



A Scenario Thinking Approach to Developing Strategy for PT. XYZ (Persero) Tbk

T. Pamungkas¹, D. Tricahyo²

^{1,2}Magister Management, Telkom University, Bandung, West Java, Indonesia

ABSTRACT: The COVID-19 pandemic has had a tremendous impact on the entire industry, including the aviation industry. Based on data from the Directorate General of Civil Aviation, aircraft passengers have decreased by 61% compared to 2019. This has made airlines around the world suffer losses from business development. As many as 43 commercial airlines experienced bankruptcy throughout 2020 due to COVID-19. This study will discuss how PT. XYZ responds to this phenomenon by using a scenario planning approach to generate strategic flexibility and discuss the issues of what conditions must be implemented and what must be done to enable the company to implement strategic changes. Such changes occur when companies formulate and implement new strategies. This research method is qualitative, with annual report case studies and interviews involving expertise in the social, economic, technological, environmental, and political fields.

KEYWORDS: COVID-19, Indonesian Airlines Industry, Scenario Thinking.

INTRODUCTION

Another phenomenon that has occurred is that the aviation industry is facing bankruptcy. Airlines must stop or limit their operational activities due to policies and conditions that do not allow it. Meanwhile, aircraft rental fees to lessors still have to be paid, so many airlines end up going bankrupt.

According to data from Cirium (an analysis company), as many as 43 commercial airlines went bankrupt throughout 2020 due to COVID-19. According to the International Air Transport Association (IATA), the aviation industry will incur losses of up to US\$ 77 billion, or Rp 1,128 trillion (at the current exchange rate of Rp 14,661), during the second quarter of 2020. This is a serious threat to all structures in the aviation industry.

Based on these indications and conditions, the authors make PT. XYZ the subject of indicators of companies that are surviving with VUCA in formulating their long-term business plans through a scenario planning approach. Later, the author will analyse and identify the forces of change that will affect PT. XYZ and make an overview of future scenario logic so as to obtain an impact analysis and strategy through baseline and alternative scenarios.

Based on the background and formulation of the problem that have been discussed in the previous section, the questions that arise are as follows:

- What are the Impact-Uncertainty from VUCA on the aviation industry? And what is the description of the Future Scenario Logic matrix based on the Impact-Uncertainty?
- How can the Alternative and Baseline Scenario be an option for company sustainability?
- How can impact strategy and scenario thinking be used as a long-term strategy for PT. XYZ?

LITERATURE REVIEW

Strategic Management

Strategic Management has now evolved to the point where its main goal is to help organizations operate in and be able to adapt to dynamic and complex environments. Products are now growing faster and replacing one another, creating a new competitive challenge for the company.

STEEP Analysis

STEEP analysis is a tool used to map external factors impacting an organization. (Coufano, 2020) STEEP stands for five main areas that are the focus of analysis: Socio-cultural, technological, economic, and ecological/environmental.

Strategic Foresight

Strategic Foresight is not a tool to predict a better future. In the VUCA world, predictive accuracy is just an illusion. Strategic Foresight is a tool for preparing for the future. Thus, the uncertainty that becomes an obstacle in the future can be prepared in a more planned and systematic manner (Duijne & Bishop, 2018).

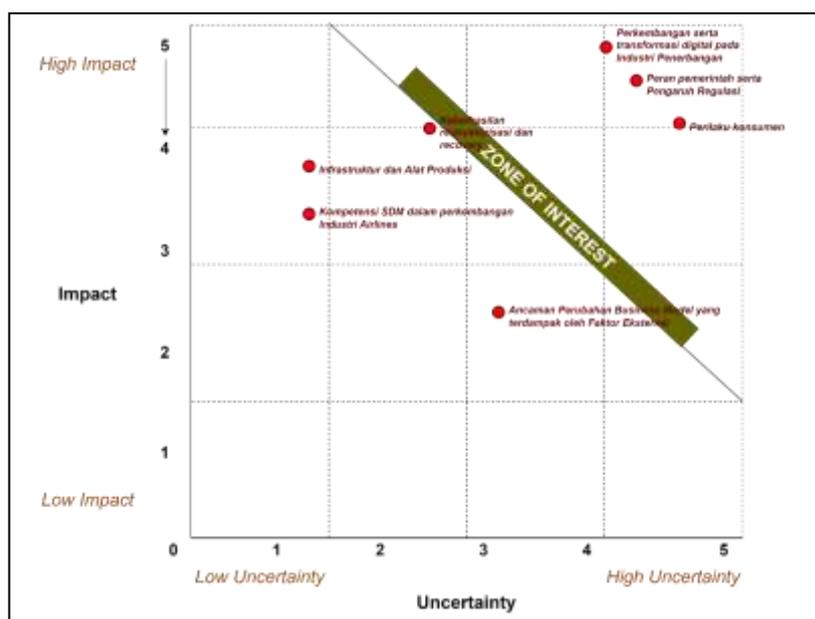
Before developing policies and plans, strategic foresight includes a systematic analysis to identify the driving forces of change. Efforts to analyze the driving forces of change can assist in finding solutions and responses to policies that may bring positive results.

METHODOLOGY

The method used was qualitative with a study case approach. Data collection techniques were in-depth interviews and secondary data supply. The sources were internal parties of the company, including directors and structural officials. Framework foresight, STEEP analysis, and system thinking approaches were used for determining the baseline future, alternative futures, and their effect on the future competitive advantage.

DISCUSSION AND FINDING

After obtaining 36 lower-level factors from the results of interview research and case studies, the next step is to process them using clustering and expert validation to obtain seven higher-level factors, which will then be processed to become the basis for strategy formulation.

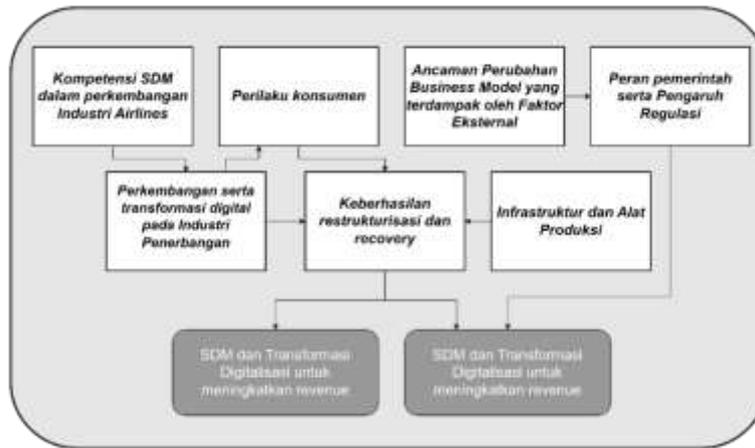


In the above impact-uncertainty grid, three forces of change are identified that fall into critical uncertainties as well as having a higher impact on the Aviation Industry. These three factors are

1. Development and digital transformation in the aviation industry
2. The role of government and regulatory influence
3. Consumer behaviour

Next, is the preparation of a simple influence diagram based on the relationship between the forces of change and the two influence diagrams, which are linked together. Here are the results:

1. Success in developing human resources and digital transformation so as to create revenue (+)
2. The bottlenecks are human resources and digital transformation (-)
3. Aviation Industry Regulatory Openness (+)
4. Strict regulation becomes a hindrance (-)



To obtain these scenarios, a framework called the scenario matrix is used, where two extreme values are determined for each scenario dimension. The following is a matrix of scenarios that will become a strategy for PT. XYZ.



1. Sustainable Aviation conditions where PT. XYZ succeeded in developing human resources and digital transformation, thus creating increased revenue. As well as regulations that support the recovery and development
2. Resources Optimization conditions in which PT. XYZ succeeded in developing human resources and digital transformation, thus creating increased revenue. However, regulations are still closed for development. In this case, PT. XYZ can use it to evaluate internal sustainability.
3. Survive for Business In this condition, PT. XYZ is considered to have failed to improve its corporate structure, so it only took advantage of supporting regulations such as providing capital. Here, PT. XYZ still has to improve through organizational and operational rejuvenation.
4. Struggling on Recovery In this condition, PT. XYZ is considered unsuccessful, and regulation is also an obstacle. In this condition, there will be a significant change in the business model as well as a threat to internal stability. PT. XYZ will redefine the new concept of business.



CONCLUSION

Improvement and development of human resources and digital technology are two of the main strategies for PT. XYZ. This is in line with the results of interviews and the expectations of various parties. That the future strategy should focus on developing strong human resources, specifically for the VUCA era. In order to support PT. XYZ's vision of becoming a "Sustainable Aviation Group" in 2025 and considering the situation of the world aviation industry, which has been quite heavily affected by COVID-19, significant business transformation efforts are needed.

REFERENCES

1. annualreport.id. (2016). *SEKILAS PT. XYZ*. [http://annualreport.id/perusahaan/PT PT. XYZ \(PERSERO\)](http://annualreport.id/perusahaan/PT%20PT.%20XYZ%20(PERSERO)), Tbk
2. Duijne, F., & Bishop, P. (2018). Introduction to strategic foresight. *Future Motions, January*, 1–67. https://www.futuremotions.nl/wp-content/uploads/2018/01/FutureMotions_introductiondoc_January2018.pdf
3. Schwenker, B., & Wulf, T. (2013). *Scenario-Based Strategic Planning: Developing Strategies in an Uncertain World*. Frankfurt: Springer Gabler.