

STRATEGIC FINANCIAL MANAGEMENT: TEMASEK HOLDINGS AS DANANTARA'S BENCHMARK FOR BUILDING NATIONAL WEALTH AND SUSTAINABLE DEVELOPMENT

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ABSTRACT

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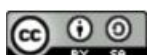
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This study highlights the urgency of strategic and sustainable national wealth management through the establishment of Danantara, Indonesia's sovereign wealth fund that adopts the successful model of Temasek Holdings in Singapore, yet operates within a more complex national economic and political context. The purpose of this research is to analyze Danantara's strategic factors using the SWOT approach, formulate strategies based on the TOWS matrix, and provide policy recommendations aligned with the Indonesia Emas 2045 vision. The research employs a qualitative analysis through a comparative study, literature review, and examination of official documents. The findings reveal Danantara's strengths in asset scale and political support but weaknesses in governance and operational capacity. The study's contribution and novelty lie in formulating portfolio separation strategies, strengthening independent governance, and focusing investments in digital sectors, green energy, and global partnerships.

INTRODUCTION

Sovereign Wealth Funds (SWFs) have become a crucial pillar in a country's strategic financial architecture. Their primary function is not only as an instrument for fiscal stabilization or accumulation of foreign exchange reserves, but also as a driver of long-term investment oriented toward growth and public welfare. SWFs such as the Government Pension Fund Global (Norway), the Abu Dhabi Investment Authority (ADIA), and Temasek Holdings (Singapore) have demonstrated exceptional capabilities in building national economic resilience through professional and transparent management of state assets (Megginson et al., 2022). In fact, global SWFs now manage over USD 11 trillion in various strategic instruments, making them significant players in the global financial market, (Global SWF Report, 2024). Amidst this global trend, Indonesia strategically launched Danantara in February 2025 as a digital platform for managing sovereign wealth and superholding state-owned enterprise assets. Danantara is positioned as a digital sovereign wealth instrument managing over US\$900 billion in assets in the form of



state-owned enterprise shares, infrastructure, land, and other strategic assets, (CNBC Indonesia, 2025). This step represents a new strategy in state wealth management based on digitization and asset tokenization, which aligns with the global push for efficiency and transparency in public asset management , (Guintchev & Triki, 2022)

In the context of long-term development, Indonesia has established the vision of Golden Indonesia 2045, namely to become a developed and highly competitive nation upon entering its first century of independence. To achieve this target, a state financial management strategy is required that is not only operational but also strategic and visionary, particularly in optimizing state and state-owned enterprise assets (Bappenas, 2023). One strategic approach adopted is the establishment of long-term financial instruments such as Sovereign Wealth Funds (SWFs), including the Investment Management Institution (IPI) or commercially known as the Indonesia Investment Authority (INA), and is currently strengthened by a new digital initiative called Danantara (Kompas, 2024). The role of SWFs in development has been proven in various countries. Data from Global SWF in 2024 shows that total assets managed by global SWFs reached US\$11.5 trillion, with significant contributions from Norway through the Norwegian Government Pension Fund Global (US\$1.4 trillion), followed by the China Investment Corporation (US\$1.3 trillion) and the Abu Dhabi Investment Authority (US\$993 billion). These funds not only target long-term financial returns but also serve as strategic tools in infrastructure development, innovation, green energy, and national digital transformation (Global SWF, 2024).

Table 1. The Role of Global Sovereign Wealth Funds (SWFs)

No	SWF	Coutry	Year	Initial Capital (USD)	AUM 2025 (USD)	GDP Contribution
1	Government Pension Fund Global (GPFG)	Norwegia	1990	± \$300 B	\$1.6 T	Contributes ± 300% of GDP, funds pensions & welfare state
2	China Investment Corporation (CIC)	China	2007	\$200 B	\$1.35 T	Diversification of foreign exchange reserves; stability of the RMB
3	Abu Dhabi Investment Authority (ADIA)	UAE	1976	\$50 B	\$993 B	Supporting post-oil diversification; ± 250% of Abu Dhabi's GDP
4	Temasek Holdings	Singapura	1974	\$354 M	\$287 B	Annual returns of 14-16% since 1974; fiscal stability and

						development
5	Qatar Investment Authority (QIA)	Qatar	2005	\$20 B	\$475 B	Economic diversification; $\pm$ 250% of Qatar's GDP
6	Kuwait Investment Authority (KIA)	Kuwait	1953	$\pm$ \$500 M	\$803 B	Contribution >200% of GDP; funding subsidies & development
7	Public Investment Fund (PIF)	Arab Saudi	1971	\$29 B	\$925 B	Saudi Arabia targets 10% GDP contribution by 2030

Source : www.swfinstitute.org

Sovereign Wealth Funds (SWFs) have proven to be effective instruments in strengthening national economic growth and creating social prosperity. The most prominent example is Norway's Government Pension Fund Global (GPF), which is now the largest SWF in the world with assets reaching approximately US\$1.7–1.8 trillion (Reuters, 2024). This value is nearly four times Norway's annual GDP and is equivalent to approximately US\$340,000 per capita, reflecting its substantial financial strength. Furthermore, in 2024, the GPF recorded an annual profit of NOK 2.5 trillion (USD 222 billion) with a return on investment of 13%, making a significant contribution to the state budget (Reddit Report, 2025).

In Asia, Singapore has leveraged its SWFs, such as GIC and Temasek, to support economic development and fiscal stability. Temasek, established in 1974 with initial assets of S\$354 million, now manages approximately S\$434 billion. GIC enhances the country's financial strength by managing approximately US\$800 billion, and contributions from these investments support approximately 20% of government spending through the Net Investment Returns Contribution mechanism (Financial Times, 2025). Globally, total SWF assets reached US\$11.3 trillion in 2023, a more than tenfold increase in the past two decades, and serve as a crucial source of funding for infrastructure development and sustainable development goals (World Economic Forum, 2023). Overall, SWF investment models such as those in Norway and Singapore have successfully transformed surplus income into productive wealth, strengthening GDP and sustainably financing public welfare. This success demonstrates the role of SWFs as a tollgate for long-term economic stability and national development.

Danantara, Indonesia's new Sovereign Wealth Fund (SWF), is widely positioned to emulate the success of Singapore's Temasek, (Antara, 2025). The main difference from other SWFs is the size of the initial assets it will manage, which is

approximately USD 900 billion, equivalent to 40% of Indonesia's GDP, making it one of the largest SWFs in the world since its inception (The Straits Times, 2025). Danantara's institutional structure mimics Temasek's holding model, which consolidates the assets of major state-owned enterprises such as BRI, Mandiri, Pertamina, Telkom, and PLN into one professional entity (Lexology, 2025). In addition to asset size, Danantara's strategic orientation also differs from Temasek. While Temasek is commercially profit-oriented, Danantara is geared toward supporting national economic growth and is even mandated to help achieve a growth target of up to 8% per year (Risk Advisory, 2025).

This direction aligns with the concept of Public Wealth Creation, which states that state assets should not simply be held, but managed productively for long-term development (Detter & Fölster, 2015). In terms of governance, the government emphasizes that Danantara will operate transparently, professionally, and accountably (Financial Times, 2025). This commitment is reinforced by the inclusion of global advisors such as Ray Dalio and Jeffrey Sachs to enhance international credibility (Business Insider, 2025). However, several analysts warn of the risk of politicization and weak independent oversight without robust audit and governance mechanisms (Asia Times, 2025). Thus, Danantara is indeed geared towards becoming "Indonesia's version of Temasek." However, a balance of roles remains crucial, in addition to pursuing profitability, Danantara must ensure a tangible contribution to national development. If governance can be maintained professionally and transparently, Danantara has the potential to become a catalyst for Indonesia's economic transformation toward the vision of Golden Indonesia 2045.

Temasek in Singapore and Danantara in Indonesia share several fundamental similarities in their institutional design and strategic objectives. Both are built on a holding company model that consolidates state assets through shareholdings in strategic companies. Since its founding in 1974, Temasek has managed the Singapore government's stakes in key sectors such as banking, telecommunications, and transportation (Temasek, 2023). A similar approach is evident in Danantara, which is tasked with managing the assets of Indonesia's major state-owned enterprises, including Pertamina, PLN, Telkom, BRI, and Mandiri, making it a giant investment institution that controls the foundation of the national economy (Lexology, 2025) and ranks as the 7th largest SWF in the world (www.swfinstitute.org).

Table. 2. Rangking Sovereign Wealth Fund (SWF) Global 2025

Rank	Profile	Total Assets (USD)	Region
1	Norway Government Pension Fund Global (GPF)	\$1,738,806,263,000	Europe
2	China Investment Corporation (CIC)	\$1,332,071,000,000	Asia

3	SAFE Investment Company	\$1,090,000,000,000	Asia
4	Abu Dhabi Investment Authority (ADIA)	\$1,075,000,000,000	Middle East
5	Kuwait Investment Authority (KIA)	\$1,029,000,000,000	Middle East
6	Public Investment Fund (PIF) – Saudi Arabia	\$941,000,000,000	Middle East
7	BP. Danantara (Indonesia)	\$900,000,000,000	Asia
8	GIC Private Limited (Singapore)	\$800,800,000,000	Asia
9	Qatar Investment Authority (QIA)	\$557,000,000,000	Middle East
10	Temasek Holdings (Singapore)	\$521,043,499,900	Asia

Source : www.swfinstitute.org

Furthermore, both institutions have a dual orientation: operating as commercial institutions pursuing long-term profits while simultaneously serving as strategic instruments for national development. Temasek has stated its commitment to achieving long-term sustainable returns (Temasek Review, 2023), while Danantara is designed to support Indonesia's 8% economic growth target and strengthen the foundations of public welfare (The Straits Times, 2025). Thus, their missions are not limited to financial aspects but also strategic in enhancing the country's economic resilience. Another similarity lies in their emphasis on professional governance. Temasek was designed from the outset to be independent from direct political interference, with a board of directors guided by modern business principles (Low, 2020). Danantara, meanwhile, affirms its commitment to transparency on par with "public companies" (Financial Times, 2025), and engages world-class advisors like Ray Dalio to enhance its international credibility (Business Insider, 2025). These steps demonstrate that both institutions are striving to build public trust and a global reputation through the implementation of high governance standards. On the other hand, both entities also implement global investment strategies. Temasek's portfolio currently places approximately 70% of its assets outside Singapore, reflecting an aggressive international diversification strategy (Temasek, 2023).

Danantara, although newly established, has been designed to invest not only in the domestic sector but also in strategic global sectors such as green energy, the digital economy, and sustainable infrastructure. This demonstrates Danantara's ambition to become a global player, following in Temasek's successful footsteps. Finally, both Temasek and Danantara are positioned as nation builders or agents of national development. Temasek has proven to be a catalyst for Singapore's transformation from a developing nation to a global financial center (Yeoh, 2007). Meanwhile, Danantara is expected to be a key supporter of the Indonesia Emas 2045 vision, which aims to position Indonesia as one of the world's largest economic powers (Antara, 2025). By managing vast assets and implementing long-term

strategies, both share a common vision: not only seeking profits but also building the nation's future.

Despite their similarities, Temasek and Danantara also exhibit a number of fundamental differences that reflect the historical, institutional, and economic contexts of their two countries. First, in terms of age and experience, Temasek has been operating since 1974 and has weathered various economic cycles for over five decades, thus having a proven track record of generating long-term, sustainable returns (Low, 2020). Meanwhile, Danantara was only established in 2025, so it is still in the early stages of establishing its institutional, governance, and investment strategy (Lexology, 2025). Second, there are differences in structure and asset scope. Temasek initially managed only government stakes in local companies, then evolved into a global investor with 70% of its portfolio located outside Singapore (Temasek, 2023). On the other hand, Danantara has directly managed strategic assets of Indonesian state-owned enterprises in the energy, banking, and infrastructure sectors from the outset, with a portfolio value reaching approximately USD 900 billion (Financial Times, 2025). However, the majority of its assets remain domestic, so diversification to the global level will be gradual.

Third, the institutional orientations of these two institutions differ. Temasek has been designed since its inception to be independent in business decision-making, despite being wholly owned by the Singapore Ministry of Finance (Yeoh, 2007). Meanwhile, Danantara remains closely aligned with government policy, explicitly directed towards supporting the national economic growth target of 8%. This has the potential to create tension between its commercial objectives and its development mandate. Fourth, in terms of governance, Temasek has long adhered to global standards and is recognized as one of the most transparent sovereign wealth funds in the world (Truman, 2008). Danantara, while committed to transparency equivalent to a "public company", still needs to demonstrate its consistency in implementing good governance principles, given the complexity of managing state-owned enterprises and the dynamics of domestic politics in Indonesia. Finally, differences in geographic and economic contexts also shape the visions of the two institutions. Temasek was born in a small country with limited natural resources, so its investment focus is on creating value through globalization and financial innovation (Yeoh, 2007). In contrast, Danantara operates in a country with abundant natural resources, so its initial role is more focused on optimizing strategic domestic assets, while gradually building a global presence.

Based on a comparative analysis between Temasek and Danantara, this study aims to identify the strengths, weaknesses, opportunities, and threats facing Danantara as a newly established sovereign wealth fund (SWF). Temasek, with its five-decade track record, serves as a benchmark for success in governance, global

strategy, and long-term value creation. By benchmarking with Temasek, the goal is to not only emulate Temasek's success but also adapt its approach to the unique Indonesian context, enabling Danantara to achieve its dual mandate: pursuing commercial profits while simultaneously catalyzing national development.

THEORITICAL REVIEW

Theory of Public Value

The Public Value Theory, (Moore, 1995) argues that public organizations are not only tasked with providing services but also with creating public value that goes beyond mere financial profit. Moore defines public value as the value that an organization contributes to society, which encompasses the achievement of social, economic, and strategic outcomes desired by society. This concept emphasizes three main components: 1) a strategic mandate (strategic triangle) that connects public value, political legitimacy and support, and operational capabilities; 2) performance measurement that encompasses both financial and social dimensions; and 3) transparent public accountability. This concept is highly relevant to analyzing Danantara's dual mandate. As a sovereign wealth fund (SWF), Danantara not only pursues commercial value but is also tasked with promoting national economic growth and public welfare, as outlined in the Golden Indonesia 2045 vision (Bappenas, 2023).

Recognizing Public Value emphasizes that public organizations must balance these dual objectives through inclusive and sustainable strategies. Danantara's success, according to this theory, is measured by its ability to balance these two values. As Bortolotti & Fotak (2021) observe, global SWFs such as Temasek and Norway's GPFG have demonstrated that long-term success depends on their ability to generate both financial returns and social contributions, such as pension funding and public infrastructure. This aligns with Moore's argument that public value is created when governments use resources efficiently to achieve socially desired outcomes" (Moore, 1995)

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) Theory developed by Barney (1991) provides a relevant theoretical perspective for analyzing the competitive advantage of Sovereign Wealth Funds (SWFs), including Danantara. This theory emphasizes that sustainable competitive advantage stems from an organization's ability to manage resources that meet the VRIN criteria: Valuable, Rare, Inimitable, and Non-substitutable. In the context of SWFs, these resources include financial assets under management, managerial capabilities, governance, reputation, and access to global networks. For example, Danantara manages a USD 900 billion portfolio consisting of strategic state-owned enterprise shares, natural resources, and infrastructure assets (Financial Times, 2025). The scale and strategic nature of these assets make them valuable and rare, while professional and transparent governance capabilities as

demonstrated through a commitment to operating "like a public company" and the involvement of global advisors can be inimitable and non-substitutable resources. Furthermore, the RBV highlights the importance of dynamic capabilities in configuring these resources to simultaneously create public and commercial value, in line with Danantara's dual mandate. Thus, the RBV not only helps identify Danantara's strengths but also highlights the need to develop superior organizational capabilities so that existing resources can be transformed into sustainable competitive advantages, both nationally and globally.

Comparative Institutional Theory

Comparative Institutional Theory (Hall & Soskice, 2001) provides an essential theoretical framework for analyzing variations in the design and performance of Sovereign Wealth Funds (SWFs) across countries. This theory argues that institutions, such as SWFs, do not develop in a vacuum but are profoundly shaped by their institutional context, encompassing factors such as political systems, legal and regulatory frameworks, cultural norms, and national economic conditions. The fundamental differences between Temasek (Singapore) and Danantara (Indonesia) can be understood through this theoretical lens. For example, Temasek operates within an institutional ecosystem characterized by high political stability, an efficient bureaucracy, and a strong rule of law tradition (Yeoh, 2007). These conditions allow Temasek to adopt an independent and market-oriented governance structure, with a professional board of directors and minimal political interference (Low, 2020). In contrast, Danantara operates in an Indonesian context characterized by complex political dynamics, a developing regulatory framework, and often fragmented bureaucratic traditions (Warburton & Aspinall, 2019).

These institutional differences explain why, despite being SWFs, Temasek and Danantara adopt different approaches to governance, investment strategies, and public accountability. (Bortolotti et al. , 2015) shows that SWFs operating within strong institutional environments tend to have better financial performance and higher levels of transparency. Meanwhile, research by (Truman , 2008) warns that SWFs in countries with weak institutions often face challenges in maintaining operational independence and avoiding politicization. Thus, Comparative Institutional Theory not only helps explain the differences between Temasek and Danantara but also highlights the importance of strengthening supporting institutions such as legal frameworks, oversight, and governance as a prerequisite for Danantara's success in carrying out its dual mandate.

SWOT-Based Strategic Management

SWOT analysis, a central framework in strategic management theory, provides a systematic approach to evaluating internal (strengths and weaknesses) and external (opportunities and threats) factors that influence organizational

performance (Hill & Westbrook, 1997). In the context of Danantara, this framework was used to diagnose the strategic position of this newly established Indonesian SWF, taking into account the specific Indonesian context and lessons learned from comparisons with Singapore's Temasek. Internal factors analyzed included strengths such as substantial initial capital (USD 900 billion), ownership of a strategic state-owned enterprise portfolio, and strong political support. Weaknesses, on the other hand, included dependence on government policy, underdeveloped governance, and a lack of international experience (Financial Times, 2025).

External factors included opportunities such as the growth of Asia's digital economy, the global green energy transition, and potential collaboration with other SWFs. Threats included global market fluctuations, geopolitical pressures, and the risk of domestic politicization (Global SWF, 2024). The primary value of a SWOT analysis in this context lies in its ability to synthesize comparative findings with Temasek into actionable strategic recommendations. For example, lessons learned from Temasek's successful governance (Yeoh, 2007) can help strengthen Danantara's strengths and address its weaknesses. Similarly, Temasek's experience in global diversification (Temasek Review, 2023) can guide Danantara's response to opportunities and threats in international markets. Thus, a SWOT analysis serves as a bridge between theory and practice, transforming comparative study findings into concrete strategies tailored to the Indonesian context. This approach ensures that strategic recommendations for Danantara are not only theoretically sound but also practically implementable within Indonesia's unique institutional environment.

RESEARCH METHODS

The research method used in this study is descriptive qualitative, namely an approach that focuses on exploration, understanding, and deepening the phenomenon under study. This approach was chosen because it is in accordance with the research objective, namely to examine the role of sovereign wealth funds (SWF), specifically the Daya Anagata Nusantara Investment Management Agency (Danantara), in creating commercial value and public value. As emphasized by Creswell (2018), qualitative research focuses on the meaning given by individuals or institutions to a phenomenon, thereby being able to uncover the social, political, and economic dynamics behind the existing empirical data. The data for this research is secondary, obtained from various reliable sources such as academic journals, annual reports of international SWFs, publications from global financial institutions such as the IMF, World Bank, and the Sovereign Wealth Fund Institute and government policy documents related to state investment management. This source selection was carried out to provide a comprehensive picture, both in a global and national context, thus enabling comparative analysis.

According to Neuman (2014), the use of secondary sources in qualitative

research can enrich interpretations because the data has undergone an initial validation process by official institutions, allowing researchers to focus on analysis and deriving meaning. Data collection techniques were carried out through literature reviews and documentation. The literature review was conducted by reviewing the results of relevant previous research on SWF performance, long-term investment strategies, and the concept of public value in state financial organizations. Data analysis was conducted using thematic analysis techniques, in which researchers identify, organize, and interpret patterns that emerge from the collected data. For example, emerging themes could include SWF asset diversification strategies, long-term orientation, or SWF contributions to GDP.

RESULTS AND DISCUSSION

Temasek Holdings: Evolution Towards a Global Sovereign Wealth Fund

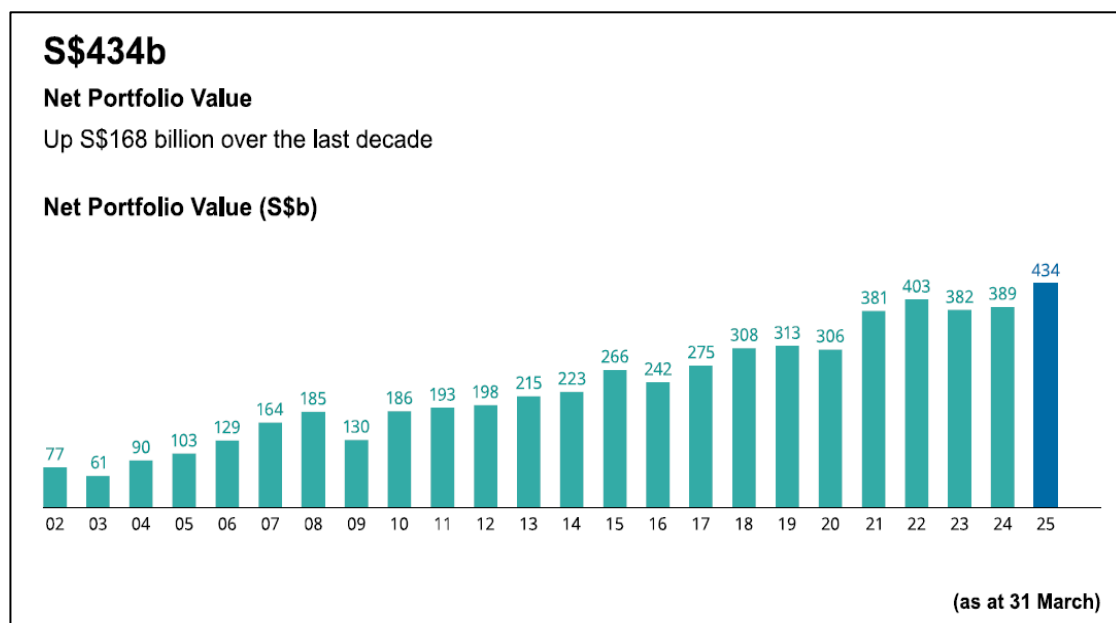
Temasek was established on June 25, 1974, with an initial portfolio of 35 Singapore government-owned companies valued at SGD 354 million, spanning strategic sectors such as manufacturing, trade, and services. During this phase, Temasek's primary role was to separate state ownership from government regulation, and to restructure and professionalize the largely loss-making state-owned enterprises (SOEs). Temasek's establishment was part of Prime Minister Lee Kuan Yew's strategy to create a competitive market economy while maintaining state control over key sectors. In the 1980s, Temasek focused on transforming SOEs into competitive, profit-oriented companies. Several portfolio companies, such as Singapore Airlines, DBS Bank, and SingTel, conducted initial public offerings (IPOs) as part of a strategy of market discipline and transparency. During this period, Temasek began developing its active shareholder capabilities by implementing strict corporate governance practices and demanding commercial performance from its portfolio companies.

Following the 1997 Asian financial crisis, Temasek began geographical diversification by expanding into other Asian markets. Significant investments were made in China, India, and ASEAN countries in response to the limitations of Singapore's domestic market. In 2002, Temasek established its first international representative office in Mumbai, followed by Beijing and London. The overseas portfolio reached 10% of total assets in 2000, marking the beginning of its transformation into a global investor. Under the leadership of CEO Ho Ching (2004-2021), Temasek accelerated its transformation into a diversified global sovereign wealth fund. The establishment of subsidiary Fullerton Fund Management in 2003 strengthened its asset management capabilities. The overseas portfolio increased dramatically to 40% in 2005, with strategic acquisitions such as the purchase of stakes in Bank Danamon Indonesia and Standard Chartered Bank. The 2008 global financial crisis provided an opportunity for Temasek to undertake profitable

countercyclical investments. In the last decade, Temasek has strategically repositioned itself towards future-oriented investing with a focus on four structural trends: digitalization, sustainable development, longer lifespans, and responsible consumption. Temasek is also a pioneer in sustainable investment by implementing a portfolio decarbonization policy and committing to achieving net-zero by 2050.

Temasek Holdings: Growth Analysis and Investment Strategy

Temasek Holdings has demonstrated significant investment strategy evolution since its inception in 1974. In its early stages, Temasek's portfolio reflected Singapore's industrialization, focusing on domestic companies. Over time, the institution transformed its strategy by expanding its global exposure while maintaining a strong base in Singapore. As of March 2025, Temasek's net portfolio value reached S\$434 billion, with 52% of its companies headquartered in Singapore. Analysis indicates that the unlisted portfolio valuation could increase to S\$469 billion, reflecting significant potential for value addition. Temasek's asset allocation strategy demonstrates sound diversification, with 66% exposure to developed markets and 34% to emerging markets. Temasek's portfolio growth has experienced periodic volatility, particularly in investments recorded at market value (mark-to-market). However, shareholders' equity has shown a consistent long-term growth trend. Historical records indicate that since the 2006 accounting standard change requiring mark-to-market for investments below 20%, there has been an increase in reported portfolio value volatility. The transformation of Temasek's portfolio companies, such as DBS and Singapore Airlines into regional and global champions, demonstrates the success of the active ownership model.

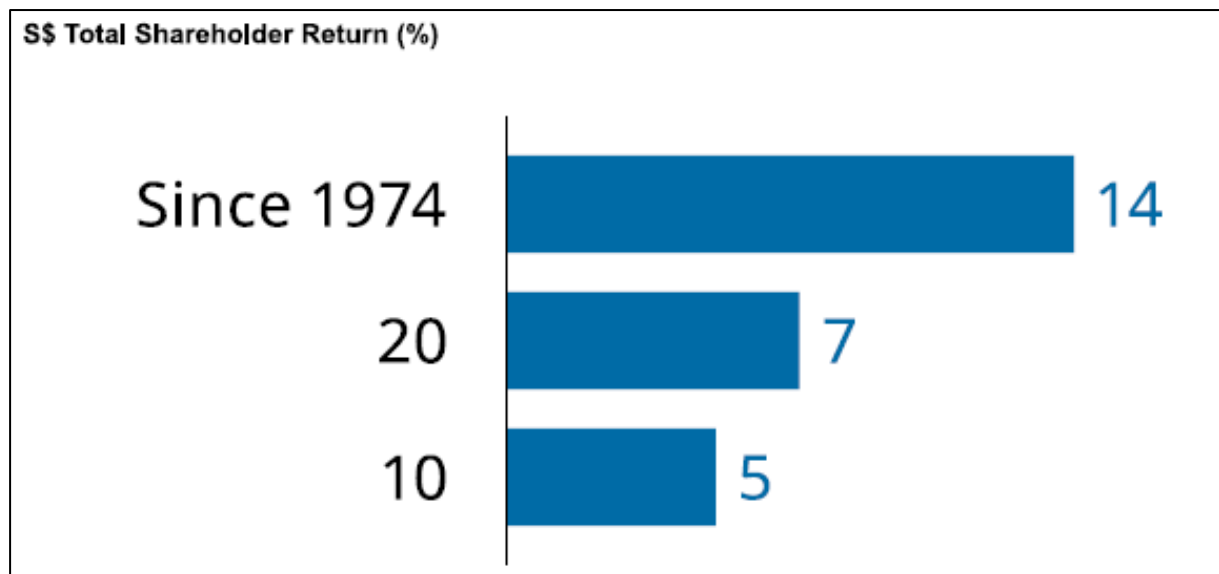


Source : <https://www.temasek.com.sg>.

Figure 1. Net Portfolio Value (NPV) Development

Temasek Holdings TSR Analysis: Long-Term Performance Perspective

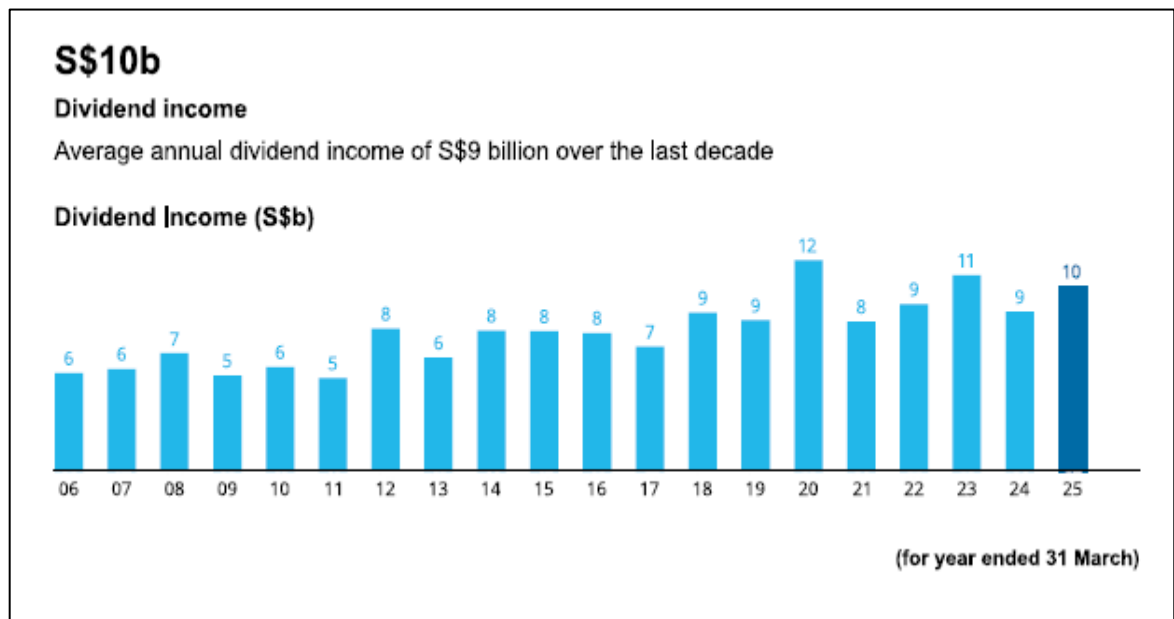
Temasek Holdings' Total Shareholder Return (TSR) reflects its impressive performance as a long-term investor. As of March 31, 2025, the TSR in Singapore dollars reached 5% for the 10-year period and 7% for the 20-year period, demonstrating portfolio stability and resilience across various economic cycles. This TSR performance is particularly significant when compared to the average returns of global sovereign wealth funds and equity market indices over the same period. This achievement reinforces Temasek's position as one of the best-performing sovereign wealth funds globally and demonstrates the effectiveness of its long-term investment model. A disciplined investment strategy that addresses global structural trends, the ability to navigate market volatility, and an active ownership approach to optimizing the value of portfolio companies are key factors supporting this consistent return. By maintaining a stable and competitive TSR over the long term, Temasek has not only successfully created sustainable value for its shareholders but also contributed to Singapore's economic development through its Net Investment Returns Contribution (NIRC), which accounts for approximately 20% of the total government budget.



Source : <https://www.temasek.com.sg>.

Figure 2. Total Shareholder Return (TSR) Performance

As a strategic investment instrument, one of Temasek's key contributions to the Singapore economy is its ability to generate a sustainable income stream. In this context, dividend income is a crucial indicator, reflecting not only the health of the investment portfolio but also the success of the value creation strategies of its portfolio companies. The following figure outlines Temasek's dividend income performance since its first reporting year, providing a clear picture of the real contribution of its investments to national development.



Source : <https://www.temasek.com.sg>.

Figure 3. Devidend Income performance

Temasek Holdings' Keys to Success

Temasek Holdings has proven itself to be one of the world's most successful sovereign wealth funds through a combination of six complementary key factors, as outlined in Table 3 below :

Table 3. Temasek Holdings Key Success Matrix

No.	Dimensions	Description
1	Governance	An independent and professional board of directors with commercially driven decision-making without political interference
2	Investment Strategy	Focus on four global structural trends with a diversified portfolio across mote than 30 countries
3	ESG Integration	Environmental, Social, and Governance criteria fully integrated with the 2050 net-zero target
4	Active Ownership Model	Active involvement in enhancing the value of portfolio companies through governance and strategy
5	Talent Development	Global talent recruitment and development through leadership programs and cross-sector rotations
6	National Symbiosis	Balanced relationship with government: operational independence but aligned with national objectives

Source : <https://www.temasek.com.sg>.

SWOT Matrix of BP Danantara

This strategic analysis presents a SWOT (Strengths, Weaknesses, Opportunities, and Threats) matrix specifically designed to evaluate Danantara's strategic position within the context of state asset management and economic development. This comprehensive identification of internal and external factors is intended to establish a robust strategic framework for Danantara's long-term decision-making, as shown in Table 4 below;

Table 4. Danantara SWOT Matrix

STRENGTHS	WEAKNESSES
1. Large Asset Scale: Backed by initial assets of IDR 14,000 trillion, providing significant leverage and investment capacity. 2. Full Political Support: A strategic government initiative with a strong commitment from the top leadership to emulate Temasek's success. 3. Public commitment to operate with transparency like a public company. 4. Access to World-Class Advice: Gaining guidance from figures like Ray Dalio.	1. Governance and Bureaucracy: At risk of being dragged down by the legacy state-owned enterprise bureaucratic structure and politicization. 2. Potentially Conflicting Dual Mandate: A tug-of-war between commercial (profit) objectives and national development goals. 3. Limited Experience: New institutions still need to demonstrate world-class technical investment and portfolio management capabilities. 4. Unrealistic Expectations: Public pressure to demonstrate immediate results can encourage hasty investment decisions.
OPPORTUNITIES	THREATS
1. Digital Economic Transformation: Leveraging digitalization trends to invest in future sectors 2. Indonesia's Geostrategic Position: As an economic and logistics hub in ASEAN and a global trade route 3. Strategic Partnerships: Opportunities to attract co-investment from global sovereign wealth funds (SWFs) and other institutional investors 4. More Efficient State Asset Management: Potential to drive reforms in the governance of state-	1. Global Volatility: Global financial market volatility, recession, and geopolitical tensions can erode portfolio value. 2. Corruption and Rent-Seeking: The threat of corruption and elite resource grabs can undermine Danantara's objectives. 3. Commodity Fluctuations: Indonesia's economy, still exposed to commodity cycles, can impact Danantara's supporting fiscal conditions. 4. Global Competition: Fierce

owned enterprises (SOEs) and other public assets	competition with other SWFs for high-quality global investment assets.
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Source : Secondary Data Processing Results

Danantara's presence, supported by its large asset scale and full political support, has significant potential to become a catalyst for Indonesia's economic transformation through an investment strategy oriented towards digital and geostrategic opportunities. However, this institution must proactively address internal vulnerabilities such as bureaucratic governance and dual mandate conflicts, while mitigating external threats such as global volatility and rent-seeking practices, in order to fulfill its role as a professional and world-class manager of state assets.

SWOT Based Strategic Management BP Danantara

As a strategic step in formulating the direction of state asset management, the TOWS (Threats-Opportunities-Weaknesses-Strengths) analysis for Danantara provides a comprehensive framework for optimizing strengths and opportunities while proactively addressing weaknesses and threats. This matrix is designed to transform internal and external factors into concrete actionable strategies, enabling Danantara not only to adapt to global market dynamics but also to lead the national economic transformation through world-class and sustainable investment decisions.

Table 5.

BP Danantara's SWOT-Based Strategy

	Opportunities (O)	Threats (T)
Strengths (S)	Strategy SO (Maxi-Maxi) 1. Leverage the asset's substantial scale for investments in the digital and green energy sectors, supporting economic transformation (S1, O1). 2. Leverage full political support to build strategic partnerships with global sovereign wealth funds (S2, O3). 3. Demonstrate transparency comparable to that of public companies to attract institutional co-investors (S3, O3). 4. Leverage world-class advice to	Strategy ST (Maxi-Mini) 1. Leverage substantial assets to diversify portfolios to withstand global volatility and commodity fluctuations (S1, T1, T3). 2. Leverage transparency to combat corruption and rent-seeking (S3, T2). 3. Encourage the involvement of international experts to compete with global SWFs and maintain governance standards (S4, T4).

	develop a roadmap for sovereign asset governance reform (S4, O4).	
Weaknesses (W)	Strategy WO (Mini-Maxi) 1. Overcome limited experience by establishing a joint investment platform with global SWFs (W3, O3). 2. Reduce dual mandate conflicts by separating commercial and development portfolios (W2, O4). 3. Leverage the momentum of digitalization to reduce bureaucratic burdens through digital governance (W1, O1). 4. Manage public expectations through strategic communications based on medium-term outcomes (W4, O2).	Strategy WT (Mini-Mini) 1. Reform internal governance to prevent corruption and politicization (W1, T2). 2. Implement rigorous risk management to mitigate the impact of global volatility and commodity cycles (W3, T1, T3). 3. Phase investment to reduce the pressure for quick returns while avoiding the risk of rash investment (W4, T1). 4. Establish a clear policy framework to differentiate profit from development objectives to reduce political conflict (W2, T2, T4).

Source : Secondary Data Processing Result

This TOWS analysis confirms that Danantara's future will be determined by its ability to transform strategic potential into sustainable competitive advantage. The institution's success is measured not only by the size of its assets under management, but also by its capacity to create added value for the national economy while maintaining excellent governance principles. The SO and ST strategies provide an offensive roadmap to capitalize on opportunities with a world-class approach, while the WO and WT strategies provide a defensive foundation for building institutional resilience. Implementing these overall strategies requires consistency, political courage, and an unwavering commitment to the principles of professionalism. By using the TOWS matrix as a strategic compass, Danantara not only has the potential to become the driving force behind Indonesia's economic transformation but also demonstrates that state assets can be managed with sound commercial principles without neglecting the mandate for national development.

The Linkage of Danantara's TOWS Strategy to Temasek's Key to Success

The TOWS strategy formulated for Danantara essentially reflects the application of Temasek Holdings' key success factors adapted to the Indonesian context. Temasek's fundamental principles, which focus on world-class governance, a rigorous commercial orientation, and meritocracy, are reflected in all four quadrants of Danantara's TOWS strategy. The SO strategy, which encourages return-oriented investments in the digital sector and global partnerships, directly reflects Temasek's business model, which aggressively pursues growth opportunities. Meanwhile, the ST strategy, which emphasizes portfolio diversification and protection against global volatility, adopts the principle of hedging against risks, a hallmark of Temasek's portfolio management.

The defensive strategies in Danantara's WO and WT specifically draw on lessons learned from Temasek's institutional resilience. The efforts to establish a joint investment platform (WO1) and separate the commercial and development portfolios (WO2) replicate Temasek's model of maintaining investment discipline while managing stakeholder expectations. Meanwhile, the internal governance reform strategy (WT1) and the implementation of rigorous risk management (WT2) directly implement Temasek's principles of building institutions resilient to political and economic turmoil. Temasek's most critical key to success lies in Danantara's ability to implement operational independence within a framework of public accountability, a principle that allows Temasek to make commercial decisions without political interference while remaining accountable to its shareholders. Danantara's success in replicating this model will determine whether it can become an engine of growth like Temasek was for Singapore, or become mired in a bureaucratic paradox that hinders strategic agility.

CONCLUSION AND RECOMMENDATION

Based on a comprehensive analysis, Danantara has the strategic potential not only to replicate Temasek's success but to surpass it in the larger and more complex Indonesian context. Temasek has proven its role as a catalyst for Singapore's prosperity through three key contributions: (1) as a value creator by optimizing state assets to generate high returns that contribute to national income; (2) as a market builder by building a world-class business ecosystem and globally competitive startups; and (3) as a talent developer by creating a layer of professional managers who drive corporate governance standards. In the Indonesian context, Danantara can replicate and adapt this model to achieve the 8% economic growth target and the Golden Indonesia Vision 2045 through four strategic roles: first, as a strategic investor channeling patient capital into productive sectors and infrastructure supporting productivity; second, as a sovereign catalyst attracting global co-investment and transforming state-owned enterprises (SOEs) into national champions; third, as an innovation driver building a digital ecosystem and a future

green economy; and fourth, as an institutional anchor instilling a culture of professional governance in the public sector.

To achieve this, we recommend five strategic steps: first, the establishment of an independent, global-caliber supervisory board protected from political interference; second, a clear operational separation between the profit-oriented commercial portfolio and the socio-economic impact-oriented development portfolio; third, a focus on "quick win" investments in the digital and renewable energy sectors to build a track record; fourth, the recruitment of global talent with a competitive remuneration scheme; and fifth, the optimization of strategic partnerships for knowledge transfer. Consistent implementation of these recommendations will enable Danantara to become an engine of growth that spurs national productivity, creates quality jobs, and drives economic transformation towards a sustainable and inclusive Golden Indonesia 2045.

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