Business Judgment Rule and Corporate Governance as the Strategic Imperative of Indonesian State-owned Enterprise

Juan Kasma and Christian Andersen

ABSTRACT

The business judgment rule in state-owned enterprises can serve as either a protective shield or a boomerang for those involved within the mechanism of corporate governance. As such, this study aims to explore the relationship between good corporate governance and the business judgment rule principle in the context of the integrity and sustainability of directorial decisions amidst the dynamically changing context of a company’s legal responsibilities. Through a juridical normative method employing a conceptual approach, this study finds that good corporate governance cannot determine the implementation of the business judgment rule principle. This means that even though good corporate governance is significant in creating a conducive work environment for a responsible decision-making process, it cannot directly influence the implementation of the business judgment rule in cases involving state-owned enterprises.

Keywords: Business judgment rules, good corporate governance, state-owned enterprise, ultra vires.

1. Introduction

Not only does national development pursue economic growth, but it is also concerned with the just and equal distribution of wealth in order to realize the national ideal of achieving a just and prosperous society, pursuant to Article no. 3, Sections (1) and (3) of the Indonesian Constitution which serves as the foundation for the just economic development of Indonesia through management of natural resources that are aimed at improving the welfare of the people.

The national economic development is elaborated in the Rencana Pembangunan Jangka Menengah Nasional (RPJMN - National Mid-term Development Plans), an effort by the government to realize the vision of national welfare within a period of five years. Pursuant to the Presidential Decree no. 18 of 2020, article 2 section (4) on the RPJMN 2020-2024, national economic development requires active participation from the people, as particularly explained in the theory of developmental law as the philosophical basis and frame of reference for the composition of RPJMN. The theory of developmental law sees development as a legal process governed by the legal principles of the renewal of society (Kusuma-Atmadja, 2006). These legal principles include legal certainty, justice, utility, balance, and harmony (Kusuma-Atmadja, 2006). In other words, the theory of developmental law emphasizes the importance of protection through a continuous developmental mechanism.

The definition further supports the idea that the theory supports the government in determining the right direction and strategy to achieve the goals of national development. The emphasis on the role of law as a vehicle of society renewal manifests through the RPJMN based on social conditions. As such, the theory of developmental law can be considered a “golden bridge” that connects the ideals of national development to social realities (Kusuma-Atmadja, 2006).

In practice, the government implements economic development through the establishment of certain state-owned enterprises. This practice is further governed by State Law No. 19 of 2003 on State-owned Enterprises, which states that the enterprises serve as vehicles or legal entities that collect profits and contribute to the state income. Further, as an extension of the implementation of economic
development, the same law in Article 5, Sections (1) and (2) states that the government appoints directors for the enterprises as the ones responsible for operating the enterprises to achieve their goals. As such, the directors have the authority to make strategic and operational decisions for their enterprises. However, the directors also pose business risks that may affect the direction of the enterprises and incur losses.

Those risks have been identified as obstacles to Indonesian economic development. The risks are made even more complicated with the inclusion “for the SOE’s losses” in the amendment of Article 27 Section (2) of the Government Regulation No. 45 of 2005 on the Establishment, Management, Monitoring, and Dismissal of State-owned Enterprises, which further indicates that if the directors of state-owned enterprises fail to reach their goals or incur losses to the enterprises, they are held responsible for the losses suffered since they are considered state losses and ultra vires acts (Waruwu, 2022). An ultra vires act happens when a director does an act outside of the aims, goals, and scope set in a company’s statute, something that is considered “overstepping the boundaries” of a company (Waruwu, 2022). However, the existence of such a rule may hinder the potential of a board of directors in doing their responsibilities.

To address such a hindrance, Article 27 Section (2) of Government Regulation No. 23 of 2022 was issued to amend the previous Regulation No. 45 of 2005 mentioned above. The amended article states that directors could be free from the responsibilities in the event of failure to reach an enterprise’s goals if they meet certain conditions set in the article. This amendment is the basic reason for the existence of the business judgment rule in Indonesia, a term that has previously been recognized in common law (Beja, 2021). The term came up because common law becomes the basis of the concept of fiduciary duty that requires the board of directors and company management to act in the best interest of the company and its stakeholders, as well as upholding the decisions taken in goodwill by the management without any conflict of interest, and through a rational decision-making process (Beja, 2021; Lessambo, 2021). This particularly applies to directors who are also authorized to make strategic and operational decisions in the event of economic activity with a dynamic cycle and fluctuation, which does not always ensure profits from business operations (Bite & Gumuliauskienė, 2016). In addition, if the directors are personally responsible for every decision that incurs a loss, the responsibility has the potential to hamper the entrepreneurship initiative and innovation and limit the directors’ movement in situations that demand quick and firm responses (Bite & Gumuliauskienė, 2016).

The conditions above are reflected in the following cases experienced by certain Indonesian state-owned enterprises:

1. The case of the LNG purchase by PT Pertamina (Persero) Tbk, according to Supreme Court Decision No. 121 K/Pid.Sus/2020;
2. The case of procuring CRJ-1000 aircraft and overtaking of ATR72-600 PT aircraft by Garuda Indonesia (Persero) Tbk according to Supreme Court Decision No. 22/PID.SUS-TPK/2020.PT.DKI;
3. The case of retirement fund management in the form of the discretionary fund at PT Kereta Api Indonesia (Persero) Tbk, according to Supreme Court Decision No. 1401 K/Pid.Sus/2014;
4. The case of bad credit at PT Bank Mandiri (Persero) Tbk according to Supreme Court Decision No. 130 PK/Pid.Sus/2013.

The four cases above were caused by business decisions by directors that ultimately resulted in losses. However, according to the decisions in the four cases, business judgment rules are applied to the protection of the directors in making business decisions, with the understanding by the court that risks are the natural outcomes of business practices (Irawan et al., 2022). Directors who always face various business risks that could potentially upset the operational balance of a company are still demanded to ensure that the company operates efficiently and effectively, pursuant to Article 5 Section (3) of Government Regulation no. 19 of 2003 on State-owned Enterprises. This is further supported by Article 22 Section (3) of SOEs Minister Regulation No. PER-2/MBU/03/2023 on Guidelines of Governance and Significant Corporate Activities of State-owned Enterprises, which reflects the principles of good corporate governance, so that the board of directors can mitigate business risks to further ensure that strategic and operational decisions are taken based on careful considerations for the long-term sustainability of the enterprise.

Furthermore, Article 44 of SOEs Minister Regulation No.: PER-2/MBU/03/2023 Guidelines of Governance and Significant Corporate Activities of State-owned Enterprises rules out that every state-owned enterprise is required to measure its degree of implementation of good corporate governance through an assessment held once every two years by an independent reviewer and also self-assessment by the enterprise itself which includes evaluation of the assessment by the independent reviewer and follow-up to the improvement recommendations concluded at the end of the assessment. This article
gives rise to a crucial question that becomes an intense focus in business discourse: how far does good corporate governance influence the decisions taken by the directors?

The business judgment rule, which gives discretion to directors in making strategic decisions for the best interest of the company, becomes the basis of running the leadership and management functions. However, there is currently no comprehensive understanding of the assessed elements of good corporate governance. This concerns the potential of directors covering behind the business judgment rule as a legal foundation that gives them freedom in making strategic decisions, which enables them to implement the company imperatives while also considering long-term interests and stakeholders (Stevelman & Haan, 2020). As such, this study aims to explore the relationship between good corporate governance and the rule of business judgment in influencing the integrity and sustainability of the directors’ decisions in the context of the company’s dynamic legal responsibilities.

This study is based on the conviction that the legal responsibilities of a company should dynamically follow the changing times. This is important since the economic principles and business administration, which make up the legal bases of a company, also continue to develop. As such, this study focuses on analyzing the interpretations and implementations of the business judgment rule in the decision-making process by directors. In particular, this study is expected to contribute to the study of literature on the correlation between good corporate governance and decisions taken by directors in the context of the business judgment rule. Further, this study aims to comprehend the extent to which good corporate governance affects the directorial activities and policies in making ethical and sustainable decisions in a corporate context.

2. Method

In order to fulfill the study objectives, the constructivist paradigm is employed to strengthen the qualitative analysis technique and the bases of normative juridical research with both the conceptual approach and the statute approach. Furthermore, this study recognizes the limitations and subjectivity of employing such a method. To address this, qualitative data description and analysis are conducted through the utilization of secondary data that are related to the implementation of corporate governance to further show the application of the statute approach and its relevance to the business judgment rule.

3. Results and Discussion

3.1. Definition, Scope, and Issue

In the business world, the board of directors is often faced with the necessity of making important decisions that bring significant impact to the company. Even though a decision has gone through careful consideration, it does not always result in a positive outcome. The business judgment rule steps in as a legal principle designed to protect the board from legal charges caused by the business decisions they make (Azheri & Anggunsuri, 2020).

The business judgment rule is rooted in the courtroom practices in countries that practice common law (Azheri & Anggunsuri, 2020). The principle is simple: if a board of directors makes a decision after careful, thorough, and bona fide business considerations, they will be released from personal responsibilities, even though the decision may incur losses to the company (Shafira et al., 2022). The protection offered by the business judgment rule not only covers the substance of the decision but also the process of decision-making. The board of directors is released from any charge as long as they do not act sufficiently irrationally or harmfully. This is based on the conviction that a judge may not have sufficient knowledge in the business field to be able to critically assess the decision of a board of directors (Azheri & Anggunsuri, 2020). In addition, this principle is also based on the affirmation that the board of directors are the most competent people in running a company, so they have the right to make decisions without fear of being legally charged (Irawan et al., 2022).

Even though the business judgment rule enables protection for the board of directors, it does not mean that they are free from responsibilities (Dharsana et al., 2023). The board still has to uphold its fiduciary duty to act in the best interest of the company (Dharsana et al., 2023). As a whole, the business judgment rule plays a significant role in good corporate governance. This principle imparts justice and certainty to the board of directors and enables them to make bold and innovative business decisions without fear of any kind of personal consequence (Beja, 2021; Zhu, 2009). In the end, the principle aims for a more supportive environment that enables business growth. Ironically, however, the principle that is meant to protect the board of directors from unexpected consequences may end up creating injustice. On the one hand, the business judgment rule acts as a safety net for risk-taking.
directors. On the other hand, the rule may help shield incompetent directors who make decisions that harm the company.

### 3.1.1. Business Judgment Rules: Concept, Controversy, and Implementation

In the business world, the board of directors plays a vital role in ensuring a company's success and longevity. They are responsible for developing the company to be able to grow, compete, and achieve excellence in the ever-dynamic market. However, to achieve those goals, a board of directors is not only required to have intelligence and skill but also to command integrity and honesty (Zhu, 2009). It can then be understood that it is key for the board of directors to take planned and calculated risks to be able to win opportunities and develop their company.

The business adage “high risk, high return” sometimes fuels the bold steps that directors take to achieve significant profits. However, the board of directors should also realize that every decision has its risks, and they should be ready to bear the consequences. Every member of the board “should be trusted” in carrying out their responsibilities, meaning that they have to act bonafide and honest at every step (Harahap, 2021). Furthermore, MC Oliver and EA Marshall state that “…a director is permitted to be very stupid so long as he is honest” (Harahap, 2021). Even though the statement may contain a humorous connotation, it shows that the members of a board should be competent and trusted, as well as intelligent and have integrity.

In Indonesia, the implementation of the business judgment rule in the context of business decisions is often seen as controversial. A case example of a controversial and dilemmatic implementation of the business judgment rule was the corruption case at PT Pertamina (Persero) concerning the purchase of LNG (2009–2021). On one side, the Supreme Court released the accused party since they had acted according to the business judgment rule. This verdict was heavily criticized since it was considered to legitimize corruption and harm the people’s sense of justice. On the other hand, the business judgment rule was created to protect the decision-makers who take risks for the interest of the company. A similar case also occurred in the bad credit case at PT Bank Mandiri (Persero) (2010–2014) in the Supreme Court Decision No. 130 PK/Pid.Sus/2013. In that case, the accused was released due to the business judgment rule, but the case also drew in controversy due to the posita used in deciding the case concerned an actual mistake in the refinancing agreement, which caused a USD 58,000 loss to the state.

The third and fourth cases are different in that they show how certain directorial decisions cannot be protected by the business judgment rule. In the case of procurement of CRJ-1000 and ATR72-600 aircraft at PT Garuda Indonesia (Persero), the accused were guilty as charged due to the lack of consideration in the process of procuring the aircraft, which caused a state loss of 5.8 billion rupiahs. The retirement fund management case at PT Kereta Api Indonesia (2006–2009) also shows how the business judgment rule was unable to protect the directors who were found guilty of mismanaging the retirement funds.

The business judgment rule is meant to protect rational decision-making, not those that incur losses to the state. The controversies shown above mean that the implementation of the rule should be carefully considered and consistent. The courtroom decisions above show the efforts of the directorial board in taking strategic imperative acts for their business development. A strategic imperative can be defined as an act done to achieve an organization's strategic goals, such as longevity, growth, and long-term success (Lazzarini, 2022). The sample cases at PT Pertamina (Persero) and at PT Garuda Indonesia (Persero) show the courage of the board of directors in taking risks in the implementation of strategic imperatives, although they ended up incurring state losses. On the other hand, the cases at PT Kereta Api Indonesia (Persero) and PT Bank Mandiri (Persero) show the failure of the board of directors to carry out their tasks carefully. The business judgment rule did not protect them because they were proven guilty and did something harmful. These prove the dilemma of two different sides of a coin called the business judgment rule: one side protects risk-taking policies, while the other enforces responsibility for a failure.

### 3.1.2. Effective Corporate Governance: Ethical Foundation for Directorial Decision-making

Corporate governance is vital for a business organization. It consists of two aspects: mechanism and principle. The mechanism includes control, policy, and guidelines that motivate an organization to achieve its goals and fulfill its responsibilities to its stakeholders (Vito & Trottier, 2022). The mechanism can be entirely internal, such as through internal control and monitoring, or external, such as adherence to rules and demands from external parties, such as banks or other third parties (Vito & Trottier, 2022). In contrast, the principle of corporate governance encompasses rules, processes, and laws that are utilized, regulated, and controlled by the business entity. These also include internal and external factors that influence the interests of stakeholders, such as shareholders, customers, suppliers, government regulators, and management (Vito & Trottier, 2022). These two aspects constitute good...
corporate governance, which involves the implementation of the principles of transparency, accountability, responsibility, independence, and fairness.

Organization for Economic Cooperation and Development (OECD) emphasizes business activities that uphold accountability and transparency. This is included in the guidelines for the principles of good corporate governance published to help nations build a stronger and sustainable business system (OECD, 2023). Good corporate governance is considered a key aspect for companies to reach long-term success, both in expanding their business and in profiting amidst global competition (OECD, 2023). The nations that are part of the ASEAN Capital Market Forum (ACMF) along with the OECD are attempting to strengthen their corporate governance by establishing an evaluative standard for the implementation of good corporate governance (OJK, 2021). Six members of the ASEAN Capital Market Forum (ACMF), which include Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam, have produced the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) that has become the standard for companies across ASEAN (OJK, 2021). ASEAN CG Scorecard has been approved as the reference for companies across ASEAN in implementing good corporate governance according to the guidelines issued by OECD (OJK, 2021). In Indonesia, Article 44 of SOEs Minister Regulation No. PER-2/MBU/03/2023 on the Guidelines of Corporate Governance and Significant Corporate Activities of State-owned Enterprises states that every state-owned enterprise is required to measure its degree of implementation of good corporate governance through an assessment held once every two years by an independent reviewer and also through self-assessment by the enterprise itself which includes evaluation of the assessment by the independent reviewer and follow-up to the improvement recommendations concluded at the end of the assessment.

The historical legal foundation of good corporate governance in Indonesian SOEs was initially the State Law No. 40 of 2007 on Limited Companies. However, considering that SOEs have different characteristics compared to other companies, good corporate governance specifically for SOEs needs to be supplemented by other regulations, namely (1) Decree of Secretary of SOEs Minister No. SK-16/S.MBU/2012 on Indicators/Parameters of Assessment and Evaluation of Good Corporate Governance in SOEs, (2) Regulation of SOEs Minister No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOEs, as amended by the Regulation of SOEs Minister No. PER-09/MBU/2012, and (3) Regulation of SOEs Minister No. PER-2/MBU/03/2023 on Guidelines of Corporate Governance and Significant Corporate Activities of State-owned Enterprises.

In the context of law enforcement related to the business judgment rule, two court decisions show how important the business judgment rule was in protecting the board of directors. The case of LNG purchase (2009–2021) at PT Pertamina (Persero) in the Supreme Court Decision No. 121 K/Pid.Sus/2020 is an example of how the board of directors was released from their responsibility after incurring a loss due to a strategic imperative act. In addition, the bad credit case (2010–2014) at PT Pertamina (Persero) in the Supreme Court Decision No. 121 K/Pid.Sus/2020 is an example of how the board of directors was released from their responsibility after incurring a loss due to a strategic imperative act. In addition, the bad credit case (2010–2014) at PT Bank Mandiri (Persero) in the Supreme Court Decision No. 130 PK/Pid.Sus/2013 also shows that decision-makers could be protected if their decision was of a bonafide nature, without any conflict of interests. The two cases are similar in that the court decision considered the evidence put forth by the
defendants in the design and implementation of the strategic imperative acts. In particular, the design and implementation have been viewed according to the principles of good corporate governance so that the business judgment rule was able to be utilized as a shield in both cases.

Ironically, even though the business judgment rule can serve as a shield that protects decision-makers in the previous two cases, there are arguments that show that even the implementation of good corporate governance cannot entirely protect strategic imperative acts by the board of directors. This can be seen in the case of the procurement of CRJ-1000 and ATR72-600 aircraft (2005–2012) at PT Garuda Indonesia (Persero) in the Supreme Court Decision No. 22/PID.SUS-TPK/2020 and the case of the management of retirement funds (2006–2009) at PT Kereta Api Indonesia (Persero) in the Supreme Court Decision No. 1401 K/Pid.Sus/2014. In these cases, the court decisions reveal that even though the directors as defendants had put forth the posita that refers to the business judgment rule, they were still considered responsible for the losses incurred by their acts that are considered in opposition to good corporate governance.

From the perspective of responsibility theory, the cases described above can be correlated to certain theories. First, even though, in some cases, the directors may refer to the business judgment rule, the implementation of the strict liability theory would still allow the court to consider them responsible for the losses (Li, 2022). The cases at PT Garuda Indonesia (Persero) and PT Kereta Api Indonesia (Persero) resulted in guilty verdicts even though the directors explained that they made their decisions with consideration of the operational sustainability of the companies. In addition, the case of the management of retirement funds at PT Kereta Api Indonesia (Persero) can also be interpreted through the identification theory, which shows that the court considered the directors as an “institution” that is fully responsible for their actions (Li, 2022). In this case, the directors could not relieve themselves of their responsibility by saying that they consider only the interest of company sustainability.

The cases further show that the business judgment rule and good corporate governance support each other. With the business judgment rule, the board of directors, as decision-makers, can feel safe and protected when they make strategic decisions for their company. This should further motivate transparency, accountability, and integrity in the governance of companies, which are the main principles of good governance. However, when the board of directors violates the principles of good governance, as shown in the cases above, the theory of strict liability can also be implemented to ensure responsibility for recovering the losses incurred.

### 3.3. Dissecting Business Judgment Rule in the SOE Context and How Good Governance Influences Directorial Decision-making

The business judgment rule, which was initially known only within the domain of common law, has also become a relevant principle that can be implemented in various legal mechanisms in various countries, including Indonesia. This is due to the universal underlying business concept, regardless of the legal system. The ultra vires theory emphasizes the actions of the directors that overstep the purposes, aims, and scope of the limited company as stated in the company’s statute or are considered to be “beyond the authorities” of a limited company. According to the Indonesian Civil Code Article 1655, the organizers of a legal entity have the authority to act on behalf of the legal entity. This can be interpreted as them making decisions that bind the legal entity with other parties, either as the plaintiff or the defendant in court. However, the authority is limited by the documents of the establishment of the legal entity, contracts, or internal regulations. Along with ultra vires, which is an inseparable part of the business dynamic, it should be understood that in the planning and implementation of company policies, ultra vires cannot be entirely avoided (Waruwu, 2022). The complexity of the business world and the need for a company to adapt to constant changes strengthen the existence of the business judgment rule to assess the actions of directors and protect them from personal responsibilities due to bonafide decisions (Azheri & Anggunsuri, 2020; Waruwu, 2022). This further supports the reason why the business judgment rule is applied in various countries and various legal systems. Countries adopting common law develop the business judgment rule through customary law, while in civil law countries, the business judgment rule is codified into legal regulations (Suwasono & Mahmudah, 2024).

The implementation of good corporate governance is a determinant that should be considered in court decisions in an attempt to minimize the legal uncertainty in the cases of the business judgment rule. Furthermore, Article 44 of SOEs Minister Regulation PER-2/MBU/03/2023 Guidelines of Governance and Significant Corporate Activities of State-owned Enterprises requires that every state-owned enterprise is required to measure its degree of implementation of good corporate governance through an assessment held once every two years by an independent reviewer. The implementation of good corporate governance may reflect ethical decisions made by directors so that the business judgment rules may be used as a shield from unexpected cases (Andika et al., 2021).

Looking at the four cases previously discussed: 1) procurement of CRJ-1000 and ATR72-600 aircraft (2005–2012) at PT Garuda Indonesia (Persero); 2) mismanagement of investment of retirement
funds (2006–2009) at PT Kereta Api Indonesia (Persero), 3) bad credit (2010–2014) at PT Bank Mandiri (Persero); and 4) purchase of LNG (2009–2021) at PT Pertamina (Persero), the levels of the implementation of good corporate governance can be seen in Fig. 1.

Fig. 1 shows the ratings of the implementation of good corporate governance during the periods of the previously discussed cases. The ratings were obtained from the assessments conducted by independent parties, including external auditors and rating institutions, such as the Indonesian Institute for Corporate Director (IICD). During the periods of the cases, PT Bank Mandiri (Persero) scored an average of 91.926 and PT Pertamina (Persero) 92.27, which shows the two enterprises' adherence to good corporate governance by placing themselves within the trustworthy level (85–100) during the periods. PT Garuda Indonesia (Persero), between 2005 and 2007, was still implementing the minimum assessment period (bimonthly) and scored an average of 86.69 (very trustworthy). On the other hand, PT Kereta Api Indonesia (Persero) did not conduct an assessment of their corporate governance within the period of 2006–2009.

The short analysis above shows that good corporate governance has been implemented at PT Pertamina (Persero), PT Bank Mandiri (Persero), and PT Garuda Indonesia (Persero). However, it is a fact that only PT Pertamina (Persero) and PT Bank Mandiri (Persero), whose cases ended in the acquittal of the directors due to the consideration of the business judgment rule. On the other hand, the trustworthy level of good corporate governance at PT Garuda Indonesia (Persero) was not considered, nor was the business judgment rule in the court decision in order to protect the directorial board's strategic imperative decision-making. The lack of good corporate governance at PT Kereta Api Indonesia (Persero) during 2006–2009 was shown through the absence of the assessment and evaluation of the company's governance. This indicates certain shortcomings, such as accountability and uncertainty in the effectiveness of corporate governance.

The above analysis shows that even though good corporate governance is a considered factor in the business judgment rule, the rule itself has other criteria to fulfill. This further strengthens the business judgment rule as a legal principle that allows the judges to consider various factors in deciding whether the directors of a company can be released from being responsible for the losses they incurred due to the decisions they made. Every case of company loss is a different situation, and the judges can consider every relevant factor in deciding whether the business judgment rule can be implemented. As such, the business judgment rule is not a standard regulation that can automatically release directors from their responsibilities.

4. Conclusion

Within the scope of a company, the business judgment rule exists to give directors a space to make strategic business decisions amidst the dynamic cycle and fluctuation of the economy. As long as a board of directors makes strategic imperative decisions by considering the principles of good corporate governance, the business judgment rule can serve as a shield that protects them from lawsuits caused by failures of high-risk business decisions.

The results of the analysis find an anomaly among the court decisions on the cases involving state-owned enterprises in which the business judgment rule was considered along with good corporate governance. This, in turn, concerns the complexity of the relationship between the evaluation of legal policies and the performance of a company that controls the actions of its management. As such, this
study highlights the space that a judge has in considering various factors before deciding whether the directors of a company can be released from being responsible for the losses caused by the decisions they have made. The business judgment rule exists due to the conviction that a judge does not have sufficient knowledge of the field of business to critically assess a decision made by the directors of a company. To address this, an adjustment of the regulations that control the implementation of the business judgment rule and good corporate governance in state-owned enterprises is needed to ensure that the legal framework can accurately accommodate the constant changes in the business world and its environment. The Ministry of State-owned Enterprises, as the government institution regulating the enterprises, needs to strengthen its legal framework on business judgment rules to prevent future disputes.

**Conflict of Interest**

The authors declare that they do not have any conflict of interest.

**References**


