



Business Strategy Formulation to Enhance the Competitiveness of PT XYZ Construction Company

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ABSTRACT

This study aims to formulate a business strategy to improve the performance of PT XYZ, encompassing financial aspects, operational management, market development, and organizational learning. The focus of the research is to identify the company's strengths, weaknesses, opportunities, and threats, in order to develop alternative strategies that support company growth and performance improvement. The research method employed is a descriptive qualitative approach, with data collection techniques consisting of in-depth interviews and document analysis. The strategic formulation process follows Fred R. David's framework, consisting of three stages: Input (through Internal Factor Evaluation, External Factor Evaluation analysis, and Competitive Profile Matrix), Matching (through IE Matrix, and SWOT Matrix), and Decision (through Quantitative Strategic Planning Matrix). Data analysis will be carried out through systematic stages of data reduction, data display, and conclusion drawing. As this study is still at the analytical framework development and data collection stages, no empirical findings are yet presented. Nevertheless, it is expected that the research will produce applicable strategic alternatives to drive the improvement of PT XYZ's performance amid the dynamics of the construction industry.

INTRODUCTION

The construction industry in Indonesia plays an important role in supporting national economic growth, with its contribution to the Gross Domestic Product (GDP) continuing to increase. The government, through various national strategic projects (PSN), is encouraging the acceleration of infrastructure, housing, and industrial estate development. However, behind this growth, the construction sector still faces significant challenges, such as strict regulations, raw material availability, labor shortages, and global impacts like inflation, rising interest rates, and supply chain disruptions.

Competition in the construction industry is increasingly fierce, especially in DKI Jakarta as the center of national growth. Data shows that the number of construction companies has declined in recent years, reflecting the difficulty of maintaining business sustainability amid intense competition. Only companies with the right strategy, operational efficiency, and consistent innovation are able to survive and thrive. This condition emphasizes the importance of implementing strategic management in construction companies.

PT XYZ, a medium-sized construction company, faces internal challenges in the form of declining revenue, limited expansion of new projects, and suboptimal operational efficiency and coordination between divisions. Despite achieving its highest revenue in 2023, the 2024 revenue target was not met, indicating weaknesses in strategic management and market adaptation. This decline in company performance indicates the need for more systematic and sustainable improvement measures.

In addition to internal challenges, PT XYZ also faces complex external pressures. Fluctuations in construction material prices, new regulations related to permits and construction service standards, and the entry of new players with more aggressive strategies are factors affecting the company's competitiveness. Clients are now increasingly demanding higher project quality, faster completion times, and the adoption of modern technologies such as Building Information Modeling (BIM) and digital project reporting, which the company has not yet fully optimized.

Given these conditions, PT XYZ needs to formulate an appropriate business strategy to improve its performance and competitiveness. This study uses Fred R. David's strategy formulation framework, through the stages of internal factor analysis (IFE), external factor analysis (EFE), strategy mapping (IE and SWOT), to the selection of priority strategies with QSPM. This approach is expected to provide relevant and practical strategic direction, enabling PT XYZ to improve its performance, ensure business sustainability, and enhance its competitive position in the increasingly dynamic construction industry.

LITERATURE REVIEW

Strategic Management

Strategic management is a discipline within management science that focuses on the development, implementation, and evaluation of strategies to achieve competitive advantage within an organization. The concept of strategic management was first introduced by Alfred Chandler in 1962 in his book *Strategy and Structure*, where he emphasized that strategy must be formulated

before an organizational structure is developed to support it (Chandler, 1962). Since then, strategic management has evolved into a broad discipline with various approaches and models used to assist organizations in making strategic decisions based on internal and external factors.

Strategic Formulation

Strategy formulation in business practice is not only a planning requirement but also a form of adaptation to the uncertainty of a constantly changing external environment. In the context of the construction industry, strategy formulation plays a crucial role because companies must be responsive to market dynamics, government policies, development trends, and competitive pressures. Therefore, an applicable and data-driven strategic approach is becoming increasingly relevant. Murhadi (2024) states that construction companies that are able to formulate strategies by combining analytical factors and managerial intuition tend to be more resilient to crises and sudden changes in the market.

Resource-Based View

The Resource-Based View (RBV) theory was first introduced by Wernerfelt (1984) in his article entitled "A Resource-Based View of the Firm." This approach emerged in response to the dominance of market-based strategy theory, which at that time focused heavily on external industry conditions. The RBV assumes that a company's internal resources are the key to achieving sustainable competitive advantage. This theory was later significantly expanded (Barney, 1991), emphasizing that not all resources have strategic value, but only those that meet the VRIO (valuable, rare, inimitable, and organized) criteria.

Market-Based View

The Market-Based View (MBV) theory is a key approach to strategic management that focuses on the influence of the external environment—particularly industry conditions—in determining a company's competitive advantage. This approach was popularized by Porter (1985) in his book "Competitive Strategy," which introduced the Five Forces Analysis framework as a tool for analyzing industry structure and a company's relative position in the market. MBV assumes that external factors such as the level of competition, the threat of new entrants, the bargaining power of buyers and suppliers, and the threat of substitute products are the primary determinants of a company's long-term profitability.

Porter's Five Forces

Porter's five forces analysis, developed by Michael E. Porter (1985), is used to understand industry structure and identify factors that influence a company's competitiveness in the market. These five forces consist of the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products or services, and rivalry among competitors. Applying this analysis to the construction industry helps companies understand

market dynamics and formulate more effective strategies to maintain and enhance their competitiveness.

PESTEL

PESTEL stands for Political, Social, Technological, Environmental, and Legal. It is a framework used to evaluate external factors that can influence a company's strategy and performance in a particular industry. According to (Murhadi, 2024), PESTEL analysis can help companies understand the macro environment that can impact business decision-making and long-term strategy. In the construction industry, understanding PESTEL factors is crucial for anticipating regulatory changes, economic conditions, and technological developments that can impact a company's competitiveness.

Internal Factor Evaluation (IFE)

Internal Factor Evaluation (IFE) Matrix is a strategic analysis tool developed to evaluate an organization's internal factors in determining the company's strengths and weaknesses. This concept was first introduced by Fred R. David within the Strategic Management framework as part of the Strategic Position and Action Evaluation (SPACE) Matrix, which aims to help companies identify the internal elements that most influence their business success (David, 2015). The IFE Matrix is designed to provide a quantitative structure for evaluating internal factors, by assigning weights and scores to each factor deemed important to the organization.

External Factor Evaluation (EFE)

External Factor Evaluation (EFE) Matrix is a strategic analysis tool used to evaluate external factors that influence a company's sustainability and competitiveness. This concept was first introduced by Fred R. David (2015) within the Strategic Management framework, along with the Internal Factor Evaluation (IFE) Matrix. The EFE Matrix was developed to help companies identify and measure opportunities and threats originating from the external environment, such as economic conditions, government regulations, industry competition, and technological developments that can impact the company's business strategy.

Internal External (IE) Matrix

Internal-External (IE) Matrix is a strategic analysis tool used to determine a company's position based on internal and external factors. The IE Matrix was first introduced by Fred R. David in the Strategic Management concept (2015) as a development of the Internal Factor Evaluation (IFE) Matrix and External Factor Evaluation (EFE) Matrix analysis. The IE Matrix is designed to provide an overview of a company's strategic position in a particular industry by combining the total scores from the IFE and EFE Matrix into nine cells that describe the appropriate strategy for the company.

SWOT Matrix

The SWOT Matrix is a strategic analysis tool used to evaluate internal and external factors within an organization. The SWOT concept was first introduced by Albert Humphrey in the 1960s in a study at the Stanford Research Institute, aimed at assisting large companies in developing business strategies (Humphrey, 1960). SWOT stands for Strengths, Weaknesses, Opportunities, and Threats, and is used to identify internal and external factors that can impact an organization's sustainability.

Quantitative Strategic Planning Matrix (QSPM)

Quantitative Strategic Planning Matrix (QSPM) is a strategic analysis tool used to evaluate and select the most appropriate strategy based on a company's internal and external factors. The QSPM concept was first introduced by Fred R. David in his book *Strategic Management: Concepts and Cases* (1986). This tool was developed as a continuation of SWOT analysis, Internal Factor Evaluation (IFE), and External Factor Evaluation (EFE), to help organizations determine the strategies that have the greatest impact on business success (David, 1986).

METHODOLOGY

This study uses a quantitative approach with an explanatory approach. Its primary objective is to examine the effect of credit risk on financial distress, with corporate governance as a moderating variable, in banking companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. The data used is secondary, obtained from bank annual reports published on the IDX's official website and other sources such as the Indonesian Capital Market Directory (ICMD).

The population in this study includes 47 banking companies listed on the Indonesia Stock Exchange during the period studied. Due to the relatively small population size, this study used a census sampling technique, where the entire population was sampled. The variables observed in this study consisted of the independent variable (Credit Risk/NPL), the dependent variable (Financial Distress/Altman Z-Score), the moderating variable (Good Corporate Governance/GCG), and the control variables of Size, Profitability, and Growth Opportunity.

Variable measurements are carried out using a proven approach: Financial Distress is measured using the Altman Z-Score, Credit Risk using the Non-Performing Loan (NPL) ratio, and GCG using a self-assessment score ranging from 0 to 5. Control variables such as Size are measured using the natural logarithm of total assets, Profitability using the ROA ratio, and Growth Opportunity using the Market-to-Book Value of Equity (MBVE) ratio.

Several statistical techniques were used for data analysis, including descriptive statistical analysis, multiple linear regression, and Moderated Regression Analysis (MRA) to examine the moderating effect of GCG. Furthermore, this study conducted classical assumption tests, such as normality, multicollinearity, autocorrelation, and heteroscedasticity, to ensure the validity of the regression model. The software used in this analysis was SPSS version 23.0.

RESEARCH RESULTS AND DISCUSSION

Internal Environmental Analysis

Based on interviews with internal stakeholders, the R&D aspect at PT XYZ remains functional and has not been formally institutionalized in the form of a dedicated unit or division. This is reflected in the statement by the President Director (Aldi Simbolon), who explained that the research and development approach is carried out adaptively through project experience, including post-project evaluations and informal benchmarking against similar companies. Understanding R&D in this context places more emphasis on learning from the field, with projects being used as a medium for practical experiments.

From a financial management perspective, Chriscarol Antami explained that R&D in the financial sector is more focused on developing budgeting systems, monitoring expenditures, and streamlining financial reporting based on internal evaluations. This demonstrates that, although not explicitly referred to as an "R&D program," a continuous improvement approach has begun to be adopted across several organizational functions. This approach aligns with the informal R&D model commonly employed in mid-sized construction companies, where project experience serves as the primary reference for development.

In project implementation, both Dody Yusuf Sianturi (Project Manager) and Adam Nur Wahyu (Site Manager) stated that R&D practices are more often spontaneous and experimental, such as through improvisation of work methods and efficient use of materials. However, the main obstacle lies in the lack of a good documentation system to store and share these findings or innovations between projects. This results in the potential for knowledge sharing being underutilized within the organization.

Meanwhile, Junior Project Manager Diky Andreas highlighted the need for companies to begin compiling best practices documentation and cataloging innovative work methods from previous projects. This is considered crucial as a foundation for building a continuous learning system within the company.

From these responses, it can be concluded that PT XYZ has significant potential to develop a more structured R&D function. Although the process is currently informal, the spirit of innovation and evaluation of work methods is already underway. Moving forward, the company needs to design an internal R&D system, including documentation systems, training, and knowledge-sharing forums to systematically leverage learning across projects. Furthermore, utilizing digital technology to support field research also presents a significant opportunity to strengthen the company's competitiveness. Interviews with internal stakeholders revealed that the R&D aspect at PT XYZ remains functional and has not yet been formally institutionalized in the form of a dedicated unit or division. This is reflected in the statement by the President Director (Aldi Simbolon), who explained that the research and development approach is carried out adaptively through project experience, including post-project evaluations and informal benchmarking against similar companies. Understanding R&D in this context places greater emphasis on learning from the field, with projects being used as a medium for practical experiments.

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External Environmental Analysis (Macro Industry)

Legal aspects play a crucial role in shaping the direction and governance of the construction industry in Indonesia. The speakers agreed that government regulations serve as the basic framework that all industry players must comply with, from project permits and labor certification to occupational safety and environmental impact management. The law serves not only as a barrier but also as a safeguard against potential disputes or losses in projects. The implementation of increasingly stringent regulations requires construction companies to have adaptive legal systems and competent teams to remain competitive in tenders and project implementation.

However, there are dynamics in the implementation of these regulations. Sources from contractors and suppliers highlighted that regulations sometimes create administrative obstacles, especially when new rules are implemented without adequate publicity. This poses a particular challenge for small and medium-sized contractors. On the other hand, service users like Rizky believe that regulations provide certainty and a basis for trust in selecting professional and legally competent contractors. He also highlighted the need for regulations that are more adaptive to industry dynamics such as technological changes, digital project models, and collaborative work systems.

Overall, regulations and legal aspects are seen as having significant potential to drive growth in the construction industry if well-formulated,

supported by a consistent oversight system, and relevant to changing times. The government is expected to maintain a balance between legal protection and business empowerment, thereby creating a healthy, competitive, and sustainable construction business climate. For companies like PT XYZ, understanding and complying with legal aspects are essential foundations for maintaining their reputation and ensuring smooth project implementation.

External Factor Analysis (Micro Industry)

An analysis of the industry's microenvironment indicates that PT XYZ is facing an increasingly competitive landscape. Competitors, such as Karaka and Fadli, acknowledged that while the administrative procedures for establishing a construction company have become easier thanks to the digitalization of the OSS system and supportive government policies, barriers to entry remain high. This is due to the need for substantial capital, technical experience, and a company reputation, which are prerequisites for winning projects, particularly in the private and government sectors. This ease of entry has led to the emergence of many new players, but most are unable to survive due to weak managerial systems and a lack of business networks.

Furthermore, in terms of supplier bargaining power, Salim, a supplier, stated that PT XYZ's relationship with its suppliers is positive and mutually supportive, but is also influenced by the dynamics of building material prices and tight deadlines. Suppliers have a strong bargaining position, especially in times of high demand or limited stock of certain materials. Meanwhile, from the customer perspective, Rizky, a service user, emphasized that client expectations for service quality and speed of work are now increasingly high. Clients assess not only price but also flexibility, transparency, and speed of response during project execution. This encourages companies to continuously improve service standards to remain competitive.

In general, Porter's five forces – inter-firm rivalry, threat of new entrants, supplier power, buyer power, and threat of substitute products/services – put significant pressure on PT XYZ's business continuity. Given these conditions, it is crucial for the company to undertake comprehensive strategic adaptations to maintain its competitive position amidst the ever-evolving challenges in the construction industry. These findings will serve as the basis for a more focused strategy formulation process based on an analysis of the company's strategic position in the market.

Internal Factor Evaluation (IFE)

Based on the Internal Factor Evaluation (IFE) table analysis, PT XYZ obtained a total weighted score of 2.60 out of a maximum scale of 4.0. This score indicates that the company's internal position is slightly above average (median score = 2.5), meaning the company's strengths are still more dominant than its weaknesses, but by a small margin. Therefore, the company has quite good internal potential, but still requires serious improvements in several strategic aspects to be more competitive and sustainable.

PT XYZ's core strengths include its strong reputation and client relationships, its ability to adapt to project needs, and its solid supplier

relationships. These strengths reflect a strong foundation for building client trust and efficient project implementation. However, it also faces significant weaknesses, such as dependence on the local market (Jakarta-Karawang), limited capital for expansion, and suboptimal information systems and R&D. This indicates that internal development is not yet fully adaptive to external challenges and technological developments.

Overall, an IFE score of 2.60 indicates that the company possesses good basic capabilities, but requires strategic improvements, particularly in terms of market diversification, information technology utilization, and strengthening financial capacity. These results can serve as a strategic basis for the next steps in compiling an IE Matrix, SWOT, and QSPM analysis, enabling the company to formulate and prioritize strategies relevant to its current internal conditions.

External Factor Evaluation (EFE)

Based on the External Factor Evaluation (EFE) analysis, PT XYZ obtained a total score of 2.52 out of a maximum scale of 4.00. This score indicates that the company's response to external opportunities and threats is in the fairly good category. This figure is above the average (2.5), reflecting the company's ability to capitalize on opportunities and respond to threats relatively effectively, although there is still room for improvement in the face of increasingly complex external dynamics.

Opportunities such as increased projects from the state-owned enterprise sector, regulatory support for the use of domestic products, and opportunities from digitalization and green construction trends are considered significant and have begun to be utilized by PT XYZ. On the other hand, the company also faces pressure from fluctuating building material prices, stricter regulations, and increasingly aggressive competition, particularly from new players with a low-cost approach. PT XYZ's response to these threats is considered adaptive, but still moderate and needs to be further improved through more proactive and innovative strategies.

With an EFE score of 2.52 and an IFE score of 2.60, it can be concluded that the company's current external conditions are slightly more favorable than its internal conditions. This is an important signal that PT XYZ needs to strengthen its internal capabilities to optimally maximize available external opportunities. These two results will form the basis for mapping the company's strategic position in the IE Matrix and determining the most appropriate strategic direction through the SWOT and QSPM approaches in the next stage.

IE Matrix

		Total IFE		
Total EFE		Kuat Skor IFE (3,00 – 4,00)	Rata-rata Skor IFE (2,00 – 2,99) 2,60	Lemah Skor IFE (1,00 – 1,99)
	Tinggi Skor EFE (3,00 – 4,00)	I Grow and Build	II Grow and Build	III Hold and Maintain
	Sedang Skor EFE (2,00 – 2,99) 2,52	IV Grow and Build	V Hold and Maintain	VI Harvest or Divest
	Rendah Skor EFE (1,00 – 1,99)	VII Hold and Maintain	VIII Harvest or Divest	IX Harvest or Divest

Figure 1. IE Matrix

Based on the analysis using the IE (Internal-External) Matrix, PT XYZ is in Quadrant V, determined by an IFE score of 2.60 (the "average" category) and an EFE score of 2.52 (the "moderate" category). This position indicates that the company has sufficient internal strengths to support its operations, although there are still weaknesses that need to be addressed. Meanwhile, from the external side, the company is in a competitive industrial environment but full of opportunities that can still be further exploited.

Quadrant V falls within the Hold and Maintain strategy zone, meaning companies are advised to maintain their core strengths while improving their weaknesses. This strategy is ideal for companies experiencing stable growth but not yet reaching maximum competitiveness. Strategies that can be implemented in this position include market penetration and product/service development. Through market penetration strategies, companies can increase engagement and loyalty with existing clients and expand their digital presence to reach new clients. Meanwhile, through service development, companies can improve operational efficiency and service quality to remain relevant to market demands.

The company's internal context demonstrates strengths in client relationships, adaptability to project needs, and an open leadership style. However, weaknesses such as limited expansion capital, dependence on local markets, and suboptimal information systems must be addressed immediately to

prevent them from hindering long-term performance. Improvements in these areas of weakness will significantly assist the company in moving to Quadrant II or even Quadrant I in the IE Matrix, reflecting strong internal and external strengths.

Externally, the company faces significant opportunities, particularly with the growing national construction demand and the digitalization of the tender process. However, pressure from more aggressive new players and increasingly demanding client expectations remain significant challenges. Therefore, it is crucial for PT XYZ to continuously monitor these external dynamics and adapt its strategy quickly to remain competitive.

Thus, the IE Matrix provides a comprehensive overview of PT XYZ's strategic position. This "Hold and Maintain" strategy recommendation does not imply stagnation, but rather encourages the company to actively strengthen its internal foundations and maximize external opportunities. This will create sustainable competitiveness, which is essential for the company's long-term growth.

SWOT Matrix

The Strength-Opportunities (SO) strategy focuses on leveraging the company's core strengths, particularly its reputation and client relationships (S1), responsiveness to customer feedback (S2), and project adaptability (S5), to capture growth opportunities in the national construction sector. This strategy includes expanding its project portfolio through inter-SOE collaboration (SO1), as well as improving service quality through technology integration to address digitalization demands (SO2). By optimizing internal strengths in response to external dynamics, the SO strategy aims to make PT XYZ a leading contractor in terms of reputation and project execution capabilities.

Meanwhile, the Weakness-Opportunities (WO) strategy aims to improve the company's internal weaknesses so that it can respond to opportunities more adaptively. The limited market, which has been concentrated only in the Jakarta-Karawang region (W1), is addressed with a project geographic diversification strategy (WO1). Furthermore, the suboptimal information system (W3) and limited R&D (W4) are also anticipated through digital collaboration and innovative training (WO3, WO4), so that the company is better prepared to face the era of technology-based construction. This approach supports PT XYZ's transition from a conventional company to a more agile and competitive one. The Strength-Threats (ST) strategy focuses on leveraging a company's internal strengths to anticipate various external threats. For example, intense competition from new entrants (T3) is responded to by maintaining client loyalty and project flexibility (ST1), while fluctuating building material prices (T1) are anticipated through supplier diversification and strengthening supply chain relationships (ST2). This demonstrates that a company's internal strengths, such as good supplier relationships and adaptive leadership, can act as a shield against the pressures of a volatile industry environment.

Finally, the Weakness-Threats (WT) strategy is used as a defensive measure to minimize risks arising from the combination of internal weaknesses

and external threats. Strategies such as increasing operational efficiency through information system digitization (WT1), managing risks against economic fluctuations (WT2), and establishing a culture of innovation amid competitive pressures (WT3) are crucial. This WT strategy not only prevents potential greater losses but also lays the foundation for long-term internal improvement.

Based on the proposed strategies above, they can be grouped into 6 strategies, namely

1. Market Penetration & Expansion Strategy
 - a. SO1, WO1, WO2 are included in this category because they are all oriented towards expanding market reach.
 - b. SO1 uses its reputation and BUMN partnerships to expand its project portfolio.
 - c. WO1 focuses on project diversification into new regions to reduce dependence on local markets.
 - d. WO2 is looking for new funding sources to support expansion.
2. Product & Service Development Strategy
 - a. SO2, SO3, ST1 are grouped here because all three focus on improving the company's value proposition through developing service quality or adapting products to market needs.
 - b. SO2 relies on technology to improve service quality.
 - c. SO3 adapts project specifications to suit evolving local needs.
 - d. ST1 strengthens client loyalty with an adaptive approach, which is also a form of service development.
3. Operational Efficiency & Technology Strategy
 - a. WO3, WT1, WT3 are grouped because they all lead to business process optimization and the use of technology to increase efficiency.
 - b. WO3 strengthens information systems for efficiency.
 - c. WT1 reduces costs through digitalization.
 - d. WT3 encourages internal innovation to remain competitive.
4. Human Resource Development Strategy & Organizational Capabilities
 - a. WO4, ST4 fall into this category because both emphasize strengthening internal capacity through R&D and HR.
 - b. WO4 underlines the importance of R&D for sustainable efficiency.
 - c. ST4 focuses on developing HR competencies to face technological and regulatory changes.
5. Operational Stability Strategy & Risk Management
 - a. ST2, WT2, WT4 are grouped because this strategy aims to minimize operational and economic risks.
 - b. ST2 ensures supply stability by diversifying material sources.
 - c. WT2 adopts portfolio-based risk management to deal with economic uncertainty.
 - d. WT4 strengthens contractual risk control policies.
6. Regulatory Compliance & Adaptation Strategy

ST3 stands alone because it specifically addresses regulatory compliance and building internal mechanisms to accelerate adaptation to changes in technical regulations, which are not directly related to the other categories.

QSPM Matrix

Based on the QSPM Matrix calculations, a Total Attractiveness Score (TAS) was obtained for thirteen alternative strategies. These results serve as the basis for prioritizing the most appropriate strategies for PT XYZ to implement. The following is the order of strategies based on the TAS values obtained:

Table 1. Strategy Sequence

No	Strategy	STAS
1	Operational Stability & Risk Management	5.51
2	Market Penetration & Expansion	5.42
3	Product & Service Development	5.24
4	Operational Efficiency & Technology	4.52
5	Human Resources & Capability Development	4.2
6	Regulatory Compliance & Adaptation	3.17

Based on the results of the Quantitative Strategic Planning Matrix (QSPM) analysis, a number of alternative strategies have been evaluated to determine their level of attractiveness for the company. This assessment is carried out by taking into account the internal and external strategic factors that have been identified through the previous IFE and EFE Matrices. By calculating the Sum Total Attractiveness Score (STAS), it can be determined which strategy is most appropriate and prioritized for implementation by PT XYZ. The strategy with the highest STAS reflects the most optimal alignment between the company's strengths and opportunities with the external challenges and threats it faces. The following is a description of the five main strategies that obtained the highest STAS scores and are recommended to be the focus of the company's strategic implementation.

Operational Stability & Risk Management (STAS: 5.51)

The operational stability and risk management strategies achieved the highest STAS scores, indicating the highest level of attractiveness compared to other strategies. Interviews with internal company personnel indicated that PT XYZ faces significant challenges in the form of fluctuating raw material prices, post-pandemic economic uncertainty, and competitive pressure from new entrants. These conditions require the company to have a more structured risk management system, encompassing diversification of material sources, implementation of contractual control policies, and strengthening portfolio-based risk mitigation.

The implementation of this strategy not only aims to minimize the impact of external threats but also to provide stability in the company's operations. The stability achieved through effective risk management will serve as a foundation for PT XYZ to implement other strategies, particularly market expansion and service innovation. Therefore, this strategy is considered a top priority in

supporting the company's business sustainability amidst the dynamics of the competitive construction industry.

Market Penetration & Expansion (STAS: 5.42)

The market penetration and expansion strategy ranked second, with a score very close to the first strategy. Interview data analysis revealed that PT XYZ's dependence on the local market (Jakarta and Karawang) is one of the company's main weaknesses. Therefore, project area diversification is necessary to mitigate market concentration risk. This strategy can be realized through expanding the project network, leveraging strategic collaborations between state-owned enterprises (SOEs), and strengthening the company's reputation by winning tenders in new regions.

Furthermore, government policy support for state-owned enterprise infrastructure projects presents an external opportunity that can be maximized. By capitalizing on this momentum, PT XYZ has the potential to expand its project portfolio and expand its market share. Market penetration and expansion strategies not only strengthen the company's competitive position but also support more sustainable long-term growth.

Product & Service Development (STAS: 5.24)

Product and service development strategies ranked third among implementation priorities. Interviews revealed increasing client expectations for project quality and speed, requiring companies to provide more innovative and adaptive solutions. Efforts to develop technology-based services, digitize processes, and adapt project specifications to local needs are relevant steps to enhance PT XYZ's competitiveness.

In addition to providing a competitive advantage, this strategy also strengthens client loyalty through consistent improvements in service quality. By integrating technological innovation into every stage of a project, PT XYZ can increase efficiency, reduce potential errors, and accelerate project completion. Thus, the product and service development strategy significantly contributes to strengthening PT XYZ's position in the increasingly dynamic construction industry.

Based on the results of the QSPM analysis, it can be concluded that the three strategies with the highest STAS scores, namely Operational Stability & Risk Management, Market Penetration & Expansion, and Product & Service Development, have complementary roles in supporting the development direction of PT XYZ. The operational stability strategy is an important foundation to ensure the company is able to survive market uncertainty, while the market penetration strategy expands business opportunities through regional diversification and the utilization of strategic partnerships. On the other hand, product and service development encourages the company to continue to innovate and provide added value to customers. The integrated implementation of these three strategies is expected to strengthen PT XYZ's competitiveness while ensuring sustainable growth in the dynamic construction industry.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of research and analysis conducted on PT XYZ, the following conclusions can be drawn.

Based on an analysis using the Internal Factor Evaluation (IFE) method, PT XYZ possesses a number of significant strengths, including strong client relations and reputation, open and adaptive leadership, and strong supplier relationships. These factors are key assets for the company in maintaining its market position. However, the analysis also identified weaknesses that need to be addressed immediately, such as dependence on the local market, limited capital, and the suboptimal implementation of information systems and consistency in research and development (R&D) activities.

Meanwhile, the External Factor Evaluation (EFE) analysis shows that the greatest opportunities that PT XYZ can capitalize on include the growth trend in the construction sector, support from government fiscal policies, and the digitalization of construction services. However, the company also faces a number of serious threats, including fluctuating raw material prices, strict government regulations, the entry of new players, and increasingly high client expectations. The results of the IFE and EFE analyses provide a comprehensive overview of PT XYZ's strategic position, which serves as the basis for formulating an appropriate strategy for the company's development.

The results of mapping the company's position using the IE Matrix indicate that PT XYZ is in the Hold and Maintain quadrant, meaning the company needs to maintain its position while developing. This position directs the company to implement market penetration and product development strategies as steps to maintain business sustainability. This aligns with interview results, where respondents emphasized the importance of expanding into new regions and utilizing technology to increase competitiveness.

Through the SWOT Matrix, internal and external factors are integrated to produce six main strategic themes. These strategies consist of market penetration and expansion, product and service development, operational and technological efficiency, human resource development and capabilities, operational stability and risk management, and regulatory compliance and adaptation. These six strategies provide a clear framework for PT XYZ's efforts to increase competitiveness while addressing weaknesses and threats in the business environment.

The strategic prioritization process was conducted using the Quantitative Strategic Planning Matrix (QSPM) method, which provides a quantitative assessment of the attractiveness of each strategy. Based on the calculation results, the Operational Stability & Risk Management strategy obtained the highest STAS score, followed by Market Penetration & Expansion and Product & Service Development. These findings indicate that the company must prioritize strengthening risk management and maintaining operational stability as the main foundation, before moving further in the expansion and service development strategy.

This strategic priority ranking provides a clear direction for PT XYZ in strategic decision-making. By implementing these three key strategies

consistently and in an integrated manner, the company can strengthen its competitiveness amidst the uncertainties of the construction industry, maintain business sustainability, and ensure that all processes remain aligned with the company's vision and mission. These results also demonstrate that the QSPM is an effective method for providing a basis for consideration in determining the most appropriate strategy for PT XYZ.

Recommendations

Based on the research results, PT XYZ is advised to prioritize the implementation of three main strategies with the highest STAS scores: Operational Stability & Risk Management, Market Penetration & Expansion, and Product & Service Development. To strengthen operational stability, the company needs to build an integrated risk management system, including supplier diversification, contractual control, and regular risk monitoring. This step will help the company deal with fluctuations in raw material prices and economic uncertainty that could potentially disrupt operational continuity. Furthermore, in its market penetration strategy, PT XYZ needs to take advantage of opportunities for inter-SOE collaboration and expand its project reach into new regions. This expansion must be accompanied by a thorough risk analysis to ensure its implementation remains measurable.

Furthermore, in its product and service development strategy, PT XYZ needs to strengthen its culture of innovation through the use of digital technology and consistent R&D development. These efforts can improve project quality, accelerate work completion, and meet increasingly high client expectations. While these three strategies are top priorities, the company also needs to maintain the continuity of supporting strategies such as human resource development and regulatory compliance, so that strategy implementation is aligned with the company's vision and mission. With a planned and integrated approach, PT XYZ can increase its competitiveness and ensure sustainable growth in the dynamic construction industry.

ADVANCED RESEARCH

For further research, it is recommended that the scope of the analysis be expanded by considering more dynamic external and internal variables, such as the adoption of green construction technology, geopolitical influences on the supply chain, and the involvement of project stakeholders in the strategy formulation process. Furthermore, quantitative approaches such as the Analytical Hierarchy Process (AHP) or Competitive Profile Matrix (CPM) can also be used to map strategic priorities and evaluate a company's competitive position more systematically. Future research is also expected to compare strategies across similar companies to gain a broader benchmarking perspective and produce sharper and more applicable strategic recommendations.

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