



## Business strategy formulation using quantitative strategic planning matrix on PT PPSU (Perseroda)

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### ABSTRACT

The good performance of the PT PPSU company can have a positive impact on the revenue of the Sumatra Utara region. The management continues to strive for improvements in financial and non-financial performance. One of the efforts is through strategizing. The researcher intends to analyze the formulation of alternative strategies in the company using the Quantitative Strategic Planning Matrix (QSPM). The location of this research is in Medan City, Sumatra Utara Province. The informants in this study were determined purposively. The data used are primary data collected during the survey and secondary data documented from various credible sources. Factual conditions are analyzed descriptively while strategy formulation is analyzed using SWOT and QSPM. The results of the analysis of the company's internal and external factors found four company strengths, three weaknesses, six opportunities and three threats. The use of the SWOT matrix finds nine alternative strategies, and by using the QSPM method obtained a sequence of priority strategies that the company can do. Priority strategies one and three are aggressive/expansion strategies. While the second priority strategy is a diversification strategy.

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### 1. INTRODUCTION

A company is required to be able to compile a comprehensive plan in achieving goals. It is also intended to maintain its existence in the face of competition in the external environment (Budiman et al., 2018; Grant, 2003). The formulation of a strategic plan is also an effort to cover the shortcomings of the past for better performance improvement in the future (Bryson et al., 2018; George et al., 2019), in some developed countries it has proven that strategizing leads companies to increase profits and organizational performance (Chaidir, 2021).

Various ways we can explore the steps to formulate a strategy in a company, one of which is Quantitative Strategic Planning Matrix (QSPM) (Barak & Javanmard, 2020; Utari et al., 2024). QSPM is considered a good tool in evaluating various strategy formulations objectively using tools that are generally used in SWOT analysis (Harumantaka et al., 2019; Wardhani & Dini, 2020).

PT PPSU is a regionally owned company in Sumatra Utara. The good performance of this company can have a positive impact on the revenue of the area (Alabdullah, 2018; Barauskaite & Streimikiene, 2021). As a regionally owned company, the establishment of this company is an independent effort by the region in optimizing its source of income (Darmi, 2018; Harumantaka et al., 2019; Suryadi et al., 2022; Wong et al., 2018; Yasin, 2019). Research that conducted by (Adelya, 2023) found that the profits of regionally owned companies in Sumatra Utara have not played a significant role in regional spending. However, based on interviews with the company's management, they stated that the management continues to strive for strategic efforts to bring the organization to be better and contribute significantly to regional revenues.

One of the efforts to improve the performance of PT PPSU is through strategizing. Strategies that are prepared based on company conditions certainly have various alternatives so it is important to analyze priority strategies. Given the urgency of strategizing, so the researcher intends to conduct an analysis in formulating alternative strategies for the company. This analysis was conducted using the QSPM tool with the aim of answering the problem of what priority strategies can be done by PT PPSU in achieving its goals.

## 2. RESEARCH METHOD

This research was conducted at PT PPSU located in Medan City, Sumatra Utara Province. The data that used in this study is primary data collected directly through discussions and interviews with management and company employees. The sample used as an informant is selected purposively with specific considerations and purposes. Researchers interview those who are considered to be most knowledgeable about the company's situation.

In addition, researchers also use secondary data derived from company documents and collected using documentation methods. The analysis of research data was carried out using descriptive methods. This method is mainly used to explain fakutal conditions in the field. Meanwhile, to formulate strategies, the SWOT method is used to produce alternative strategies by considering internal and external factors. Then the QSPM method is used to determine priority strategies that can be carried out by the company (Mahfud & Mulyani, 2017).

## 3. RESULTS AND DISCUSSIONS

Based on the data and information obtained, the existing strategy set by the company focuses more on the financial perspective through increasing revenue. The increase in revenue is carried out through the development of existing business units, continuing and adding partnerships and promotions to increase the number of consumers.

The formulation of corporate strategy is closely related to the company's vision (Kusmulyono & Endaryono, 2018). Through the presentation of the company's vision, it is known that PT PPSU carries a vision to become an International Standard Infrastructure Developer and Management Company to Support the Acceleration of Development in Sumatra Utara. The achievement of the company's vision and goals is carried out by relying on the resources that owned. Through interviews and reviews conducted by researchers, information was obtained that the company has business units that have been running including operations of KMP Sumut I and II,

PRSU management entrusted by the government, construction business and cooperation with various partners with profit sharing and dividend distribution patterns. In addition, there is a plan to make a docking yard in the Lake Toba Area. The company will focus on continuing the existing business unit and developing it in order to obtain greater revenue. In managing the quality of human resources, the company is also in the process of designing a key performance index because it is needed to make the company's resources better. Key performance index is an important factor that can facilitate companies in making decisions for finance and non-finance (Dipura & Soediantono, 2022). On the other hand, the company also faces problems related to cooperation partners and competition with competitors.

In this study, an analysis of internal and external factors of the company was conducted. The results of the analysis found that the companies studied had major internal and external factors as presented in Table 1 and Table 2.

Table 1. Internal Factors

No.	Description
<b>Strength (S)</b>	
1.	Have a business unit that operates and is managed by itself
2.	Financial and non-financial issues of healthy companies
3.	Support from the Sumatra Utara Provincial Government
4.	Have assets with good facilities
<b>Weakness (W)</b>	
1.	Lack of competent human resources
2.	Lack of support from agencies within the Sumatra Utara Provincial Government
3.	KMP I and II asset performance began to decline

Table 2. External factors

No.	Description
<b>Opportunity (O)</b>	
1.	Infrastructure development agenda by the government
2.	Lake Toba development plan as a Super Priority Tourism Area
3.	Growth of tourists in Sumatra Utara is increases
4.	The existence of development projects by regional, provincial and private governments in Sumatra Utara
5.	Ship docking yard market for Lake Toba area / zone
6.	Development of technology and information systems
<b>Threat (T)</b>	
1.	There are legal issues with partners
2.	The existence of competitors who are more experienced and master the character of the market
3.	Dynamics of government regulation

Through Tables 1 and 2 it can be seen that in general, the company has four strengths, three weaknesses, six opportunities and three threats. All of these factors are factors that are assumed to be the most priority factors among other proposals received when collecting data and information. Strengths and opportunities outnumber the main weaknesses and threats facing the company.

By considering all these factors, a strategy analysis is then carried out using the SWOT matrix. This matrix is a tool that finds strategies by combining internal and external factors that have been found. There are four categories of strategies, namely a combination of SO, WO, ST and WT (Indrasari & Widodo, 2020). These combinations are shown in Table 3.

Table 3. SWOT Matrix

<b>Internal</b>	<b>(S)</b>	<b>(W)</b>
<b>External</b>	<b>(O)</b>	<b>(WO)</b>
	<b>(T)</b>	<b>(WT)</b>

The strategy that became the result of a combination using the SWOT matrix tool found as many as two SO strategies, three WO strategies, two ST strategies and two WT strategies. Details of the strategy can be seen at Figure 1.

		INTERNAL FACTORS	
		<b>Strength (S):</b> 1. Have a business unit that operates and is managed by itself 2. Financial and non-financial issues of healthy companies 3. Support from the Sumatra Utara Provincial Government 4. Have assets with good facilities	<b>Weakness (W):</b> 1. Lack of competent human resources 2. Lack of support from agencies within the Sumatra Utara Provincial Government 3. The capacity and age of the ship unit are not optimal
<b>EXTERNAL FACTORS</b>	<b>Opportunity (O):</b> 1. Infrastructure development agenda by the government 2. Lake Toba development plan as a Super Priority Tourism Area 3. Growth of tourists in Sumatra Utara increases 4. The existence of development projects by local and provincial governments in Sumatra Utara. 5. Ship docking yard market for Lake Toba area 6. Development of technology and information systems	<b>SO STRATEGY:</b> 1. Empower and Utilize support and easy communication with provincial governments to get involved in government projects. 2. Optimization of assets managed using the support of technology and good information systems.	<b>WO STRATEGY:</b> 1. Recruitment of competent and creative employees according to company expectations. 2. Strengthening the image of the company's main business to build the trust of potential service users 3. Using docking facilities for optimization of ships that are already owned and promotional efforts to other ship managers.
	<b>Threat (T):</b> 1. There are legal issues with partners 2. The existence of competitors who are more experienced and master market development 3. Dynamics of government regulation	<b>ST STRATEGY:</b> 1. Creating flexibility in ship services and operations, without compromising the safety aspects of KMP I and II 2. Maximization of market research and diversification of services in the transportation and construction sectors	<b>WT STRATEGY:</b> 1. Strengthening the legal team and resolving existing legal cases so that company resources are not burdened by organizational problems 2. Carry out regular and continuous maintenance of the ship

Figure 1. Alternative Strategy Using SWOT Matrix

Through Figure 1, nine alternative strategies were obtained. Refer to the article (Indrasari & Widodo, 2020; Mahfud & Mulyani, 2017; Prayudi, 2021), So after obtaining alternative strategies, an analysis of the weight and rating of alternative strategies is carried out. In this case, researchers conducted a weight and rating analysis of all alternative strategies found in this study. This is because the number of alternative strategies found is not so complex and it is possible to analyze them as a whole. This weighting and rating or attractiveness (AS) is carried out by involving the company's management. The results of the analysis are presented in Table 4.

Table 4. Quantitative Strategic Planning Matrix (QSPM)

No	Factors	Weight	Score		Rank
			AS	TAS	
1.	Tak advantage or Utilize support and easy communication with provincial governments to engage in government projects	0,155	4,00	0,620	1
2.	Optimization of assets managed using good technology and information system support.	0,125	4,00	0,500	3
3.	Recruitment of competent and creative employees according to company expectations.	0,118	3,00	0,354	6
4.	Strengthening the image of the company's main business to build the trust of potential service users / consumers	0,070	3,00	0,210	8
5.	Using docking facilities for optimization of existing ships and promotional efforts to other ship managers.	0,050	3,00	0,150	9
6.	Creating flexibility in ship services and operations, without compromising the safety aspects of KMP Sumut I and II	0,120	3,00	0,360	5
7.	Maximization of market research and diversification of services in the transportation and construction sectors	0,132	4,00	0,528	2
8.	Strengthening the legal team and resolving existing legal cases so that company resources are not burdened by organizational problems	0,150	3,00	0,450	4
9.	Carry out regular and continuous maintenance of the vessel / ship	0,080	3,00	0,240	7
<b>TOTAL</b>		<b>1,000</b>		<b>3,412</b>	

Referring to the TAS value obtained as presented in Table 4, it can be known the sequence of alternative strategies that can be applied by the company, i.e:

- 1) Tak advantage or Utilize support and easy communication with provincial governments to engage in government projects.
- 2) Maximization of market research and diversification of services in the transportation and construction sectors.
- 3) Optimization of assets managed using the support of technology and good information systems.
- 4) Strengthening the legal team and resolving existing legal cases so that company resources are not burdened by organizational problems.
- 5) Creating flexibility in ship services and operations, without compromising the safety aspects of KMP Sumut I and II.
- 6) Recruitment of competent and creative employees according to company expectations.
- 7) Carry out regular and continuous maintenance of the vessel.
- 8) Strengthening the image of the company's main business to build the trust of potential service users.
- 9) Using docking facilities for optimization of ships that are already owned and promotional efforts to other ship managers.

According to David (2017) in Indriati & Chaidir (2020), the QSPM matrix is able to evaluate the feasibility of proposed solutions to social, economic, company management, and external conditions prevailing in research, and can help strategists to integrate related external and internal factors into the decision-making process.

The first and third priority strategies are a combination of strengths and opportunities (SO). This strategy is also known as an expansion strategy or aggressive effort. This is a strategic move that combines the strengths of the company by taking advantage of the opportunities available. Aggressive strategy/expansion is done because the company internally has good strength and high opportunities (Latief & Akram, 2021). This can be seen with the odds found to be the factor with the highest number in this study.

Based on this strategy, companies can choose to develop their planned business with the aim of supporting other business activities. For example, developing a Docking Yard business to support ship transportation operations, or developing a Contractor and Event Organizer business that can support PRSU activities. Management is expected not to get caught up in the temptation to develop too much business that has the potential to drain the company's resources and concentration.

The second priority strategy is a combination of strength and threat (ST). The strategy, also known as the diversification strategy, directs the company not to pivot to following the previous strategy alone. But it is expected to expand its tactics (Krisnanto & Febriana, 2018). This second priority strategy informs that the company must also understand that its competitors are also making strategic efforts to stay ahead in the ongoing business competition. For KMP Sumatra Utara I and II, ST strategy development can be done by creating flexibility in ship services and operations, without compromising safety aspects. This advantage can be realized thanks to the type of ship owned by the company, which is relatively smaller and more maneuverable than other ships.

Meanwhile, in construction activities, companies are expected to make maximum efforts in utilizing opportunities to manage projects funded by the Regional Revenue and Expenditure Budget, State-Owned Enterprises, and Regional-Owned Enterprises. The approach applied is in accordance with the framework of government institutions to obtain optimal success in managing construction projects. By combining diversification of services within the lake transportation sector and optimal strategies in construction activities, the company can achieve sustainability in its business and better prepare for competitive dynamics in both sectors.

#### 4. CONCLUSION

Analysis of the company's internal and external factors found four firm strengths, three weaknesses, six opportunities and three threats. The data and information on internal and external factors obtained then resulted in an alternative strategy with a TAS value of 3,412. The order of priority alternative strategies that can be carried out by PT PPSU (Perseroda) is: (1) Utilizing easy support and communication with the provincial government to be involved in government projects; (2) Maximization of market research and diversification of services in the transportation and construction sector; (3) Optimization of assets managed using good technology and information system support; (4) Strengthening the legal team and resolving existing legal cases so that the company's resources are not burdened by organizational problems (5) Creating flexibility in ship services and operations, without compromising the safety aspects of KMP Sumut I and II; (6) Recruitment of competent and creative employees according to company expectations; (7) Carry out regular and continuous maintenance of the vessel; (8) Strengthening the image of the company's main business to build the trust of potential service users; (9) Use docking facilities for optimization of existing vessels and promotional efforts to other ship managers.

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