

The Important Role of Strategic Management in Product Development

Shofie Afriati*, Nur Fatwa, Rizqullah

Universitas Indonesia, Indonesia

Email: viceafri@gmail.com*, nurfatwa@ui.ac.id, rizqullah57@gmail.com

ABSTRACT

Product development in the digital and global era faces the dynamics of VUCA that demand organizations align long-term vision with innovation, resources, and governance decisions. Without a strategic framework, product development tends to be reactive, inconsistent, and vulnerable to market changes. Objective: This article describes the role of strategic management in product development as well as how management functions (POAC) and SWOT analysis can be used to strengthen competitiveness. The research uses a descriptive-analytical approach through literature studies and field research in the form of interviews, observations, and documentation on the Human Capital unit at a state-owned bank and supporting companies. The data are analyzed by reduction, presentation, and drawing conclusions. The findings confirm that integrated planning, organizing, actuating, and controlling guide product development decision-making, while SWOT helps map internal strengths and weaknesses and external opportunities and threats to formulate strategy priorities. From an Islamic perspective, the concept of *al-governance* emphasizes order, trust, and deliberation so that strategic practices have an ethical dimension that strengthens organizational discipline and accountability in decision-making. The VUCA framework clarifies the need for agility, scenario planning, data-driven decision-making, collaboration, and resilience for organizations to be able to adapt and innovate. Strategic management serves as a mechanism for aligning goals, strategies, and evaluations that improve organizational resilience and product development effectiveness in complex business environments.

Keywords: Strategic management; challenges; VUCA; POAC

INTRODUCTION

Planning in management plays an important role within its scope because it acts as a determinant and provides direction toward the goals to be achieved. With thorough planning, a task will not become chaotic and will be well-directed. Well-prepared and well-structured planning will influence the achievement of objectives. Strategic planning is an essential part of strategic management, because what will be implemented and controlled depends on whether the planning has been prepared and processed considering environmental factors. Therefore, discussing strategic planning becomes very important as the main foundation for the implementation and control of strategies within an organization. Strategic planning involves leadership instruments and a process. It determines what the organization aims to achieve in the future, and how efforts are made to achieve it, a process that explains the goals in making strategic decisions or offers methods to formulate and implement strategic decisions as well as allocate available resources (Tri Indriawati, 2025).

Strategic management is a process of planning, organizing, directing, and controlling resources to achieve an organization's long-term goals. This process involves analyzing the internal and external environment, establishing vision and mission, and developing strategies that can guide the company in achieving its objectives, not only focusing on long-term planning but also needing to be adaptive to changes in the business environment (George et al., 2019; Aldehayyat et al., 2024). Therefore, companies need to conduct regular evaluations to ensure that the strategies implemented are still relevant and effective.

Strategic management can be defined as the process of planning, implementing, and evaluating decisions that enable an organization to achieve its long-term goals. It is about understanding where the company wants to go, identifying the best way to get there, and continuously adapting to a dynamic business environment (Sjeddie and Listriyanti, 2024).

Strategic management in product development is a process of integrating the company's long-term vision with the development of new or existing products to meet business objectives, which requires a product development strategy, that is, a company's plan to create new products or modify existing ones to increase competitiveness, growth, and revenue. From an Islamic perspective, management is referred to using the term *Al-Tadbir* (arrangement), derived from the word *dabbara* (to arrange), which is frequently found in the Qur'an, such as the words of Allah SWT, QS *As-Sajdah* Verse 5.

Meaning: He arranges the affairs from the heavens to the earth, then (those affairs) ascend to Him in a day whose measure is a thousand years according to your reckoning. (QS *As-Sajdah* Verse 5).

From its content, the above verse indicates that Allah SWT is the arranger of the universe (*Al-Mudabir*). The orderliness of the cosmos is evidence of the greatness of Allah SWT in this natural order. However, because humans created by Allah SWT have been appointed as caliphs on Earth, they must manage and take care of the Earth as well as Allah manages this universe. Almost all businesses, whether small or large, are always related to production, development, manufacturing, and selling products. Once a product has been produced, the management department will work on strategies on how to develop the product further.

In today's era of globalization and digitalization, now in Society 5.0, the business world faces increasingly complex challenges. Rapid changes in technology, consumer behavior, and market competition require companies to have clear and effective strategies. This is where the important role of strategic management comes into play. A strong and clear vision can provide inspiration and motivation to all members of the organization, while a clear mission helps direct the organization's efforts and resources toward achieving established goals (David, F.R. and David, 2017). A good vision and mission also reflect the core values of the organization and provide a basis for strategic decision-making. A well-formulated mission should answer questions about what the organization does, whom it serves, and how the organization makes a difference in its market or community. As outlined by Hill, C. W. L., Schilling, M. A., and Jones (2017), the mission provides an operational context to establish objectives and strategies that support the organization's vision.

In a dynamic and competitive business environment, having a clear vision, mission, and objectives becomes increasingly important. Rothaermel (2019) emphasizes that an effective vision and mission not only serve as a formal declaration but must also be embedded in the organizational culture and reflected in all strategic actions and decisions. Thus, vision and

mission are not merely statements on paper, but are guiding principles that influence every aspect of an organization's operations.

METHOD

This study used a descriptive-analytical approach with a field study design supported by a literature review. This approach was chosen to systematically describe how strategic management was applied in product development as well as to interpret findings based on relevant conceptual frameworks. The research population included work units involved in the process of planning and product development in the organization being studied. The research sample was determined by purposive sampling, which was employed to select informants who had competence, experience, and direct involvement in the strategic management process and product development. The main informants consisted of managers, Human Capital staff, and related parties who understood the process of planning, organizing, executing, and controlling the strategy.

The research instruments were in the form of semi-structured interview guidelines, observation sheets, and internal organizational documents relevant to the product development process and strategic policies. The validity test was carried out through the triangulation technique of sources and methods, by comparing the results of interviews, observations, and documentation to ensure data consistency. Reliability tests were carried out through trail audits and re-checking of transcript results with informants (member checking) to ensure the credibility and dependability of the data. Data collection techniques were carried out through in-depth interviews, direct observation of work processes, and analysis of company documents.

The research procedure started from the stage of formulating the research focus, collecting field data, reducing and categorizing data, to drawing conclusions. Data were analyzed using interactive analysis techniques that included data reduction, data presentation, and repeated verification of findings to gain deep meaning. The data processing process was assisted by qualitative data processing software to facilitate the organization and coding of findings. The analysis was carried out by associating empirical results with strategic management concepts, SWOT analysis, and the VUCA framework so that a comprehensive interpretation was obtained and aligned with the research objectives.

RESULTS AND DISCUSSION

Management Functions

Regarding management issues, they are certainly inseparable from the four components, namely (POAC): planning, organizing, actuating, and controlling. These four components are also explained in several verses of the Qur'an and Hadith. For more clarity, the author will elaborate on each one as follows:

Planning

Planning is the initial process when undertaking work, both in the form of thinking and a framework, so that the intended goals can achieve optimal results. Planning is one of the early functions of management activities in achieving objectives effectively and efficiently. Anderson defines planning as a view of the future and creating a framework to direct a person's actions in the future. According to F. E. Kast and Jim Rosenzweig, planning is an integrated

activity aimed at maximizing the overall effectiveness of efforts, as a system in accordance with the objectives of the relevant organization. The functions of planning include setting direction and strategy as well as the starting point of activities in order to guide and obtain measures used in supervision to prevent wasting time and other production factors.

In every planning process, there are always three activities that, although distinguishable, cannot be separated from one another in the planning process. These three activities are: Formulating the goals to be achieved, Selecting programs to achieve the goals, Identifying and directing resources, which are always limited in quantity.

Good planning is carried out to achieve:

- a. Protective benefits, which is to ensure that goals, resources, and techniques/methods have high relevance to future demands so as to reduce decision-making risks.
- b. Positive benefits, which is that productivity can increase in line with the formulation of a comprehensive and precise plan.

Regarding planning, Allah has said in Surah Al-Hashr, verse 18:

Meaning: You who have believed, fear Allah, and let every soul look to what it has put forth for tomorrow (the Hereafter), and fear Allah; indeed, Allah is Acquainted with what you do. (Q.S. Al-Hashr, verse 18).

Planning is an important aspect of management. This planning lies in the fact that humans can change the future according to their will. Humans should not give in to uncertain conditions and the future, but rather create that future. The future is a result of past conditions, current conditions, and accompanied by efforts that will be carried out.

The purposes of planning are as follows:

- 1) Since planning involves efforts to map out goals or formulate the chosen goals to be achieved, planning must be able to distinguish the first point to be carried out first.
- 2) With planning, it allows us to know the goals to be achieved.
- 3) It can facilitate activities to identify obstacles that may arise in the effort to achieve goals.

An example of planning carried out by the Prophet Muhammad (SAW) can be found during the Hudaibiyyah Agreement (Sulh al-Hudaibiyyah). From this agreement, it seemed that the Prophet Muhammad (SAW) was defeated in diplomacy and was forced to agree to several points that favored the Quraysh disbelievers. However, this impression turned out to be otherwise after the agreement agreed. Here is where the wisdom of the Prophet Muhammad (PBUH) and his far-sighted vision can be seen. The Prophet (PBUH) was a person who always prioritized lasting goodness over temporary benefit. Although the agreement was very one-sided, the Prophet (PBUH) accepted it because it would bring benefits in the future when the Muslims successfully opened the city of Mecca (Fath al-Makkah) in the 8th year of Hijriyah (two years after the Treaty of Hudaibiyyah).

Organizing

Organizing is the process of arranging, allocating, and distributing work, authority, and resources among members of an organization. To collaborate effectively on an interpersonal level, individuals within the organization must have the ability and initiative to work together towards achieving goals, in a structured manner to reach specific objectives or multiple

objectives through delegation and by defining areas or functions that fall within the scope of activities to be carried out. (Ghofur, 2025).

The organizing process that emphasizes the importance of achieving unity in all actions to reach a goal has actually been exemplified in the Qur'an. Allah says in Surah Ali Imran, verse 103:

Meaning: Hold firmly to the rope (religion) of Allah all together and do not become divided, and remember the favor of Allah upon you when you were enemies, then He brought your hearts together, so by His grace you became brothers. (Also remember) when you were on the edge of the pit of Hell, then Allah saved you from it. Thus Allah makes His verses clear to you so that you may be guided. (QS. Ali Imran Verse 103)

Furthermore, the Qur'an provides guidance that within a community, place, brotherhood, bond, organization, or group, there should be no conflicts, disputes, or quarrels that could lead to the destruction of unity or the collapse of the leadership mechanisms that have been established. Allah says in QS al-Anfal, verse 46:

Meaning :And obey Allah and His Messenger, and do not dispute and thus lose heart and your strength will depart; and be patient. Indeed, Allah is with the patient. (Al-Anfal: 46)

An organization in Islamic education management can run smoothly and align with its objectives if it is consistent with the principles that shape the organization's journey, namely freedom, justice, and consultation. If all these principles can be consistently applied in the management process of Islamic educational institutions, it will greatly assist Islamic education supervisors. The implementation of work is the most important aspect of management functions because it involves executing various types of actions to ensure that all group members, from the top level to the bottom, strive to achieve the organization's goals in accordance with the initially set plan. Leaders lead in a good and proper manner, providing motivation for the workforce and increasing awareness of the basis of the work they do, which is towards the intended objectives, while also offering new motivation, guidance, or direction, so that they can realize it and develop the willingness to work diligently and well.

As for the terms that can be grouped into this executing function, they are directing, commanding, leading, and coordinating. The Qur'an in this regard provides basic guidance on the process of mentoring, directing, or giving warnings in the form of actuating. Allah says in QS. Al-Kahfi, Verse 2, as follows :

Meaning : As a straight guidance, to warn of the severe punishment from Allah and to give glad tidings to those who believe and do righteous deeds, that they will receive a good reward (Q.S Al Kahfi verse 2).

An example of the implementation of management functions can be found in the noble personality of Prophet Muhammad (peace be upon him). When he gave instructions for a task, he made himself a role model and an example for his followers. The Prophet Muhammad (peace be upon him) is the living Qur'an. This means that all the teachings of the Qur'an are reflected in the Prophet's life in a tangible way. He was the first to carry out all of Allah's commands and to refrain from all of His prohibitions. Therefore, the companions found it easier to practice the teachings of Islam by emulating the behavior of the Prophet (peace be upon him).

Supervision (Controlling)

Controlling or supervision, often also referred to as regulation/monitoring. Supervision is one of the functions in management to ensure that work implementation runs according to the standards set in planning. Supervision/control is the process of ensuring that actual activities align with planned activities.

The control process can involve several elements, namely:

- a. Implementing performance standards.
- b. Measuring performance.
- c. Comparing performance with established standards.
- d. Taking corrective action when deviations are detected.

In the Quran, supervision is transcendental in nature, thus giving rise to inner discipline (self-order from within). That is why, in the era of the early Islamic generation, their work motivation was solely for Allah even in worldly matters, which today are often considered secular. Allah SWT says in the Quran, Surah Ash-Shura, verse 6, as follows:

Meaning: Those who take protectors other than Him, Allah watches over their actions, while you (Prophet Muhammad) are not responsible for them. (QS Ash-Shura, verse 6).

Allah's words too in the Quran, Surah Ash-Shura, verse 48:

Meaning: If they turn away, (remember) We have not sent you as a guardian over them. Your duty is only to deliver (the message). Indeed, when We grant humans a little of Our mercy, they rejoice in it. But if they are struck by hardship because of their own deeds, (then they are ungrateful). Verily, humans are indeed very ungrateful (for blessings). (Qur'an, Ash-Shura, verse 48).

In an organization, in order to achieve goals that have been set from the beginning, a leader is needed, who serves as the central figure and a role model for the public. The realization of the welfare of the people as a goal very much depends on the style and characteristics of leadership. Therefore, the qualifications that a leader must meet include all the characteristics that can make leadership beneficial to others.

The word of Allah in the Qur'an, Surah An-Nisa, verse 59:

The verse above is a command to obey Allah, the Messenger, and the Ulil Amri (scholars and leaders). For Allah says, 'Obey Allah,' meaning follow His book, 'and obey the Messenger,' meaning hold firmly to his Sunnah, 'and those in authority among you,' meaning obedience to what they command you, which is obedience to Allah, not obedience to disobedience against Him. Then, if you differ over any matter, return to the Qur'an and Hadith.

The Importance of SWOT Analysis in Strategic Management

In the competitive business world, a deep understanding of strengths, weaknesses, opportunities, and threats (SWOT) is key to formulating effective strategies. SWOT analysis is a powerful tool in strategic management that helps organizations identify internal and external factors that affect their performance. The importance of detailed SWOT analysis in strategic management, how to conduct such analysis, and how to apply the results to improve business performance. Strategic management becomes a crucial tool in executing this vision, from setting objectives, SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), from choosing business strategies to implementation and evaluation, every stage in strategic

management is crucial in ensuring the sustainability and success of an organization. (Hill, C.W. L., Schilling, M. A., & Jones, 2017) state that by recognizing internal strengths and weaknesses, as well as external opportunities and threats, organizations can design strategies that maximize existing strengths and opportunities while addressing weaknesses and avoiding threats. This analysis is not only useful in strategic planning but also in everyday decision-making.

A deep understanding of business, SWOT analysis provides insights into various aspects of a business, including a company's internal strengths and weaknesses as well as external opportunities and threats it faces, both currently and in the future. (Rothaermel, 2019) emphasizes that SWOT analysis should be conducted periodically to ensure that the organization remains responsive to changes in the business environment and stays on the right track toward its vision and mission. This highlights the importance of continuous SWOT analysis in facing the ever-changing market dynamics.

The basis for informed decision-making: The results of SWOT analysis help management make informed decisions about the strategic direction of the company. This helps avoid impulsive decisions or decisions not based on accurate data.

Identify priority areas by highlighting the most important areas to focus on; SWOT analysis helps organizations in setting priorities and allocating resources effectively for better decision-making. It is useful for detecting changes in the business environment by monitoring changing external factors, such as market trends or regulatory changes; SWOT analysis helps organizations anticipate and respond to changes more quickly.

Steps in Conducting a SWOT Analysis

Identify the company's internal strengths, such as a strong brand reputation, high-quality human resources, advanced technology, or valuable assets (Jannah et al., 2024; Phadermrod et al., 2019). Analyze weaknesses by evaluating internal shortcomings that need improvement, such as inefficient business processes, lack of employee skills, or budget limitations.

Formulating opportunities involves identifying external opportunities that can be leveraged, such as increasing market demand, changes in industry trends, or potential strategic partnerships.

Identifying threats involves evaluating external threats that could hinder business growth, such as increased competition, regulatory changes, or economic risks.

Quantifying factors technically by measuring or depicting the factors in a SWOT analysis with numbers or concrete data allows management to make more accurate comparisons and make more informed decisions.

Examining the relationships between factors in a SWOT analysis helps in understanding broader strategic implications (Gürel & Tat, 2017; Helms & Nixon, 2010; Benzaghta et al., 2021). For example, how certain strengths can be leveraged to address weaknesses or take advantage of existing opportunities. By classifying findings after identifying strengths, weaknesses, opportunities, and threats, it is important to set priorities based on urgency and their impact on the business.

Applying the VUCA Concept to Challenges and Strategies in Facing an Increasingly Complex World

In facing current and future global competition, a design thinking approach is needed as one of the strategies. The framework used to address problems includes prototypes, ideas, concepts, and processes to understand customers, assume challenges, redefine problems, as well as identify strategies and solutions that are not yet clearly visible (Du & Chen, 2018; Millar et al., 2018).

In the modern era, the business world and society as a whole face increasingly complex challenges. Rapid changes, uncertainty, volatility, and ambiguity are characteristic of the environment we encounter daily. To explain this condition, the term VUCA is often used as a conceptual framework for understanding and responding to the dynamics of an ever-changing world (Yogi, 2025).

VUCA is an acronym for Volatility, Uncertainty, Complexity, and Ambiguity. The term was first introduced by the United States military at the end of the Cold War to describe an unstable and unpredictable global situation. Over time, this concept has been adopted by the business and strategic management world as a way to describe the challenges organizations face in dealing with rapid and unexpected changes.

1. Volatility

Volatility refers to the speed and magnitude of changes occurring in the external or internal environment of an organization. In the context of volatility, changes can happen very quickly, making it difficult for organizations to respond effectively. Factors such as market fluctuations, technological changes, or natural disasters can lead to high volatility.

Example: The global economic crisis, such as that which occurred during the COVID-19 pandemic, created extraordinary volatility across various sectors, ranging from the tourism industry to manufacturing.

To face volatility, organizations must have flexibility and the ability to adapt quickly. This involves developing responsive systems and the ability to make fast decisions based on available information.

2. Uncertainty

Uncertainty refers to the lack of predictability regarding the outcomes or impacts of an event. In situations full of uncertainty, organizations may not know what will happen in the future, or how certain events will affect their operations.

Example: Political uncertainty, such as elections or changes in government policy, can create uncertainty for businesses that rely on regulatory stability.

To manage uncertainty, organizations need to build the capability to anticipate various possible scenarios. This includes conducting risk analysis, creating contingency plans, and developing a culture of innovation that allows the organization to remain relevant amid uncertainty.

3. Complexity

Complexity refers to the number of interconnected and interdependent factors within a system. The more variables involved, the harder it is to understand the relationships between these factors and predict the outcomes. Complexity often arises from the interaction between various elements, both internal and external.

Example: In the business world, complexity can arise from a global supply chain involving multiple parties, cross-country regulations, and changing consumer preferences.

To manage complexity, organizations need to develop a systemic approach that allows them to see the big picture while still paying attention to important details. This also involves cross-functional and interdisciplinary collaboration to ensure that all aspects of the complex system are considered.

4. Ambiguity

Ambiguity refers to ambiguity or uncertainty about the meaning of an event or situation. In ambiguous situations, information may be available, but the interpretation or implications are unclear. Ambiguity often arises when there is uncertainty about the intention, purpose, or direction to take.

Example: Ambiguity can occur in a merger or acquisition situation, where the vision and mission of both companies may not be fully aligned.

The impact of VUCA on business includes:

1. **Technology Disruption**

Technological sophistication can shape volatile markets and trends, making it difficult to predict the right investments.

2. **Market Instability**

Imbalances that occur, such as unstable governance and economic crises, can significantly disrupt global relations.

3. **High Competition**

The ease of information and technology leads to the emergence of more new businesses, which means competition is increasingly high.

4. **Changing Consumers**

The availability of new options affects consumer loyalty. Consumer criteria are also becoming higher, making it harder to retain them.

The concept of VUCA is becoming increasingly important and relevant in the digital era and globalization. New technologies, social changes, and unstable geopolitics have increased levels of volatility, uncertainty, complexity, and ambiguity in various fields. Organizations that are unable to manage VUCA risk losing competitiveness or even failing completely. However, VUCA is not only a challenge, it is also an opportunity. Organizations that are able to adapt well to VUCA conditions can leverage uncertainty as a space for innovation and growth. For example, a company that is quick to respond to technological changes can lead the market with a new product or service.

Strategies for Facing VUCA

To survive and thrive in the VUCA world, organizations need to adopt strategies specifically designed to address volatility, uncertainty, complexity, and ambiguity. Here are some approaches that can be used:

1. **Agility (Speed and Flexibility)**
Organizations need to be agile, that is, able to move quickly and flexibly in responding to change. It involves a flat organizational structure, a fast decision-making process, and a culture that encourages innovation.
2. **Scenario Planning**
Faced with uncertainty, organizations can use scenario planning to prepare for various future possibilities. By considering various scenarios, organizations can develop a more resilient strategy to change.
3. **Data-Driven Decision Making**
In a world full of ambiguity, data becomes a highly valuable asset. Organizations that can effectively collect, analyze, and utilize data will have an advantage in making more accurate decisions.
4. **Collaboration and Partnerships**
Complexities often require cross-disciplinary solutions. Therefore, collaborating with external parties, such as business partners, suppliers, or even competitors, can help organizations tackle complex challenges.
5. **Resilience**
Resilience is an organization's ability to recover from significant disruptions or changes. Building resilience involves diversifying resources, developing internal capacity, and creating a culture that supports adaptation.

Here are some examples of Strategic Management Cases

1. Aqua

Aqua only wanted to make this product, so it failed because it did not know the needs and expectations of customers. Customers expect clear mineral water that is fresher and tasteless.

2. Starbucks

Starbucks interviewed hundreds of coffee drinkers to find out what they want from a coffee shop. Customers need a comfortable atmosphere.

The Mega Corruption Case of PT Asuransi Jiwasraya

The corruption case of PT Asuransi Jiwasraya became one of the largest financial scandals in Indonesia's history, with state losses reaching IDR 16.8 trillion. In 2006-2007, Jiwasraya's equity was recorded as negative IDR 3.29 trillion because the assets it owned were far smaller than its liabilities. The company's financial statements then received a disclaimer opinion from the Audit Board of Indonesia (BPK) for 2006 and 2007 due to uncertainty in reserve information. The deficit further ballooned in 2008, reaching IDR 5.7 trillion and IDR 6.3 trillion in March 2009, when Jiwasraya became insolvent due to insufficient liability reserves to policyholders amounting to IDR 5.7 trillion as of December 31, 2008, forcing the company to take rescue measures through a reinsurance scheme.

At that time, the State-Owned Enterprises Minister, Mustafa Abubakar, proposed an additional capital of IDR 6 trillion, but it was rejected because Jiwasraya's Risk Based Capital (RBC) level was far below the standard. As a solution, in 2015, Jiwasraya's management launched the JS Saving Plan product, which offered high interest rates, ranging from 9-13

percent, higher than the average Bank Indonesia interest rate at the time, which was only around 7.5-8.75 percent.

Over time, the investments made by Jiwasraya did not generate sufficient profits, causing financial pressure to worsen. This product eventually became a ticking time bomb for Jiwasraya. With a high-interest structure and additional burdens in the form of commissions for partner banks and marketing agents, Jiwasraya's finances deteriorated further. The cost of funds for the JS Saving Plan was very high, but those funds were invested in low-quality stocks and mutual funds, which were illiquid and declined, including BJBR, SMBR, PPRO. These stocks were considered low-quality because they were illiquid or difficult to trade, and their value decreased significantly, resulting in losses for the shareholder investors.

The Failure of Investment and State Losses due to the Jiwasraya Case, which according to the Audit Board of Indonesia (BPK), Jiwasraya had been experiencing financial difficulties since 2002, with indications of fictitious profits starting to be recorded in 2006. Instead of improving performance, the company invested in poorly performing stocks and even spent funds to sponsor the Manchester City football club in 2014.

In 2015, the BPK audit results showed suspected abuse of authority related to the reporting of financial investment assets. In short, as conditions did not improve, on October 10, 2018, Jiwasraya officially announced its inability to pay claims for JS Saving Plan policies due amounting to Rp 802 billion.

In 2017, Jiwasraya once again received an adverse opinion on its financial statements due to a shortfall in provisions amounting to IDR 7.7 trillion. A BPK investigation found that Jiwasraya frequently invested in low-quality stocks without adequate analysis. The company was also involved in high-risk transactions with PT Hanson International.

The BPK estimated that Jiwasraya's investments in low-quality stocks caused a loss to the state of IDR 4 trillion, while investments in low-quality mutual funds indicated a loss of IDR 6.4 trillion. Up until 2017, Jiwasraya had managed to collect premiums amounting to IDR 47.8 trillion from JS Saving Plan products; however, the investments made did not adhere to the principles of Good Corporate Governance (GCG). Most of the investment funds were placed in penny stocks that caused portfolio values to plummet, ultimately resulting in total state losses reaching IDR 16.8 trillion.

The Chairman of the Audit Board of Indonesia (BPK), Agung Firman Sampurna, explained that one of the main causes of Jiwasraya's default is mismanagement of investments. "These high-risk stocks resulted in a negative spread and created liquidity pressure on PT Asuransi Jiwasraya, ultimately leading to default.

BPK estimates that Jiwasraya's investments in speculative stocks cost the state IDR 4 trillion, while investments in low-quality mutual funds indicate losses of IDR 6.4 trillion. In 2019, Jiwasraya recorded negative equity of IDR 27.2 trillion.

After investigations by the authorities, it was revealed that Jiwasraya was entangled in a mega corruption case involving Benny Tjokrosaputro (CEO of PT Hanson International). In 2021, Bentjok was sentenced to life imprisonment after being proven to have mismanaged investment funds from the JS Saving Plan product, causing state losses of up to IDR 16 trillion.

The Director of Investigation of the Deputy Attorney General for Special Crimes (Jampidsus), Abdul Qohar, (2025), explained that this decision is based on the investigative examination report on the management of finances and investment funds of PT Asuransi

Jiwasraya for the period 2008-2018. According to the investigative examination report in the context of calculating the state losses from the management of finances and investment funds of PT Asuransi Jiwasraya during the period 2008-2018, the amount is Rp 16,807,283,375,000.

Simply put, in the Jiwasraya case, the modus operandi carried out by Heru and his gang was to manipulate stock trading to make prices rise significantly, while fundamentally the company did not perform well, was incurring losses, and was not a worthy investment. Heru-Bentjok and others carried out this stock manipulation using money originating from Jiwasraya.

Problem Solving

Along with the investigation of the Bentjok case, in 2021, the Ministry of SOEs began restructuring Jiwasraya's retail policyholders into a new insurance company, namely IFG Life. Meanwhile, this restructuring program finally ended on December 31, 2023.

According to Ogi Prastomiyono, Chief Executive of the OJK Insurance, Guarantee and Pension Fund Supervision, a number of policyholders who do not agree to the restructuring and transfer program to IFG Life will be paid their obligations (Puspadini, 2025). However, according to him, payments cannot be made in full and adjust the value of the assets to be liquidated.

Policyholders who have not agreed to the restructuring total 374 individual participants and 119 bancassurance participants, with obligations amounting to IDR 180.80 billion. The liquidation team will pay the insured according to Jiwasraya's condition during the liquidation process. If it is not possible to fulfill all obligations, the payment will be made proportionally according to the assets available in Jiwasraya (2025).

Customers of PT Asuransi Jiwasraya (Persero) who rejected the restructuring hope that the government can use assets seized from Jiwasraya corruption crimes at the Attorney General's Office amounting to IDR 3.1 trillion to pay the remaining claims. This step is considered important given that the Financial Services Authority (OJK) officially revoked Jiwasraya's business license in January 2025. Meanwhile, after the license revocation, Jiwasraya is obliged to fulfill its obligations in accordance with the applicable laws and regulations (Navarro-Garcia et al., 2024; Mughal et al., 2024).

As is known, a total of 70 Jiwasraya bancassurance customers are demanding full payment of their claims amounting to Rp217 billion. These customers have already obtained a final and binding decision from the Supreme Court (MA) regarding the reimbursement of their losses.

By the end of 2023, it was reported that the Jiwasraya Restructuring program had been followed by 99.7% of all Jiwasraya policyholders. Breaking it down, there were 6,327 policies from the corporate category, 291,071 policies from the retail category, and 17,339 policies from the bancassurance category. After the restructuring was completed in June 2024, the Financial Services Authority (OJK) requested Jiwasraya to submit its next plan for the settlement of the Company in accordance with applicable regulations. Nevertheless, up to now, there has been no specific statement regarding the dissolution or liquidation of Jiwasraya. In 2024, Jiwasraya recorded insolvency reaching Rp 2.769 trillion due to reserves being smaller than they should have been.

CONCLUSION

Strategic management has become an increasingly vital tool for organizations navigating the complexities of the modern business landscape, enabling them to shift from reactive to proactive stances in pursuing sustainability and success. Through systematic processes encompassing goal setting, SWOT analysis, strategy selection, implementation, and evaluation, strategic management ensures that every organizational decision remains aligned with an established vision and mission, ultimately strengthening business performance and profitability. This relevance is further amplified by the VUCA world — characterized by Volatility, Uncertainty, Complexity, and Ambiguity — in which organizations that respond wisely through agility, scenario planning, data-driven decision making, collaboration, and resilience are best positioned not merely to survive, but to thrive. Rather than treating VUCA as a threat, forward-thinking organizations embrace it as an invitation for courageous adaptation and innovation. Future research could explore the application of strategic management frameworks in specific industry sectors or organizational scales, particularly examining how small and medium enterprises in developing economies integrate VUCA-responsive strategies into their product development processes, thereby contributing more context-specific and empirically grounded insights to the existing body of knowledge.

REFERENCES

- Aldehayyat, K. M., Al-Abbadi, K. A., & Grida, S. (2024). Strategic planning and organizational performance: An empirical study on the manufacturing sector. *Sustainability*, *16*(15), 6690. <https://doi.org/10.3390/su16156690>
- Benzaghta, M. A., Walayat, A., Mohebi, M., Mozar, S., Khan, M. A., & Ahmad, T. (2021). SWOT analysis applications: An integrative literature review. *Journal of Global Business Insights*, *6*(1), 54–72. <https://doi.org/10.5038/2640-6489.6.1.1148>
- Chronology of the Jiwasraya Case: One of the Largest Corruptions in Indonesia, Causing State Losses of Rp 16.8 Trillion. (2025). Tri Indriawati. *Kompas.com*.
- Core Material Book (BMP) Strategic Management (EKMA5309/EKMA4414). Universitas Terbuka.
- Donthu, N., & Gustafsson, A. (2020). Effects of COVID-19 on business and research. *Journal of Business Research*, *117*, 284–289. <https://doi.org/10.1016/j.jbusres.2020.06.008>
- Du, J., & Chen, Z. (2018). Applying organizational ambidexterity in strategic management under a “VUCA” environment: Evidence from high-tech companies in China. *International Journal of Innovation Studies*, *2*(1), 42–52. <https://doi.org/10.1016/j.ijis.2018.02.004>
- George, B., Walker, R. M., & Monster, J. (2019). Does strategic planning improve organizational performance? A meta-analysis. *Public Administration Review*, *79*(6), 810–819. <https://doi.org/10.1111/puar.13104>
- Gürel, E., & Tat, M. (2017). SWOT analysis: A theoretical review. *The Journal of International Social Research*, *10*(51), 994–1006. <https://doi.org/10.17719/jisr.2017.1832>
- Helms, M. M., & Nixon, J. (2010). Exploring SWOT analysis – Where are we now? A review of academic research from the last decade. *Journal of Strategy and Management*, *3*(3), 215–251. <https://doi.org/10.1108/17554251011064837>

- Jannah, M., Faizah, A. N., Indraputri, A. J., Puspita, V. E., Hidayat, R., & Ikaningtyas, M. (2024). The importance of SWOT analysis in business planning and development. *International Journal of Engineering, Economics, Social Politics and Government*, 2(2), 134–141. <https://doi.org/10.62951/ijespg.v2i2.178>
- Kaivo-oja, J., & Lauraeus, T. (2018). The VUCA approach as a solution concept to corporate foresight challenges and global technological disruption. *Foresight*, 20(1), 27–49. <https://doi.org/10.1108/FS-06-2017-0022>
- López, L., & Oliver, X. (2025). Methodology, strategies, and factors for business innovation in large companies. *Journal of Strategy and Innovation*, 1(1), 100007. <https://doi.org/10.1016/j.jsin.2025.100007>
- Miles, M. B., Huberman, A. M., & Saldaña, J. (2020). *Qualitative data analysis: A methods sourcebook* (4th ed.). SAGE Publications.
- Millar, C. C. J. M., Groth, O., & Mahon, J. F. (2018). Management innovation in a VUCA world: Challenges and recommendations. *California Management Review*, 61(1), 5–14. <https://doi.org/10.1177/0008125618805111>
- Mughal, H. A., Khattak, M. A., & Rahman, M. (2024). Strategic planning, innovation capacity, and organizational performance in emerging markets. *International Journal of Management Studies*, 31(1), 45–67. <https://doi.org/10.32890/ijms.31.1.2024>
- Navarro-Garcia, A., Arenas-Gaitan, J., & Rondan-Cataluna, F. J. (2024). The key role of innovation and organizational resilience in improving business performance: A mixed-methods approach. *International Journal of Information Management*, 76, 102756. <https://doi.org/10.1016/j.ijinfomgt.2024.102756>
- OJK Chief: Jiwasraya Policyholders Who Reject Restructuring Will Be Paid. (2025). Mentari Puspadini. *CNBC Indonesia*.
- Phadermrod, B., Crowder, R. M., & Wills, G. B. (2019). Importance-performance analysis based SWOT analysis. *International Journal of Information Management*, 44, 194–203. <https://doi.org/10.1016/j.ijinfomgt.2016.03.009>
- Singh, S., Joshi, M., Gandhi, M., & Malik, K. (2024). Sustainability and resilient strategies by entrepreneurial firms in a VUCA world. *World Review of Entrepreneurship, Management and Sustainable Development*, 20(3), 291–308. <https://doi.org/10.1504/WREMSD.2024.138283>
- Sulistiyono, A. B., Wardayati, S. M., Hidayatullah, A., & Riesky, S. S. N. (2020). Effect of Islamic corporate governance on customer trust: Empirical study on Islamic bank. *Asian Journal of Islamic Management*, 2(1), 21–30. <https://doi.org/10.20885/ajim.vol2.iss1.art3>
- Tamara, A. G., Maulidan, A. S., Alkatili, A. A., Musyaffa, F. L., & Husniyah, N. (2021). Design thinking as a strategy in facing VUCA. *Indonesian Journal of Digital Business*, 1(2), 23–26. <https://doi.org/10.53088/ijdb.v1i2.29>
- Troise, C., Corvello, V., Ghobadian, A., & O'Regan, N. (2022). How can SMEs successfully navigate VUCA environment: The role of agility in the digital transformation era. *Technological Forecasting and Social Change*, 174, 121227. <https://doi.org/10.1016/j.techfore.2021.121227>
- Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Dong, J. Q., Fabian, N., & Haenlein, M. (2021). Digital transformation: A multidisciplinary reflection and research

agenda. *Journal of Business Research*, 122, 889–901.
<https://doi.org/10.1016/j.jbusres.2019.09.022>