

## PRUDENTIAL INDONESIA AND COMPETITIVE STRATEGIES

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### ABSTRACT

*Currently, competition is unavoidable for companies engaged in life insurance in Indonesia including Prudential Life Insurance Indonesia Riau Province. Therefore, appropriate competing strategies are needed to survive and win by utilizing available strengths. The purpose of this study is to answer how Prudential Life Assurance Indonesia's competitive strategy in Riau Province faces competition, and the benefit of this research is to help companies analyze how competitive Prudential Life Insurance Indonesia strategy in Riau province to survive and compete. The method used in this research is descriptive research with the analytical tool and research stage used is IFAS, EFAS, Position Matrix, SWOT-8K, TWOS, and The QSPM matrix calculation as follow. The results of the research in this article show that Prudential Life Insurance Indonesia's competitive strategy in the province is in the position of growth strategy and the strategy of differentiation*

Keywords: Competitive Strategy, Insurance, Management

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### INTRODUCTION

Competition in the business world is not new anymore. This is evident from the emergence of new competitors as well as established competitors in a field of business. One of the business competition in Indonesia is a life insurance company that produces the final product in the form of health insurance and old age guarantee. Insurance as one of the financial institutions engaged in the field of coverage is a modern institution of the findings of the western world born with the spirit of enlightenment. This institution, together with the bank's financial institutions, became the driving force of the economy in the modern and sustainable era of the present era. Insurance company's competition map in Riau Province is getting tighter. This can be seen by the increasing number of life insurance companies that are striving to launch various strategies and tactics to seize the available market share. (Based on data from the Otoritas Jasa Keuangan (OJK) in 2015 the number of insurance in Indonesia as many as 91 insurance companies). While in the province of Riau the number of insurance companies continues to be generally growing. According to the chairman of the Asosiasi Asuransi Umum Indonesia (AAUI) Pekanbaru branch, Budi Hendro Tjahjono, the number of life insurance in Riau Province is 53, among others: Zurich, Astralife, Manulife, Sinarmas, Allianz, General, AOI, Axxa Mandiri, Jiwasraya, and others. With the increasing number of insurance companies that will grab market share is available and limited. So will lead to competition that would have a final goal that is a victory so that it can become a market leader in this industry and to be able to win in the competition required a competitive strategy and tactics are reliable. According to (David, 2016) that corporate strategy is a comprehensive planning formula of how the company will achieve its mission and objectives. (Rao, 2012) Competitive strategies test how companies can compete more effectively to strengthen their market position. Medium corporate strategy according to (Thomas L. Wheelen, J David Hunger, Alan N Hoffman, 2015) Corporate-level strategies illustrates the overall direction of the company about the firm's general attitude toward the direction of growth and management of various businesses and product lines to achieve a balanced portfolio of products and services. Corporate strategies that companies can do consist of Growth, Stabilization, and Restructuring.

Prudential Indonesia was established in 1995. Prudential Indonesia is part of Prudential plc, London, UK and Asia Prudential Indonesia is based on Prudential Corporation Asia (PCA) regional office, based in Hongkong. One of the important facts of corporate strategy is being and has been done by Prudential Indonesia is a growth strategy (Based on December 31, 2014, Prudential Indonesia has headquarters in Jakarta with 6 Marketing offices in Bandung, Semarang, Surabaya, Denpasar, Medan, and Batam), and 380 Mandiri Marketing offices throughout Indonesia. Until the end of 2014, Prudential Indonesia serves more than 2.4 million customers supported by over 237,000 marketing personnel license. Total revenues as of 31 December 2014 is 26.2 trillion, up 16.6% compared to 2013. While Prudential life assurance in Riau province already has 11 branches located in several districts including Pekanbaru city, Inhil Regency, Inhu Regency, Siak Regency, Regency Pelalawan. The number of Prudential agents in Riau province A total of 3,500 people who already have an agency license issued by AAJI and the level of belief of the community to this company is increasing by keeping the agreements that have been agreed previously. Looking at the description above with Prudential's present situation, the researcher sees that the opportunity for Prudential Life Assurance Indonesia in Riau province to compete in the life insurance industry is wide open by seeing the population of 5,543,031 people with economic growth rate of 5.01 percent and the economic sectors Owned by Riau province as well as the capital owned by Prudential Life Assurance Indonesia is quite large plus there are still some potential districts that have not been developed in Riau provinces such as Meranti, Rokan Hulu, Rokan Hilir and Kampar regencies. But to be able to win the competition in the life insurance industry in Riau province is not as easy as turning the lever even though nowadays Prudential Life Assurance is growing and growing. Prudential Life Assurance in Riau Province also requires a strategy to be able to compete according to (Mohsenzadeh & Ahmadian, 2016) The ultimate goal of competitive strategy is

to tackle environmental forces for the benefit of the company and it takes tactics to win the competition and maintain market share position so that competition of quality, Promotions, products, and services can't be inevitable that require considerable investment. Based on the description that has been presented then the problem of this research is how Prudential Life Assurance Strategy in Riau province to compete to win the insurance industry competition in Riau province, while the purpose of this research to determine how Prudential Life Assurance Strategy in Riau province compete to win the insurance industry competition In Riau province. (Wheelen. Thomas L, 2016) the concept of strategic management for the company is important to look at the overall condition of the company as a whole and far ahead (David, 2016) strategy is a potential action that requires top management decisions and large amounts of corporate resources. This is in line with (Nurlaelasari, Yopita, & Durahman, 2014) That Corporate Strategy is a comprehensive planning formula of how the company will achieve its mission and objectives. Strategic formulations include developing company vision and mission, identifying external opportunities and threats, determining internal strengths and weaknesses, establishing long-term goals, formulating alternative strategies and selecting specific strategies to be implemented. Decision formulation strategies bind organizations to specific products, markets, resources and technologies for long periods of time. The general environment is the same as the external environment. According to (Al-Busaidi, 2014), (Pholpuntin, Serirat, & Anuwichanont, 2014) external factors can be divided into five broad categories: (1) economic strength; (2) social, cultural, demographic and environmental forces; (3) political power, government and law; (4) technological strength; And (5) the competitive power of virtually no strategic management arrangements that do not take into account the general environment (macro).

Industrial environment is one of the most important in the development of competitive strategy after the macro environment (Porter, 1995) proposes five forces model (1) Competition among competitors in the same industry (rivalry between competitors) (2) Threat to enter (3) The threat of substitutions (4) Bargaining power of buyers (5) Bargaining power of suppliers (bargaining power of suppliers) After analyzing the macro and industrial environment, internal analysis also has an important role: Decisions made by managers on resources, capabilities, and core competencies have a significant influence on the ability of firms to develop competitive advantage and generate above-average earnings. In making those decisions, that is identifying, developing, disseminating, and protecting resources, capabilities, and core competencies (Tsai, 2016). The approach that can be done to analyze this internal environment there is 2 (two) that is using Resource-Based View method (RBV) and VRIO. RBV identifies several characteristics called isolation mechanisms, which make resources difficult to replicate and become valuable (Lin & Tsai, 2016) (1) competitive superiority, (2) resource scarcity, (3) imitability, (4) Appropriability, (5) Durability (6) Can be used. According to (Barros, Hernangómez, & Martin-Cruz, 2016), There are three basic resources: (1) a tangible asset is the most easily identifiable asset and is often found on a company's balance sheet. Included in the assets include production facilities, raw materials / raw materials, financial resources and computers. And (2) Intangible assets are assets that can't be seen with the naked eye or touched, included in this asset are the brand, reputation, organizational morale, technical knowledge, patent, trademark, and accumulated experience company. While the VRIO Chain analysis. Barney, within the framework of his VRIO, to analyze and evaluate the benefits of a company using four feasts (Wheelen. Thomas L, 2016) Value: does the company offer value to consumers and competitive advantage? Rareness: does any other competitor use that advantage? Imitability: is the advantage easy to imitate? Organization (Organization): is the organization capable of organizing resources?. In this below several dimensions of competitive strategy/priority from author see table 1.

**Tabel 1. Dimensions of competitive Strategy/Priority**

Author	Dimensions of competitive Strategy/Priority
Porter (1998)	Specialization, brand identification, push vs pull, channel selection, product quality, technological leadership, vertical integration, cost position, service, price policy, leverage, relationship with parent company, relationship to home and host government
Krajewski et al. (2009)	Cost (low cost operations), quality (top quality, consistent quality), time (delivery speed, on-time delivery, development speed) and flexibility (customization, variety, volume flexibility)
Bozarth and Handfield (2006) Quality	Quality (performance, conformance, reliability), delivery (speed, reliability), cost and flexibility (mix, volume)
Flinch (2007)	Cost, quality, dependability of delivery, flexibility and response time
Chase et al. (2003)	Cost, product quality and reliability, delivery (speed, reliability) and flexibility (demand, new product)
Gaither and Frazier (2007)	Low production costs, delivery performance, high-quality product/services, customer service and flexibility
Mahadevan (2007)	Cost, quality, value and flexibility
Heizer and Render (2007)	Differentiation, cost leadership and response
Russell and Taylor (2003)	Cost, quality, flexibility and speed
Buffa (2007)	Overall cost leadership, differentiation and market segmentation
Chi et al. (2009)	Low cost, quality, delivery performance and flexibility

Source: (Kodali, 2011)

The competitive strategy in business becomes successful if it has a relative advantage over its competitors. Two important sources of competitive advantage can be found in the company's cost structure and its ability to differentiate from its competitors (Dobbs, 2014). The company's business strategy also establishes the broad dimensions used in business as a basis for obtaining or maintaining competitive advantages, such as cost leadership, focus, and product differentiation (Porter, 1980). Competitive strategies adopted by The company has received adequate attention in the literature. There are several classifications of competing strategies in the existing

literature seen in table 1 above. Based on the background above problem statements of this research is how strategy Prudential Life Assurance Indonesia to win and compete in the insurance industry at Riau Province with condition right now?

**METHOD**

This research use a descriptive qualitative method. Qualitative research methods are usually used when the subject is being explored for the first time so new insights and awareness are being sought (Lange, 2002). Issues, which are not defined beforehand, may arise during the study (Tsitsipati & Athanasios, 2014). Data collection techniques such as interviews, decommissioning, and observation. Interviews communicate directly with related sections within Prudential Life Assurance Indonesia in Riau province such as top management (Senior Unit Manager), unit managers and employees in every city & regency in Riau province consisting of 5 (five) branches In the province of Riau, consisting of Kota Pekanbaru, Inhil District, Inhu Regency, Pelalawan Regency and Bengkalis Regency. The documentation performs the data gathering by studying and analyzing the documentation of Prudential Life Assurance Indonesia branch in Riau province related to the required research data. Observation by collecting data by observing the activities that occur in Prudential Life Assurance Indonesia to get data in the form of a real picture of the parts that are related to the company. Data analysis methods consist of external and internal environment analysis (IFAS Matrix (Internal Strategic Factors Analysis Summary) for internal and External Strategic Factors Analysis Summary matrix for External, Determining Company Position (SWOT-8K Matrix) (Muhammad, 2008) Strategy formulation by using TWOS matrix. Strategy preparation is done by using SO, WO, ST, WT (Bell & Rochford, 2016) approach to strategy selection using the matrix calculation as follow (QSPM) strategy.

**RESULTS AND DISCUSSION**

In this section will explain the stages how the research results are found. The results of this study indicate that Prudential Life Assurance strategy in Riau Province to compete that is using the strategy of deferenceasi like strategy with short time scale, medium, long see picture 1.

**Figure 1. Prudential Competitive Strategy Scale in Riau Province**



**Analysis of the external environment (EFAS Matrix)**

The purpose of this analysis is to find out how far the influence of external factors to Prudential Life Assurance in Riau Province using PEST and Five Force Porter analysis.

▪ **Politics**

Politics is closely linked to government policies that govern how the company operates. This policy is made by the DPRD in the area. In Riau province according to data (Gultom, 2016) the index value of the variable "Role of Government Bureaucracy" in Riau Province in 2015 was 29.78, decreased significantly by 70.22 points when compared to the achievement in 2014 that was 100.00 . This significant decrease is due in 2015 there is a change of indicators that make up the variable. Two indicators that make up the variable "Role of Government Bureaucracy" in 2015 are related to local government policy and limited access to choice. While the policy on the insurance industry is placed in the role of government based on Law 40/2014 article 57 paragraph (2) that the insurance should be able to support the national

▪ **Economy**

based on the Act then the government established OJK since 31 December 2012 its function is to conduct regulation and supervision in the field of capital market (Racmatarwata, 2015) Economics This factor is an important factor when the company will establish a company in an area. With good economic conditions and tends to increase it will attract investors to establish the company as well as in Riau province which continues to increase economic indicators. According to data (Arsad, 2016b) GRDP can be used as a measure of "productivity", as it explains the region's ability to produce domestic products, calculated through 3 (three) approaches, namely value added, expenditure, and income. The per capita GRDP of Riau Province shows a year-on-year increase (Table 5.1), in line with the increase in nominal GDP and population. This indicator shows that economically every resident of Riau on average able to create PDRB or (value added) by value per capita in each year. While from the revenue of regency / municipality governments throughout

Riau Province in the year 2014 has increased compared to the previous year, with total revenue 24.305 trillion. This increase is mainly due to the increase in local revenues, especially on the components of local taxes (Arsad, 2016a) and during the period 2014-2015, PAD throughout Riau Province continues to increase, from 1932 trillion in 2014 to 2610 trillion in 2015.

#### ▪ Social Culture

Social culture here is seen from the population growth rate of Riau province in 2000-2015. In 2010-2015 and when viewed by district / city, Pelalawan District, Rokan Hulu Regency, and Siak Regency are the three districts / cities with the largest LPP. Meanwhile, Indragiri Hilir and Meranti Islands are the two districts / cities with the smallest LPP. Of the 12 districts / municipalities in Riau, there are 6 districts / municipalities with LPP above the provincial figure, and the remainder (6 districts / municipalities) below the provincial figure. While the population density varies greatly between districts / cities. Regency / city with the highest population density is Pekanbaru City which reaches 1,638 people per square kilometer, while the lowest density is Pelalawan Regency which is only 31 people per square kilometer.

#### ▪ Technology

Riau Province has run electronic system in governmental activity (E-Government) (UtusanRiau, 2016) through E-Government development done management system arrangement and work process in government environment by optimizing utilization of information technology cover 2 activity that is data pengolahan and pengolahan information.

For internet network such as telkomsel already have its own tower that has spread all over the regency and city in Riau province so to access information have been very easy to do.

#### ▪ Competitors

The existence of the insurance industry in Riau Province has long existed in Pekanbaru where the old players in the insurance industry is like Bumiputra, ASKES now turned into BPJS, Serwa Soul already controlled market share in the city of Pekanbaru, but with the development of regions and regions and mindsets of the people of Pekanbaru As well as an increasingly good economy with many companies standing in the province of Riau to make industries located abroad interested to invest their capital in the city of Pekanbaru. Evidence of the presence of foreign insurance industry in Riau province can be seen more and more life insurance industry in Riau province according to (Corporate Register, 2012) there are 45 life insurance in province from Global and National scale. Meanwhile, according to (AAJI, 2016) the tightest competitor from prudential based on the best insurance according to investor magazine is Jiwa Seraya, PT Panin Dai-ichi Life, PT BNI Life Insurance, PT Asuransi Jiwa Adisarana Wanaartha, and PT Asuransi Jiwa Inhealth Indonesia.

#### ▪ Supplier

For suppliers do not have a big impact because to provide Prudential Indonesia needs in the field of investment is regulated by (OJK, 2011) By overseeing suppliers of insurance companies more to the custodian bank. If the number of custodian bank more so we can more alternative in choosing bank and can choose custodian bank high interest rate, low cost and better service following some banks Artha Graha, BCA, CIMB Niaga, Danamon, Maybank, Mandiri, Mega, BNI, BRI, Panin, OUB, Citi Bank, DBS. And sharia custodian banks are permitted by the National Sharia Board, MUI namely Deutsche Bank, HSBC and Bank Niaga (Suryani Ika Sari, 2007). Selection of more investment products such as returns in bonds, mutual funds, money markets, equity that can be an alternative investment option from companies that can give higher returns

#### ▪ New Entry

Based on Indonesia's wide insurance market share with a ratio of 1% per cent of GDP aja compared to Singapore insurance can contribute 5% of GDP. Then Indonesia is one of the good and lucrative market share for the next 5 years to be a very interesting data for investment to build new insurance company in indonesia or from foreign investor or local investor to try to gain profit in insurance field. Regarding the government regulation issued Number 39 of 2008 on the Implementation of Insurance Business. .PP No. 39/2008 requires all insurance companies to have a minimum capital of Rp 40 billion by the end of 2008 and Rp 100 billion by the end of 2010. This will lead to higher quality competition with each company having minimal capital. Hence with this regulation insurance in Indonesia can be a lot of influx of big and large scale capital competitors and this is also one big threat for us in existency

#### ▪ Substitution Product

How to substitute insurance, whether the consumer can get the substitute easily? The more and near the substitution goods, the customer can also switch easily. This force is influenced by several factors such as switching cost, the tendency to substitution, product differentiation, and others. Substitution of insurance in Indonesia is: Strict competition of banks that offer various products such as, deposits with high interest. Bank products that offer high interest by saving dibank can get insurance cover. Investing Government bonds are lucrative The number of investments that cause insurance to be not interested in them are stocks, mutual funds, indexes, forex and derivative products although now the government began to ban these investment instruments The more brokers standing in Indonesia.

After analyzing the external environment using PEST method (Political, Economic, Social, and Technology) and Five Force Porter then do the calculation of weight and score of each factor that has been predetermined. The result of calculation is determined based on observation and wawancara with branch managers and managers in all branches of PT. Prudential Life Assurance in Riau Province. The matrix used is EFAS (External Factor Analysis Summary) see table 2 below.

**Table 2. EFAS Matrix PT. Prudential Life Indonesia in Riau Province**

Indicator	Weight	Rating	Score
<b>Opportunity</b>			
Total Population	0.182	4	0.728
Community trends about future guarantees	0.091	3	0.273
Level of knowledge about insurance	0.182	3	0.546
Economic growth	0.081	3	0.243
Advances in information technology	0.073	4	0.292
The level of consumer confidence about insurance	0.051	3	0.153
Lifestyle Individual community culture	0.064	3	0.192
The vastness of the territory in Riau province	0.081	4	0.324
Expensive Medical Expenses	0.183	4	0.732
			3.483
<b>Treath</b>			
Number of competitors in the insurance industry	0.282	4	1.128
Image of the community about the quality of service	0.191	3	0.573
Government policy on assurance	0.279	4	1.116
Subtitution Product	0.091	3	0.273
Condition of economic stability	0.073	3	0.219
			3.309

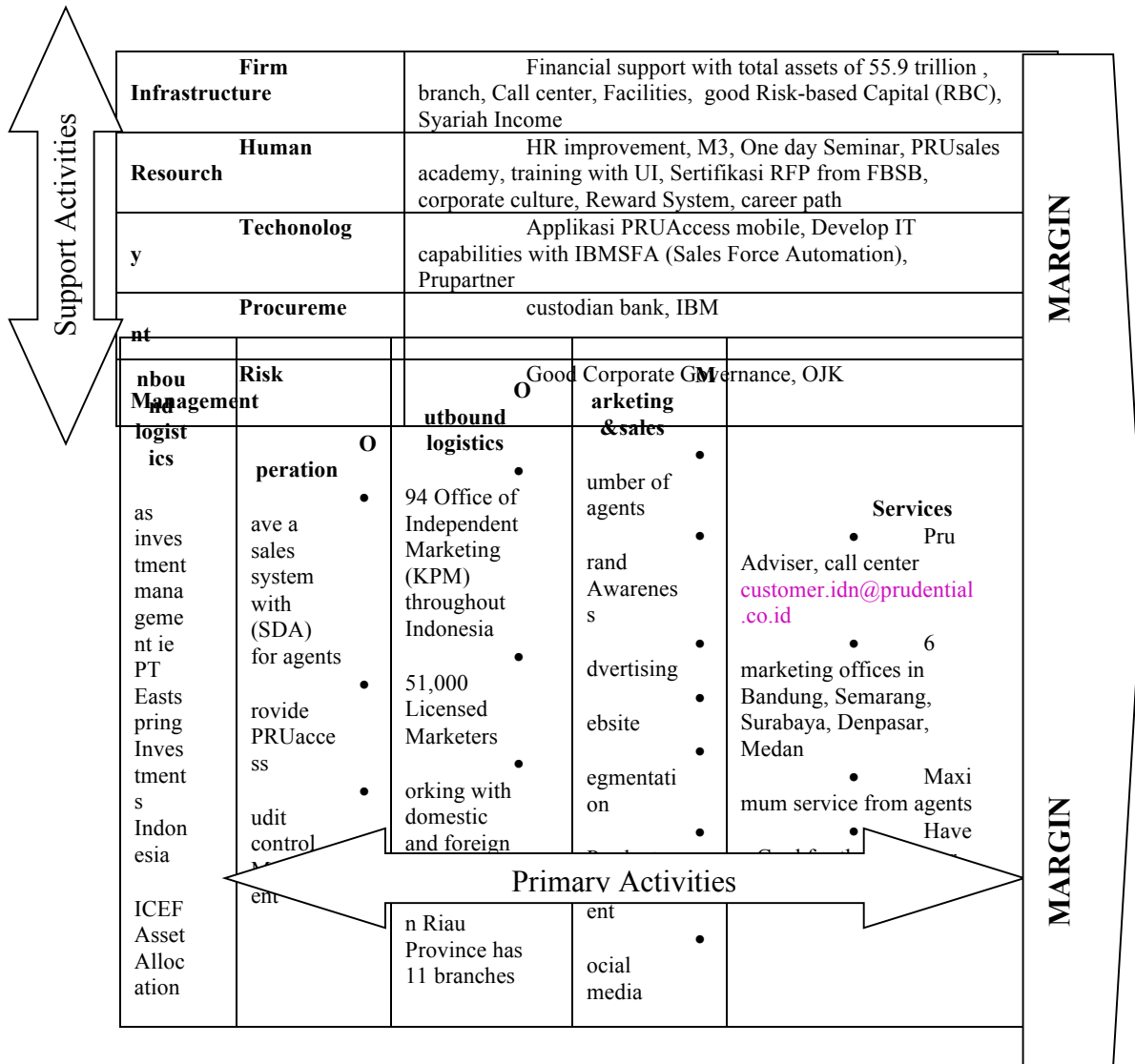
Source: (Processed data, 2017)

Based on table 2 after the calculation and analysis above it is known that the most influential opportunity factor for Prudential life Indonesia is the population, the cost of expensive health, and the level of knowledge about insurance. The total of opportunities after the calculation is 3.483. While on the threat indicator of the factors that have the most influence on Prudential life Indonesia in Riau province is the number of competitors in the insurance industry and government policy about insurance. Although a total number of the threat after the calculation is 3.309. From both indicators of threat and probability of positive value is found which indicator of the bigger chance of threat is 0,174. This opportunity should be captured by Prudential in Riau Province.

**Internal Environment Analysis (IFAS Matrix)**

To identify the resources that will provide advantages for Prudential Indonesia in Riau province we use Value Chain Analysis in combination with Resource Based View of The Firm and VRIO Framework. Based on the Value Chain Discussion Framework, activities that take place in Prudential Indonesia can be divided into two groups: Primary Activities and Support Activities. These two analyses are aimed at determining the strengths and weaknesses of Prudential life assurance in Riau Provision by looking at the internal company See table 2.

**Table 2. Value Chain**



Source: (Processed data, 2017)

VRIO image 2 above shows some factors that have an influence on Prudential Life Assurance Indonesia in Riau Province that is from Primary Activities consists of having investment management ie PT Eastspring Investments Indonesia, Asset Allocation SICEF, Having sales system with (SFA) for agents, Providing PRUacces , Management Audit Control, 394 Independent Marketing Offices (KPM) throughout Indonesia, 251,000 Licensed Marketers, Working with domestic and foreign hospitals, In Riau Province has 11 branches, Brand Awereness, Advertising, Website, Product Development, Social Media, Pru Adviser, call center customer.idn@prudential.co.id, 6 marketing offices in Bandung, Semarang, Surabaya, Denpasar, Medan. While the factors Which will be used for the preparation of VRIO Analysis framework ie Firm Infrastructure, Human Resourch, Techonology, Procurement, Risk Management see table 3.

Table 3. VRIO Analysis Framework Tables

Resource						Competitive Implication	Economic Performance	Strength & Weakness
Firm Infrastructure	Facilities	es	o			Temporary Competitive Advantage	Above normal	Weakness
	Branch	es	es	es	es	Sustainable Competitive Advantage	Above normal	Strength & distinct competitive
	Sheria Income	es	o		es	Comparative Parity	Below normal	Strength
	Good Risk-based Capital (RBC)	es	o	es	es	Sustainable Competitive Advantage	Normal	Strength
	Total Asset	es	es	es	es	Sustainable Competitive Advantage	Above normal	Strength & distinct competitive
	Call Center	o				Comparative Disadvantage	Above normal	Weakness
Human Resource	HR improvement	es	es		es	Competitive Advantage	Normal	Strength
	M3 (Monday Meeting)	es	o			Comparative Parity Temporary	Normal	Strength
	One day Seminar	es	o			Comparative Parity Temporary	Normal	Weakness
	PRUsales academy	es	es			Comparative Advantage Sustained	Above normal	Strength & distinct competitive
	Success Camp	es	o			Comparative Parity Temporary	Above normal	Strength
	Training with UI	es	o			Comparative Parity Temporary	Above normal	Weakness
	Sertifikasi RFP	es	o			Comparative Parity Temporary	Normal	Strength
	Budaya Perusahaan	es	es	o	es	Comparative Advantage Sustained	Above normal	Strength
	Reward System,	es	o		es	Comparative Advantage Sustained	Below normal	Weakness
Career path	es	o		es	Comparative Parity Temporary	Below normal	Weakness	
Technology	Applikasi mobile Phone	es	o		es	Comparative Parity	Normal	Strength
	IT Development with IBM	es	es		es	Temporary Competitive	Above Normal	Strength & distinct competitive

						Advantage		
	<i>PRU Access</i>	es	o		es	Competitive Parity	ormal N	trenth S
	<i>Pru Partner</i>	es	o		es	Competitive Parity	ormal N	trenth S
	<i>SFA (Sales Force Automation)</i>	es	o		es	Temporary Competitive Advantage	bove Normal A	tr& dist comp S
<b>Ris</b>	Custodian bank	es	o		es	Competitive Parity	ormal N	trenth S
<b>ocur</b>	Good Corporate Governance	es	o		es	Competitive Parity	ormal N	tr& dist comp S
<b>ement</b>	OJK	es	o		es	Competitive Parity	ormal N	trenth S
<b>Management</b>								

Source: (Processed data, 2017)

Based on table 3 above, to determine the strength and weakness factors of Prudential in Riau Province based on resource base view approach and VRIO (Value, Rarity, Imitability and Organization). Then the results of the VRIO analysis framework table above can be concluded Prudential strengths and weaknesses in Riau Province as seen in table 4 below.

**Table 4. Prudential Life Indonesia strengths and weaknesses in Riau Province**

Factor	Indicators	Weaknesses	Strengths	The strengths and competencies that differentiate	Strengths and competencies that differentiate on an ongoing basis
Infrastructure	Firm Facility	• F	• S • G	• Total Asset	• Branch
Human Resource	One day Seminar R training with UI Reward System, Career path	• O • H • R • C	• C • S • S • M • H	• PRUs Sales academy	
Technology	Techology		• A • P • P	• IT Development with IBM • SFA (Sales Force Automation)	
Procurement	Procurement		• C		
Risk Management	Risk Management	JK	• O	• Good Corporate Governance	

Source: (Processed Data, 2017).



After the data obtained strength and weakness in table 4 then the factors will be entered into table IFAS matrix to calculate the value of each score strength and weakness Prudential in Riau province see table 5 below.

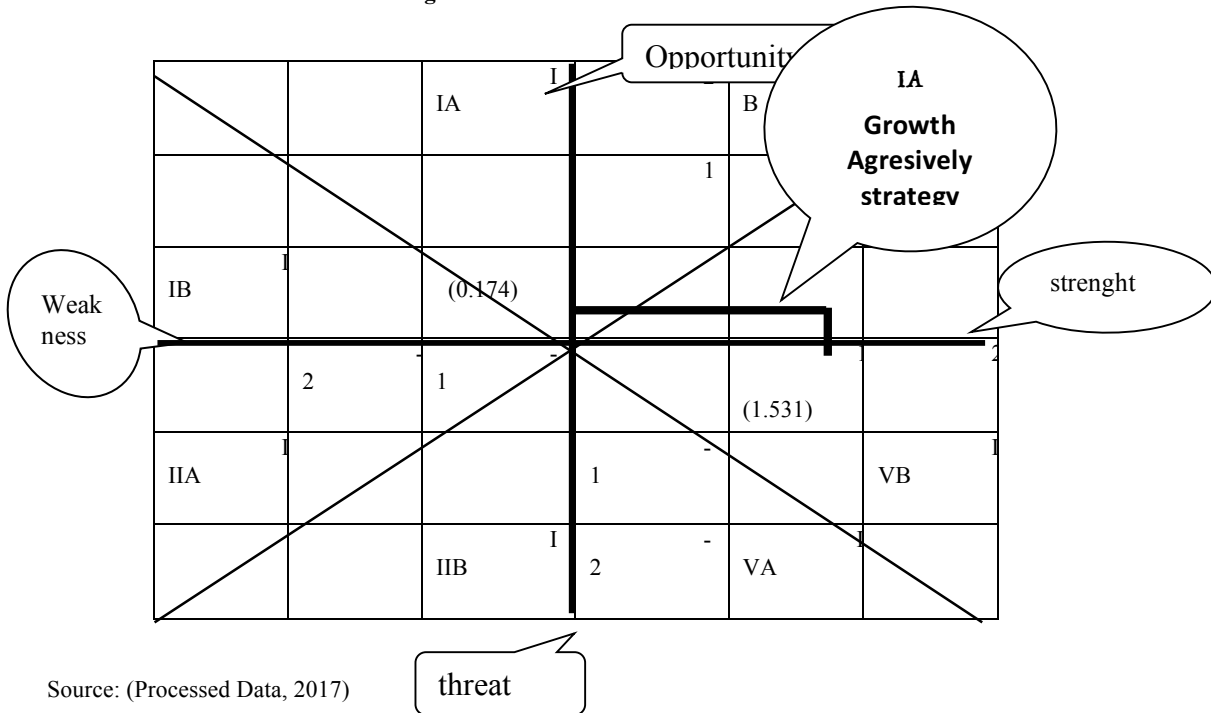
**Table 5. Matrix IFAS Prudential Life Indonesia Matrix in Riau Province**

o	Indicator	W eight	R ating	Score
	<b>Strenght</b>			
	Syariah Income	0.182	4	0.728
	Good Risk-based Capital (RBC)	0.071	4	0.284
	Corporate Culture	0.012	3	0.036
	<i>Sertifikasi RFP</i>	0.011	2	0.022
	<i>Success Camp</i>	0.023	3	0.069
	M3 ( <i>Monday Meeting</i> )	0.041	3	0.123
	HR Improvement	0.154	4	0.616
	Applikasi mobile Phone	0.051	2	0.102
	<i>PRUAccess</i>	0.083	3	0.249
	<i>Pru Partner</i>	0.041	2	0.082
0	Custodian bank	0.072	2	0.144
1	Branch	0.091	3	0.273
2	Total asset	0.102	4	0.408
3	SFA ( <i>Sales Force Automation</i> )	0.053	2	0.106
4				3.242
				2
	<b>Weakness</b>			
	Facilities	0.082	3	0.246
	<i>Reward System</i>	0.191	4	0.764
	Training with Universitas Indonesia	0.102	3	0.306
	<i>Career path</i>	0.053	4	0.212
	Capacity of marketing force (Agent)	0.061	3	0.183
				1.711
				1

Source: (Processed data, 2017)

Based on table 5 above after the analysis and calculated found the most influential factors to Prudential in Riau Province that is Sheria Income, Good Risk-based Capital (RBC), M3 (mondey Meeting), Human Resource Development, and Total assets. The total of the overall strength of Prudential in Riau Province is 3,242. As for the indicators for the most influential weaknesses are Reward System, Facilities, and Career path with a total overall weakness of 1.711. Having known the number of each indicator in Prudential internally then the next is to determine the difference in value / score of the company's internal as for the value of the score is 1.531. A. SWOT-8K Matrix The compilation of this matrix induces previously predetermined data from the calculation of the difference between the external and internal factors of Prudential in Riau Province where the selisish of probabilities and threats is 0.174 while the difference value of strengths and weaknesses is 1.531 as the matrix picture below.

Figure 3. Prudential SWOT-8K Matrix in Riau Province



Source: (Processed Data, 2017)

Based on Figure 3 above found that the strategic position of Prudential in Riau Province is in the IA quadrant is an aggressive growing strategy. This means that prudential in Riau province has many opportunities to implement competitive strategy in insurance industry in Riau Province. Next is a competitive strategy formulation with TWOS matrix can be seen in table 5.

Table 5. TWOS Matrix Prudential Formulation Riau Province

List of Strength	K8. Applikasi mobile Phone	List of Weakness
K1. Syariah Income	K9. PRUA	L1. Facilities
K2. Good Risk-based Capital (RBC)	K10. Prudential Partner	L2. Reward System
K3. Corporate Culture	K11. Custodian bank	L3. Training with Universitas Indonesia
K4. Sertifikasi RFP	K12. Branch	L4. Career path
K5. Success Camp (Monday Meeting)	K13. Total (Sales Force Automation)	L5. Capacity of marketing force (Agent)
K7. HR improvement	K14. SFA	

List Opportunities	Strategies SO	Strategies WO
P1. Total population trends about future guarantees	1. Maximize insurance products concept syariah (K1, P1)	1. Maximize Reward system to agents (L2, P4, P3)
P2. Community knowledge about insurance	2. Offer more promising future guarantee products (K2, P1, P3, P6)	2. Giving knowledge with trainings to HR (L5, L4, P6)
P3. Level of knowledge about insurance	3. Opening branches that have not yet established regency in Riau Province (K2, K13, P8)	3. Selecting a reliable candidate agent with a recruitment system (L5, L4, P8)
P4. Economic growth	4. Maximize human resource development program by conducting evaluation and improvement (K4, K5, P7)	4. Maximizing existing training (L5, L3, P7, P1)
P5. Advances in information technology	5. Create marketing strategies such as health events sponsored by Prudential (K13, P9)	
P6. The level of	6. Create ads on national and local TV about the latest products and the latest services (K8, K9,	

consumer confidence about insurance began to grow  
 P7. Lifestyle  
 Individual community culture  
 P8. The vastness of the territory in Riau province  
 P9. Expensive Medical Expenses

List Of Threat	Strategies ST	Strategy WT
A1. Number of competitors in the insurance industry	1. Increasing number of branches in Riau province to district (A1, K13, K12)	1. Maintaining an agent with a profitable reward system (A1, L2)
A2. Image of the community about the quality of service insurance	2. Socialize about the latest services offered to the community (K1, K9, K10, K14, A1, A2)	2. Maximize career path to HR (L4, L5, A1)
A3. Government policy on assurance	3. Following all the rules set by the Indonesian government (A5, A3, K1, K7)	2. Disseminating achievement information obtained by Prudential (A2, A1, L5, L1)
A4. Insurance products		3. Evaluating the owned facilities sekrang (L1, A3, A4)
A5. Condition of economic stability		

Source: (crossed data, 2017)

Based on table 5 above found some strategies that can be used by Prudential in Riau Province to develop competitive strategy adapuan strategies that can be used divided into 4 sub strategy that is:

**SO Strategy**

1. Maximize insurance products concept of sharia
2. Offer more promising future guarantee products
3. Opening branches that have not been established districts in Riau Province
4. Maximize HR development program by doing evaluation and improvement
5. Create marketing strategies such as health events sponsored by Prudential
6. Create ads on national and local TV about the latest products and the latest services

**WO Strategy**

1. Maximize Reward system to agents
2. Providing knowledge with trainings to HR Selecting a reliable candidate agent with a recruitment system
3. Maximize existing training

**Strategy ST**

1. Increase the number of branches in Riau province until
2. Socialize about the latest servicing services offered to the community
3. Following all the rules set by the government of Indonesia

**WT Strategy**

1. Maintain an agent with a profitable reward system
2. Maximize career path to human resources
3. Disseminating achievement information ever obtained by Prudential
4. Evaluate the facilities currently owned.

Having known each strategy of Prudential Riau Province, the last stage of preparing Prudential competitive the strategy is to use the QSPM matrix. This matrix has the benefit of looking at alternative strategies that companies might use to compete or survive. The QSPM technique is derived from the data obtained in the IFAS and EFAS matrix in the previous pronunciation see table 6. From the calculation of the three recommended competitive strategy alternatives are cost leadership, focus, and deferential strategy, the highest value is the differential strategy. The strategy of deference according to (Porter, 1995) is the Product Differentiation Strategy (differentiation), encouraging the company to be able to find its own uniqueness in the target market. The uniqueness of the product (goods or services) that put forward this allows a company to attract the maximum interest from potential consumers. The way product differentiation varies from market to market but relates to the physical properties and attributes of a product or the experience of satisfaction (both real and psychological) that consumers get from the product. Various ease of maintenance, additional features, flexibility, comfort and other things that are hard to imitate are a few examples of differentiation. This type of strategy is usually aimed at potential customers who do not give priority to price in its decision making (price insensitive) Based on the opinion of the Porter above Prudential has the opportunity to provide unique services with many branches than competitors, besides Prudential also

has been integrated with the Internet network By providing applications such as SFA (Sales Force Automation), Mobile Phone Application As a way to provide convenience to customers. In addition, there is another uniqueness of prudential is to have a number of agents that quite a lot and have sharia products which are the concept of insurance based on Islamic product name are Prusyariah.

Table 6. Matrix QSPM Prudential Province Riau

ode	Key Factor	eight	Alternatif Strategy Competitive							
			Cost Leadership		Differ entiation		Focus			
			S	AS	T	S	AS	S	AS	
Strenght										
1	(RBC)	Sheria Income	.182	0	.364	0	.728	0	.728	0
2		Good Risk-based Capital	.071	0	.213	0	.284	0	.284	0
3		Corporate Culture	.012	0	.024	0	.036	0	.036	0
4		Sertifikasi RFP	.011	0	.011	0	.022	0	.022	0
5		Success Camp	.023	0	.046	0	.069	0	.069	0
6		M3 (monday Meeting)	.041	0	.082	0	.123	0	.123	0
7	Automation)	HR development	.154	0	.308	0	.616	0	.616	0
8		Applikasi mobile Phone	.051	0	.051	0	.153	0	.102	0
9		Custodian bank	.072	0	.144	0	.216	0	.216	0
10		Branch	.091	0	.273	0	.273	0	.273	0
11		Total aset	.102	0	.306	0	.408	0	.408	0
12		SFA (Sales Force	.053	0	.106	0	.159	0	.106	0
Weakness										
					1					
					.928				.983	
1	Indonesia	Facilities	.082	0	.164	0	.246	0	.246	0
2		Reward System	.191	0	.382	0	.764	0	.764	0
3	(Agent)	Training with Universitas	.102	0	.102	0	.306	0	.306	0
4		Career path	.053	0	.106	0	.212	0	.212	0
5		Capacity of marketing force	.061	0	.122	0	.183	0	.183	0
Peluang										
					0					
					.876				.711	
1		Total population	.182	0	.546	0	.728	0	.728	0
2		Community trends about	.091	0	.182	0	.273	0	.273	0
3		future guarantees Level of knowledge	.182	0	.182	0	.546	0	.546	0
4		about insurance Economic growth	.081	0	.243	0	.243	0	.243	0
5		Advances in information technology The	.073	0	.146	0	.292	0	.292	0
6		level of consumer confidence about	.051	0	.102	0	.153	0	.153	0
7		insurance began to grow Lifestyle	.064	0	.128	0	.192	0	.192	0
8		Individual community culture The	.081	0	.162	0	.324	0	.324	0
		vastness of the territory in Riau province	0	0	0	0	0	0	0	0
		Expensive Medical Expenses								

9		.183	.549	.732	.732
10	Treath		2		
			.240	.483	.483
1	Number of competitors in the insurance industry	0	0	.128	.128
2	Image of the community about the quality of service asuaransi	0	0	.573	.573
3	Government policy on assurance	0	0	.116	.116
4	Insurance products Condition of economic stability	0	0	.273	.182
5		0	0	.219	.219
			2		
			.114	.309	.218
	Total		7		
			.158	1.590	1.395

Impact of the paper towards Asian environment. It is hoped that with this article the Asian community can take a lesson from Prudential Life Assurance that to grow and expand in a tight insurance industry competition in need of a strategy by utilizing the strengths and opportunities that are owned now, the results of research show that Prudential can use the strategy of differentiation or growth because Prudential has enough strength to use strategy with capital, network system, agent, and others. In addition prudential return to open a branch is large enough because Riau province has a large enough population and income is good enough only need to improve public education about the importance of insurance because there are still many people in Riau province who do not know the concept of insurance. As for the impact of this article, the actors in the insurance industry ASEAN can use this article as a consideration to take strategic decisions in the future.

Supported by previous research on competitive strategy conducted by (Kaliappen & Hilman, 2017) on competitive strategy, market orientation type and innovation strategy: finding strategic fit The results of the briefing show strategies according to competitive strategy, type of market orientation and innovation. Strategies based on similar characteristics. In particular, he found the right strategy in line with cost leadership with competitor orientation and process innovation while differentiating with customer orientation and service innovation. While research conducted by (Salavou, 2015) under the title of Competitive Strategy and their shift to the future finds that research on competitive strategy will continue to look at age, size, and country. While research conducted by (Lillestol, Timothy, & Goodman, 2015) Strategies in the US theme park industry: A popular media perspective is a US-based theme park utilizing value strategies, uniqueness, niche markets, innovation, variety and more quality.

**CONCLUSION**

Business competition to seize the big opportunity occurs in all sectors including the insurance sector in Riau Province, with the increasing progress of Riau Province then this a good indicator for investors to invest capital. Prudential one of them came by offering life insurance products until now still be the insurance that is trusted by the people in Riau Province. As can be concluded from this study that Prudential in Riau Province has a good strategic position where the research results show the position of prudential strategy is in an aggressive growing position. This position can be exploited by Prudential by maximizing some of the weaknesses that still exist and strengthening itself from the threat of competitors in the insurance industry. Several competitive strategies suggested for Prudential in Riau province is Maximize insurance products concept Syariah, Offering future guarantee products More promising, Opening branches that have not yet established districts in Riau Province, Maximizing HR development program by conducting evaluation and improvement, Creating marketing strategies such as health events sponsored by Prudential, Creating an advertisement on national and local TV about the latest products and services The latest. Of all the most advisable competing strategies are human resource development, System Recruitment, and opening new branches in several districts in Riau Province to be the focus of strategies that must be maximized in order to compete. Because the people in Riau Province have started to understand and know about prudential plus education about insurance from the government through BPJS Health and BPJS Employment. customer in Riau Province is the relatively large Islamic religion that holds Islamic value which forbids the concept of conventional insurance while the concept of Takaful insurance is still acceptable in the society of Riau Province. Subsequently, there are several districts that still have potential to be captured for long-term opportunities by Prudential in Riau Province, Indonesia such as Meranti, Kabupaten, Kuansing, and Kampar districts.

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