

## THE ROLE OF INTERACTIVE CONTROL SYSTEM IN RESPONDING TO STRATEGIC UNCERTAINTIES OF SEOJK PAYDI

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### Abstract

SEOJK5/2022 as a novel PAYDI regulation had triggered strategic uncertainty for ABC, where 40% of income was supported by sales of PAYDI. SEOJK5/2022 has several points which change majority of product structures including PAYDI operations. This research discusses how ABC implements interactive control systems (ICS) to face strategic uncertainties, considering there were only few companies had succeeded to respond SEOJK5/2022 well. Qualitative case study method was used in this research, main data collected through interviews and questionnaires. The result concludes that ABC had emphasized the use of ICS in the emergent strategies formulation process, debate and dialogue were carried out intensively at various levels. ABC had succeeded in responding *SEOJK5/2022* by making adjustments to all available PAYDI in the company before time limit. During the adjustment period, ABC increased their sales by emphasizing traditional insurance sales. This research contributes additional evidence to levers of control study in facing strategic uncertainties.

**Keywords :** Interactive Control System; SEOJK PAYDI; Unit Link Insurance; Strategic Uncertainties

### Abstrak

*Munculnya SEOJK5/2022 tentang PAYDI memicu ketidakpastian strategis bagi ABC yang 40% pemasukannya didukung oleh penjualan PAYDI. Beberapa poin dari SEOJK5/2022 sifatnya merubah mayoritas struktur produk termasuk operasional PAYDI. Penelitian ini membahas bagaimana penerapan interactive control systems oleh ABC dalam menghadapi ketidakpastian strategis, mengingat hanya terdapat beberapa perusahaan yang berhasil menanggapi adanya regulasi ini dengan baik. Digunakan metode kualitatif studi kasus pada penelitian ini dengan pengumpulan data utama melalui wawancara dan pengisian kuesioner. Berdasarkan hasil analisis, disimpulkan bahwa ABC menekankan penggunaan interactive control systems dalam proses perumusan emergent strategies-nya, dengan debate dan dialogue yang dilakukan secara intensif di berbagai tingkatan. ABC berhasil merespon SEOJK5/2022 dengan melakukan penyesuaian terhadap seluruh belasan produk PAYDI yang ada di perusahaan sebelum tenggat waktu. Dalam meningkatkan pemasukkan selama masa penyesuaian, perusahaan menekankan penjualan terhadap asuransi tradisional. Penelitian ini memberikan kontribusi bukti tambahan pada studi penerapan levers of control untuk mendukung keberhasilan perusahaan dalam menghadapi ketidakpastian strategis.*

**Kata kunci:** Interactive Control System; SEOJK PAYDI; Unit Link Insurance; Strategic Uncertainties

## Introduction

The financial services industry supervisory—Otoritas Jasa Keuangan (OJK) had issued SEOJK 5/2022 (“SEOJK PAYDI”) which governs unit link products (also can be named as PAYDI) on March 14, 2022. The background of this issuance was due to unit link issue which had triggered massive demonstration during the year of 2021. According to the regulator, this PAYDI adjustment regulation was made in order to increase consumer protection as well as governance and risk management for insurance companies, therefore will minimize the potential issue of unit link in the future. SEOJK PAYDI consists of four articles which adjust massive rules on product designs, asset and liability management, marketing procedure, and product reporting. What is covered in this research is the PAYDI product design and marketing practices clauses only. SEOJK PAYDI regulations are made quite strict which makes unit link product design is perceived as more complicated, its operational processes more complex, and the potential for unit link insurance products to be sold more difficult due to changes in the sales process. Some samples of clauses that were not easy to address are the new investment strategy rules, recording obligation with complete documentations, new premium allocation rule, new premium holiday rule, and other items which in essence almost change most of the structure and prevailing unit link operational processes, not to mention changes in policy provisions and all related marketing collaterals. These required changes had created tremendous impact on company that sells unit link. The company must unfold its new strategies for unit link, also some system must be built and tested thus required a lot of efforts, resources, time, and attention.

Unit link is a popular insurance product and in demand because it has both life insurance and investment benefits as well. However, insurance in the form of a unit link contract means that the financial risk of the insurance product can be transferred to the Policyholder, thereby increasing riskier investment strategies (Hanna et al., 2022). Premium income from unit link had dominated the insurance industry within the past years and had contributed more than 62% of premium income compared to traditional products in the year of 2021. Most of the time it always showed positive growth in previous years. This condition had caused the industry and regulators to be slightly negligent due to the fact that several clauses or information regarding unit link were not conveyed in detail in the documents received by customers when making an insurance offer or when making a policy contract. Meanwhile, unit link literacy among the Indonesian people was low. This clearly resulted in many customers not knowing clearly about the unit link product they were purchasing. Meanwhile, ABC is one of the big players in insurance companies in Indonesia which its unit link premium income accounted for approximately 40% of total company revenue. Thus, this regulation was being responded by ABC as a strategic uncertainty that might thwart the current strategies in unit link products. Strategic uncertainty can be defined as a strategy that emerges in organizations as an effort to respond to unpredictable threats and opportunities through experimentation (Simons, 1995). In additions, ABC has dozens of unit link products on its shelf, meanwhile other companies might only have less than 10 unit link products. Hence, the emergence of regulations could possibly impact the company bottom line. Various discussions were needed to explore and decisions on new strategies were needed swiftly considering the complex requirements, not to mention the short implementation time limit given by the regulator. Also, emergent actions were also needed to increase the company profits during the adjustment period. ABC is chosen as the research object because it is one of those companies that had responded to SEOJK PAYDI successfully.

Strategic uncertainties can arise due to changes in the dynamics of business competition, one of which is due to the emergence of regulations or changes in market preferences—which on this research is the emergence of SEOJK PAYDI. However, if strategic uncertainties are

followed up appropriately and immediately, this can actually create opportunities for the company. The Simons four Levers of Control framework emphasizes that strategic uncertainty can overturn the assumptions that are the basis of current intended business strategy, becoming one of the factors that drives the selection and use of control systems, thus providing an influence on the organization through organizational learning and efficient management attention (constrained resources) (Widener, 2007). Bisbe et al. (2007) provide a definition of strategic uncertainty as something related to changes in competitive dynamics and internal competencies that must be understood if businesses are to successfully adapt over time. In the case of this research, strategic uncertainties are considered as threats and opportunities that arise in the form of government regulatory reforms. Apart from that, another influencing factor is emergent strategies—which are defined as strategies that could appear within an organization in an effort to respond to threats and opportunities that cannot be predicted through experimentation (Widener, 2007). Levers of control motivate employees to take action in a directed manner (Speklé et al., 2017). In research conducted by Speklé et al. (2017), it was found that the environment created gave employees the perception that they actually had the ability to take action, make decisions and create new ideas, thus it could be said that there was no conflict between control and control, and creativity, in fact creativity can be developed if control exists.

Companies must remain sustainable in the midst of strategic uncertainties that often arise. To achieve company goals, management needs to have the right strategies and be able to execute the strategies well. Strategy is related to the long-term goals and activities of an organization (Faulkner & Johnson, 1992). To support the strategy, companies need a management control system in an effort to influence its members to carry out the company strategy that has been determined (Anthony & Govindarajan, 2007; Dent, 1990; Sageder & Feldbauer-Durstmüller, 2019). The use of the management control system is primarily for making decisions, planning and evaluating (Merchant & Otley, 2006). Management control systems can help management be more focused (Davila & Foster, 2007).

One of four levers being used for this research is interactive control systems, which defined as formal information systems that can be used by managers to involve themselves in subordinate decision-making activities, therefore interactive control systems focus on double-loop learning (Simons, 1995). Interactive control systems provide information between top level management and their subordinates. This control system looks forward and is characterized by active and frequent dialogue between top managers (Widener, 2007). This system is related to Henry Mintzberg's 4 P's of strategy, namely strategy as a pattern of action (Simons, 2014). Interactive control systems can be a tool to influence experimentation and search for opportunities that can emerge from emergent strategies to address strategic uncertainties. In the case of this research, strategic uncertainties are considered as threats and opportunities that arise in the form of changes in regulations. Simons (2014) emphasizes that there are several requirements for a system to be worthy of being categorized as an interactive control system. The first requirement is the information must be simple enough to be understood. If debate and dialogue are expected to be productive, the stakeholders have to be working from the same sources and confident of its accuracy. Second, interactive control systems must provide information about strategic uncertainties. Next, interactive control systems must be used by managers across different levels of the company, in order to stimulate subordinates to explore and examine new information. And the last requirement, interactive control systems must produce new action plans.

Previous research had shown that an effective management control system can help companies enable managers to identify and manage threats and opportunities that may arise due to strategic uncertainties, for example in Corporate Social Responsibility process (Arjaliès

& Mundy, 2013). Previous research had also confirmed that the strategic uncertainties faced by companies, in general, can be avoided if interactive control systems are implemented effectively, one of which is through debate and dialogue which will be used to formulate emergent strategies in facing import regulation in Indonesian medical tools (Manurung et al., 2023). Similarly, (Qomariah et al., 2022) also found that the use of interactive control system had help Sekolah Dasar Pelangi in dealing with strategic uncertainty when facing Covid-19 by producing an emergent strategy in the form of home learning. Furthermore, the use of an effective interactive control system combined with a belief system can improve company performance and create new innovations which ultimately improve company performance holistically, units (Baird et al., 2019). Hernando & Syofyan (2022) also found that in the case of performance improvement on BLUD Puskesmas case, implementing interactive control system and combining it with the diagnostic control system will provoke creative ideas from the company team in accordance with providing opinions to the strategies and drive efficiency of expenditures.

Previous researches had shown the success of interactive control systems in dealing with strategic uncertainty. Concurrently, SEOJK PAYDI is a new regulation and is considered to be transformational for life insurance companies in Indonesia, thereby triggering strategic uncertainties and having quite large impacts and risks. Hence, this research wants to find empirical evidence regarding the emphasis of the interactive control system implemented on the success of the company's strategy in facing SEOJK PAYDI, in order to add contribution for interactive control system literature in insurance topic. This research wants to illustrate the importance of emphasizing interactive control systems, specifically for the insurance industry that are often faced with uncertainty conditions. For ABC, this research could be a motivation to emphasize more effective use of interactive control systems so as to increase competitive advantage.

### **Research Method**

This research focused on the case of strategic uncertainties in related to SEOJK PAYDI implementation in ABC insurance company, in which the regulation had caused tremendous changes in business strategy. In conducting this study, the qualitative research method chosen is the in-depth interview method and distribution of questionnaires. Interviews carried out by collecting data and information directly through face-to-face meetings, with the aim of obtaining comprehensive and in-depth data and information (Kriyantono, 2020).

Interviews were conducted with top management including General Counsel of Legal & Compliance (Board of Directors), Chief of Product (Executive Committee), Chief of Risk Management (Executive Committee), and Head of Compliance. Source persons were given open-ended and semi-structured interview questions, in approximately 20 minutes for each person. With the aim of obtaining comprehensive information regarding emergent strategies that were developed and carried out in the context of implementing SEOJK PAYDI, within the framework of an interactive control system. The target source persons are those who directly responsible for the compliance of SEOJK PAYDI regulations in the company, and are considered to have the capability to know about the company in detail and have role authority in making strategic decisions. The interview questions framework was adopted from Widener (2007) on the topic of interactive control systems research, and some adjustment on questions has been made to be in line with what was required in this research. The data obtained from the interviews consists of discussion in related to the development of new business strategies regarding emergent strategies required in response to SEOJK PAYDI regulations, and how interactive control system was used to successfully underpin the implementation of emergent strategies.

On the other hand, the questionnaire was distributed to the working level employee to obtain information regarding perceptions of interactive control system in the context of implementing SEOJK PAYDI, as well as to determine whether or not there is harmony between the opinions expressed by top level management and the actual conditions at the working level. The questionnaires were developed by referring to earlier levers of control studies (Hermawan et al., 2021; Djauhari, 2021; Widener, 2007). The technique used in selecting respondents is purposive sampling and the selected respondents must meet the selection criteria, which in this case are those who directly involved in formulating strategies in related to SEOJK PAYDI, i.e., product, actuary, operational, and information technology department, with samples n=25. The questionnaires containing 7 statements in relation to interactive control system and the respondents were expected to response to the statements in the questionnaires based on a five-point Likert. On the questionnaires, “strongly agree” response denotes by 5 (SS), “agree” response denotes by 4 (S), “neutral” response denotes by 3 (N), “disagree” response denotes by 2 (KS), and “strongly disagree” response denotes by 1 (TX). The average score of the Likert scale for each statement then will be calculated for the analysis.

After the required data had been collected, and all information regarding the business strategies and the interactive control system that had been carried out by ABC to address SEOJK PAYDI were then analyzed. The analyses wished to seek whether the successful strategies that had been decided and implemented were supported by the strong role of interactive control system. The process that happened was also being analysed for their suitability with interactive control system criteria. The research framework is depicted in the graphic below:

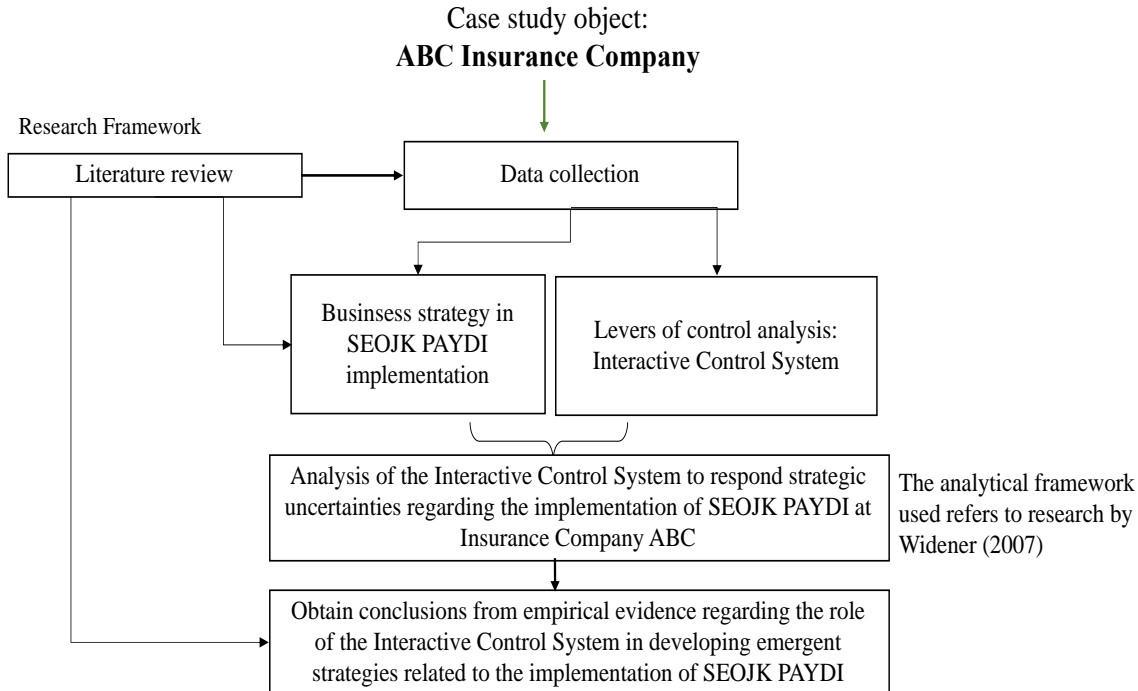


Figure 3. Research framework

The first interview was conducted with the Head of Compliance of ABC and in this conversation, information was obtained regarding the company's follow-up in responding to SEOJK PAYDI regulations, such as the way the company carries out discussions and communication in developing strategies, initial analysis and various possible risks, as well as obstacles faced by the company. Then, the second interview was conducted with the Chief of Product and Inforce Management, the executive committee in charge of the product and pricing actuary teams. The third and fourth interviews were conducted with the General Counsel of Legal & Compliance and the Chief of Risk Management, respectively. The conclusions from all interviews with upper management illustrate the same essence, so that the data obtained from all interviews is saturated data. However, the approach and point of view used in answering differs from each source person. In the meantime, the questionnaires also distributed to selected persons during the same interviews period using digital survey tools.

The interviews questions and questionnaires frameworks are depicted in the Table 1 and Table 2, respectively.

Table 1. Interviews Questions Framework

No	ICS Questions
1	What is the strategy planned by ABC in response to the implementation of the SEOJK PAYDI policy in relation to achieving company goals? What parties or levels are involved in formulating the strategy?
2	How does the company convey (cascading) this strategy to all employees?
3	Are there special programs or projects that aim to discuss possible changes in business dynamics and potential threats and opportunities related to the SEOJK PAYDI implementation strategy?
4	What significant impact does ABC feel regarding the SEOJK PAYDI policy?
5	What processes is carried out by ABC in response to the SEOJK PAYDI policy?
6	What are the obstacles in this implementation process?
7	What regular meetings were held at the beginning of discussions on SEOJK PAYDI regulations? Who are the parties or levels involved in formulating emergent strategies in implementing SEOJK PAYDI in the company?
8	Does ABC often hold regular discussions regarding matters that are obstacles in implementing SEOJK PAYDI?
9	Are discussions and brainstorming frequently carried out with all employees regarding risks and obstacles to the SEOJK PAYDI implementation strategy?
10	What data sources are used in formulating strategies to deal with the SEOJK PAYDI policy?

Source: Manurung (2022)

Table 2. Questionnaires Framework

No	ICS Questionnaires Framework
1	<p>The information contained in the interactive control system must be easy to understand</p> <ul style="list-style-type: none"><li>• Employees are actively involved in the debate and discussion process regarding the implementation of SEOJK PAYDI regulations in the company on a regular and effective basis</li><li>• Employees are involved in brainstorming to see possible obstacles and obstacles.</li></ul>
2	<p>Interactive control systems must provide information about strategic uncertainty</p> <ul style="list-style-type: none"><li>• Employees feel that the impacts and strategies related to the implementation of SEOJK PAYDI are conveyed well so that employees really understand</li></ul>
3	<p>Interactive control systems should be used by managers at various levels of the company, to stimulate subordinates to explore and examine new information</p> <ul style="list-style-type: none"><li>• Employees are actively involved in innovating regarding the implementation of SEOJK PAYDI in the company</li></ul>
4	<p>The interactive control system must produce new action plans (emergent strategies)</p> <ul style="list-style-type: none"><li>• Employees' opinions are often heard in making decisions</li><li>• Employees see that one of the ideas given is implemented.</li><li>• Superiors/superiors listen to opinions and include them and consider them in making operational decisions.</li></ul>

Source: Simons (2014); Djauhari (2021); Surja (2022); Manurung (2022)

## Result and Discussion

### Debate and Dialogue

The ABC management's quick response to the SEOJK PAYDI reflects that a good control system has been established in the company. The studiousness of the top management encourages all stakeholders' eagerness to know about this regulation. By hold intense discussion moreover when SEOJK PAYDI was still in draft version, the stakeholders realized that SEOJK PAYDI could possibly brought so much impact to company intended strategies.

When the SEOJK PAYDI draft was initially issued, the first step taken by ABC management was to hold regular discussions in order to equalize perceptions and definitions of each item written in the regulation. At that time ABC management had started carrying out intense early gap analyses, activities that almost other companies barely did. These discussions were carried out at the top management level through "daily cadence" meetings, biweekly executives committee meetings, and monthly steering committee meetings, as well as at the working level through PAYDI project meetings which are held at each workstream in each relevant department. Based on information provided by the General Counsel of Legal & Compliance, the equalization of perception is quite onerous and crucial to do before formulating a strategy. If there is a misinterpretation, it could trigger reputation risks for the company.

The same treatment was also done when SEOJK PAYDI was officially enacted on March 14, 2022. However, an additional special project committee meeting was scheduled which aims to analyze how complex the regulations have impacts on the company's ongoing business. At these meetings, the head level of each department was encouraged to develop solutions to close the gaps that emerged from these regulations. The results of the meeting for

each workstream were then used as supporting material at the daily cadence meeting by top management. From the working level, it was hoped that information can be obtained regarding the most "less disruptive" processes thus useful for top management to make decisions. The results of the gap analysis carried out were then sorted based on the greatest impact on the company, then a working timeline was formed by the project team for each department.

In carrying out work according to the timeline that has been prepared by the project management team for each department, weekly checkpoints meetings were also conducted. At the meeting, the impacts, obstacles, difficulties, and solutions when carrying out work related to the implementation of SEOJK PAYDI which may not have previously been known during the gap analysis were discussed.

The debate and dialogue held at ABC succeeded in stimulating the emergence of new information, such as information related to how the industry treats several regulatory areas that are considered not easy to implement. This information was then used to discuss the company's next plans. These plans, for example, relate to whether the company can adopt a similar approach or develop other suitable ideas. Thus, it can be said that the debate and dialogue carried out by the company have been effective because they have provided useful information to respond to strategic uncertainties.

The debate and dialogue process in interactive control systems can be interpreted as an intensive discussion process to analyze whether the company needs to change the way it does the business and operational, the value proposition it holds, or even change aspects of business strategy. Intensive meetings held by top management and lower levels are a reflection that active debate and dialogue are truly carried out by ABC. Apart from that, the discussion process had always carried out on time thus effective and efficient. In addition, the stakeholders who contributed to provide opinions also has a good understanding of the data used. This was because there had been uniformity in the articulation of regulations at the initial discussion stage. Thus, that all opinions given from each level could have an impact in determining the next steps. In this process, most of employees can contribute actively, both in providing information, ideas and others. Based on the analysis that has been carried out by comparing the suitability of the theory of implementing effective debate and dialogue with the implementation carried out in ABC, it can be concluded that the debate and dialogue carried out have been effective because the company has responded to strategic uncertainties.

The analysis from interview results stated above also supported by the questionnaire results on the Table 3 below. These results showed that the working level agreed that they were actively involved interactively in the debate and dialogue and decision-making process as well. This was proved by the questionnaire resulting in high scores on average. The Likert-scale-based questions suggested positive results regarding the use of interactive control system through debate and dialogue to strive for emergent strategies. In addition, the questionnaire results also showed that there is a harmony between the statements expressed by upper management and the actual conditions.



Table 3. Questionnaire Results of Interactive Control Systems

No	ICS Statements	Mean
1	Working levels were actively involved in the debate and discussion process regarding the implementation of SEOJK PAYDI regulations in the ABC	4,24
2	Working levels were actively involved in innovating regarding the implementation of SEOJK PAYDI in the ABC	4,4
3	Working levels' opinion were often heard when making decisions	4,24
4	Superior/supervisor listens to opinions and includes them and considers them in making operational decisions	4,64
5	Strategy related to implementing SEOJK PAYDI was conveyed well and can be easily understood by working level	4,28
6	Working levels felt that one of the ideas they gave was implemented	4,48
7	Working levels were involved in brainstorming to see possible various obstacles and obstacles	4,48

Source: Questionnaire Results 2023

### Emergent Strategies

Based on the debate and dialogue process carried out, the first strategy that was finally decided by the company was to implement the regulation so that unit link products that were in accordance with SEOJK PAYDI could be implemented before or at least on time on March 13, 2023. Although from some gathered information, it was known that several competitors had chosen to postpone, but unit link sales were considered high, consequently the agency and bancassurance team encouraged this decision to be chosen. The company also realized that during the adjustment period, the sales figures would be uncertain. Based on the results of discussions held with agents supported by sales data, the company finally saw that this uncertainty could be an opportunity for the company to strengthen sales of traditional products, especially life and health insurance. Moreover, the data also shows that sales of these products have increased quite a bit after the decline in cases of the Covid pandemic. This decision considered as the second emergent strategy. After deciding on this strategy, the agency and bancassurance teams then supported this strategy by conducting refreshment training for the agents. Due to this, progress can be seen in sales of traditional products in the coming months so that the company's income can continue to grow.

The company then decided again whether it will only make adjustments to 1 flagship product as most competitors had done, or whether it will make adjustments to all existing unit link products. This perplexity was part of strategic uncertainty because there were dozens of unit-linked products available in the company and the regulations used as the basis for product adjustments were considered complex. Based on several discussions between the CEO, C-level and the regional team, plus encouragement from the bancassurance team, it was then decided to create new products or refurbish (or adjust old products) link units with SEOJK PAYDI for all PAYDI products in company. This was the third emergent strategy.

To implement the adjustment strategy for all of the company's unit link products, a project timeline was created for each product. Top management provided support for implementation through hiring additional permanent and contract employees (outsourced), as well as 3rd party assistance for the IT team, especially in the system development process and user acceptance tests on marketing collaterals for all unit link products.

The company was also aware that several operational support components related to SEOJK PAYDI compliant products could not be implemented on time. Therefore, as the supporting strategies for the emergent strategy that has been formulated, the Head of

Compliance in an interview explained that there were discussions that resulted in conclusions to overcome this challenge. System development for several things that could be postponed but were still urgent to be done after the product was successfully launched, would be deferred and executed later. This mechanism was classified as a Day-2 project. Meanwhile, the main things that were prioritized to be implemented first went into the Day-1 project mechanism. The significant thing that differentiates the Day-1 and Day-2 projects is that what is done on Day-2 is related to operational matters which will likely occur around the 5th year and above since the first SEOJK PAYDI compliant product was launched. Hence, even though important, based on the timeline, it could still be postponed therefore the projects classified as Day-1 could take priority.

Based on the analysis, it can be seen that companies were both developing emergent strategies for potential threats and seeing emergent strategies as opportunities, both of which are factors in the company's success in facing the obligation to implement SEOJK PAYDI. The strategy to emphasize sales of traditional products during the adjustment period can help the company's revenue growth when facing uncertainty regarding the implementation obligations of SEOJK PAYDI. This is in accordance with what Simons (2014) stated, that emergent strategies are strategies that emerge as a response to potential threats and opportunities from strategic uncertainties. Furthermore, the decisions made by the company have been able to support the company in adjusting PAYDI products so that in the end the company was able to launch the first product that had been adjusted even one month earlier before the given time limit by the regulator.

### **Analysis of Interactive Control System Criteria**

When observed through the requirements for a system to be worthy of being categorized as an interactive control system (Simons, 2014) as explained in the introduction, all requirements were fully fulfilled by ABC. As previously discusses, the company conducted several meetings as the effort to equalize perceptions of SEOJK PAYDI on the early gap analysis. The meetings were also carried out top-down and bottom-up, thus it can be said that the information obtained was quite accurate. This was one of attempts to make information clear and easy to understand by all parts of the company. Furthermore, this first criterion is also supported by the statement in the results of the interactive control system P1 and P7 questionnaire, namely "Working levels were actively involved in the debate and discussion process regarding the implementation of SEOJK PAYDI regulations in the ABC" and "Working levels were involved in brainstorming to see possible various obstacles and obstacles" which received average scores of 4.24 and 4.48 respectively. This active and productive involvement shows that the available information can be understood well so that it can be used as a basis for formulating further strategies.

After all parts of the company had had the same understanding of the regulation, the gap analysis process is carried out at each level of top management and workstream levels. The cascading workstream process was carried out hierarchically thus all stakeholders understood and could execute top management strategies well. The results of this discussion then show the impacts on the company which are estimated to be strategic uncertainties that must be overcome. Therefore, interactive control always provides information regarding ABC's strategic uncertainties and hence the second requirement of interactive control system criteria is fulfilled. This is also supported by the results of the questionnaire in statement P5, "Strategy related to implementing SEOJK PAYDI was conveyed well and can be easily understood by working level" which obtained an average score of 4.28.

As stated by one of the board of directors and two of executive committees, interactive control system was also used across various levels of the company. Interactive discussions in

each department which the results then escalated to top management are clear evidence that the interactive control system encourages each employee to innovate in providing ideas that can support the company's strategy. The fulfillment of criterion number 3 is also supported by the results of the questionnaire at working level which is shown in statement P2, namely "Working levels were actively involved in innovating regarding the implementation of SEOJK PAYDI in the ABC" getting an average score of 4.28.

On the fourth requirement to be categorized as worthy, interactive control system at ABC obviously generated new action plans. As previously discussed, three important emergence strategies were ultimately decided in order to face strategic uncertainties. This strategy is then supported by the company's next plan so that success can be achieved in its implementation. For example, adding resources and dividing work projects into Day-1 and Day-2 mechanisms. From the questionnaire statement P6, "Working levels felt that one of the ideas they gave was implemented" received an average score of 4.48. This value indicates that there really is a new action plan, obtained through an effective interactive control system, implemented by the company.

### **Conclusion and Suggestion**

According to what previously discussed, management and working levels were close with the intensive use of interactive control system. Various emergent but doable strategies were developed and the management of ABC uses the management control system in terms of the interactive control system to ensure that the strategy is successful and the execution and implementation goes well. Eventhough there were emergence strategy that was not easy to be implement, the consequent plans to help the execution then being explored through discussion. Two of these consequent plans were the decision to separate projects into Day-1 and Day-2 according to timeline; and hire more resources. The bottom-up strategy in implementing SEOJK PAYDI had always considered taking into account that the working level is generally more aware of conditions and obstacles in detail, in addition to upper management making decisions so that the input provided is in line with business objectives.

To achieve those emergent strategies stated above, routine coordination and discussions between top and bottom management had been carried out intensively through meetings to meetings. As previously stated, these provide evidence that the interactive control system is actually implemented in the ABC insurance company. The application of this lever generates emergent strategies thus the company had been successfully tackles strategic uncertainties and various risks related to the implementation obligations of SEOJK PAYDI.

This research found that the familiar use of interactive control system of ABC insurance company generates major success in dealing with strategic uncertainties, even when facing a new regulation that is considered transformational in nature. By such means, ensuring interactive control system effectively really plays a crucial role in the organization's success. Interactive control systems are an important aspect in companies because they are proven to improve company performance (Triwacananingrum, 2018). Hence, the company is recommended to continue to use and to improve its interactive control system mechanism, as it was proven succesful in turning the business around when facing tranformational regulations. This interactive implementation is also supported by supportive management so that all information related to risks can be obtained through debate and dialogue. Leadership support can generally encourage employees to understand and manage possible risks (Azria et al., 2023).

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