hypothesis is true (p-value > 0.05), it suggests no significant difference between the two groups. The statistical analysis, using the Wilcoxon signed-rank test on 144 samples, revealed significant changes in all financial variables (ROE, ROA, DER, and Current Ratio) in the pre- and post-treatment periods. Specifically, the p-value was found to be less than 0.05 for the acquired holding company, indicating a substantial decrease in profitability (ROE and ROA) and liquidity (Current Rasio), as well as an increase in leverage (DER) following the formation of the holding. Thus, it means that for all tested indicators—ROE, ROA, Current Ratio, and DER—there are statistically significant differences between the pre-holding and post-holding periods. Therefore, the null hypotheses ($\mathbf{H_{1A}}$ $\mathbf{H_{1B}}$, $\mathbf{H_{2A}}$, $\mathbf{H_{3A}}$), which state that there are no differences between pre- and post-holding for each indicator, must be rejected.

These findings suggest that the intervention or event between the pre- and post-periods had a substantial impact on the companies' financial ratios. The negative Z values for ROE, ROA, and CR indicate that most companies experienced declines in profitability and liquidity, while the increase in DER suggests higher leverage or debt levels post-treatment. Given the non-normal distribution of the data, the use of the Wilcoxon test is appropriate and strengthens the reliability of these conclusions.

Qualitative Analysis

The statistical analysis of financial performance before and after the acquisition of six companies by an SOE ecosystem Holding in Indonesia indicates a deterioration in profitability and liquidity, alongside an increase in leverage and a decline in financial stability. The outcomes of a comprehensive analysis of the Chief Financial Officer Member Holding reveal the problems encountered prior to the establishment of a holding ecosystem, as summarized in the following table:

Table 7. Summary of Problems Before SOH Establishment

Theme	Sub Themes	Specifics Aspects
Problems encountered prior to the SOH establishment	Government Assignment	Government Assignment
	Deterioration of performance	Financial performance has been impacted by Covid-19 since the absence of business operations
		Decreased performance due to corporate actions preceding ownership
		The company is in a non-bankable state due to its financial performance not satisfying banking requirements

Source : data processed

Consistent with the SOH typology, the State-Owned Holding (SOH) in Indonesia maintains a close affiliation with the government, often receiving mandates or assignments aligned with national tourism development objectives (Kim & Chung, 2018). This relationship was frequently highlighted by respondents, as detailed in Table A1 in the Appendix.

The observed deterioration in financial performance—specifically in profitability and liquidity—among SOE subsidiaries can largely be attributed to the severe impacts of the COVID-19 pandemic. The crisis disrupted the tourism and aviation sectors, leading to widespread business suspension, drastic revenue losses, and a slow recovery trajectory. These challenges were repeatedly emphasized by multiple respondents, as shown in Table A2 in the Appendix.

In addition to the timing of the holding's establishment, various corporate actions undertaken prior to the formation of the holding further weakened the financial position of several member companies. These actions included significant investments in renovations that failed to generate returns due to operational delays, as well as the divestiture of valuable assets in exchange for equity in underperforming or unprofitable firms. These decisions placed additional financial strain on the companies involved (Purwanitasari, Sopiah, Zagladi, & Wulandari, 2025).

Despite the implementation of several recovery initiatives, key financial indicators have not shown significant improvement. Moreover, the ability to conduct meaningful performance comparisons before and after the establishment of the holding has been increasingly constrained by rapidly changing external conditions. This limitation was emphasized by multiple respondents, as detailed in Table A3 in the Appendix.

The prolonged decline in financial performance during the COVID-19 pandemic has also resulted in some companies being deemed unbankable, as they no longer meet the financial criteria required to obtain credit facilities. Nevertheless, access to cash remains critical to ensure operational continuity. This issue was also highlighted by several respondents and is summarized in Table A4 in the Appendix (Robiyanto, Santoso, & Ernayani, 2019).

Empirical findings

The establishment of an ecosystem-based State-Owned Holding (SOH) in Indonesia reflects a strategic government initiative aimed at aligning the organizational structure with a deliberate holding model—one that serves as an orchestrator of the broader tourism ecosystem rather than functioning merely as an operational or administrative holding. The primary objective of this tourism-oriented SOH is twofold: to generate economic value and to serve as a development agent that facilitates the growth and integration of tourism destinations. Although the holding has been granted increased managerial autonomy to oversee its constituent State-Owned Enterprises (SOEs), the role of the state remains substantial, particularly in fulfilling social mandates and developmental objectives. This continued government involvement may undermine the holding's performance, especially if political or non-commercial objectives persist as a dominant influence. Moreover, the unique structure of

this SOH —which integrates diverse companies with varying business models and sectoral characteristics into a single ecosystem— presents new challenges. These include complexities in orchestration, the management of cross-sector synergies, and the alignment of strategic goals across subsidiaries. Addressing these challenges will be critical to realizing the full potential of the ecosystem-based holding model (Sayidah, Aminullah, & Possumah, 2019).

The findings of this study indicate that the integration of State-Owned Enterprises (SOEs) into an ecosystem-based holding structure has not led to a significant improvement in the financial performance of all constituent entities. This is evidenced by a decline in key profitability indicators such as Return on Equity (ROE) and Return on Assets (ROA), a decrease in liquidity as measured by the Current Ratio, and an increase in leverage levels. The deterioration in financial performance is primarily attributed to the timing of the holding's establishment, which coincided with the COVID-19 pandemic, as well as the varied initial financial conditions of the SOEs involved. Many of these entities entered the holding with pre-existing financial weaknesses resulting from earlier corporate actions. Consequently, they did not meet the criteria required to access bank financing or qualify for government allocations designated for tourism sector recovery. These findings are consistent with the conclusions of Fan and Wang (2022), Nguyen and Nguyen (2020), and Kim and Chung (2018), all of whom emphasize that the effectiveness of the State-Owned Holding (SOH) model is highly dependent on institutional design, the strength of governance mechanisms, and the level of direct government involvement. Excessive government intervention— particularly when driven by social or non-commercial objectives —can make SOEs more vulnerable to performance decline.

Policy implications

The research findings presented to the Ministry of State-Owned Enterprises highlight the inherent challenges associated with government mandates assigned to SOEs, especially when these assignments exceed the operational or financial capacities of the enterprises. In such cases, it is expected that the government will provide support—whether through financial assistance or by facilitating coordination with multiple strategic partners—to ensure effective implementation.

The establishment of a State-Owned Holding (SOH), particularly one oriented towards building an integrated ecosystem, is perceived as a viable mechanism for addressing these challenges. As an orchestrator, the SOH can play a critical role in aligning resources, streamlining operations, and facilitating collaboration among subsidiaries. This strategic positioning enhances its ability to respond effectively to complex mandates while advancing the broader mission set forth by the government (Wicaksono, Hartono, & Setiawan, 2025).

Limitations and future research directions

The primary limitations of this study lie in its exclusive focus on a single case study of a State-Owned Holding (SOH) and the relatively short observation period. The newly established holding has been in effective operation for only three years, which may not provide sufficient time to fully capture the long-term financial and organizational impacts of its formation. Consequently, the findings should be interpreted with caution, as they may reflect only the initial stages of transition.

Future research is encouraged to address these limitations by extending the observation period and incorporating a larger dataset. Additionally, broadening the scope of investigation to include multiple SOHs across different sectors or countries could enhance the generalizability of the findings. Longitudinal studies that evaluate the medium- and long-term effects of SOH formation would offer a more comprehensive understanding of its performance implications and governance outcomes.

CONCLUSION

This mixed-method study examining Indonesia's ecosystem-based State-Owned Holding reveals that structural reorganization alone does not guarantee improved financial performance when implemented during crisis periods with continued government intervention. The research demonstrates significant deterioration in profitability (ROE declining from 0.197% to -1.065%) and liquidity indicators, alongside increased leverage, primarily attributed to COVID-19 timing effects and persistent non-commercial government assignments. Compared to successful SOH models in Singapore and Vietnam, Indonesia's ecosystem holding faces unique coordination challenges arising from integrating diverse tourism value chain entities while managing competing government mandates. These findings contribute to SOE reform theory by highlighting how crisis-period institutional design choices and ecosystem complexity can amplify agency costs, providing crucial insights for policymakers designing future SOE restructuring initiatives that must balance commercial viability with developmental objectives.

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