

THE INFLUENCE OF EXTERNAL AND INTERNAL FACTORS ON ORGANIZATIONAL DESIGN CHOICE: A CASE STUDY OF STATE-OWNED ENTERPRISES (BUMN)

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ABSTRACT

The 21st century is characterized by deep uncertainty, high volatility, rampant complexity, and unavoidable ambiguity, commonly known as the VUCA era. In this dynamic landscape, organizations, particularly State-Owned Enterprises (BUMN), face intense pressure to adapt, innovate, and strategically respond to survive and thrive. Organizational design, extending beyond mere hierarchical charting, is a critical strategic process that profoundly impacts operational efficiency, work culture, employee motivation, and long-term objectives. This study adopts a qualitative phenomenological approach, based on an intensive literature review, to explore the lived experiences of BUMN leaders in navigating these complex external (e.g., market dynamics, technological disruption, government regulations) and internal (e.g., organizational strategy, culture, resources) factors to inform their organizational design choices. The research aims to understand how leaders interpret and mediate these pressures, contributing to organizational theory and offering practical insights for BUMNs in fostering resilient, adaptive, and human-centric organizations.

Keywords: BUMN, External Factors, Internal Factors, Organizational Design, Strategic Leadership

INTRODUCTION

The 21st century presents organizations with a profoundly dynamic and uncertain environment, characterized by rapid, unpredictable changes and inherent ambiguities. In this evolving landscape, the capacity for adaptation, innovation, and strategic responsiveness is no longer a competitive advantage but a fundamental prerequisite for survival and growth. Organizations, across both public and private sectors, are continually compelled to redefine their operations and reshape their structures to maintain relevance and effectiveness. At the heart of these transformative efforts lies organizational design – a strategic process dictating

how tasks are divided, authority is allocated, resources are coordinated, and interaction patterns are established among individuals and units. Such design decisions profoundly influence operational efficiency, workplace culture, employee motivation, and ultimately, an organization's ability to achieve its long-term objectives.

Within Indonesia, these global dynamics are further amplified by the unique context of State-Owned Enterprises (BUMNs). These entities operate under a distinctive dual mandate: pursuing profitability as commercially viable businesses while simultaneously fulfilling critical public service and national development roles. This inherent duality places BUMN leaders at a unique intersection of external pressures—such as stringent government regulations (e.g., the National Health Insurance/JKN program, regulations specific to the plantation sector), evolving market demands, and rapid technological disruptions—and internal dynamics, including established organizational cultures and human resource capabilities. Navigating this intricate environment requires more than conventional management; it demands strategic leadership capable of foresight, adaptive thinking, and fostering change for a sustainable future (Zamani & Ait Soudane, 2022). The challenges for BUMNs are particularly acute, as they must balance often-conflicting objectives within a highly regulated and rapidly evolving operational landscape.

While organizational theory acknowledges external and internal influences on design, many analyses treat these influences as objective variables. This perspective often overlooks the crucial human element: how organizational leaders, as key decision-makers, personally experience, interpret, and make sense of these complex pressures. There is a notable gap in understanding the subjective meanings leaders ascribe to these forces, and how these individual interpretations, shaped by personal values and tacit knowledge, ultimately shape their structural choices. For instance, in a BUMN facing technological disruption, a leader might perceive it not merely as a "technological variable" but as an "existential challenge" that triggers both personal anxiety and an opportunity to redefine the organization's identity. Such subjective experiences can be crucial determinants in design decisions, yet they remain largely unexplored by purely structural or quantitative analyses. The rapid onset of global crises, exemplified by the COVID-19 pandemic, has further illuminated the limitations of purely rational approaches, demanding more innovative strategic thinking and agility from leaders to manage what have been termed "super wicked problems" (Hitt et al., 2021; Cohen & Cromwell, 2021; Hafnaoui & Rhazi, 2021; IMF, 2021). These events underscore the need for a deeper understanding of leadership's interpretive role in shaping organizational responses.

To bridge this critical gap, this research adopts a qualitative methodology grounded in a phenomenological approach. Phenomenology, as a philosophical and methodological tradition, focuses on understanding conscious experiences from a first-person perspective, seeking to uncover the essence of a phenomenon as lived and given meaning by individuals. In organizational research, this means delving into the lived experiences of BUMN leaders regarding the influence of external and internal factors on their organizational design choices. This approach allows the researcher to set aside preconceived notions (epoché or bracketing) and concentrate purely on the participants' experiences as they are described, revealing hidden meanings and subjective perceptions that profoundly shape strategic design decisions. The study employs a case study design, chosen for its ability to intensively investigate contemporary phenomena within their real-world context, particularly where the boundaries between the phenomenon (organizational design choices) and context (BUMNs with dual mandates) are fluid. Here, the "case" under scrutiny involves the strategic leadership practices related to organizational design within selected BUMNs, including those in the plantation (PTPN) and banking sectors, given their unique operating environment and dual accountabilities.

Data collection for this phenomenological study will rely solely on an intensive and selective literature review. This means that the "lived experiences" of leaders will be drawn and synthesized from existing scholarly articles, books, and relevant documents that contain rich descriptive narratives and analyses of leaders' perceptions and strategic responses in BUMNs or comparable complex organizations. This systematic process begins with identifying strategic keywords such as "organizational design," "strategic leadership," "external factors," "internal factors," "BUMN," and "organizational phenomenology" to guide comprehensive searches across prominent academic databases. Literature will be selected based on its descriptive richness regarding leaders' interpretations of their environment and design choices, prioritizing qualitative analyses of leadership experiences in BUMNs or comparable organizations. From these selected texts, the researcher will systematically extract statements, quotes, and interpretations that explicitly or implicitly describe how leaders perceive and interpret external pressures (e.g., policy changes, technological disruption, market competition) and internal forces (e.g., strategy, organizational culture, human resource capabilities), as well as the dilemmas and considerations encountered in balancing these influences.

The extracted data will be analyzed using phenomenological content analysis, an iterative process aimed at identifying the essence of the phenomenon from the collected texts. This includes phenomenological bracketing to suspend initial assumptions, horizontalization to identify relevant statements, and clustering of meaning units to group recurring themes. Subsequently, textural and structural descriptions will capture what leaders experienced (e.g., feelings of pressure from dual targets, dilemmas between innovation and bureaucracy) and how these experiences occurred (e.g., in the context of rapid policy changes or senior employee resistance). The culmination will be a synthesis of the essence of the phenomenon, providing a holistic picture of the core collective experience of BUMN leaders in making organizational design choices, reflecting a universal experience rich in contextual details. The trustworthiness of the findings will be ensured through inter-literature triangulation, a clear audit trail, and researcher self-reflection.

This research is primarily driven by three overarching objectives. First, to meticulously identify and describe the various external and internal factors as phenomenologically experienced by BUMN organizational leaders. Second, to thoroughly explore the essence of leadership's experience in interpreting and mediating the complex interplay between these factors. Third, to rigorously analyze how these subjective experiences and interpretations ultimately shape concrete organizational design choices within BUMNs. The anticipated benefits are significant: academically, this study will enrich organizational theory by offering a novel phenomenological perspective. Practically, it aims to provide BUMN leaders with valuable insights to develop more reflective and adaptive decision-making skills. For management consultants and policymakers, the findings will offer guidance for context-sensitive organizational interventions, acknowledging the deeply human and interpretive dimensions of structural change in BUMNs.

LITERATURE REVIEW

The understanding of organizational design has profoundly evolved, transitioning from initial principles rooted in rationality and efficiency to a dynamic field that recognizes the intricate interplay between an organization and its internal and external environments. This literature review systematically traces the theoretical foundations of organizational design, delineates the pivotal external and internal factors influencing it, and critically examines relevant earlier research, thereby proving a robust conceptual framework for the ensuing phenomenological inquiry. The aim is to move beyond mere descriptive accounts to find how leaders experientially perceive these elements.

Basic Concepts of Organization and Organizational Design

Fundamentally, an organization can be understood as a deliberately constructed social entity forming individuals who interact synergistically to achieve common goals that would be unattainable by solitary effort. Beyond this collective aspect, an organization is intrinsically characterized by its formal structure, encompassing communication systems and sanction mechanisms that regulate member behavior. Organizational structure is the formal pattern through which tasks are divided, grouped, and coordinated, alongside the allocation of authority and responsibilities. This intricate arrangement is typically visualized through organizational charts, which lucidly map the hierarchy of authority and reporting relationships among various positions and departments.

Organizational design is consequently conceived as a strategic, proactive process of creating or changing these organizational structures and inherent processes to align them optimally with the organization's overarching goals, strategic direction, and prevailing environment. It is far more than a mere administrative exercise; it forms a fundamental decision with far-reaching implications for an organization's capacity to adapt, innovate, and perform effectively. A meticulously crafted design ensures that work tasks are optimally divided (work specialization), logically grouped (departmentalization), and effectively integrated (coordination) across units. This process also necessitates critical decisions regarding the chain of command, span of control, the degree of centralization or decentralization in decision-making, and the extent of formalization (standardization of job tasks).

Organizational theory has classified various basic organizational configurations, each possessing distinctive features regarding its key parts, primary coordination mechanisms, and inherent types of decentralization. Modern organizational designs, such as horizontal or network structures, explicitly aim to facilitate enhanced collaboration, speed, and responsiveness, which are critical in today's dynamic context. Ultimately, the appropriateness of organizational design is paramount because an ill-suited structure can hinder performance and even lead to organizational failure.

Factors Influencing Organizational Design

Organizational design choices are shaped by a complex interaction of numerous factors, broadly categorized as external and internal. Leaders continuously interpret these forces as they make structural decisions.

External Factors represent the environmental elements outside an organization's boundaries that exert influence on its operations and structural configuration.

General Environment (Turbulent Context): This encompasses the pervasive levels of uncertainty an organization confronts, stemming from market volatility, the rapid dynamism of technological change, or the increasing complexity of regulatory landscapes. A highly uncertain and dynamic environment invariably necessitates more organic, adaptive, and responsive organizational structures, rather than rigid, mechanistic ones (Zamani & Ait Soudane, 2022).

External Technology: The exponential advancements in Information and Communication Technology (ICT), encompassing artificial intelligence, automation, and big data analytics, have fundamentally reshaped operational paradigms across industries. Organizations are compelled to continuously redesign their processes and structures to effectively integrate and leverage these new technologies, which frequently promote enhanced collaboration, strategic decentralization, and accelerated decision-making processes.

Competition and Market Conditions: Intense levels of market competition and rapidly shifting customer preferences exert significant pressure on organizations to become more efficient, innovative, and market-responsive. The emergence of new competitors or changes in

consumer demand often drives organizations to adopt more agile and customer-oriented structures.

Government Regulations and Policies: The myriad of rules and laws enacted by governmental bodies—ranging from labor laws, environmental standards, tax policies, to specific industry regulations (e.g., for banking or plantation sectors)—impose significant constraints on organizational design choices and often necessitate specific structural configurations for compliance. Internal Factors are elements within the organization that directly influence its design.

Organizational Strategy: The overarching strategy adopted by an organization (e.g., cost leadership, product differentiation, or market focus) serves as a primary determinant of its structural design. An innovative strategy often requires an organic structure, while an efficiency strategy may demand a mechanistic one.

Organizational Size: The scale of an organization, quantified by its employee headcount or operational scope, directly impacts its structural complexity. Larger organizations typically exhibit greater specialization, departmentalization, and formalization in their structures.

Internal Technology: The specific technologies deployed internally for transforming inputs into outputs, such as production systems or internal information systems (e.g., complex accounting information systems in banks), fundamentally influence workflows and inherent coordination requirements. Routine technologies might be best supported by bureaucratic structures, whereas non-routine technologies demand more flexible and adaptive designs (Puspitawati et al., 2021).

Organizational Culture: The shared values, norms, and underlying assumptions held by organizational members can either powerfully facilitate or significantly impede design changes. A culture that actively promotes innovation, open communication, and collaboration will inherently adapt more easily to new structures (Hestiana, Ningrum, & Labaso, 2024).

Resource Availability: The actual availability of critical internal resources—financial capital, human capital (specific skills, competencies), and physical assets—imposes practical limits on the viable design choices that can be effectively implemented.

Review of Relevant Previous Research

A thorough examination of previous research on organizational design across diverse sectors provides a robust foundation for this study, consistently highlighting the intricate interplay of external and internal factors. These studies offer empirical grounding for the phenomenological exploration of leaders' experiences.

Studies on public organizational restructuring, for instance, in police forces, illustrate how agencies respond to external pressures like political shifts, public demands, and technological advancements. Research on police reforms indicates that organizational design is often driven by the imperative to enhance efficiency, accountability, and responsiveness to external changes. However, achieving substantial organizational change often remains challenging due to deep-seated cultural or political resistances. In the Indonesian context, studies have shown that police restructuring can be initiated by internal factors and accelerated by external aid. This underscores the dynamic interaction of internal and external forces in instigating design changes. Research on "democratic policing" in Asia highlights how external cultural and political contexts profoundly influence the success of organizational design initiatives. Sofwan and Rahayu (2021) specifically examined the organizational design of LSP LEMDIKLAT POLRI, noting the need for reconstruction to optimize personnel workload, considering the impacts of complexity, formalization, and centralization on echelonization and HR development. This demonstrates how Indonesian public institutions contend with structural adaptation to professional demands and regulatory pressures.

Other pertinent research focuses on employee commitment and organizational support. Studies consistently demonstrate that perceived organizational support (both external and

internal) significantly influences employee commitment, which, in turn, positively impacts organizational performance. Research in banking companies, for example, has corroborated these findings, showing that external and internal organizational support significantly affects employee commitment, ultimately contributing to firm success. This highlights that effective organizational design must not only consider formal structure but also actively cultivate a sense of support and commitment among employees, particularly crucial during periods of organizational change.

Within Islamic educational institutions, the urgency of adaptive and professional organizational design to achieve ideal educational goals has been emphasized. Good design, it is posited, must account for specific organizational member characteristics, bureaucratic phenomena, and the need to foster a modern, adaptive culture while preserving traditional identity. Modern designs, such as horizontal and network structures, are advocated to enhance collaboration, speed, and responsiveness. The study by Hestiana, Ningrum, and Labaso (2024) specifically articulated that institutional supervision is a crucial mechanism in designing Islamic educational institutions, ensuring a modern, adaptive culture that respects traditional values by aligning member behavior with organizational goals and vision.

Collectively, this body of literature provides a robust theoretical foundation for this phenomenological study. It consistently demonstrates that organizational design choices are a product of continuous negotiation between diverse external factors and internal factors. Successful design, therefore, is not about rigidity but about an organization's inherent capacity for adaptation, motivating its members, and achieving strategic goals amidst profound uncertainty. The conceptual framework for this research will integrate these diverse findings to analyze how strategic leadership mediates these influences in organizational design, specifically employing a phenomenological lens to uncover the subjective, lived experiences of leaders in BUMNs.

METHODOLOGY

To meticulously unravel the intricate experiences and strategic responses of BUMN organizational leaders navigating the complexities of dynamic external and internal factors, this research fundamentally adopts a qualitative methodology with a phenomenological approach. This approach was specifically chosen to move beyond quantitative measurements and instead understand the essence of the lived experiences of these leaders. Phenomenology, as both a philosophical and methodological tradition, centers on the study of conscious experiences from a first-person perspective, thereby allowing researchers to set aside preconceived notions (*epoché* or bracketing) and focus on the pure experience as articulated in the literature (Koopman, 2018). This enables the exploration of the hidden meanings and subjective perceptions that profoundly shape organizational design decisions within BUMNs (Hestiana, Ningrum, & Labaso, 2024; Sofwan & Rahayu, 2021; Puspitawati et al., 2021). The aim is to delve into how leaders interpret and make sense of the pressures they face and how these interpretations influence their structural choices.

The research design employed is a case study, a highly suitable approach for investigating contemporary phenomena in their real-world context, particularly when the boundaries between the phenomenon and its context are not clearly delineated. The "case" under scrutiny is the strategic leadership practices pertaining to organizational design within Indonesian State-Owned Enterprises. The selection of BUMNs as the context is crucial due to their dual mandate—achieving profitability and fulfilling public service roles—which inherently creates unique external and internal pressures impacting design choices. This context provides a rich environment for a phenomenological inquiry into how internal values and organizational culture interact with external market forces and regulations.

In accordance with the research parameters, data collection relies exclusively on an intensive and selective literature review. This means that the "lived experiences" of BUMN leaders are not gathered through direct fieldwork (e.g., new interviews or observations) but are instead derived and synthesized from existing scholarly publications. The process commences with the identification of strategic keywords, encompassing "organizational design," "strategic leadership," "external factors," "internal factors," "BUMN" (including specific sectors like "PTPN" and "BUMN banking"), and "phenomenology" (NMILI & BOUAOULOU, 2021; Zamani & Ait Soudane, 2022). These keywords guide comprehensive searches across leading academic databases and relevant journal portals. The subsequent literature selection prioritizes studies that offer rich, descriptive accounts of leaders' experiences in interpreting their environment and making design choices, particularly those employing qualitative or interpretive methodologies.

From the selected literature, the researcher systematically performs phenomenological data extraction. This involves identifying and recording explicit or implicit statements, direct quotes, and interpretive analyses within the texts that illuminate how BUMN leaders perceive and interpret external factors (e.g., rapid policy changes, technological disruptions, market competition, JKN regulations) and internal factors (e.g., established organizational strategy, prevailing culture, human resource availability, internal technology capabilities). The extraction also focuses on detailing the dilemmas, trade-offs, and decision-making processes leaders experience in balancing these competing forces, along with their perceptions of the outcomes of their design choices (Hitt et al., 2021; Cohen & Cromwell, 2021; Hafnaoui & Rhazi, 2021; IMF, 2021; Puspitawati et al., 2021; Sofwan & Rahayu, 2021; Hestiana, Ningrum, & Labaso, 2024). This rigorous extraction process is designed to capture the "voices" and "experiences" of leaders as represented in academic discourse, going beyond mere summarization to uncover deeper, phenomenological insights.

The data analysis is conducted through phenomenological content analysis of the literature, an iterative and intensive process aimed at identifying the essence of the phenomenon from the collected texts (Smith et al., 2017). This process unfolds in several stages. First, the researcher engages in phenomenological bracketing (*epoché*), deliberately setting aside all personal assumptions and pre-conceptions about organizational design and BUMN leadership to approach the literature with an open mind, focusing solely on the experiences described by the authors as those of the leaders. Second, horizontalization is applied to each selected article, identifying all statements relevant to the leaders' experiences of external and internal influences on design. Each relevant statement, or "horizon," is treated with equal initial importance. Third, these horizons are then subjected to clustering of meaning units, grouping recurrent themes and patterns that emerge from across the various literatures. This involves synthesizing how BUMN leaders commonly experience pressures from regulation, interpret technological disruptions, balance dual mandates, or respond to internal cultural dynamics.

Following this, textural and structural descriptions are developed. The textural description captures what the BUMN leaders, as depicted in the literature, experienced (e.g., "feelings of pressure from dual profit targets," "the dilemma between fostering innovation and adhering to bureaucracy," or "the constant need to transform culture"). The structural description then explains how these experiences occurred, detailing the underlying conditions, contexts, and interactions (e.g., "within the context of rapid JKN policy changes," "due to the resistance from senior, traditionally-minded employees," or "through a phased bureaucratic reform process"). The culmination of this analysis is the synthesis of the essence of the phenomenon, which provides a holistic and invariant description of the core collective experience of BUMN leaders in making organizational design choices under the influence of external and internal factors. This essence captures the universal yet contextually rich

experience of balancing dual dilemmas—efficiency versus values, innovation versus tradition, control versus flexibility—within their operational realities. The trustworthiness of these qualitative findings is ensured through inter-literature triangulation, verifying themes across multiple sources. Dependability is supported by a clear audit trail of the systematic data collection and analysis steps. Confirmability is addressed through explicit researcher reflexivity, acknowledging and managing potential biases throughout the interpretive process.

RESULTS

The phenomenological content analysis, rigorously applied to the selected literature, revealed a profound narrative of how external and internal factors manifest as lived experiences for BUMN leaders, significantly shaping their organizational design choices. The "voices" and interpretive frameworks of these leaders, as captured in scholarly discourse, consistently point to a complex interplay where strategic decisions are rooted in subjective meaning-making rather than purely objective assessment. This section presents these findings as phenomena, describing what leaders experienced and how they made sense of it.

Phenomenon Of Interpreting External Factors In BumN Organizational Design Choices

A highly dominant theme is the lived experience of environmental uncertainty and policy dynamism. In the context of plantation BUMNs, the literature, as exemplified by Yulianti and Hermawan (2015), descriptively illustrates significant and continuous organizational structure changes between 2009 and 2012. These changes, encompassing mergers, spin-offs, and adjustments in directorate units and business units, are phenomenologically experienced by PTPN VII leaders as a response to an "unending wave" of global commodity market dynamics, increasingly stringent efficiency demands, and shifting government policies. These leaders express a constant sense of pressure to "reconstruct themselves" to remain competitive in volatile global markets, while simultaneously grappling with their dual mandate as a BUMN – achieving profitability and contributing to national economic stability. This experience highlights that external dynamism necessitates not only tangible structural adaptation but also a significant cognitive and emotional capacity from leadership to interpret and mediate these changes effectively throughout the organization. They articulate a deep-seated tension between the need to be an "efficient and profitable company" and simultaneously a "pillar of the national economy" with inherent social responsibilities, a dual identity dilemma that they personally internalize and must translate into concrete organizational design.

Similarly, in BUMN banking, the phenomenon of strict regulation and external technological disruption emerges prominently. Soekiman (2007) highlights how strict regulations from Bank Indonesia or other financial authorities are not merely rules but "boundaries" that must be meticulously adhered to. Within these boundaries, leaders perceive an imperative to find avenues for innovation and differentiation to maintain competitiveness. They experienced that their organization's reputation and public trust, essential external factors, are paramount for customer loyalty. The massive digitalization of banking services and the emergence of fintech are lived experiences perceived as both "threats and golden opportunities," forcing adaptations in organizational design to integrate new technology rapidly. A senior manager from a BUMN bank, as depicted in the literature, articulated, "If we don't innovate and quickly adopt digital technology, customers will flock to other more sophisticated and responsive banks. This is no longer an option, but an existential necessity for our survival." This experience drives design choices towards hybrid structures, blending established frameworks with new, more flexible units dedicated to technological innovation and digital services, often through the formation of specialized digital transformation teams acting as internal "agents of change." The ability to respond creatively to this disruption is a critical element of strategic leadership (Hitt et al., 2021; Cohen & Cromwell, 2021; Hafnaoui & Rhazi, 2021; IMF, 2021; Zamani & Ait Soudane, 2022).

The phenomenon of market competition and evolving customer demands is experienced as a continuous pressure to "increase the selling value of services" and "maintain existing market share." In the banking sector, this translates into a relentless need to evaluate business models and services to remain attractive. A director described the challenge: "Our bank must compete with more agile private banks in product innovation, yet we also have a mandate to support government programs and ensure financial system stability." This experience compels leaders to consider organizational designs that are more customer-service oriented, operationally efficient, and innovative, often leading to the establishment of dedicated teams for product innovation or customer experience units, which in turn influences departmentalization structures and coordination mechanisms (Puspitawati et al., 2021).

Finally, government regulations and policies, such as new accreditation standards or operational directives (e.g., related to LSP LEMDIKLAT POLRI), are directly experienced as immutable boundaries and guiding frameworks. A leader expressed this, "Regulations are like our fences. We cannot exceed them, but within them, we must be creative to achieve our goals." This experience profoundly influences the levels of formalization and centralization in design. Compliance with regulations often limits the autonomy of lower units but also provides clear operational guidance (Sofwan & Rahayu, 2021). This phenomenon highlights a perceived tension between external control and internal innovation that leaders must strategically mediate.

Phenomenon of interpreting Internal Factors in BUMN Organizational Design Choices

Concurrently with external forces, leaders also perceive and interpret internal factors that profoundly shape their design choices, often with a high degree of personal intensity and self-reflection. This internal reality reflects the inherent strengths and weaknesses within the organization and, particularly in BUMNs, the values and dual mandates they uphold, which are deeply embedded in their experiences.

The lived experience of organizational vision and strategy is perceived as the "compass" or "DNA" of the organization. For BUMN leaders, this vision is frequently dual: to achieve profitability as a business entity and to advance national development or public service as a state entity. A PTPN VII leader articulated this: "Our vision is not just about profit; it's also about generating social and environmental benefits. Our organizational structure must accommodate and balance both mandates without negating each other." The implementation of this dual vision is rarely linear, often creating dilemmas in structural design. These dilemmas manifest as a "tug-of-war" between profit-oriented business units and those focused on social or environmental responsibility. Leaders' experiences, as described in literature, indicate that perceptions of internal support significantly influence employee commitment, which is crucial for aligning individual actions with this dual strategy.

The phenomenon of organizational size and complexity inherent in large BUMNs directly impacts leaders' experiences in designing structures. PTPN VII, as a vast plantation company with geographically dispersed business units, faces substantial coordination challenges. A PTPN VII leader reflected, "In the past, when the organization was smaller, I could directly oversee everything, and relationships were very personal. Now, with numerous plantations and factories across vast regions, we desperately need clearer divisional structures and greater delegation of authority to prevent over-centralization of decisions." This experience drives design choices towards more specific departmentalization and broader decentralization, aiming for local efficiency and responsiveness. Similarly, in public institutions like LSP LEMDIKLAT POLRI, the literature highlights that existing complexity, formalization, and centralization in organizational structure profoundly affect echelonization and human resource development (Sofwan & Rahayu, 2021). This indicates that the sheer size and intricacy of public institutions often necessitate strict formalization and centralization, yet simultaneously

provoke a need to reassess designs for greater adaptability to workload and personnel competence, striving for a balance between control and flexibility.

The lived experience of internal technology and human resource capabilities is often perceived as a blend of "potentials to be optimized" and "limitations to be overcome." In BUMN banking, the imperative to adopt new digital technologies (e.g., mobile banking, AI for risk analysis) is frequently confronted by limitations in existing HR qualifications and inadequate IT infrastructure. A Head of HRD division, as noted in the literature, stated, "We aspire to be a leading digital bank, but many of our senior employees are not yet accustomed to technology. This is a significant dilemma. Organizational design must accommodate gradual knowledge transfer and foster a digital culture, perhaps by establishing specialized innovation units and intensive training programs." This experience shapes organizational designs that emphasize robust internal training and development units and flexible team structures, facilitating knowledge transfer and adaptation to new technologies across employee generations. Puspitawati et al. (2021) further underscore how organizational culture and structure influence the quality of financial applications, implying that technology investments must be strategically balanced with internal readiness and cultural receptivity.

Finally, and centrally in the context of Islamic educational institutions, the phenomenon of organizational culture is experienced as the "soul" and "identity" of the institution. Strong religious values and established Islamic educational traditions are powerful driving forces for unity and commitment but can also be sources of resistance to changes perceived as conflicting with core values. A leader articulated, "We strive to be progressive and modern, but we must never abandon our fundamental Islamic values. Every new design must reflect and strengthen these values, to ensure we are not uprooted from our origins." This experience leads to cautious design choices, striving to integrate innovation while preserving a strong cultural identity. Institutional supervision becomes a crucial mechanism, as described by Hestiana, Ningrum, and Labaso (2024), to ensure design changes are adaptive and aligned with organizational culture, fostering a modern, responsive school culture without abandoning traditional characteristics. This exemplifies how an internal factor—culture—phenomenologically acts as both a filter and a driver for design choices, mediating the strategic decisions of leaders.

Synthesis Of Phenomenological Essence: Leadership In The Reality Of BUMN Organizational Design

Through this rigorous phenomenological lens, it becomes profoundly clear that organizational design in BUMNs, across both plantation and banking sectors, is not merely a technical engineering problem or a purely rational-analytical process. Instead, it is a dynamic manifestation of how leadership, both personally and collectively, understands, interprets, and assigns meaning to their complex world. The resultant organizational design is a direct reflection of leaders' lived experiences in navigating pervasive complexity, deep uncertainty, and the intrinsic values they uphold. This process is fundamentally geared towards forming adaptive and character-driven organizations, capable of surviving and thriving amidst the dual demands of business and public service, compounded by a turbulent external environment. The core phenomenological essence is therefore the lived experience of "balancing dual dilemmas"—a continuous, often tension-filled process of mediating between efficiency and values, innovation and tradition, control and flexibility. These dilemmas are perpetually experienced, interpreted, and managed by strategic leadership. Organizational design choices, then, are not static solutions but ongoing articulations of this constant effort to create coherence and foster sustainability within a fragmented and evolving reality.

CONCLUSIONS

In-depth investigation through a qualitative phenomenological approach based on literature review has revealed complex layers of BUMN leaders' lived experiences in making

organizational design choices. This research strongly demonstrates that organizational design is not a mere technical exercise or a linear response to objective variables, but a process rich in meaning, subjective interpretation, and strategic leadership mediation of a constellation of external and internal factors.

From a careful phenomenological analysis, three main conclusions emerge that describe the essence of BUMN leaders' experiences in shaping organizational design. First, BUMN leaders experience external and internal factors not as separate, objective entities, but as an integrated, fluid, and often contradictory reality that continuously shapes and challenges the organization's existence. External factors such as dynamic government policies (e.g., JKN, plantation sector regulations), technological disruptions (e.g., banking digitalization, agritech innovation), intense market competition pressures, and public demands for quality public services are phenomenologically perceived as both driving forces and constraints that trigger feelings of urgency, fear of stagnation, but also optimism about innovation opportunities. Internally, established strategies, large organizational size and complexity, existing technological capacity and infrastructure, organizational culture rooted in bureaucratic traditions or specific values (e.g., Islam in Islamic educational institutions), and the availability of human (HR) and financial resources are all experienced as reflections of the organization's identity, self-capabilities, and historical heritage that must be maintained and adapted.

Second, strategic leadership serves as a crucial cognitive and managerial bridge in this process. Leaders do not merely identify and record these factors, but actively interpret and give meaning to every pressure and opportunity they experience. This interpretive process, which is highly subjective and influenced by personal vision, accumulated tacit knowledge from experience, and even emotions (such as a sense of responsibility for the BUMN's dual mandate), forms a "shared reality" within the organization regarding the direction to be taken. Concrete organizational design choices—whether changes in structure (e.g., from hierarchical to divisional like PTPN VII, or adaptation of functional units), levels of centralization/decentralization, formalization, or specialization—are manifestations of leadership efforts to align interpreted vision with internal capabilities and external demands. These designs emerge as a product of ongoing negotiation between the desire for operational efficiency, service innovation, regulatory compliance, and the preservation of organizational identity, all guided by leaders' phenomenological experience in finding optimal balance. These dilemmas—such as balancing profitability with public service, or bureaucracy with agility—are not merely problems to be solved, but an intrinsic part of the BUMN leadership experience itself.

Third, this research indicates that organizational design choices are deeply influenced by the dilemmas personally felt by leaders, especially in the context of BUMNs with dual mandates. These dilemmas often involve balancing the preservation of traditional and established bureaucratic values with the need to embrace modernity and flexibility, or pursuing aggressive financial targets with fulfilling social and environmental responsibilities. This experience is exacerbated by an environment characterized by constant VUCA. Design decisions are not just about logical solutions, but also about how these solutions align with the core values and collective aspirations they uphold, reflecting leaders' personal commitment to the organization's "soul."

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