

Synergy Between State and Market in Realizing Social Welfare: Perspectives from RPJPN 2025–2045

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Abstract

The synergy between the state and the market is a key element in creating inclusive and sustainable social welfare. The state acts as a provider of basic services and a regulator to ensure equitable access and social justice, while the market drives innovation, economic growth, and digital transformation. This study employs a qualitative descriptive approach based on literature analysis to examine the relationship between the state, the market, and social welfare policies, focusing on the implementation of the Family Hope Program (PKH) and the National Health Insurance (JKN). The findings reveal that while both programs have positively impacted poverty reduction and improved access to healthcare, challenges such as regional disparities, complex bureaucracy, and protection for informal sector workers remain to be addressed. The National Long-Term Development Plan (RPJPN) 2025–2045 offers strategic opportunities to strengthen state-market synergy through digital transformation, governance enhancement, and public-private collaboration. This article recommends evidence-based policies that focus on reducing regional disparities and enhancing socio-economic inclusion to achieve the vision of Golden Indonesia 2045.

Keywords: RPJPN 2025–2045; State-Market Synergy; Social Welfare.

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1. Introduction

The state's role as a provider of social services and a regulator, alongside the market's role as a driver of innovation and economic growth, forms a crucial foundation for realizing social welfare in Indonesia. As stipulated in Article 34, Paragraph (1) of the 1945 Constitution of the Republic of Indonesia and reinforced through Law No. 13 of 2011 concerning the Handling of the Poor, the state is responsible for addressing market failures and ensuring social justice and equitable access to basic societal needs. Meanwhile, the market plays a vital role in fostering innovation, creating jobs, and driving sustainable economic growth.

In recent decades, however, economic globalization and advancements in digital technology have reshaped the interaction between the state and the market. The privatization of social services and market liberalization, aimed at improving efficiency and competitiveness, have often led to a reduction in state involvement in social protection. Consequently, countries adopting traditional welfare state models face significant challenges in balancing the state's regulatory role with the market's drive for efficiency. Income inequality and uneven access to basic services have become more pronounced, particularly in nations with weak social infrastructures (Shcherbak, 2021).

Indonesia faces significant challenges in implementing social programs such as the Family Hope Program (PKH) and the National Health Insurance (JKN). These challenges include complex bureaucracy, characterized by slow and inefficient administrative processes, as well as corruption, which leads to budgetary leaks (Nahak et al., 2018). Additionally, regional disparities exacerbate access to social services, as seen in Papua, where approximately 74% of villages in Asmat lack access to healthcare facilities within a 5 km radius (Efriandi, 2021). Studies show that Papuans are less likely to utilize hospital services compared to regions such as Java-Bali, which has a 1,075 times higher likelihood of service usage (Laksono et al., 2023). For instance, the distribution of PKH assistance and the coverage of JKN services still face obstacles due to regional disparities between western and eastern Indonesia. These disparities are a key concern in the context of national development, particularly in light of Indonesia's long-term vision to achieve Golden Indonesia 2045.

To address these challenges, the National Long-Term Development Plan (RPJPN) 2025–2045 is designed to promote inclusive, sustainable development that focuses on governance transformation, economic digitalization, and human resource strengthening (Bappenas, 2023, in the report *RPJPN 2025–2045: Transforming Sustainable Development*). The role of the Audit Board of Indonesia (BPK) is also crucial in identifying state financial losses due to corruption and strengthening governance accountability (Suta et al., 2021).

This study aims to analyze the impact of synergy between the state and the market in supporting social welfare, with a focus on the implementation of PKH and JKN as case studies. These programs represent the government's comprehensive efforts to address poverty and healthcare access issues, which are critical pillars of the Sustainable Development Goals. Furthermore, this article integrates these findings with the development priorities outlined in RPJPN 2025–2045 to provide relevant policy recommendations. The study aspires to contribute practical and academic insights to support Indonesia in achieving an inclusive, productive, and prosperous society.

2. Methods

This research employs a descriptive qualitative method based on literature reviews to analyze the relationship between the state, the market, and social welfare policies. Thematic analysis is conducted to identify key issues, such as regional disparities and digital transformation, while comparative analysis is used to examine interregional policy differences. This approach is deemed suitable for addressing the complexity and dynamic context of state-market relations within RPJPN 2025–2045 (Sugiono, 2016).

The data sources include academic literature, reports, public policy documents such as RPJPN 2025–2045 (Bappenas, 2023), and policies related to PKH and JKN, as well as regional case studies. Data were gathered through literature searches in databases like JSTOR and Scopus, using keywords such as "RPJPN," "economic digitalization," and "social welfare." Selection criteria were based on thematic relevance and publication year.

Analysis was conducted descriptively to summarize findings, thematically to identify key issues such as income inequality, and comparatively to evaluate interregional policy differences (Ramdhan, 2021). Data validation was performed using source triangulation and peer-reviewed literature to ensure credibility (Moleong, 2014).

The study findings will present a summary of the relationship between the state, the market, and social welfare; identify success factors and challenges; and provide innovative policy recommendations to strengthen synergies for achieving sustainable welfare (Moleong, 2014; Sugiono, 2016).

3. Results, Analysis, and Discussions

3.1. The Role of the State in Enhancing Social Welfare

The state has a significant responsibility to ensure the fulfillment of citizens' basic rights by providing social services such as education, healthcare, housing, and social protection. It is also tasked with addressing market failures through regulations and income redistribution policies. Programs implemented in Indonesia, such as the Family Hope Program (PKH), National Health Insurance (JKN), and Smart Indonesia Card (KIP), reflect the state's commitment to improving social welfare.

The Family Hope Program (PKH) successfully reduced poverty rates to 9.22% in 2021 by providing conditional cash transfers that encourage beneficiaries to fulfill educational and health obligations for their children (Ministry of Social Affairs, 2021). PKH also has long-term benefits, including increased school attendance among children from low-income families, directly influencing the quality of future human resources. Similarly, JKN, as the world's largest health insurance scheme, covers over 85% of the population but still faces challenges in ensuring access to remote areas like Papua (Efriandi, 2021).

National Health Insurance (JKN) marks a significant step toward universal healthcare in Indonesia, providing access to healthcare for more than 200 million people, including marginalized communities. A study by Budi Setiawan (2023) reveals that JKN reduces household healthcare expenditures by up to 40%, directly enhancing the economic welfare of low-income families (Setiawan, 2023; Saputri & Murniati, 2022). However, challenges such as funding deficits and unequal access to healthcare services in remote areas persist.

Despite the positive impacts of social programs, their implementation faces various barriers. Bureaucratic inefficiencies, poor inter-agency coordination, and corruption hinder program effectiveness. Transparency International reported Indonesia's Corruption Perception Index in 2020 at only 37 out of 100, reflecting weak governance that adversely affects social policy implementation (Ngatikoh et al., 2020).

Additionally, regional disparities pose significant challenges. Eastern regions such as Papua and Maluku lag in access to education, healthcare, and infrastructure compared to the western regions. For example, Papua's Human Development Index (HDI) in 2022 was only 61.39, far below the national average of 72.91 (BPS, 2022). These disparities underline the need for more adaptive, locally focused policy approaches to address the needs of remote communities.

3.2. Market Efficiency in Supporting Social Welfare

Markets play a crucial role in driving economic growth through efficient resource allocation, job creation, and innovation. In Indonesia, the digital sector exemplifies how markets can contribute to social welfare. Platforms like Gojek, Tokopedia, and Shopee have expanded economic access for millions of micro, small, and medium enterprises (MSMEs).

According to the Indonesian E-Commerce Association (idEA), MSMEs active on digital platforms experienced an average revenue increase of up to 25% compared to traditional MSMEs (idEA, 2022). Such initiatives not only broaden market access for MSMEs but also create new job opportunities in the digital sector, including logistics and online transportation (Arianto, 2021).

However, overreliance on free markets can exacerbate social inequalities. Research by Thomas Piketty (2014) highlights that without adequate regulation, markets tend to widen the gap between the rich and the poor by concentrating wealth in the hands of a few individuals or large corporations (Piketty, 2014).

3.3. State-Market Synergy in RPJPN 2025–2045

A balanced synergy between the state and the market is essential for achieving sustainable social welfare. The state must act as a regulator to ensure fair market practices and prevent negative externalities such as social inequality and environmental degradation. A practical example is the implementation of carbon taxes in Europe, which successfully reduced greenhouse gas emissions without hampering economic growth (Sachs, 2016).

The National Long-Term Development Plan (RPJPN) 2025–2045 provides a strategic framework to strengthen state-market synergy. Public-private partnerships (PPPs) have shown significant results in supporting social infrastructure development. Projects like building regional hospitals and schools through PPPs in remote areas demonstrate how this synergy can accelerate progress. A study by Christin Dameria and Petrus Natalivan Indradjati (2022) underscores the importance of transparency and accountability in implementing PPP schemes to maximize their benefits for society (Christin & Petrus, 2022).

Digital technology offers significant opportunities to enhance state-market synergy. The Pre-Employment Card Program, for example, combines the state's role in providing skills training with digital platforms that ensure wider access. This program has improved the competitiveness of informal sector workers and provided training access to millions who were previously underserved (Ersania & Merkusiwati, 2018).

Additionally, technologies like the Social Welfare Information System-Next Generation (SIKS-NG) developed by the Ministry of Social Affairs enhance the accuracy of beneficiary data. This system minimizes allocation errors and improves the transparency of aid distribution (Kementerian Sosial, 2021).

3.4. Challenges and Policy Opportunities in Indonesia

Regional disparities remain a major challenge in improving social welfare in Indonesia. Eastern regions such as Papua still have very limited access to healthcare, education, and basic infrastructure. A regional policy approach that addresses local needs is crucial to reducing these disparities (Prabowo et al., 2021).

The adoption of digital technology presents opportunities to improve the efficiency and reach of public policies. Programs like the Pre-Employment Card and the use of digital data systems such as SIKS-NG have expedited aid distribution and ensured that benefits reach the truly needy (Ersania & Merkusiwati, 2018). However, obstacles such as low digital literacy and limited internet access in remote areas require special attention.

4. Conclusion and Recommendation

The synergy between the state and the market is a crucial element in creating inclusive and sustainable social welfare. Through programs such as the Family Hope Program (PKH) and National Health Insurance (JKN), the state has successfully enhanced access to basic services and reduced poverty, though challenges such as complex bureaucracy, regional disparities, and corruption remain significant obstacles. On the other hand, the market plays an essential role through innovation and digital transformation, particularly in supporting the MSME sector and driving economic growth. However, challenges such as protecting informal sector workers and bridging the digital access gap in underdeveloped regions require greater attention.

The National Long-Term Development Plan (RPJPN) 2025–2045 provides a strategic framework for strengthening state-market synergy through digital transformation, public-private collaboration, and data-driven governance. To support the realization of the Golden Indonesia 2045 vision, several strategic measures are recommended:

1. **Strengthening Digital Infrastructure:** Expand technology access to underdeveloped regions to support economic and social inclusion.
2. **Developing Adaptive Governance:** Enhance bureaucratic efficiency by utilizing data-driven systems, such as the Social Welfare Information System (SIKS-NG), to ensure accurate and targeted distribution.
3. **Protecting Informal Workers:** Formulate flexible and adaptive social protection policies for informal workers engaged in the digital economy.
4. **Public-Private Collaboration:** Optimize public-private partnerships to build social infrastructure and strengthen workforce capacity.
5. **Focusing on Regional Disparity Reduction:** Increase budget allocation and develop localized programs designed to address regional inequalities, particularly in Eastern Indonesia.

By integrating these measures, Indonesia can achieve inclusive and sustainable development, aligned with the RPJPN framework and the long-term goals of the Golden Indonesia 2045 vision.

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