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RECONSTRUCTION OF CAPITALIST MANAGEMENT IN INDONESIA: INTEGRATION OF COLLECTIVISM VALUES, LOCAL WISDOM, AND SUSTAINABLE WELFARE ORIENTATION

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Abstract

The debate over the relevance of capitalism in modern management practices continues to rage, particularly in developing countries with distinct social and cultural characteristics from Western countries, the epicenter of capitalism's development. Indonesia, as a collectivist nation, faces challenges in adopting a capitalist management model that tends to be individualistic and profit-driven. This study aims to analyze the relevance of capitalist management in Indonesia, identify forms of capitalism that align with the characteristics of Indonesian society, and offer an integrative model of capitalism and local social values. The study employed a qualitative approach, employing literature reviews and conceptual analysis of the development of organizational management practices in Indonesia. The results indicate that capitalism remains relevant in increasing organizational efficiency, innovation, productivity, and competitiveness in the digital era. However, the implementation of pure capitalism has the potential to lead to social inequality, work pressure, exploitation of human resources, and weakened social solidarity. Therefore, organizations in Indonesia require a hybrid capitalist management approach that integrates profit orientation with humanistic values, collectivism, social responsibility, and environmental sustainability. This model is considered more appropriate to the character of Indonesian culture, which places a balance between economic interests and social welfare as a crucial part of organizational life.

Keywords: Capitalism, Capitalist Management, Collectivism, Organizational Humanism, Sustainability, Indonesia

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INTRODUCTION

Capitalism is one of the most influential economic and management systems in the development of modern organizations. In the past two decades, this system has increasingly dominated global organizational practices through a competitive approach of efficiency, innovation, and market orientation (Ritzer, 2011). This system places capital, competition, efficiency, and profit at the center of economic activity. In management practice, capitalism drives organizations to achieve high productivity through resource optimization, technological innovation, and a focus on business growth. Global companies use capitalist principles to increase competitiveness and expand their market influence across multiple countries.

Capitalism's dominance has become even stronger in the era of globalization and digitalization. Digital transformation, artificial intelligence, and the platform economy are pushing organizations to be more flexible and competitive in facing global market dynamics (Komalasari, 2023). Modern organizations are required to move quickly, efficiently, and innovatively to survive amidst increasingly complex global competition. The development of digital technology also strengthens capitalist practices through automation, big data, artificial intelligence, and the platform economy. In this context, companies unable to adapt to the logic of modern capitalism tend to experience a decline in competitiveness.

However, capitalism is not without criticism. Many academics believe that the modern capitalist system is overly focused on profit accumulation, neglecting social and humanitarian dimensions. Michael Pirson explains that modern organizations often lose focus on the dignity and well-being of workers due to the dominance of market logic and profitability (Pirson, 2017). Companies often view workers merely as means of production, rather than as individuals with social, psychological, and emotional needs. Furthermore, capitalism is also considered to reinforce economic inequality because the distribution of profits is concentrated primarily in the hands of capital owners.

Criticism of capitalism is growing as companies begin to implement highly competitive work systems that put pressure on workers' work-life balance. In many organizations, demands for high productivity led to increased burnout, work stress, and a decline in employee well-being. This phenomenon is increasingly evident in digital organizations, which demand fast-paced work, multitasking, and flexibility without clear boundaries between work and personal life (Khilji, 2020). This phenomenon demonstrates that a sole focus on profit does not always result in healthy and sustainable organizations.

In the Indonesian context, the implementation of capitalist management is an interesting issue to study because Indonesia has a distinct cultural character compared to Western countries. Indonesian culture is known for its strong collectivist orientation, upholding the values of mutual cooperation, kinship, social solidarity, and deliberation. Recent research shows that collectivist culture in Indonesia remains a dominant factor in shaping organizational behavior, work loyalty, and interpersonal relationships in the workplace (Gustiawan et al., 2025). Social relationships are often prioritized over formal, transactional relationships.

This cultural characteristic often results in the ineffectiveness of pure capitalism. Many organizations in Indonesia continue to adopt a family-oriented approach to human resource

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management. Leaders are expected not only to achieve organizational targets but also to build emotional connections with employees and create a sense of community. However, Indonesian organizations cannot completely reject the principles of capitalism. Global competition and the development of the digital economy require companies to remain efficient, innovative, and competitive. Therefore, there is a need to develop a management model that integrates capitalist efficiency with Indonesian social and cultural values.

This phenomenon demonstrates that the primary issue lies not in whether capitalism should be accepted or rejected, but rather in how capitalism can be reconstructed to fit the Indonesian socio-cultural context. Thus, this research seeks to answer three main questions. First, is capitalist management still relevant in Indonesia? Second, what form of capitalism is most appropriate for Indonesian organizations? Third, how can integrating capitalism with other perspectives create a more adaptive and sustainable management model? This research is expected to provide theoretical contributions to the development of culture-based management studies while also providing practical recommendations for Indonesian organizations in building competitive and sustainable management systems.

REVIEW OF LITERATURE

Capitalism as an Economic and Management System

Capitalism is an economic system that places private ownership, free markets, and capital accumulation as the primary foundations of economic activity. Historically, capitalism has grown rapidly since the Industrial Revolution in Europe and has become the primary foundation for the development of modern industry. Adam Smith, through his concept of the invisible hand, explained that individuals pursuing personal interests indirectly benefit society through market mechanisms. This concept later developed into the basis for a system of competition and efficiency in modern organizations oriented towards economic growth and capital accumulation (Ritzer, 2011). This thinking underpins the development of a competitive and efficient system in the business world.

From a management perspective, capitalism encourages organizations to maximize productivity and operational efficiency. The scientific management approach introduced by Frederick Taylor is one example of implementing capitalist principles in organizations. Taylor emphasized the importance of work standardization, productivity measurement, and specific task allocation to increase organizational output. Modern capitalism then developed through strategic management approaches, digital innovation, and global market orientation. Modern companies are required to have an organizational culture that is more adaptive to technological changes and international market dynamics (Putri, 2023). Organizations are required to be more adaptive, flexible, and competitive in facing the changing business environment.

Critique of Modern Capitalism

Although capitalism has successfully driven economic growth and technological development, this system has also faced various criticisms. Karl Marx stated that capitalism creates an exploitative relationship between capital owners and workers. According to Marx, corporate profits are obtained through control over labor, thus creating class inequality.

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Beyond economic criticism, capitalism is also criticized for encouraging individualism and materialism. In modern organizations, success is often measured solely by financial achievement and productivity. As a result, social values and human relationships are often marginalized in contemporary organizational practices (Kostera, 2023). Consequently, social relationships and human values are increasingly marginalized.

Modern capitalism also faces criticism from an environmental perspective. Many companies pursue short-term profits without considering the ecological impact of their business activities. Excessive exploitation of natural resources is one consequence of this uncontrolled profit-orientation. In an organizational context, high work pressure and a competitive culture often lead to psychological problems for workers. Recent studies have shown that overly competitive capitalist work systems are linked to increased burnout and decreased work-life balance among modern workers (Khilji, 2020). Burnout, job stress, and organizational dissatisfaction are becoming increasingly common phenomena in capitalist work systems.

Indonesian Collectivist Culture

Indonesia is known as a society with a strong collectivist culture. Recent cross-cultural studies show that Indonesians still prioritize group harmony, social loyalty, and interpersonal relationships as key values within organizations (Tantawi et al., 2026). In collectivist cultures, individuals tend to prioritize group interests over personal interests. Social relationships, solidarity, and cooperation are important values in community life. The value of mutual cooperation (gotong royong) is one tangible manifestation of Indonesian collectivist culture. This concept reflects the spirit of cooperation and mutual assistance in achieving common goals. Within organizations, the culture of mutual cooperation can be seen through teamwork, familial relationships, and participatory leadership.

Organizational culture in Indonesia is also influenced by values of respect for hierarchy and interpersonal relationships. Leaders are seen not only as decision-makers but also as figures who must be able to build emotional bonds with organizational members. This cultural characteristic suggests that an overly individualistic and competitive management approach is not always appropriate in the Indonesian context.

Humanistic Management

Humanistic management is a management approach that places people at the center of the organization. This approach emphasizes that organizations aim not only to generate profits but also to create human well-being. In humanistic management, workers are viewed as individuals with social, emotional, and psychological needs. This approach emphasizes the importance of human dignity, well-being, and more ethical and humane organizational relationships (Pirson, 2017). Therefore, organizations need to create a healthy, inclusive work environment that supports individual development.

The humanistic approach also emphasizes the importance of business ethics, social responsibility, and organizational sustainability. Companies are expected to focus not only on short-term profits but also on the social impact of their activities. This perspective has evolved with the increasing attention to sustainability and stakeholder-oriented management in modern organizations (Freeman, 1984).

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Hybrid Capitalist Management

Hybrid capitalist management is a management model that combines the efficiency principles of capitalism with social and humanistic values. This model seeks to strike a balance between organizational profitability and social welfare. In this approach, organizations maintain the principles of innovation, productivity, and efficiency, but without neglecting employee welfare and environmental sustainability. The hybrid model is considered more adaptable for developing countries with collectivist cultures like Indonesia.

RESEARCH METHOD

This research uses a qualitative approach, employing literature review and conceptual analysis. This qualitative approach was chosen because the research focuses on an in-depth understanding of the relevance of capitalism in Indonesian management practices. Research data was obtained from various academic sources, such as national and international journals, management books, scientific articles, and research findings related to capitalism, organizational culture, and humanistic management.

The analysis technique was carried out in several stages. The first stage was the identification of key concepts related to capitalism and Indonesian organizational culture. The second stage was the categorization of data based on key themes such as organizational efficiency, collectivistic culture, employee welfare, and social sustainability. The third stage was theoretical interpretation to develop a conceptual model of hybrid capitalist management. This research is conceptual in nature and therefore does not utilize statistical testing. The primary focus of the research was to develop a scientific argument regarding the form of capitalism most appropriate for implementation in Indonesia.

RESULTS AND DISCUSSION

The Relevance of Capitalism in the Era of Modern Organizations in Indonesia

Capitalism remains strongly relevant in organizational practices in Indonesia. Increasingly open business competition demands that companies improve efficiency, innovation, and service quality. Organizations that fail to adapt to the logic of modern competition tend to experience declining performance. The development of digital startups in Indonesia demonstrates that capitalist principles remain the primary driver of organizational growth. Competition in the digital industry drives companies to improve operational efficiency, technological innovation, and aggressively expand their markets (Komalasari, 2023). Technology-based companies employ approaches such as operational efficiency, market monetization, and business expansion to strengthen their positions in national and international markets. Capitalism also encourages companies to pursue continuous innovation. Market competition drives organizations to continuously develop higher-quality products and services, thereby benefiting consumers.

Furthermore, capitalism contributes to job creation and national economic growth. Private investment and the development of modern industry are key drivers of Indonesia's

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economic growth. However, the relevance of capitalism in Indonesia does not mean that the system can be implemented purely without socio-cultural adjustments.

The Problems of Pure Capitalism in Indonesian Organizations

The implementation of pure capitalism in Indonesia faces various problems. One major issue is increased work pressure due to an excessive productivity focus. Many companies set high targets without considering workers' psychological well-being. The phenomenon of burnout is becoming increasingly common in modern organizations. Digital work systems that demand seamless connectivity exacerbate workers' psychological stress and impact their quality of work life (Khilji, 2020). Employees are required to work quickly, multitask, and be constantly available in digital work systems. These conditions lead to a decline in workers' quality of life.

Furthermore, pure capitalism can also reinforce social inequality within organizations. Capital owners reap substantial profits while workers receive only a fraction of the rewards of their productivity. In the Indonesian context, an overly individualistic work system can also reduce organizational solidarity. Research on collectivism and organizational trust shows that a collectivistic culture has a positive influence on job satisfaction and organizational commitment in Indonesia (Gustiawan et al., 2025). A culture of extreme competition often conflicts with the family values still strong in Indonesian society. Pure capitalism also has the potential to weaken employee loyalty. When workers feel treated merely as a means of production, they tend to lose emotional attachment to the organization.

Humanistic Capitalism as an Alternative

Based on Indonesia's socio-cultural characteristics, the humanistic capitalist approach is seen as more relevant than pure capitalism. Humanistic capitalism does not reject profit-oriented behavior, but places human well-being as a crucial component of organizational success. In this approach, companies continue to pursue business growth while also prioritizing the quality of life for employees. Organizations need to create a healthy, fair work environment that supports individual development.

Humanistic capitalism also emphasizes the importance of interpersonal relationships within the organization. The humanistic leadership approach positions leaders as facilitators who foster participation, appreciation, and emotional support within the organization (Khilji, 2020). Leaders serve not only as performance monitors but also as facilitators and mentors for employees. The implementation of flexible work systems, work-life balance, and competency development are essential components of this model. Organizations that prioritize employee well-being tend to have higher levels of loyalty and productivity.

Integration of Capitalism with Local Indonesian Values'

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One of the unique characteristics of Indonesian organizations is the strong influence of local values in management practices. Many companies still maintain a family culture as part of their organizational identity. The value of mutual cooperation (gotong royong) can be integrated into collaborative and teamwork systems. A collectivist culture has been shown to strengthen organizational citizenship behavior and employee loyalty in Indonesian organizations (Rahma & Husna, 2026). This approach allows organizations to remain competitive without diminishing social solidarity.

Furthermore, the concept of deliberation (musyawarah) can be applied in organizational decision-making processes. Employees are given space to express their opinions, thus fostering a sense of belonging to the organization. Integrating capitalism with Pancasila values is also an important approach. The principle of social justice in Pancasila can form the basis for building a more equitable organizational system oriented towards the common good. In practice, companies can implement more proportional compensation systems, employee welfare programs, and sustainable corporate social responsibility.

Hybrid Capitalist Management Model for Indonesia

This research proposes a hybrid capitalist management model as an alternative approach more suited to the Indonesian context. This model consists of four main dimensions. The first dimension is efficiency and innovation. Organizations must continue to apply the principles of professionalism, productivity, and innovation to compete in the global economy. The second dimension is organizational humanism. Companies must prioritize the physical and psychological well-being of employees through a healthy work environment and a humane management system. The third dimension is social collectivism. Organizations need to build a work culture based on cooperation, solidarity, and harmonious interpersonal relationships. The fourth dimension is social and environmental sustainability. Organizations are responsible not only for economic profits but also for the social and ecological impacts of their business activities. The hybrid capitalist management model is considered more adaptive because it balances business needs with Indonesia's socio-cultural characteristics.

Implications for Organizations in Indonesia

Companies in Indonesia need to recognize that organizational success is determined not only by profitability, but also by the quality of social relationships within the organization. Organizations that focus too much on targets and efficiency without regard for employee well-being risk high turnover, low loyalty, and internal conflict. Conversely, organizations that integrate business efficiency with a humanistic approach tend to have a healthier and more sustainable organizational culture. The government also plays a crucial role in creating regulations that maintain a balance between business interests and employee protection.

CONCLUSION

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Capitalism remains relevant in management practices in Indonesia because it fosters efficiency, innovation, and organizational growth. In the digital and globalized era, organizations require capitalist principles to compete in an increasingly competitive marketplace. However, the application of pure capitalism is less compatible with Indonesian culture, which values collectivism, mutual cooperation, and social balance. Excessive profit-orientedness can lead to social inequality, work pressure, and the weakening of human relationships within organizations.

Therefore, organizations in Indonesia require a more adaptive management model through the integration of capitalism with humanistic values and local culture. A hybrid capitalist management approach is the most relevant alternative because it combines business efficiency with social welfare. The future of organizational management in Indonesia lies not in rejecting capitalism, but in the ability to reconstruct capitalism into a more humane, equitable, and sustainable system.

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