

COMPETITIVE ADVANTAGES STRATEGY ANALYSIS FOR REGIONAL OWNED ENTERPRISES (BUMD): A CASE STUDY FOR PERUMDA KAMPAR ANEKA KARYA

Tengku Firli Musfar^{1*}, Henni Noviasari², Dian Pratiwi³

Faculty of Economics and Business, Universitas Riau, Indonesia

*Email Correspondence: tengkufirlimusfar@lecturer.unri.ac.id

Abstract

This study aims to analyze internal (strengths, weaknesses) and external (opportunities, threats) factors and formulate competitive advantage strategies for Perumda Kampar Aneka Karya, a Local Government-Owned Enterprise in Kampar District, Riau, Indonesia. Using a qualitative descriptive approach, this research applies strategic management tools, including Internal Factor Evaluation (IFE), External Factor Evaluation (EFE), SWOT matrix, and quadrant analysis. Data were collected through in-depth interviews with company leaders, shareholders, and consultants, as well as secondary source exploration. Findings show that Perumda Kampar Aneka Karya has effectively leveraged its strengths and addressed weaknesses. The company also capitalizes on opportunities while mitigating threats. To enhance competitiveness, adopting aggressive strategies is recommended.

Keywords: External Factor Evaluation (EFE), Internal Factor Evaluation (IFE), Local Government-Owned Enterprise, Quadrant Analysis, SWOT matrix.

INTRODUCTION

Regional Government-Owned Enterprises (BUMD) play a significant role in supporting economic development at the regional level, with the primary objective of generating profits for local governments. BUMD may take the form of either a Regional Company (PD) or a Limited Liability Company (PT), with the flexibility to transition between these forms. However, the majority of BUMDs in Indonesia remain in the form of PDs. Overall, the performance of BUMDs in Indonesia is still considered suboptimal, attributed to various challenges, such as unprofessional management, low accountability, and interference from local governments.

According to data from the Ministry of Home Affairs, approximately 4,000 BUMDs were operating in Indonesia in 2020. However, only about 20% demonstrated satisfactory performance. The majority face numerous issues, including delays in financial reporting, dependence on local government support, and a lack of innovation in developing products and services. The contribution of BUMDs to Regional Original Revenue (PAD) remains very low, averaging less than 1%. Despite their aim to enhance PAD, many BUMDs have yet to make a significant contribution, with local governments often providing more financial support than the profits generated ¹.

The primary objective of establishing BUMDs at the local level is to enhance regional revenue and improve the social welfare of the community. In this context, local governments possess the autonomy to form value-driven enterprises tasked with managing regional products and assets. To achieve these objectives, BUMDs must operate and function

¹ Rustini, "The Implementation of Good Corporate Governance in BUMD Institutions."

as professional entities, despite being funded by the government. However, within the public market, BUMDs are required to compete with various competitors, including other BUMDs and private companies².

To enhance the performance of BUMDs, strong commitment from both management and employees is essential, coupled with the implementation of an effective risk management system. Transparency in financial and operational management is also a critical element in improving the reputation and performance of BUMDs. Local governments must provide full support to ensure that BUMDs operate efficiently and contribute significantly to regional economic growth. Through improved governance and management practices, BUMDs are expected to become key drivers of the local economy and compete effectively in the global market³.

Regional Government-Owned Enterprises (BUMD) are entities owned by local governments with the aim of generating cash revenue for Regional Original Revenue (PAD). However, in practice, many existing BUMDs have yet to make significant contributions to PAD. Instead, local governments often find themselves injecting more funds than the profits generated. This situation places an additional burden on the Regional Revenue and Expenditure Budget (APBD), thereby failing to fulfill the intended role of BUMDs as a source of regional income⁴. In addition to improving public welfare, BUMDs are also established to maximize profits, thereby enhancing regional income through dividends remitted to local government coffers. These dividends subsequently contribute to regional revenue, bolstering the APBD's capacity to support regional development. The distinction between business-oriented and public service-oriented BUMDs has varying implications. Business-focused BUMDs are expected to generate financial profits, while public service-oriented BUMDs aim to meet the broader needs and interests of the community⁵.

The Kampar Regency Government operates several Regional Government-Owned Enterprises (BUMDs) across various sectors, including energy, tourism, infrastructure, and banking. These BUMDs are tasked with managing regional assets, delivering public services, and serving as revenue sources for the local government. Through operational optimization, it is expected that Kampar Regency can enhance resource management efficiency and support sustainable local economic growth. Below is a list of BUMDs in Kampar Regency:

Table 1. Regional Government-Owned Enterprises (BUMD) in Kampar Regency

No	Company Name	Business Sector	Legal Basis	Initial Capital (IDR)
1	Perumda Kampar Aneka Karya	Diversified Businesses	Perda No. 8 Th. 2020	50.000.000.000

² Mu'min et al., "Building Competitive Advantage: Copra Marketing Strategy with SWOT Analysis Approach."

³ Dwiningsih and Harahap, "Pengenalan Ekonomi Sirkular (Circular Economy) Bagi Masyarakat Umum Empowerment : Jurnal Pengabdian Masyarakat."

⁴ Riatma and Andriyani, "Rencana Strategis Penguatan Sumberdaya Dan Tata Kelola Kelembagaan Badan Usaha Milik Daerah Umbul Square."

⁵ Safri and Fitriaty, "Analisis Deskriptif Kinerja BUMD Di Propinsi Jambi."

2	PT Bumi Kampar Sarana Energi	Energy	Perda No. 11 Th. 2020	100.000.000.000
3	Perumdham Tirta Kampar	Water Supply	Perda No. 7 Th. 2020	50.000.000.000
4	PT Bank Syariah Berkah Dana Fadhlillah	Banking	Perda No.1 Th. 2021	17.500.000.000
5	PT BPR Perseroda Sarimadu	Banking	Perda No.10 Th. 2020	100.000.000.000

Source: Kampar Regency Government (2024)

Perumda Kampar Aneka Karya, one of the BUMDs owned by the Kampar Regency Government, operates in various business sectors, including tourism, creative economy, plantation, agriculture, and building rental. Established under Kampar Regency Regulation No. 01 of 1986, the company officially commenced operations in 1987. Located in the hilly area of Bangkinang City, Perumda Kampar Aneka Karya manages natural tourism destinations in Kampar Regency. The purpose of its establishment is to support the regional economy, provide high-quality goods and services to the community, and generate profits for the region in accordance with Government Regulation No. 54 of 2017. Despite receiving a capital injection of IDR 15.26 billion from the Kampar Regency Government, the company has yet to generate profits.

To enhance its competitiveness and support regional economic growth while increasing PAD contributions, the company must analyze both its internal and external environments. Utilizing a SWOT analysis can help realize competitive advantages and strengthen the company's position in the market⁶. SWOT analysis provides valuable insights for managers to improve strategic decision-making⁷. Furthermore, this analysis remains relevant amidst uncertainty⁸ and in navigating increasingly open and competitive markets⁹. As a result, SWOT analysis is not merely a tool for in-depth evaluation but also serves as an adaptive strategic guide to address changes and competition in an increasingly dynamic global market.

Several studies have explored competitive advantage strategies across companies of varying scales, business sectors, and legal forms. Most of these studies employ a SWOT analysis approach by evaluating internal and external factors of the company. The findings typically include positioning and competitive advantage strategies. For instance, the development of BUMDs in Bengkulu Province is positioned in Quadrant III, indicating an improvement strategy. This suggests that while the development of BUMDs in the region is

⁶ Jatmiko et al., "Strategies for MSMEs to Achieve Sustainable Competitive Advantage: The SWOT Analysis Method"; Wiara Sanchia Grafita Ryana Devi et al., "SWOT Analysis as a Competitive Strategy at Primkop Kartika Ardagusema Cimahi City, West Java, Indonesia."

⁷ Benzaghta et al., "SWOT Analysis Applications: An Integrative Literature Review."

⁸ Xames, Shefa, and Sarwar, "Bicycle Industry as a Post-Pandemic Green Recovery Driver in an Emerging Economy: A SWOT Analysis."

⁹ Violinda, "Strategi Dan Keunggulan Bersaing Usaha Mikro Kecil, Dan Menengah (UMKM)."

currently weak, there are opportunities for growth¹⁰. Another study found that Bank DKI Matraman is positioned in Quadrant I (growth), meaning that the Monas Savings product at Bank DKI Matraman Branch has significant opportunities supported by numerous favorable strengths¹¹. Meanwhile, research on PT. Nindya Karya Persero demonstrates that the company can leverage its position in Quadrant I by adopting strategies to strengthen growth. These include market expansion through product or service diversification and enhanced market penetration¹².

LITERATURE REVIEW

Competitive Advantage Strategy

A competitive advantage strategy emerges when two companies compete in the same market, and one succeeds in achieving higher profits with the potential to sustain them¹³. This advantage arises from a company's ability to manage its resources and capabilities more effectively than its competitors, enabling sustained profitability over the long term. It serves as a benchmark for comparing the performance of companies in the same market. Competitive advantage is the result of strategies designed to position a company superiorly to its rivals¹⁴. Two primary strategies are low-cost leadership and differentiation, which can sometimes be combined into a focus strategy targeting more specific market segments¹⁵. These competitive strategies are crafted to enhance the company's appeal to customers, enabling effective competition in segmented markets through the provision of goods or services with unique advantages, fostering healthy competition within the industry¹⁶. Thus, competitive advantage is achieved through effective resource management strategies and superior market positioning, allowing companies to attain higher profitability and compete sustainably.

Previous research has revealed diverse findings on competitive advantage strategies. Ekaputri (2023) found that the development of Regional Government-Owned Enterprises (BUMD) in Bengkulu is positioned in Quadrant III, indicating a weak position but with opportunities, leading to a recommendation for improvement strategies¹⁷. Pebriyanti et al. (2023) stated that companies' internal (IFAS) and external (EFAS) factors show strengths and opportunities that can be optimized while minimizing weaknesses and threats¹⁸. Using Porter's analysis, Arifanto et al. (2023) revealed that all competitive factors are high except

¹⁰ Ekaputri, "Strategi Pengembangan Badan Usaha Milik Daerah Di Provinsi Bengkulu."

¹¹ Amalia and Widyatmini., "Strategi Pemasaran Produk Tabungan Monas Dengan Pendekatan Analisis Swot (Studi Kasus Pada Bank Dki Kantor Cabang Matraman)."

¹² Arifanto, Wardoyo, and Indarto, "Membangun Strategi Keunggulan Bersaing Pada Bisnis Konstruksi Studi Kasus: PT Nindya Karya (Persero)."

¹³ Fred R. David, *Strategic Management Concepts and Cases, Global Edition* (2014).

¹⁴ Pambudi, "Implementasi Etika Bisnis Islam Di Industri Pengecoran Logam Batur, Cepur, Klaten."

¹⁵ Wheelen, Thomas L., Hunger, J. David., Hoffman, Alan N., dan Bamford, *Strategic Management and Business Policy: Globalization, Innovation, and Sustainability*.

¹⁶ Nurmansyah and Burhan, *Manajemen Strategik*.

¹⁷ Ekaputri, "Strategi Pengembangan Badan Usaha Milik Daerah Di Provinsi Bengkulu."

¹⁸ Pebriyanti, Wening, and Widodasih, "Analisis Strategi Keunggulan Bersaing Dengan Pendekatan SWOT Pada UMKM Azkia Collection, Cikarang Selatan Kabupaten Bekasi."

for the threat of substitute products, placing the company in Quadrant I, for which growth strategies were suggested ¹⁹. Amalia & Widyatmini (2022) found that the Tabungan Monas product of Bank DKI Matraman has many opportunities and strengths, enabling significant growth ²⁰. Ketut & Widyawati (2020) showed that the bean sprout business is in a growth position, recommending strategies such as market penetration and product development ²¹. Ginny (2019) discovered that logistics companies face significant opportunities and threats, with differentiation strategies deemed most appropriate ²². Meanwhile, Arda (2019) found that batik artisans in Medan are in a strong position, recommending aggressive development strategies to be implemented ²³. The common thread from these findings highlights those various types of businesses and entities, ranging from Regional Government-Owned Enterprises (BUMD) to small-scale ventures such as batik artisans and bean sprout businesses, as well as logistics companies, exhibit significant growth potential despite facing various internal and external challenges.

The common thread from these findings highlights those various types of businesses and entities, ranging from Regional Government-Owned Enterprises (BUMD) to small-scale ventures such as batik artisans and bean sprout businesses, as well as logistics companies, exhibit significant growth potential despite facing various internal and external challenges. Through SWOT analysis, most findings emphasize strong positions in terms of strengths and opportunities while underlining the importance of minimizing weaknesses and threats. Recommended strategies, such as growth strategies, market penetration, and differentiation, focus on leveraging existing strengths to maximize opportunities, whether through product development, market expansion, or improving competitiveness profits. Each study underscores the importance of formulating the right strategies to sustain or enhance competitive advantages within their respective sectors, whether by adopting improvement strategies for weaker entities or aggressive strategies for stronger ones.

METHOD

This study adopts a qualitative approach to provide an in-depth understanding of the observed conditions. The research was conducted at Perumda Kampar Aneka Karya, located on Jl. Sudirman, Bangkinang, Riau, Indonesia, specifically in the Stanum Resort area. The study took place over three months, from July to September 2024. Primary data were collected through field observations and in-depth interviews with seven informants, comprising two company executives, two regional government officials as capital owners, and three consultants from Perumda Kampar Aneka Karya. Secondary data were gathered from relevant literature, online sources, and other literature reviews.

¹⁹ Arifanto, Wardoyo, and Indarto, "Membangun Strategi Keunggulan Bersaing Pada Bisnis Konstruksi Studi Kasus: PT Nindya Karya (Persero)."

²⁰ Amalia and Widyatmini., "Strategi Pemasaran Produk Tabungan Monas Dengan Pendekatan Analisis Swot (Studi Kasus Pada Bank Dki Kantor Cabang Matraman)."

²¹ Ketut and Ni Luh Gede Putu Purnawati Sapta Rini Widyawati, "Strategi Keunggulan Bersaing Dengan Analisis Swot Dalam Meningkatkan Kinerja Pemasaran Bean Sprouts Di Masa Pandemi Covid"

²² Ginny, "Analisis Strategi Bersaing Perusahaan Yang Bergerak Dibidang Logistik Di Jakarta."

²³ Arda, "Meningkatkan Keunggulan Bersaing Melalui Analisis SWOT."

Data collection techniques included distributing questionnaires to determine the weights of the IFE and EFE matrices, as well as to identify internal and external environmental factors influencing business activities. The questionnaires were distributed to company executives, representatives of capital owners, and consultants of Perumda Kampar Aneka Karya. The IFE, EFE, and SWOT matrices were subsequently developed based on inputs from focus group discussions (FGD) and expert assessments. The data and information obtained in this study encompass both qualitative and quantitative data. Qualitative data, which are non-numerical, are presented descriptively to analyze the company's internal and external environments. Meanwhile, quantitative data, which are numerical, were used to calculate the IFE and EFE matrices with the aid of Microsoft Excel 17 software.

RESULTS AND DISCUSSION

Identification of Internal Environment: Strengths

Strengths are aspects that provide a competitive advantage to an organization²⁴. The strengths of Perumda Kampar Aneka Karya, based on internal environmental analysis, include:

1. Full support from the regional government, trusted by the Kampar Regency Government to receive a 10% participating interest (PI) fund, providing significant financial support for business development.
2. Direct access to local resources, with full authority to manage the Stanum tourism development area.
3. Utilization of local policies to support operational needs.
4. In-depth knowledge of the local market and community needs.
5. Legal status that provides significant advantages.

Identification of Internal Environment: Weaknesses

Weaknesses are factors that hinder an organization's success²⁵. The weaknesses of Perumda Kampar Aneka Karya, based on internal analysis, include:

1. Inefficient operational management in certain business units.
2. Internal bureaucracy that slows down decision-making processes, including outdated Standard Operating Procedures (SOPs).
3. Dependence on regional government funding, leading to financial uncertainty.
4. Lack of innovation to attract new customers.
5. Untrained workforce or mismatched skills, with incomplete business mapping and job descriptions.

²⁴ Tarnovskaya, "Sustainability as the Source of Competitive Advantage. How Sustainable Is It?"

²⁵ Errida and Lotfi, "The Determinants of Organizational Change Management Success: Literature Review and Case Study."

Identification of External Environment: Opportunities

Opportunities are external conditions that can be leveraged by an organization ²⁶. The opportunities available to Perumda Kampar Aneka Karya include:

1. Stable economic growth in Indonesia, particularly in Riau Province and Kampar Regency.
2. Improved accessibility through new toll roads and other infrastructure developments.
3. Opportunities to expand services tailored to community needs.
4. Potential collaborations with other government entities or the private sector.
5. Utilization of relevant central government programs to support the company's services.
6. Capacity building through employee training and education.
7. Service innovation through the use of technology.

Identification of External Environment: Threats

Threats are external factors that can negatively impact an organization ²⁷. The threats faced by Perumda Kampar Aneka Karya include:

1. Unfavorable changes in government policies.
2. Competition from private companies offering similar services.
3. Dependence on participating interest funds for financial stability.
4. The impact of global economic dynamics and local socio-cultural conditions on the regional economy.
5. Political risks or changes in regional leadership that affect company policies.

Based on the SWOT analysis, it can be concluded that Perumda Kampar Aneka Karya holds a unique position in Kampar Regency. Strong support from the regional government and direct access to local resources provide a competitive advantage. However, internal challenges such as inefficient management and reliance on government funding could limit its potential.

Strategy Formulation

The formulation of strategies for competitive advantage is conducted after analyzing and identifying the internal and external environmental conditions of Perumda Kampar Aneka Karya. The determination of key strategies is carried out using several matrices across three stages: the Input Stage, the Matching Stage, and the Decision Stage.

Input Stage

The Input Stage involves integrating the results of internal and external environmental analyses of Perumda Kampar Aneka Karya using the Internal Factor Evaluation (IFE) matrix and the External Factor Evaluation (EFE) matrix.

²⁶ Kusumaningrum and Maulidya, "Analisis Lingkungan Eksternal Organisasi Dalam Menciptakan Keunggulan Kompetitif Perusahaan."

²⁷ Annisa, Raharja, and -, "Peran Teknologi Bagi Perubahan Organisasi: Studi Bibliometrik."

IFE Matrix

The results of the internal environment analysis, including the company's strengths and weaknesses, are incorporated into the IFE matrix. Each factor is weighted and scored by all respondents. Based on the assessment of five strengths and six weaknesses, the total score in the IFE matrix is 3.00. This score indicates that the company's internal position is relatively strong, as it exceeds the average benchmark of 2.5. This suggests that Perumda Kampar Aneka Karya is effectively leveraging its strengths and mitigating its weaknesses.

Strengths

The primary strength of Perumda Kampar Aneka Karya is the receipt of participating interest funds, with a weight of 0.15, reflecting strong investment interest and collaboration potential. This is followed by direct access to regional resources, with a weight of 0.10, enabling high operational efficiency. Deep knowledge of the local market and community needs, weighted at 0.075, supports the targeted design of products and services. The ability to utilize local policies, with a weight of 0.075, demonstrates flexibility and adaptability, while a strong legal status, weighted at 0.05, provides additional operational stability.

Weaknesses

The main weaknesses begin with internal bureaucracy that slows down decision-making processes, weighted at 0.125, and dependence on regional government budgets, also weighted at 0.125, which creates financial uncertainty and limits responsiveness to business opportunities. Following this, inefficient operational management, weighted at 0.10, poses a significant challenge that can lead to resource wastage and reduced productivity. The lack of updated SOPs to reflect business dynamics, also weighted at 0.10, hampers adaptability and innovation. Although the lack of innovation to attract new customers, weighted at 0.05, and an untrained or mismatched workforce, also weighted at 0.05, have a lower impact, they still require attention to enhance the company's competitiveness and performance. The IFE matrix is summarized in Table 2.

Table 2. IFE Matrix of Perumda Kampar Aneka Karya

No	Key Internal Factors	Weights	Ratings	Score
Strengths				
1	Receipt of funds from participating interests	0,15	4	0,6
2	Direct access to regional resources	0,1	4	0,4
3	Ability to leverage regional policies	0,075	3	0,225
4	In-depth knowledge of local markets and community needs	0,075	3	0,225
5	Legal status that provides advantages in certain aspects	0,05	3	0,15
Total of Strengths		0,45		1,6

No	Key Internal Factors	Weights	Ratings	Score
Weaknesses				
1	Lack of efficiency in operational management.	0,1	2	0,2
2	Internal bureaucracy delaying decision-making processes.	0,125	2	0,25
3	Development and updates to company SOPs not aligned with evolving business dynamics.	0,1	3	0,3
4	Dependence on regional government budgets.	0,125	2	0,25
5	Insufficient innovation to attract consumer interest.	0,05	4	0,2
6	Workforce inadequately trained or misaligned with business needs.	0,05	4	0,2
Total of Weaknesses		0,55		1,4
		1,000		3,00

Source: Processed Data, 2024

EFE Matrix

The IFE Matrix analysis results indicate that external environmental factors, including opportunities and threats faced by the company, are incorporated into the EFE matrix. Each factor is assigned a weight and a score. Based on the assessment of 8 opportunity factors and 5 threat factors, the total score in the EFE matrix is 2.7. This score demonstrates that Perumda Kampar Aneka Karya is performing well in leveraging existing opportunities to anticipate external threats, as it exceeds the average score of 2.5. This condition reflects the company's adequate responsiveness in utilizing opportunities and mitigating external threats.

Perumda Kampar Aneka Karya possesses several opportunities for growth and development. Among these, the operation of the toll road connecting Bangkinang and Pekanbaru enhances accessibility and connectivity, with a weight of 0.1. Additionally, stable national and local economic growth, also weighted at 0.1, provides a solid foundation for long-term planning. Opportunities to expand services based on community needs, with a weight of 0.075, promise an enhanced service portfolio. Furthermore, the potential to leverage the development of new business units with a weight of 0.05 opens avenues for revenue diversification. Collaboration with government institutions or private sector entities, along with utilizing relevant national government programs, each weighted at 0.05, presents opportunities to expand networks and resources. Although capacity building through employee training and service innovation via technology, each weighted at 0.05, have relatively lower impacts, they remain crucial elements in enhancing competitiveness and operational efficiency.

On the other hand, Perumda Kampar Aneka Karya faces several threats that need to be addressed to ensure operational sustainability. Dependence on participating interest funds emerges as the primary threat, with a weight of 0.125, posing risks to financial and

operational stability. Moreover, unfavorable government policy changes and political risks or shifts in local leadership, each weighted at 0.1, increase uncertainty in business strategies and operational continuity. Competition from private companies offering similar services, weighted at 0.075, and the local economy's dependency on global factors such as economic dynamics and climate change, also weighted at 0.075, further pose significant challenges. The EFE matrix is presented in Table 3 below.

Table 3. EFE Matrix of Perumda Kampar Aneka Karya

No	Key External Factors	Weights	Ratings	Score
Opportunities				
1	Stable national and local economic growth.	0,1	3	0,3
2	Improved access via the newly opened toll road connecting Bangkinang and Pekanbaru.	0,1	3	0,3
3	Expansion of services tailored to meet local community needs.	0,075	3	0,225
4	Opportunities to benefit from the development of new business units.	0,05	3	0,15
5	Collaboration with other government entities or the private sector.	0,05	2	0,1
6	Leveraging central government programs relevant to the company's services.	0,05	2	0,1
7	Capacity building through employee training and education.	0,05	4	0,2
8	Service innovation through the adoption of technology.	0,05	2	0,1
Total of Opportunities		0,525		1,475
Threats				
1	Unfavorable government policy changes.	0,1	3	0,3
2	Competition with private companies offering similar services.	0,075	2	0,15
3	Dependence on revenue from participating interests.	0,125	2	0,25
4	Regional economic conditions heavily influenced by global economic dynamics, climate change, and socio-cultural factors.	0,075	3	0,225
5	Political risks or changes in local leadership.	0,1	3	0,3
Total of Threats		0,475		1,225
Total		1,000		2,7

Source: Processed Data, 2024

Matching Stage

The matching stage is a phase in strategy formulation based on the analysis and identification of internal and external environmental conditions of the company, which have been collected and assessed. In this stage, the model used to formulate the strategy is the

<i>Threats-T</i>	<i>ST Strategies</i> (Leverage strengths to mitigate threats)	<i>WT Strategies</i> (Minimize weaknesses and avoid threats)
<ol style="list-style-type: none"> 1. Unfavorable government policy changes. 2. Competition with private companies offering similar services. 3. Dependence on revenue from participating interests. 4. Regional economic conditions heavily influenced by global economic dynamics, climate change, and socio-cultural factors. 5. Political risks or changes in local leadership. 	<ol style="list-style-type: none"> 1. Utilizing in-depth knowledge of the local market to address unfavorable government policy changes (S4, T1). 2. Leveraging direct access to regional resources to enhance competitiveness against private sector rivals (S2, T2). 3. Diversifying revenue sources or services to reduce dependence on participating interest income (S3, T3). 4. Capitalizing on legal status as a regional government-owned enterprise to compete effectively with private companies (S5, T2). 	<ol style="list-style-type: none"> 1. Developing training and development programs to address reliance on underqualified or inadequately trained workforce (W6, T2). 2. Diversifying revenue streams to reduce dependency on regional government budgets (W4, T1). 3. Restructuring the organizational framework to minimize bureaucracy that slows decision-making processes (W2, T5).

Source: Processed Data, 2024

Decision-Making Stage

The decision-making stage is the final phase in the strategy formulation process, where the most effective and feasible strategies or alternatives for the company are selected. At this stage, an evaluation of the formulated strategies is conducted. The technique used to select the strategy is quadrant analysis, with the strategies for each quadrant described as follows:

1. Quadrant 1: This represents a highly favorable situation where the strengths are utilized to seize beneficial opportunities. Therefore, alternative strategy 1, such as expansion (aggressive strategy), can be employed.
2. Quadrant 2: This reflects a situation where; despite facing threats, the organization has reliable strengths. Hence, the organization may adopt alternative strategy 2, such as diversification or innovation strategies.
3. Quadrant 3: This shows that the organization has weaknesses in several internal aspects, making it challenging to leverage beneficial opportunities. The appropriate strategy is alternative strategy 3, such as consolidation, improvement, perspective shifts, and addressing root causes to mitigate threats.
4. Quadrant 4: This indicates a very poor organizational condition, characterized by significant internal weaknesses and external threats. Therefore, the recommended strategy is alternative strategy 4, such as defensive strategies like downsizing, enhancing efficiency, or scaling back activities across all areas.

To determine the quadrant position, quadrant analysis is conducted by calculating the position of the object after preparing all matrices:

- a) Internal Evaluation Matrix Value: Total Strengths - Total Weaknesses = $1.6 - 1.4 = 0.2$.
- b) External Evaluation Matrix Value: Total Opportunities - Total Threats = $1.475 - 1.225 = 0.25$.

The Strategic Position and Action Evaluation (SPACE) Matrix, commonly referred to as quadrant analysis, is a four-quadrant framework that identifies the most suitable strategic options for a specific organization or company. Below is a diagram illustrating the position of Perumda Kampar Aneka Karya, as depicted in the quadrant analysis:

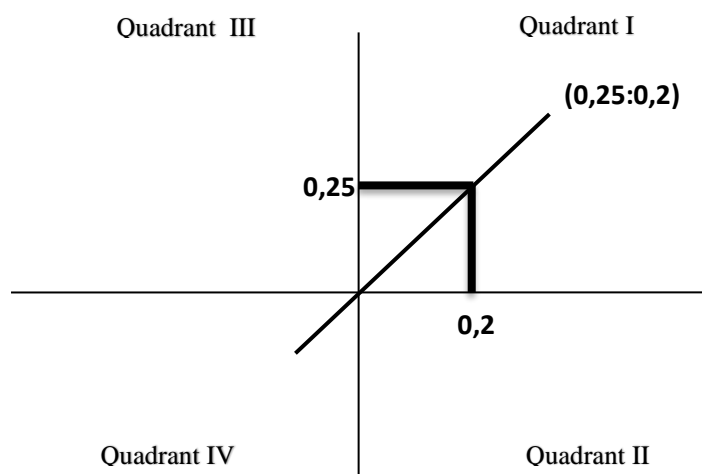


Figure 1. IFE-EFE Quadrant of Perumda Kampar Aneka Karya

The IFE-EFE quadrant analysis for Perumda Kampar Aneka Karya indicates that the company is positioned in Quadrant I, characterized by strong internal strengths and significant external opportunities. This positioning suggests that Perumda Kampar Aneka Karya is in a highly advantageous situation, warranting an aggressive or developmental strategy. Such a position reflects the company's substantial internal capabilities and its ability to capitalize on favorable external conditions. In the IFE-EFE matrix, this position implies that the company has considerable potential to pursue aggressive initiatives in business development, market expansion, and product or service innovation. By leveraging its robust internal strengths and external opportunities, Perumda Kampar Aneka Karya may strategically plan for sustainable growth and enhance its competitive advantage.

CLOSING

Conclusion

Based on the findings of the competitive advantage analysis for Perumda Kampar Aneka Karya, the following conclusions were drawn:

1. Internal Environment: The primary strengths include revenues from participating interest funds, while the main weaknesses are internal bureaucracy that delays decision-making processes and dependency on the regional government budget. The IFE matrix analysis shows that the company is relatively effective in utilizing its strengths and addressing its weaknesses.
2. External Environment: Key opportunities include the opening of a toll road connecting

Bangkinang and Pekanbaru and stable national and regional economic growth. The main threat is dependency on participating interest fund revenues. The EFE matrix analysis reveals that the company has implemented sound strategies to leverage opportunities and mitigate external threats.

Suggestions

The recommended competitive advantage strategy for Perumda Kampar Aneka Karya is a developmental (aggressive) strategy, by implementing:

1. Utilize Participating Interest Funds: Expand services based on the needs of the local community.
2. Expand Operations: Align expansion with stable national and regional growth.
3. Develop New Business Units: Base development on a deep understanding of the local market in Kampar Regency.
4. Leverage Government Training Programs: Enhance employee capacity through relevant training initiatives.
5. Innovate Service Offerings: Incorporate technology to improve operational efficiency and attract consumers.
6. Diversify Revenue Streams: Reduce reliance on participating interest fund revenues.
7. Streamline Organizational Structure: Minimize bureaucracy to expedite decision-making processes and enable the company to respond more swiftly to market changes and policy shifts.

By adopting these recommendations, Perumda Kampar Aneka Karya can build a stronger foundation for long-term growth, competitiveness, and resilience in navigating market dynamics.

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