

The Utilitarian Construction: A Reflection on the Formation of the Logistics Sector SOE Holding Company

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Abstract

This study analyzes the application of utilitarianism as a philosophical foundation in the establishment of a State-Owned Enterprises (SOE) holding company in Indonesia's logistics sector, with PT Pos Indonesia (Persero) as the parent company. This policy is based on Law Number 1 of 2025 concerning SOEs, which authorizes the state to establish operational holdings to enhance efficiency and national economic utility. Using the legal philosophy approach of utilitarianism developed by Jeremy Bentham and John Stuart Mill, this study highlights how the restructuring of SOEs is directed toward achieving The Greatest Happiness of The Greatest Number, namely the greatest benefit for society.

Keywords

Utilitarianisme, SOEs, Holding Company, Legal Utility



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INTRODUCTION

State-owned enterprises (SOEs) play a strategic role in Indonesia's national economy, particularly in managing sectors that are essential to public welfare. Beyond generating profits and contributing to state revenue, SOEs are expected to ensure that economic resources are managed in accordance with the constitutional mandate of promoting public prosperity. Article 33 of the 1945 Constitution of the Republic of Indonesia establishes the principle of state control over important branches of production and resources that affect the livelihood of the people. Accordingly, SOE governance should not be evaluated solely through financial performance but also through its contribution to equitable development, public accessibility, and social welfare.

Corporate restructuring, including the establishment of holding companies, has become an important strategy for improving the efficiency and competitiveness of SOEs. Through consolidation, companies operating within related business sectors can coordinate their resources, integrate operational systems, reduce overlapping functions, and strengthen their market position. In Indonesia, Law No. 1 of 2025 concerning the Third Amendment to Law No. 19 of 2003 on State-Owned Enterprises

provides a revised institutional framework for SOE governance, including the development of investment and operational holding structures. This legal development creates an important context for examining how the restructuring of state-owned enterprises can be aligned with the broader objectives of national economic development and public welfare.

The logistics sector is particularly significant in this regard because it connects production, distribution, and consumption across Indonesia's geographically dispersed regions. Inefficient logistics systems may increase transportation costs, delay the distribution of goods, and create disparities in access to essential commodities. These challenges can be especially consequential for remote and less-developed regions, where transportation infrastructure and distribution networks may be limited. Therefore, strengthening coordination among state-owned logistics companies is not merely a corporate management issue; it is also a matter of public policy with direct implications for economic accessibility and regional development.

The proposal to position PT Pos Indonesia (Persero) as a leader in a national SOE logistics holding reflects this strategic consideration. In 2023, the idea received attention during a working visit by Commission VI of the Indonesian House of Representatives to PT Pos Indonesia. The initiative was associated with the objective of consolidating state-owned logistics businesses and improving their ability to compete with private logistics providers (PT Pos Indonesia, 2023). Nevertheless, the potential benefits of consolidation should not be assumed automatically. The establishment of a holding company requires critical evaluation of whether organizational integration can produce measurable improvements in efficiency, service quality, distribution coverage, and affordability for the public.

Utilitarianism offers a relevant philosophical framework for evaluating this policy. Jeremy Bentham developed the principle of utility as a standard for assessing actions and policies according to their consequences for human happiness and suffering. From this perspective, a policy is justified when its overall consequences promote greater welfare for the people affected by it (Bentham, 2000). Applied to SOE restructuring, this principle requires the government to assess whether the expected benefits of a logistics holding outweigh its financial, administrative, and social costs. Reduced operational expenditure, faster delivery, and more integrated distribution networks become ethically meaningful when they generate tangible benefits for society.

John Stuart Mill further developed utilitarian thought by emphasizing that happiness should not be understood merely in quantitative or material terms. His

account recognizes qualitative dimensions of human well-being and the importance of considering the interests of individuals impartially (Mill, 1863; Donner, 1991). This perspective is particularly relevant to logistics policy because lower operating costs and higher corporate profitability do not necessarily guarantee equitable public benefits. A holding company might improve aggregate efficiency while leaving certain regions underserved or reducing access for vulnerable communities. Consequently, the social value of restructuring must be assessed through both overall improvements and the distribution of those improvements among different population groups.

Although legal certainty remains essential to corporate restructuring, legal validity and social utility represent distinct dimensions of policy evaluation. Legal certainty concerns the clarity, consistency, and predictability of applicable rules, whereas utilitarian evaluation examines the consequences of a policy for collective welfare. These perspectives should therefore be treated as complementary rather than mutually exclusive. A logistics holding must operate within a legitimate legal framework while demonstrating that its institutional design advances public interests.

Despite the strategic importance of SOE consolidation, the philosophical justification for establishing a logistics holding requires further examination. The central issue is not simply whether the government has the legal authority to establish such an arrangement, but whether the policy can be justified according to its expected and actual contribution to public welfare. Accordingly, this study examines the construction of utilitarianism as a philosophical foundation for evaluating the establishment of an SOE holding in Indonesia's logistics sector. It addresses the following research question: How can the principle of utilitarianism serve as a philosophical foundation for assessing the social benefits of establishing a state-owned enterprise holding in Indonesia's logistics sector?

METHODS

This study employs a normative legal research method with a conceptual and statutory approach to examine utilitarianism as a philosophical foundation for the establishment of a state-owned enterprise (SOE) holding in Indonesia's logistics sector. Normative legal research is appropriate because the study focuses on legal principles, statutory provisions, and philosophical arguments underlying government policy rather than measuring the empirical performance of a particular corporate entity. According to Marzuki (2017), legal research is conducted to identify legal rules, principles, and doctrines that address legal issues. Accordingly, this

study investigates the relationship between the legal framework governing SOEs, the constitutional principle of public welfare, and the utilitarian justification for restructuring state-owned logistics enterprises.

The statutory approach is used to examine the relevant legal instruments governing SOE management and the state's economic responsibilities. The principal legal materials include the 1945 Constitution of the Republic of Indonesia, particularly Article 33, and Law No. 1 of 2025 concerning the Third Amendment to Law No. 19 of 2003 on State-Owned Enterprises. These instruments are analyzed to identify the legal objectives of SOEs, the state's authority in managing strategic economic sectors, and the institutional framework for establishing investment and operational holdings. The analysis also considers the distinction between the general legal authority to establish an SOE holding and the specific legal status of a proposed logistics holding. This distinction is necessary to ensure that the normative argument does not assume the formal establishment of an institution solely on the basis of policy statements or proposals.

In addition to the statutory approach, this research employs a conceptual approach to explore the meaning and application of utilitarianism in public economic policy. Marzuki (2017) explains that a conceptual approach is useful for examining legal principles and doctrines that have developed in legal scholarship. The theoretical analysis draws primarily on Jeremy Bentham's principle of utility and John Stuart Mill's subsequent development of utilitarian philosophy. Bentham (2000) provides the foundational perspective that policies should be evaluated according to their consequences for happiness and suffering. Mill (1863), meanwhile, offers a broader understanding of happiness that considers qualitative dimensions of human well-being. These concepts are used to formulate a normative framework for assessing whether the consolidation of state-owned logistics companies can advance collective welfare rather than merely improve corporate profitability.

The research relies on secondary legal materials, consisting of primary, secondary, and tertiary legal sources. Primary legal materials include relevant legislation and constitutional provisions. Secondary materials comprise scholarly books, peer-reviewed journal articles, and academic publications addressing utilitarianism, legal certainty, SOE governance, corporate restructuring, and logistics policy. Official government and corporate publications are also examined to establish the policy background and identify the stated objectives of the proposed logistics holding. Tertiary materials, including legal dictionaries and encyclopedias, may be consulted to clarify relevant terminology. These materials are collected through

documentary research and a literature review, with particular attention to the authority, relevance, and consistency of each source.

The collected materials are analyzed qualitatively through systematic interpretation, classification, and normative evaluation. First, the applicable legal framework is examined to determine the legal basis and objectives of SOE restructuring. Second, Bentham's and Mill's utilitarian principles are reconstructed into evaluative criteria, including operational efficiency, affordability of logistics services, distributional fairness, service accessibility, and benefits for geographically disadvantaged communities. Third, these criteria are applied to assess the philosophical justification for establishing a logistics holding. The analysis considers both potential benefits and possible adverse consequences, including the risk that efficiency gains may not be distributed equitably. Finally, the findings are synthesized to determine the extent to which utilitarianism can provide a normative foundation for evaluating the policy. This method does not claim to establish the actual economic effects of a logistics holding without empirical evidence; rather, it develops a philosophical and legal framework for assessing whether the policy is consistent with the objective of maximizing public welfare.

FINDINGS AND DISCUSSION

The Philosophical Foundations of Utilitarianism: From Individual Happiness to Collective Welfare

Utilitarianism provides a philosophical framework for evaluating actions, legal rules, and public policies according to their consequences for human welfare. Jeremy Bentham is widely recognized as one of the principal founders of modern utilitarianism. His principle of utility holds that actions should be assessed according to their tendency to increase happiness and reduce suffering among those affected. In this framework, happiness and suffering provide the fundamental criteria for determining the moral value of an action or policy (Bentham, 2000).

Bentham's approach emphasizes the aggregate consequences of decisions. His understanding of utility encompasses benefits, advantages, pleasure, and happiness, while also considering the prevention of harm, pain, and unhappiness. Consequently, the legitimacy of a public policy cannot be established merely by demonstrating that it is legally authorized or economically advantageous to its implementing institution. Its consequences for the wider population must also be considered. Bentham's approach is particularly relevant to government policies because such policies frequently distribute benefits and burdens across different social groups (Noorsanti and Yudhanti, 2023).

However, Bentham's emphasis on the aggregation of utility raises an important question: can an increase in overall welfare justify a policy that disadvantages a particular group? John Stuart Mill's development of utilitarianism offers a more nuanced perspective. Mill distinguishes between different qualities of happiness and argues that human welfare cannot be reduced entirely to the quantity of pleasure obtained. His approach therefore requires policymakers to consider not only the total benefits generated by a decision but also the quality of those benefits and their implications for human well-being (Mill, 1863; Muharir and Haryono, 2023).

This distinction is significant for evaluating the establishment of a state-owned enterprise (SOE) holding in the logistics sector. An integrated logistics structure may increase corporate efficiency and reduce operational expenditure. Nevertheless, these outcomes represent only intermediate objectives. From a utilitarian perspective, the ultimate justification for restructuring lies in whether efficiency improvements generate meaningful benefits for society, including affordable delivery services, reliable distribution, and improved access to essential goods.

Bentham and Mill: Constructing a Public-Welfare Standard for SOE Restructuring

The differences between Bentham and Mill provide complementary foundations for assessing public-sector corporate restructuring. Bentham's approach supports the evaluation of measurable outcomes, including operating costs, delivery times, distribution capacity, and the affordability of logistics services. Such indicators can help determine whether the consolidation of logistics enterprises produces a net increase in social benefits. However, a comprehensive assessment must also account for the costs of restructuring, potential administrative inefficiencies, market concentration, and the possibility that financial savings may not be transferred to consumers.

Mill's perspective extends this evaluation by emphasizing the quality and distribution of welfare. The success of a logistics holding should therefore not be measured exclusively by its contribution to corporate profitability or aggregate economic growth. It should also be evaluated according to whether its services improve the welfare of different population groups, particularly communities in remote areas that may face higher transportation costs and limited access to distribution networks.

These two perspectives can be combined into a public-welfare standard consisting of three interconnected dimensions. The first is economic efficiency, which concerns the reduction of unnecessary costs and the optimization of organizational resources. The second is social accessibility, which examines whether improvements

in logistics operations increase the affordability, reliability, and geographical reach of services. The third is distributive welfare, which considers whether the benefits of restructuring reach different regions and social groups rather than being concentrated among corporate stakeholders or economically developed areas.

This framework illustrates that utilitarianism is not simply an argument for maximizing financial returns. Rather, it provides a basis for determining whether economic efficiency contributes to a broader improvement in human welfare. As discussed by Septiansyah and Ghalib (2019), utilitarianism has relevance to legal philosophy because it connects the evaluation of legal and governmental actions with their consequences for individual interests and the common good.

The Welfare State and the Regulatory State: The Government's Responsibility for Public Utility

The application of utilitarianism to SOE governance must also be understood in the context of the state's economic responsibilities. The welfare-state model emphasizes the active role of government in promoting social welfare, reducing inequality, and ensuring access to essential services. In contrast, the regulatory-state model highlights the importance of regulation, institutional oversight, and the organization of governance through legal and administrative mechanisms. Although these models emphasize different dimensions of state activity, they need not be mutually exclusive (Majone, 1997; Bisariyadi, 2016).

Within Indonesia's constitutional framework, Article 33 of the 1945 Constitution establishes the principle that important branches of production and resources affecting the livelihood of the people are subject to state control. This principle provides a constitutional foundation for state involvement in strategic economic sectors. However, state control should not be interpreted solely as ownership of enterprises. It also encompasses the responsibility to ensure that the management of strategic sectors remains consistent with the broader public interest.

The regulatory dimension is equally important. Effective regulations are necessary to ensure that corporate restructuring operates within a transparent and accountable institutional framework. Majone (1997) explains the emergence of the regulatory state as a transformation in the ways governments exercise authority, with regulation becoming an increasingly important instrument of governance. Nevertheless, regulatory activity does not automatically produce social welfare. Its effectiveness depends on the quality of legal rules, coordination among institutions, and the capacity to evaluate policy outcomes.

For SOE logistics restructuring, these considerations suggest that the government should combine regulatory certainty with substantive welfare objectives. The legal framework establishes the authority and boundaries of corporate restructuring, while utilitarian reasoning provides a philosophical basis for assessing whether the resulting institutional arrangements serve the public. Regulatory compliance and public utility should therefore function as complementary requirements for responsible SOE governance.

Constructing Utilitarianism in the Establishment of an SOE Logistics Holding

The proposed establishment of a logistics holding led by PT Pos Indonesia (Persero) illustrates the relationship between corporate consolidation and public welfare. The initiative was discussed in 2023 during a working visit by Commission VI of the Indonesian House of Representatives to PT Pos Indonesia, where the company's potential role in leading a national logistics holding was considered as a means of strengthening coordination and competitiveness among state-owned logistics enterprises (PT Pos Indonesia, 2023).

From Bentham's perspective, the proposal should be evaluated by comparing its expected benefits with the financial, institutional, and social costs associated with implementation. Integrating logistics operations may facilitate resource sharing, reduce duplication, improve distribution coordination, and strengthen operational capacity. If these improvements lead to lower delivery costs and more reliable services, the policy may generate greater aggregate welfare.

However, these outcomes should be treated as hypotheses to be evaluated rather than benefits that automatically follow from consolidation. Organizational integration can also create transition costs, bureaucratic complexity, coordination problems, or excessive market concentration. If these disadvantages outweigh the expected benefits, the policy may fail to satisfy the principle of utility. A sound utilitarian assessment must therefore consider both positive and negative consequences over an appropriate period.

Mill's perspective further requires attention to the distribution of these consequences. For example, cost reductions in major urban markets would provide an incomplete justification if remote communities continued to experience expensive or unreliable deliveries. A logistics holding should consequently be assessed according to whether it can improve services across different geographical areas, including regions where commercial returns may be relatively low but the social need for logistics services is substantial.

The philosophical construction of utilitarianism in this context therefore requires a distinction between corporate efficiency and social efficiency. Corporate efficiency concerns the ability of an enterprise to use resources effectively and remain financially sustainable. Social efficiency concerns the extent to which these improvements generate broader benefits, including affordable services, more equitable distribution, and improved access to essential goods. Although the two objectives can reinforce each other, they are not necessarily identical.

Accordingly, the government should establish measurable indicators to evaluate the public value of the proposed holding. Relevant indicators include changes in average delivery costs, delivery times, service coverage, reliability, operational expenditure, and access to logistics services in underserved regions. These indicators can help determine whether the expected benefits of restructuring are realized and whether those benefits are distributed equitably.

Toward a Normative Model of Utilitarian SOE Governance

The preceding analysis supports the development of a normative model in which utilitarianism serves as a philosophical standard for evaluating the establishment and governance of an SOE logistics holding. This model integrates three elements: legal legitimacy, economic efficiency, and distributive public welfare. Legal legitimacy requires the holding to be established and operated in accordance with applicable legislation and constitutional principles. Economic efficiency requires institutional restructuring to produce defensible improvements in the use of public resources and the coordination of logistics operations. Distributive public welfare requires these improvements to contribute to accessible and reliable services for society, including communities that may otherwise be disadvantaged by geographical or economic conditions.

The relationship among these elements is essential. A legally valid policy may still produce limited social benefits, while a financially efficient enterprise may fail to serve the public interest equitably. Utilitarian evaluation bridges these concerns by requiring policymakers to assess the consequences of institutional decisions for the welfare of the population. At the same time, the pursuit of aggregate utility must remain attentive to legal protections, accountability, and the fair treatment of affected groups. In practical terms, the government should establish a monitoring and evaluation mechanism that compares the expected social benefits of the logistics holding with its actual performance. The evaluation should include transparent reporting, stakeholder participation, and periodic assessment of service affordability and geographical coverage. Such measures would help ensure that efficiency gains

are not treated as an end in themselves but as instruments for achieving wider social objectives.

Ultimately, constructing utilitarianism as a foundation for SOE logistics restructuring means redefining the success of corporate consolidation. Success should not be determined exclusively by increased corporate value or reduced operating costs, but by demonstrable improvements in public welfare. This approach aligns the economic role of SOEs with the constitutional responsibility of the Indonesian state to manage strategic sectors in the interests of the people. Utilitarianism thus provides a philosophical framework through which the establishment of a logistics holding can be evaluated not only as a corporate strategy but also as a public-policy instrument directed toward equitable and sustainable welfare.

Logistics Distribution Issues in Indonesia and the Policy of Establishing an SOE Holding Company for the Logistics Sector

Indonesia's logistics distribution system faces structural challenges that affect national competitiveness, regional economic integration, and public welfare. As an archipelagic country, Indonesia depends on effective coordination among land, sea, and air transportation, warehousing, cargo handling, postal services, and supporting information systems. However, geographical fragmentation, uneven infrastructure development, regulatory complexity, and limited coordination among logistics stakeholders continue to create barriers to efficient distribution. Yunani and Widijawan (2020) explain that logistics encompasses interconnected activities involving the movement of goods, information, and associated services. Consequently, weaknesses in one component of the logistics chain can generate inefficiencies throughout the distribution system. These challenges demonstrate that logistics performance is not merely a corporate concern but also a strategic determinant of national economic development.

One significant consequence of logistics inefficiency is the disparity in the availability and prices of goods across regions. High transportation costs and inadequate distribution networks can increase the prices of essential commodities in eastern Indonesia and other remote areas compared with more developed regions. Such disparities impose additional burdens on consumers and businesses, undermine regional competitiveness, and potentially constrain access to basic necessities. Logistics inefficiency can also disrupt industrial production when manufacturers experience difficulties obtaining essential inputs. From Bentham's utilitarian perspective, these conditions represent a reduction in collective welfare

because the costs of inefficient distribution are borne by producers, consumers, and communities. Public policy should therefore be assessed according to its capacity to reduce these burdens and generate greater benefits for society (Bentham, 2000).

The historical Logistics Performance Index (LPI) provides additional context for understanding Indonesia's logistics challenges. The World Bank reported that Indonesia ranked 59th in 2012, 53rd in 2014, 63rd in 2016, and 46th in 2018. These historical rankings indicate that Indonesia experienced fluctuations in logistics performance during the period, despite improvements in some years. Nevertheless, these figures should not be interpreted as a description of Indonesia's current position, because they refer to earlier editions of the index. More importantly, the historical data suggest that improvements in logistics competitiveness require sustained institutional coordination, infrastructure development, and operational integration rather than isolated interventions.

Yunani and Widiawan (2020) identify several interconnected obstacles to Indonesia's logistics development, including overlapping regulations, weak law enforcement, inadequate trade-supporting systems, insufficient cross-sectoral coordination, and infrastructure limitations. These findings indicate that logistics inefficiency cannot be resolved solely by increasing the number of transportation facilities. Effective distribution also requires coordination among ports, transportation operators, warehouses, freight forwarders, customs services, and delivery providers. A fragmented institutional structure can create duplicated activities, inconsistent procedures, and unnecessary transaction costs. Therefore, integrating logistics operations through an appropriate institutional arrangement represents a potential strategy for addressing these systemic problems.

The establishment of an integrated state-owned enterprise (SOE) logistics holding, with PT Pos Indonesia (Persero) as a proposed parent company, reflects an effort to strengthen coordination among state-owned logistics businesses. The Global Logistics Indonesia (GLID) initiative presents a model for integrating services such as collecting, handling, warehousing, transportation, delivery, and customs-related documentation into a broader logistics solution (GLID, 2025). Conceptually, an integrated structure could facilitate resource sharing, improve network utilization, strengthen information exchange, and reduce operational duplication. However, the extent to which these benefits can be realized depends on the institutional design, the coordination of participating enterprises, investment capacity, and the effectiveness of implementation. The existence of an integrated logistics initiative should not, by itself, be treated as proof that all distribution problems have been resolved.

The potential contribution of an SOE logistics holding can be examined through Bentham's principle of utility, which evaluates policies according to their consequences for the happiness and welfare of the people affected (Bentham, 2000). Under this approach, corporate consolidation is justified to the extent that its benefits exceed its associated economic, administrative, and social costs. Potential benefits include lower distribution expenses, shorter delivery times, improved service reliability, and greater access to essential goods. If these outcomes are achieved, the holding could contribute to consumer welfare, business productivity, and the competitiveness of regional economies. Nevertheless, the utilitarian justification remains conditional upon demonstrable outcomes rather than the stated objectives of restructuring alone.

Mill's perspective further strengthens this assessment by emphasizing the quality of happiness and the importance of broader human welfare (Mill, 1863). An increase in aggregate corporate efficiency does not necessarily mean that all communities benefit equally. For example, logistics consolidation might improve delivery services in commercially attractive urban markets while providing insufficient incentives to serve remote areas with higher operating costs. A policy evaluation based exclusively on profitability could therefore overlook communities whose social needs are substantial but whose commercial returns are limited. Accordingly, a utilitarian logistics policy should consider not only aggregate efficiency but also the distribution of benefits among regions and social groups (Muharir and Haryono, 2023).

The constitutional framework reinforces this public-welfare orientation. Article 33 of the 1945 Constitution of the Republic of Indonesia establishes the principle of state control over important branches of production and resources affecting the livelihood of the people. Within this framework, SOEs operating in strategic economic sectors have responsibilities that extend beyond financial performance. Nevertheless, constitutional objectives do not automatically establish the effectiveness of a particular corporate structure. The legal authority to organize SOEs and the practical consequences of that organization must be evaluated separately. Regulatory clarity, institutional accountability, and transparent performance assessment are therefore essential to ensuring that restructuring remains consistent with the public interest (Majone, 1997; Bisariyadi, 2016).

Overall, the findings support the argument that utilitarianism provides a relevant philosophical framework for evaluating an SOE logistics holding in Indonesia. Its contribution lies in connecting corporate restructuring with

measurable public benefits rather than treating consolidation as an end in itself. An effective evaluation should examine changes in shipping costs, delivery times, service coverage, distribution reliability, and access to logistics services in underserved regions. It should also consider implementation costs, potential market concentration, and the equitable distribution of benefits. Through this approach, the proposed logistics holding can be assessed according to whether it advances both economic efficiency and social welfare. Utilitarianism thus provides a normative basis for determining whether the integration of state-owned logistics enterprises contributes meaningfully to the constitutional objective of promoting prosperity for the Indonesian people.

Application of Utilitarian Theory to the Logistics Sector SOE Holding Company

The application of utilitarianism to the establishment of a state-owned enterprise (SOE) holding in Indonesia's logistics sector requires an assessment of whether institutional consolidation maximizes public welfare. Bentham's principle of utility emphasizes maximizing overall happiness and minimizing suffering, while Mill highlights the quality of happiness and the importance of justice (Bentham, 2000; Mill, 1863). Accordingly, a logistics holding should not be evaluated solely through corporate profitability or organizational efficiency, but also through its contribution to affordable distribution, reliable services, and equitable access to essential goods.

Article 33(1) of the 1945 Constitution of the Republic of Indonesia establishes that the economy shall be organized as a common endeavor based on the principle of kinship. This principle supports cooperation among SOEs to overcome organizational fragmentation and improve coordination across transportation, warehousing, and distribution activities. An integrated holding could facilitate resource sharing, strengthen supply-chain management, and reduce operational duplication. However, such cooperation must serve the common good rather than merely strengthen corporate interests (Republic of Indonesia, 1945).

Article 33(2) emphasizes state control over production sectors important to the state and affecting public livelihoods. Logistics constitutes a strategic sector because it connects producers and consumers across Indonesia's geographically dispersed regions. Nevertheless, state control encompasses not only ownership but also regulation, supervision, and institutional arrangements that protect public interests. Therefore, the proposed Global Logistics Indonesia (GLID) arrangement should be evaluated according to its actual governance structure and measurable contribution to national logistics performance.

Article 33(3) establishes the objective of utilizing natural resources for the greatest prosperity of the people. Although its direct application to logistics infrastructure requires careful legal interpretation, the broader principle of public prosperity remains relevant. Furthermore, Article 33(4) emphasizes economic democracy, togetherness, efficiency with justice, sustainability, independence, and national economic unity. These principles require logistics consolidation to balance operational efficiency with equitable service distribution and environmental responsibility.

Mill's perspective is particularly relevant because aggregate economic gains do not automatically produce equitable welfare. Reduced operating costs and increased corporate revenue may coexist with high delivery charges or limited services in remote areas. Consequently, the holding must generate benefits for consumers, micro, small, and medium-sized enterprises, rural producers, and communities outside major economic centers. Its success should be measured by improved affordability, reliability, accessibility, and opportunities for wider economic participation (Mill, 1863).

The statutory framework, including Law No. 1 of 2025 concerning the Third Amendment to Law No. 19 of 2003 on State-Owned Enterprises, provides a basis for examining holding-company governance. A holding can coordinate corporate strategy, monitor subsidiary performance, and strengthen operational capabilities. However, consolidation also creates risks, including conflicts of interest, opaque decision-making, inefficient investment, and concentrated market power. Transparent governance, effective supervision, and clear accountability are therefore essential. Rasji, Yuniati, and Zayyan (2024) underscore the importance of examining SOE financial governance through legal and philosophical perspectives.

The practical application of utilitarianism requires measurable indicators, including shipping costs, delivery times, service reliability, geographical coverage, asset utilization, and access in underserved regions. Baseline assessments, transparent reporting, and independent evaluations should establish whether consolidation produces demonstrable public benefits.

In conclusion, utilitarianism provides a normative framework for evaluating an SOE logistics holding through its contribution to collective welfare. Article 33 of the Constitution establishes the constitutional orientation, while the SOE legal framework provides institutional guidance. Ultimately, GLID should be assessed not merely by organizational integration or profitability, but by its ability to deliver efficient, affordable, sustainable, and equitable logistics services. Its legitimacy

depends on translating corporate performance into verifiable benefits for the Indonesian people.

Conclusion

The establishment of a state-owned enterprise (SOE) holding in Indonesia's logistics sector can be understood through utilitarianism as an institutional strategy aimed at maximizing public welfare. Bentham's principle of utility and Mill's emphasis on the quality and distribution of happiness provide a philosophical foundation for evaluating whether corporate consolidation generates meaningful social benefits. Article 33 of the 1945 Constitution of the Republic of Indonesia reinforces this orientation by emphasizing collective prosperity, economic democracy, and efficiency with justice. Meanwhile, Law No. 1 of 2025 provides a statutory framework for the development and control functions of SOE holding companies. Nevertheless, the legitimacy of a logistics holding cannot be measured solely by organizational integration, increased profitability, or operational efficiency. Its success must also be demonstrated through lower logistics costs, improved delivery reliability, broader geographical service coverage, and more equitable access for consumers and businesses, particularly in underserved regions. Effective supervision, transparent governance, and accountability are essential to prevent inefficiency, corruption, and the concentration of economic benefits. Therefore, the proposed Global Logistics Indonesia (GLID) arrangement should be evaluated through measurable indicators of economic performance and public welfare. Ultimately, utilitarianism establishes that the success of an SOE logistics holding depends on its capacity to translate corporate efficiency into equitable, sustainable, and verifiable benefits for the Indonesian people.

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