

Competitive Improvement Strategies of The Coconut Oil Industry at PT XYZ

Muhammad Aulia Ramadhan

Institut Pertanian Bogor, Indonesia

Email: aul.ramadhan@gmail.com

*Correspondence: aul.ramadhan@gmail.com

ABSTRACT: This study aims to analyze and formulate an effective strategy to enhance the competitiveness of the coconut oil industry at PT XYZ. With increasing competition in the global market, PT XYZ must adopt the right strategies to sustain and grow its market share. The research utilizes a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis to identify internal and external factors influencing the company's competitiveness. Furthermore, Porter's Five Forces analysis is used to assess industry dynamics and understand PT XYZ's competitive position within the coconut oil sector. The findings suggest that PT XYZ should prioritize improving production efficiency, diversifying its product offerings, enhancing product quality, and expanding its distribution network. To strengthen its position in the global market, PT XYZ should implement product innovations, upgrade quality standards, and invest in stronger branding initiatives. Additionally, the company should leverage its strengths to mitigate market threats and capitalize on emerging opportunities. These strategic recommendations are expected to significantly enhance PT XYZ's ability to compete in the coconut oil industry and ensure long-term sustainability.

Keywords: Competitiveness, coconut oil industry, business strategy, SWOT analysis, Porter's five strengths, PT XYZ

INTRODUCTION

Indonesia is one of the countries that has great potential in developing coconut commodities. In general, coconuts play a role in the economic, social, and cultural life of the Indonesia people and state revenues from non-oil and gas commodities. Currently, coconut is ranked 4th in its contribution as a foreign exchange contributor after palm oil, rubber, and cocoa (Novira Kusri, 2021). Data from *the Asian and Pacific Coconut Community (APCC)* shows that Indonesia occupies the first position as a coconut producer from 2019-2021. Here is a graph showing the amount of coconut production in Indonesia when compared to other countries:

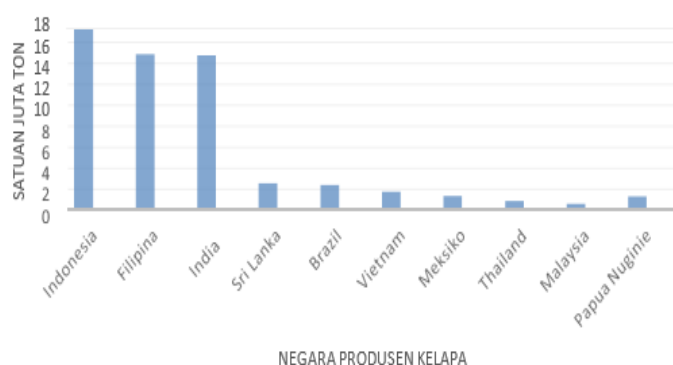


Figure 1. Graph of Coconut Producing Countries' Exports
Source: *Asian and Pacific Coconut Community (APCC) 2021*

Figure 1 can be seen if Indonesia produced more than 16 million tons of coconuts in 2021 (Statistics, 2022). The Philippines is in second place with a total production of 14.77 million tons and followed by India in third place at 14.68 million tons. BPS released data on the area of coconut plantations in Indonesia. In 2020, the area of coconut plantations in Indonesia reached 3,346,000 Ha. The area of Indonesia's coconut plantations is ranked number two among the leading commodities in Indonesia such as palm oil and rubber. The production quantity or productivity of coconut plantations in Indonesia, the Central Statistics Agency (BPS) noted, national coconut production reached 2.85 million tons in 2021. This amount increased by 1.47% compared to the previous year which was 2.81 million tons. Riau is the largest coconut center province in Indonesia with a production of up to 395 thousand tons in 2021. After Riau, North Sulawesi followed with a production of 271.1 thousand tons (Fitriani, Unteawati, Sutarni, Fatih, & Mutaqin, 2021).

According to (Wohan G, 2019), Indonesia has developed coconut-based products that come from all parts of coconut, there are at least 16 coconut-based derivative products that have been developed and one of the superior products is copra. Copra or fruit pulp is the most widely used coconut component, both for food and non-food products. Processing coconut pulp can be in the form of fresh coconut or copra. Furthermore, from this product can be derived several downstream products. (APCC, 2022) states that the basic products of coconut meat that have been developed in Indonesia are copra, coconut oil, copra meal, dried coconut and coconut milk. The most produced industrial product is copra with an average volume of 2,839,850 MT. Copra will produce a variety of processed coconut products, but it is most widely used for coconut oil (Juwita & Hartadi, 2016).

One of the leading coconut derivative products is coconut oil, based on data (Plantations, 2021) for five years (2017-2021), world coconut oil consumption has fluctuated, there has been a decrease from 2017 to 2021 with an average decrease of 4.55%. However, from 2020 to 2021, world coconut oil consumption increased by 5.46%. The coconut oil industry is one of the sectors that the government is paying attention to, this makes Indonesia the world's second largest producer of coconut oil in 2021. This is also due to the great economic potential of the industry. The Indonesia government then encouraged the coconut industry to be involved in strategic economic sectors. Plantation exports, including coconut (3.5%) in it, account for 13.7% of Indonesia's Gross domestic product (GDP). The following is a picture of the description of national consumption of the production of coconut product derivatives, one of which is coconut oil.

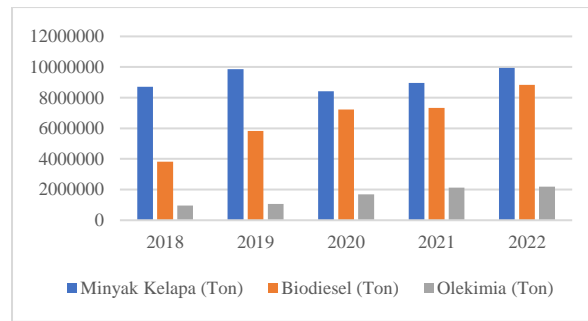


Figure 2. National Consumption Chart of Coconut Derivative Products

Source: BPS, 2022

Indonesia's Coordinating Minister for Economic Affairs, Airlangga Hartanto, said that he continues to encourage breakthroughs in the coconut industry sector to be able to increase Indonesia's competitiveness in the eyes of the world. Based on data from the Ministry of Agriculture, it has also set a national priority commodity productivity target, namely coconut with a total volume of 2.87 million tons. Crude palm oil can be a diversified product of palm oil (*Crude Palm Oil*), where the palm oil industry is faced with several obstacles, one of which is the decrease in the availability of domestic cooking oil raw materials due to increased palm oil exports and political interests. This can be minimized by encouraging the crude coconut oil market (Kusrini & Maswadi, 2021).

The world's major coconut producers continue to develop the *comparative and competitive advantages* of their coconuts in order to be competitive. The ability to utilize technology and information that continues to develop, superior human resources and conducive government policies will allow new companies engaged in the coconut oil industry to increase.

(E Porter, 1998) states that competitiveness is a concept of comparing the ability and performance of companies, sub-sectors or countries to sell and supply goods or services provided in both national and international markets. Corporate competition is a race to gain market position and market influence. In 2018-2022, coconut oil experienced fluctuations that tended to increase, one of which was the condition of national demand and national productivity. After the covid-19 pandemic, Indonesia only has strong coconut oil competitiveness in 2022 with major trading partner countries. In addition, the demand for coconut oil in the international market will continue to increase due to the rapidly growing needs of the industry. Increasing the competitiveness of Indonesia's coconut oil can be done by empowering the government, it is necessary to increase production, productivity, and quality through *Good Agriculture Practice (GAP)* for the sustainability of the production of coconut commodities and their derivative products. (Aprilia, Handayani, & Hidayat, 2016)

Data from the Ministry of Industry shows that there are at least 96 companies engaged in the coconut oil processing industry, which is divided into 17% of large companies and 83% of MSMEs. In the coconut oil industry, there are quite high opportunities and challenges. (APCC, 2022) stated that the combination of demand, post-harvest sensitivity and weather is the main challenge in the coconut oil industry (Chopra, Laux, Schmidt, & Rajan, 2017). One of the opportunities faced in the coconut oil industry is high demand, especially since Indonesia is one of the countries that is favored for its contribution to fulfilling world coconut oil consumption. This can make the competitiveness of the national coconut oil industry more competitive. The following is data on the competition of coconut oil companies, both open and private, based on the net profit obtained.

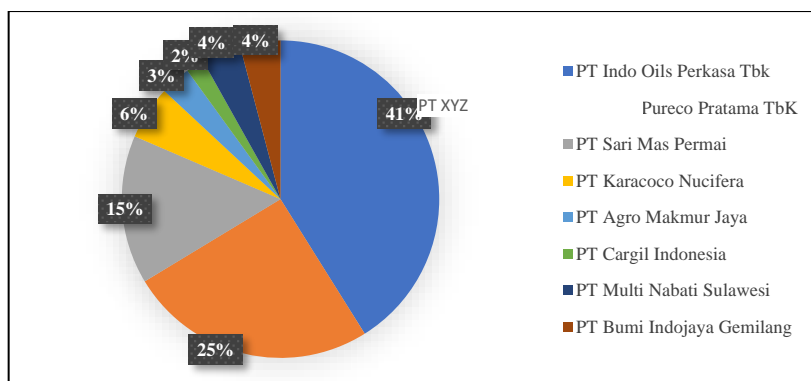


Figure 3. Percentage Chart of Coconut Oil Companies by Net Revenue in 2022

Source: Data Processed (Ministry of Industry, 2023)

Based on the picture above of the net profit obtained, the large companies engaged in the coconut oil industry are PT Indo Oil Perkasa, PT XYZ Pratama, and PT Sarimas Permai. The three companies compete in meeting the demand for coconut oil in Indonesia. With the potential and opportunities for coconut oil commodities in Indonesia, companies engaged in the coconut oil industry are starting to increase. Here is the production capacity owned by coconut oil companies (Furqon, 2014).

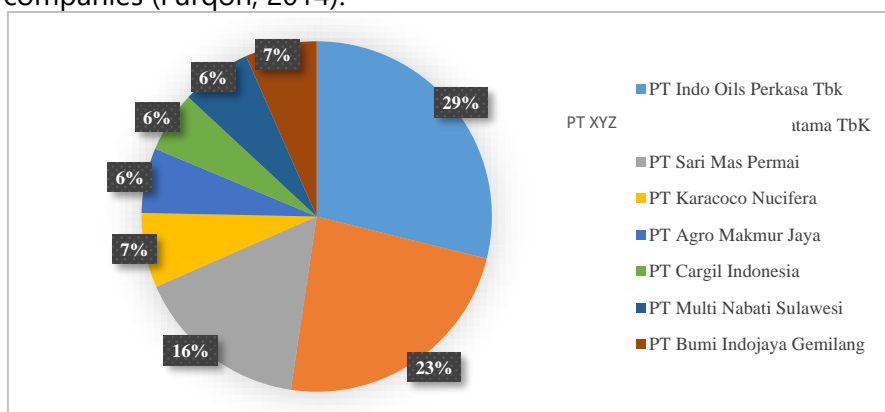


Figure 4. Percentage Chart of Coconut Oil Companies by Production Capacity in 2022

Source: Data Processed (Industry, 2023)

Based on the image above, PT XYZ is in second place after PT Indo Oils Perkasa in fulfilling production capacity, so PT XYZ must be able to compete with other coconut oil companies. The conditions experienced by PT XYZ with less than optimal production capacity juxtaposed with revenue and the potential for competitiveness development, PT XYZ can expand *its market share* to gain more competitive competitiveness (Himawan, n.d.). PT Indo Oils Perkasa Tbk was established in 2016 and has conducted an Initial Public Offering (IPO) in 2021, PT Indo Oil Perkasa is a coconut-based oil producer that focuses on distributing/exporting coconut oil with guaranteed quality and quality standards. The number of employees of the company is 44 people, which is divided into management and production. The products produced are in the form of Crude Coconut Oil (CCO), Pure Cooking Oil (PCO) and Copra Meal. PT Indo Oils Perkasa Tbk itself has a market share covering international exports where the production of processed products is in Mojokerto, Indonesia. There are also advantages offered, namely high-quality products, punctuality of delivery and reliable and professional service.

One of the competitors of PT XYZ next, namely PT Sari Mas Permai is one of the private companies engaged in the coconut oil industry which was established in 1978. The number of

employees is 300 people and the products produced are *Crude Coconut Oil* (CCO), *Pure Cooking Oil* (PCO), *Coconut Fatty Acid Distillate* (CFAD) and *Copra Meal*. PT Sari Mas Permai itself has a market share with international coverage where production is carried out in East Java, Indonesia. Meanwhile, the advantages provided are high-quality products, punctuality of delivery and reliable and professional service (Iswan, 2020).

PT XYZ, established in 2019, is a company in the coconut oil industry. PT XYZ itself has implemented a strategy to increase competitiveness, namely carrying out a capital strategy by conducting an Initial Public Offering (IPO). However, this strategy is not necessarily effective in all companies. Based on the management report of PT XYZ, the obstacles faced are that the volume of coconuts is not in accordance with the production capacity and relatively small market reach and there is no cooperation with the International. The company processes and produces a wide range of coconut derivative products, such as: *Pure Coconut Oil* (PCO), *Virgin Coconut Oil* (VCO), *Crude Coconut Oil* (CCO), *Desiccated Coconut* (DC) and *Copra Meal*. The establishment of this company began to build people's concern for healthy living and the great potential of coconut commodities.

In an effort to encourage the company to be competitive, the company carries out a capital strategy by conducting an IPO (Initial Public Offering) with a total IPO value of IDR 100,000,000,000. By implementing this strategy, it is hoped that the company can improve performance and run in accordance with the company's vision, which is to become a leading agro-industrial company in Indonesia that processes coconut plantation products and their derivative products in an integrated and high added value manner and is beneficial to human health, in order to increase competitiveness and become a superior producer of coconut minyak, therefore it is necessary to create added value (*value added creation*) to be able to provide more benefits than the value provided by competitors.

According to (David, 2002) the internal and external environment matrix is a strategy formulation tool used to summarize and evaluate strengths, weaknesses, opportunities and threats to identify and evaluate in these areas. Based on information from the management, until now the company has not been optimal in carrying out its strategies to be competitive. This is evidenced by the fact that after the IPO, the company's production and sales did not increase. A company needs a healthy internal environment as a provision to face competition. Internal environmental analysis is a process in which strategic planning examines the company's internal factors to determine where the company has weaknesses and strengths so that it can effectively manage opportunities in the face of threats.

The external environment is also one of the aspects to increase strategic competitiveness. The external environment itself is beyond the control of the company. The external environment is an environment that cannot be influenced by the company. In order for a company to achieve its goals well, the existence of the external environment must be taken into account as carefully as possible. The results of the company's identification of the external environment are adjusted to the internal environment (Ratnawati, 2020).

The matching of these two environments is the basis for determining the suitability with the company's strategic mission and is also intended for making decisions in achieving strategic competitiveness. Strategies that aim to increase competitiveness can be seen using SWOT (*Strength, Weakness, Opportunities, and Threat*) analysis. SWOT analysis includes efforts to identify strengths, weaknesses, opportunities, and threats that affect the company's performance. External information about opportunities and threats can be obtained from many sources, as well as information from within the company. A SWOT analysis will show

various "holes" that must be patched from a company using qualitative analysis (Rangkuti, 2014).

Based on the description above, this research was conducted in order to provide appropriate strategic alternatives from PT XYZ IPO, both qualitative and quantitative. This research needs to be carried out to be an input for PT XYZ as part of the national coconut industry ecosystem in designing the next strategy appropriately and also as an input to *stakeholders* in choosing strategic priorities.

RESEARCH METHODOLOGY

Location, Time and Research Approach

The location of this research was carried out at PT XYZ which is located in Balingbing Village, Pagaden Bar District, Subang Regency, West Java. The research was conducted in June 2024 and is planned to be completed in August 2024. This research activity includes proposals, data collection, data processing, data analysis, and the preparation of a research thesis.

Sampling Techniques

In this study, there are several methods to collect research data to be analyzed. The following are some of the data collection methods used in this study:

1. Interview

The sample collection method used in the study is a semi-structured interview, that is, the interviewer has prepared a topic and a list of questions for the interview guide before the interview starts. However, it is not closed if there are additional questions to support the answers from the participants.

2. Observation

This study uses observation techniques to observe internal and external factors that will be compiled by researchers based on company conditions.

Types and Data Sources

This study uses two types of data, namely primary data and secondary data. Primary data was obtained by going to the field and getting data directly from respondents through interviews and observations. While Secondary Data is data from research results from previous research related to the theme of this research.

RESULT AND DISCUSSION

Company Overview

PT XYZ is engaged in the coconut oil processing industry. The Company was established on March 20, 2019 and sold in May 2019 with Virgin Coconut Oil (VCO) products. The factory is located in Batununggul 1 Balimbing, West Pagaden District, Subang Regency, West Java Province.

Indonesia as the No. 1 producer of Coconut in the world. So far, most of them are still exported to China, Thailand, Malaysia, Sri Lanka, India and other countries. Most of them are in the form of raw materials such as copra, CCO, granular coconut which does not have high added value for all *stakeholders* related to coconut plantations, especially coconut farmers, labor, coconut industry and also to state revenue.

Coconut vegetable oil as a tropical plant that has many health benefits for humans and animals. Currently, there are still few companies that produce pure/vegetable oil from coconut, because it is still a home industry activity. Increasing public awareness, especially at the middle to upper levels, towards a healthy lifestyle, choosing and consuming natural, healthy and organic foodstuffs.

With the reasons and opportunities mentioned above, PT XYZ established a factory to process coconut plantation products to be processed into natural, healthy, hygienic, organic coconut derivative products, which are high added value, create jobs and get foreign exchange and tax revenue for the country.

In carrying out its business activities, the company is always guided by the vision and mission that has been set, which is also a manifestation of the aspirations of the company's founders. The company's vision and mission is to become a *leading agro-industry* company in Indonesia that processes coconut plantation products and their derivative products in an integrated and high added value manner and is beneficial to human health and the mission embraced by the company, namely producing *Pure Cooking Oil (PCO)*, *Virgin Coconut Oil (VCO)* and *Raw Nata de coco* with processing and drying processes *Edible White Copra* is integrated, producing products derived from PCO and VCO for the needs of the food, pharmaceutical and cosmetic health industries, creating jobs and improving welfare for the community around the factory area and Producing Subang as a processing center for coconut products and their derivatives with high added value in the local and global markets.

In addition, PT XYZ has consumers from Global Dairi Natural, Kusuma Mukti Remaja, Barco, Nabati, Intinusa Niaga Abadi, Mangga Dua, Sinar Niagamas Pacific and Asian Agri. Some of these consumers are retail consumers and distributor consumers. Some consumers are shown in figure 1.



Figure 5 PT XYZ Consumer

In order to achieve the goals and desires of the shareholders as well as the development of the business run by the company, the company's organizational structure is formed through the delegation of tasks or work to each individual or certain unit so that the company's operational activities can run well and smoothly. The structure of PT XYZ is shown in Figure 6.

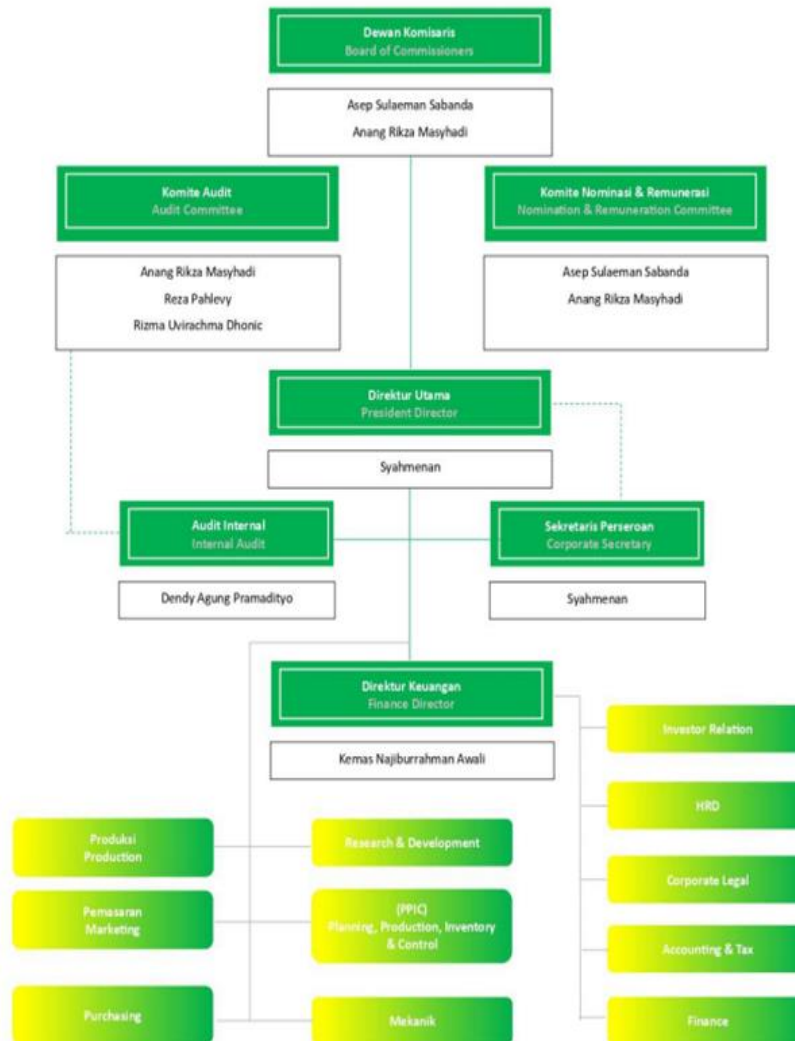


Figure 6 Corporate organizational structure of PT XYZ

PT XYZ has a subsidiary that supports its company's business processes, namely PT Agrindo Lestari Jaya. The subsidiary runs the business of developing horticultural food crop plantations, opening and improving 143 KM of commodity transportation roads by PT Infrastruktur Pembangunan Negeri, other construction projects which are infrastructure development programs in Katingan Regency and its surroundings.

In addition, PT XYZ has the certification shown in Figure 4.3., namely the Halal certificate from the Indonesia Ulema Council (MUI), the halal certificate for the assessment of food, drugs and cosmetics MUI, ISO 22000:2018 and ISO 9001:2015.



Figure 7 Certifications owned by IPPE

Internal and External Analysis

To analyze the internal condition of PT XYZ using the *value chain analysis* method to be able to determine the strengths and weaknesses of the company owned. As for external analysis, PT XYZ uses *the five forces porter* method to be able to determine the company's strengths and weaknesses. This was done by field observation and interviews with expert respondents.

PT XYZ Value Chain Analysis

According to Pearce and Robinson 2009 in (Wisdaningrum, 2013), the first step in value chain analysis is to break down a company's operations into specific activities or business processes, by grouping the activities of these processes into the category of primary or supporting activities. In research conducted by (Knez, Jaklič, & Stare, 2021) value chain analysis, which is related to the costs of both main and supporting activities in the company's business processes, both foreign and domestic. Based on the analysis of Main Activities and Supporting Activities.

The value chain analysis of PT XYZ shows that internal factors, including costs in main activities like logistics, operations, marketing, and sales, as well as supporting activities such as HR management, technology development, and purchasing, significantly impact product pricing. Strengths outweigh weaknesses, with the company's infrastructure being a key strength due to its Initial Public Offering (IPO), which enhances transparency and fosters

trusted relationships with suppliers for smooth business operations. However, a notable weakness lies in the company's ongoing technology and information system development, which affects human resources and facilities, potentially impacting performance in both the short and long term.

Porter's Five Forces Model Analysis

Porter's Five Forces Model analysis is used to analyze the company's external environment from the conditions of industrial competition that have an influence on business continuity. (Harrison, Hitt, Hoskisson, & Ireland, 2001) defines the industrial environment as threat factors from new business players, suppliers, buyers, substitute products, and the intensity of competition among competitors that directly affect the company as well as its competitive response.

(E Porter, 1998) developed a competitive strategy concept that analyzes business competition based on five main aspects, namely barriers to entry, supplier strength, buyer strength, availability of substitute goods, and competition between companies. This analysis tool is known as Porter's five forces and is widely used by both researchers and business actors for the analysis of industrial competition factors.

The competition in information and communication technology faces monopolistic market conditions, so it is necessary to identify the influence of industrial environmental factors. The identification of environmental factors was carried out by descriptive analysis to find out the picture of company competition in the five industrial competition factors in the information and communication technology industry. The description of competition in the industrial environment is described into threats and opportunities, so that companies can know the influence of the industry. Bright (2004) Porter's five forces analysis can help to know the benefits of current and future competitive positions that will be faced later, so that companies can develop strategies to minimize threats and take advantage of existing opportunities.

(Nurseto, 2012) is a challenge for companies to place a position in an industry where companies can profitably influence environmental factors so that companies are able to defend themselves from the influence of industrial competition. The greater the company's capacity to further influence the industrial environment, the more likely it is that the company will generate profits above its competitors. The following is a more detailed explanation related to the analysis of PT XYZ's five-force porter model.

Table 1 Porter's Five Forces Model Analysis

Factor	Issue Identification	Impact Categories	Impact Description
Similar Business Competition	The number of actors in the coconut oil industry is 17 large companies out of 96 similar companies in Indonesia	Low competition	PT XYZ is included in 17 companies so that it is able to compete in selling processed coconut oil products
	Geopolitical and macroeconomic factors that can cause demand and price instability	Low competition	Geopolitical factors affect business competition both in terms of demand and price. However, PT XYZ has a price that can adjust to market and macroeconomic conditions
	The selling price of PT XYZ products is competitive compared to 96 similar companies	Low competition	The price of PT XYZ goods is competitive because on the sales side it is included in the third position among similar industry competitors

	Compared to 8 other large companies, PT XYZ still has not maximized coconut oil production capacity	High competition	There is a potential for PT XYZ to lose revenue and <i>customers</i> because it cannot meet the maximum production capacity, so <i>customers</i> will choose other similar companies.
	The use of tools, machinery and technology in the coconut oil industry continues to grow	High competition	In its production process, PT XYZ still uses old tools and machines which results in a less efficient production process.
Supplier	There are several copra supplier clusters to provide superior quality and quality production quantity	Low supplier strength	PT XYZ collaborates with several supplier clusters to continue to produce superior quality Crude Coconut Oil (CCO), but compared to its competitors, PT XYZ is in second place in fulfilling production capacity
	The number of copra suppliers in Indonesia is diverse	High supplier strength	Some copra suppliers have different rules and contracts that make it difficult to find new suppliers
	Climate and weather factors are important for suppliers because they can be related to the availability and quality of the products produced	Medium supplier strength	Climate and weather factors are quite influential on the quality of copra produced because it is related to the production process, but some suppliers from PT XYZ have used more modern production techniques
Customer	There is a growth of 5% in the number of new customers per year	Medium customer strength	Low customer bargaining power to PT XYZ
	The results of the customer satisfaction survey on the products and services provided by PT XYZ are valued at > 90	Low customer power	Good judgment by the customer makes it an opportunity for repeat orders
	Coconut oil consumption growth index in Indonesia grew 6.79% per year (source: Center for Agricultural Data and Information Systems Secretary General, Ministry of Agriculture, 2022)	Low customer power	Every year the growing trend of demand for Coconut Oil is increasing
	PT XYZ is still constrained by supply and demand. Inefficient productivity causes delivery constraints to customers.	High customer strength	Meeting customer needs is an obstacle for PT IPP due to suboptimal productivity
Substitute products (substitutions)	The potential for increasing technology-based production	Potential threat is moderate	PT XYZ must be able to adapt and master the technology that will come. With more advanced technology, substitution products will be superior to coconut oil itself
	The trend towards palm oil (CPO) is still high	Potential threat is moderate	PT XYZ must be able to socialize the advantages of coconut oil itself

	The quality and content of coconut oil (CCO) is still superior to palm oil (CPO)	Low threat potential	PT XYZ is still flooded by a lot of demand with an increase in new buyers of 5% domestically and 3% abroad
	Government policies that can affect the existence and direction of the organization's business	Low threat potential	Government policies on the direction of an organization are very important, so changes in government policies will affect PT XYZ
Newcomers	It is difficult to establish a similar business	Low threat potential	To build a similar business requires a very large capital and takes a long time to be trusted by suppliers and customers
	The potential for high demand for coconut oil both nationally and internationally	High threat potential	With such a large demand for coconut oil and having a high value, other companies contribute to the coconut oil industry with various methods.
	Information on difficult coconut oil processes	Potential threat is moderate	<i>Research</i> and development of coconut oil tends to be difficult to comply with national and international standards.

The results of the descriptive analysis presented in Table 1 show that all environmental factors of the coconut oil production industry provide more opportunities compared to threats. The customer factor shows a fairly high strength due to the level of public knowledge about the potential and benefits of good coconut oil. This is evidenced by the addition of 5% of the company's new customers and the coconut oil consumption growth index in Indonesia growing by 6.79% per year. Along with the times, technology and information in the industrial sector continue to develop rapidly, this can be adapted by companies to improve efficiency in the production process.

PT XYZ is a company engaged in the agricultural commodity industry, where one of the important threats to the industry is climate and geopolitical factors that can cause price and demand instability. Threats between similar companies are also one of the things that need to be considered regarding the services and products provided to customers. The environment of the palm oil industry or Crude Coconut Oil (CCO) is different from palm oil or Crude Palm oil (CPO). Each of these commodities has its own character and industrial environment, but will have an indirect impact on the sustainability of the industry itself.

Evaluation of External Factors

The total EFE value of PT XYZ is 2.87 which is obtained from the sum of the item weights on each opportunity and threat factor indicator. External factors (EFE) of PT XYZ can be seen in Table 2

Table 2 External Factors (EFE) PT XYZ

It	Chance	PT XYZ Opportunities		
		Weight	Rating	Score
1	The level of public knowledge about <i>Crude Coconut Oil</i> is good	0,12	3,25	0,38
2	The number of consumption of <i>Crude Coconut Oil</i> and its derivatives continues to grow, which support: the accumulation of potential production capacity	0,13	3,5	0,44
3	Improvement of technology that can be adapted by companies to improve the efficiency of the production process from upstream to downstream	0,12	3,25	0,38
4	The government supports coconut farmers both in terms of seedlings and harvest, so that coconut production is directly proportional to demand	0,09	2,5	0,22
5	Trusted by customers with large capitalization.	0,09	2,5	0,22
It	Threat	Threat of PT XYZ		
		Weight	Rating	Score
1	Changes in Government Policies that can affect the existence and direction of the organization's business	0,08	2,25	0,18
2	Crude Coconut Oil trade competition with other vegetable oils	0,08	2,25	0,18
3	The existence of climatic and geopolitical factors that can cause demand and price instability	0,12	3,25	0,38
4	There are competitor services with better delivery speeds	0,10	2,75	0,27
5	There are quality competitor products at more competitive prices	0,09	2,50	0,22
TOTAL		1		2,87

Source: Data processed (2024)

The results of the EFE matrix analysis show that the number of coconut oil consumption continues to grow which has a score of 0.44 and the next opportunity is followed by a good level of public knowledge about coconut oil and technological improvements that can be adapted by companies with a score of 0.38. This can have a high opportunity for companies to be competitive with other companies in meeting the demand for coconut oil.

Meanwhile, the company must also prepare for anticipation of quite serious threats, namely the existence of climatic and geopolitical factors that can cause price and demand inconsistencies with a score of 0.38 and competitor services with a better delivery speed with a score of 0.27 because the main source of raw material for coconut oil is coconut, so it greatly affects the weather which results in the quality of the products will decrease and the competitor services provided are also become a serious threat in order to be able to compete with similar companies.

The total final score showed a result of 2.87 and the number was above the average of 2.5. This shows that the company is executing the right strategy by taking advantage of several existing opportunities to address some of the threats from the company. And there is still room for companies to make continuous improvements by improving their response to opportunities and anticipating threats.

Internal Factor Evaluation

The total IFE value of PT XYZ is 3.03 which is obtained from the sum of the item weights on each strength and weakness factor indicator. The internal factors (IFE) OF PT XYZ can be seen in Table 3.

Table 3 Internal Factors (IFE) PT XYZ

It	Strength	Strengths of PT XYZ		
		Weight	Rating	Score
1	PT XYZ has conducted an IPO to increase business expansion	0,16	4,00	0,64
2	PT XYZ has a strong relationship with customers compared to other competitors.	0,13	3,18	0,41
3	During the production process there is no <i>residue</i> or production waste	0,15	3,82	0,59
4	Corporate business processes that implement an accountability transparency system	0,12	3,00	0,36
5	Have a supply system on the downstream side that is integrated with each other	0,14	3,45	0,48
It	Debilitation	Weaknesses of PT XYZ		
		Weight	Rating	Score
1	PT XYZ has an information technology system that is still under development	0,08	2	0,16
2	Lack of employees who have supply chain management-based certifications	0,08	1,91	0,15
3	Lack of adequate laboratory facilities for <i>Product Research and Development</i>	0,07	1,73	0,12
4	Lack of production space and equipment makes it difficult to meet production capacity	0,07	1,82	0,13
TOTAL		1		3,03

The biggest strength factor in the company is that it has conducted an IPO to be able to increase its business expansion with a score of 0.64 and during the production process does not produce residue/waste with a score of 0.59. After conducting an IPO, the company has a large working capital and capitalization. This can have an impact on all aspects of all business processes that occur internally and externally.

The biggest weakness factor of the company is that PT XYZ still has an information system and technology that is still in the development stage with a score of 0.16 and a lack of employees who have supply chain management-based certification with a score of 0.15. One of the impacts of the lack of information systems and the latest technology causes inefficiencies in running each business line, one of which is related to the supply chain. So far, what is related to this is still done by the director who is responsible for the supply chain, this causes a lack of efficiency in utilizing the existing supply chain and the performance of the director himself becomes inefficient.

In general, the total IFE matrix analysis score of PT XYZ is 3.03 where this score is still above the industry average of 2.5. This indicates that the company still has room to make continuous improvements in terms of strategy and operations. The company is considered to have strengths from the internal side that can reduce its weaknesses by utilizing the IPO funds as much as possible.

Formulation of Alternative Strategies

Internal – External Matrix Analysis (IE)

The results of the analysis using the IFE matrix obtained a score of 3.03 and the results of the analysis using the EFE matrix obtained a score of 2.87. The total score indicates that PT XYZ's strategy is effectively able to profit from existing opportunities and minimize the negative influence of external threats because it has an above-average score.

Judging from the IE matrix, the company's position is in cell IV with a position in the medium category depicted in Figure 5. This indicates that the most appropriate grand strategy carried out by PT XYZ is the grow and build strategy. In this condition, PT XYZ has six best strategy options, namely market penetration strategy, product development, market development, forward integration, backward integration and horizontal integration.

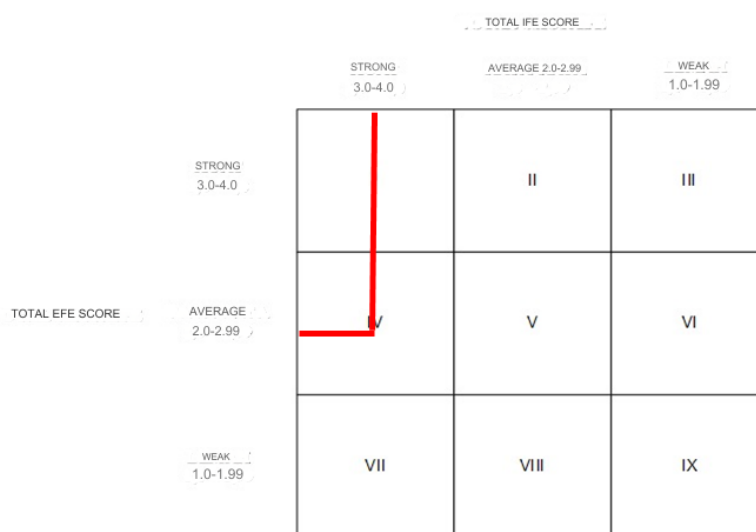


Figure 4 PT XYZ IE Matrix

Figure 4 shows that the condition of PT XYZ is in IV cells called the growth and building strategy. Companies in this position can implement growth strategies through market penetration. This is a key strategy for companies that have a strong market competitive position in a highly competitive industry. PT XYZ companies can increase their business strength or competitiveness by maximizing capital from IPOs.

SWOT Matrix Analysis

After conducting the IE matrix analysis, the next step is to make an alternative strategy formulation using the SWOT matrix which will be used by PT XYZ next. The SWOT matrix uses alternative strategies that have been identified in the IFE (Internal Factor Evaluation) matrix and the EFE (External Factor Evaluation) matrix. From the analysis, there are 4 alternative strategies that can be carried out, consisting of SO, WO, ST and WT strategies.

Figure 4.6 is a matrix of the results of the SWOT analysis on PT XYZ which has components of strengths, weaknesses, opportunities, threats and strategies related to these components, namely SO, WO, ST and WT so that PT XYZ can find out what alternative strategies can be done for business development. There are ten alternative strategies which are:

Strength – Opportunity (SO):

1. Increasing Production Capacity to increase revenue and expand market share in the Crude Coconut Oil (CCO) industry (S1, S2, S3, S5, O1, O2, O4)
2. Implementation of Crude Coconut Oil (CCO) business processes with the concept of Good Agricultural Practice by paying attention to transparency, accountability, responsibility, independence and fairness (S1, S3, S4, O1, O4, O5).

3. Carry out a product/service development strategy as a form of responding to competitiveness with value added creation (S1, S2, S4, S5, O1, O2, O3, O5)

Weakness – Opportunity (WO):

1. Recruiting and Certification of Potential Employees based on Supply Chain Management (W1, W3, O2, O4, O5)
2. Optimizing potential human resources, tools, and technology to create revenue streams to open new market opportunities (W2, W3, W4, O2, O3, O4, O5).
3. Increasing and expanding supplier cooperation so that production capacity can be maximized (W1, W5, O1, O2, O4, O5)

Strength – Threat (ST):

1. Study on the sensitivity of the Crude Coconut Oil (CCO) plantation aspect to the market potential with a long-term time so that the company's roadmap (S1, S4, S5, T1, T2, T3, T4) is drawn.
2. Improve standardized service quality assurance (S1, S5, T2, T4).
3. Adjustment to value added creation to improve services and reduce prices as a process of increasing competitiveness (S1, S3, S4, S5, T1, T2, T3, T5).

Weakness – Threat (WT):

1. Collaborate with shareholders to create Research and Development facilities to increase competitiveness (W1, W2, W4, W5, T2, T3, T4, T5).

STRENGTH (S)		WEAKNESS (W)
1. PT XYZ has conducted an IPO to increase business expansion	1. PT XYZ has a strong relationship with customers compared to other competitors.	1. Lack of <i>Self Reinforcing System (Continuous Improvement)</i> .
2. During the production process there is no residue or production waste	3. Corporate business processes that implement an accountability transparency system	2. PT XYZ has an information technology system that is still under development
3. Having a <i>supply chain system</i> on the downstream side that is integrated with each other, both owning plantations and collaborating with suppliers so that the process of meeting production needs is maintained	4. Having a <i>supply chain system</i> on the downstream side that is integrated with each other, both owning plantations and collaborating with suppliers so that the process of meeting production needs is maintained	3. Lack of employees who have supply chain management-based certifications
		4. Lack of adequate laboratory facilities for <i>Product Research and Development</i>
		5. Lack of production space and equipment makes it difficult to meet production capacity
OPPORTUNITY (O)	STRATEGY (SO)	STRATEGY (WO)
1. Good Level of Public Knowledge about Crude Coconut Oil	1. Increasing Production Capacity to increase revenue and expand market share in the Crude Coconut Oil (CCO) industry. (S1, S2, S3, S5, O1, O2, O4)	1. Recruiting and certifying potential employees based on <i>Supply Chain Management</i> (W1, W3, O2, O4, O5)
2. The number of Crude Coconut Oil and its derivatives continues to grow which supports the accumulation of potential production capacity	2. Implementation of Crude Coconut Oil (CCO) and other refined oil products business processes with the concept of <i>Good Agricultura; Practice</i> by paying attention to transparency, accountability, responsibility, independence and <i>fairness</i> (S1, S3, S4, O1, O4, O5).	2. Optimizing potential human resources, tools, and technology to create <i>revenue streams</i> to open new market opportunities (W2, W3, W4, O2, O3, O4, O5).
3. Improvement of technology that can be adapted by companies to improve the efficiency of the production process from upstream to downstream	3. Developing products/services as	3. Increasing and expanding <i>supplier</i> cooperation so that production capacity can be maximized (W1, W5, O1, O2, O4, O5)
4. The government supports coconut farmers both in terms of seedlings		

and harvest, so that coconut production is directly proportional to demand	a form of responding to competitiveness with value added creation (S1, S2, S4, S5, O1, O2, O3, O5)	
5. Trusted by customers with large capitalization.		
THREAT (T)	STRATEGY (ST)	STRATEGY (WT)
1. Changes in Government Policies that can affect the existence and direction of the organization's business	1. Study on the sensitivity of the environmental aspects of the <i>Crude Coconut Oil</i> (CCO) industry to market potential with a long-term time so that the company's <i>roadmap</i> (S1, S4, S5, T1, T2, T3, T4) is drawn.	1. Collaborate with <i>shareholders</i> to create <i>Research and Development facilities</i> to increase competitiveness (W1, W2, W4, W5, T2, T3, T4, T5).
2. Crude Coconut Oil trade competition with other vegetable oils	2. Improve standardized service quality assurance (S1, S5, T2, T4).	
3. Geopolitical and macroeconomic factors that can cause demand and price instability	3. Adjustment to <i>value added creation</i> to improve services and reduce prices as a process of increasing competitiveness (S1, S3, S4, S5, T1, T2, T3, T5).	
4. There are competitor services with <i>better</i> delivery speeds		
5. There are quality competitor products at more competitive prices		

Figure 5 PT XYZ SWOT MATRIX

From several alternative strategy options obtained from the SWOT matrix analysis, it can be seen that it is compatible with the IE Matrix where the company is in quadrant IV with a grow and build strategy. Table 4 shows the suitability of alternative strategies with the type of grow and build strategy.

Table 4 Results of Analysis of Suitability of Alternative Strategies

It	Alternative strategies	Type	Form a Strategy
1	Increasing Production Capacity to increase revenue and expand market share in the <i>Crude Cononut Oil</i> (CCO) industry.	SO	Market penetration
2	The implementation of the <i>Crude Coconut Oil</i> (CCO) business process with the concept of <i>Good Agricultural Practice</i> by paying attention to transparency, accountability, responsibility, independence and <i>fairness</i> .	SO	Backward integration
3	Developing products / services as a form of responding to competitiveness with <i>value added creation</i> .	SO	Product development
4	Recruiting and certifying potential employees based on supply chain management.	WO	Backward integration
5	Optimizing potential human resources, tools and technology resources to create <i>revenue streams</i> to open up new market opportunities.	WO	Market penetration
6	Increasing and expanding <i>supplier</i> cooperation so that production capacity can be maximized.	WO	Backward integration

7	A study of the sensitivity of environmental aspects of <i>the Crude Coconut Oil (CCO)</i> industry to market potential with a long-term time so that the company's roadmap is drawn.	ST	Market Development
8	Improve the quality assurance of standardized services.	ST	Product development
9	Adjustments to <i>value added creation</i> to improve services and reduce prices as a process of increasing competitiveness.	ST	Product development
10	Collaborate with <i>shareholders</i> to create research and development facilities to increase competitiveness.	WT	Product development

Determining Strategic Priorities (QSPM Analysis)

The QSPM method strategy priority assessment is by multiplying the weights on the IFE and EFE matrices, multiplying it by the strategy attractiveness score to produce the Total Attractive Score (TAS). The total number of TAS from each of these strategies determines the priority of the strategy, the Determination of the Attractive Score (AS) in the QSPM and the Processing of the Total Attractive Score (TAS) of the QSPM. Based on the results of the QSPM Table, each alternative strategy has a different total attractive score (TAS). From these results, an alternative order of results with the highest to lowest TAS values was made. Table 5 displays the results of QSPM analysis on PT XYZ's competitiveness improvement strategy.

Table 5 Results of QSPM Analysis on PT XYZ's Competitiveness Improvement Strategy

It	Alternative Strategy of PT XYZ	STAS Value
1	Increasing production capacity to increase revenue and expand market share in the <i>Crude Coconut Oil (CCO)</i> industry.	7,48
2	Developing products/services as a form of responding to competitiveness with <i>value added creation</i>	7,37
3	The implementation of the <i>Crude Coconut Oil (CCO)</i> business process with the concept of <i>Good Agricultural Practice</i> by paying attention to transparency, accountability, responsibility, independence and <i>fairness</i> .	7,12
4	A study of the sensitivity of environmental aspects of <i>the Crude Coconut Oil (CCO)</i> industry to market potential with a long-term time so that the company's roadmap is drawn.	6,90
5	Adjustments to <i>value added creation</i> to improve services and reduce prices as a process of increasing competitiveness.	6,58
6	Collaborate with <i>shareholders</i> to create <i>research and development facilities</i> to increase competitiveness.	6,56
7	Increasing and expanding <i>supplier</i> cooperation so that production capacity can be maximized.	6,46
8	Optimizing human resources, tools and technology resources that have the potential to create <i>revenue streams</i> to open up new market opportunities	6,32
9	Recruiting and certifying potential employees based on supply chain management.	6,16
10	Improve the quality assurance of standardized services.	6,12

Based on the analysis using the Quantitative Strategic Planning Matrix (QSPM), the key strategic priorities for PT XYZ are: (1) Increasing production capacity to boost revenue and expand market share in the Crude Coconut Oil (CCO) industry; (2) Developing products and services to enhance competitiveness through value-added creation; and (3) Implementing the CCO business process with Good Agricultural Practice (GAP), focusing on transparency, accountability, responsibility, independence, and fairness.

Managerially, PT XYZ should first focus on market penetration to leverage its competitive position, aligned with its IPO strategy aimed at increasing production capacity. Next, the company should develop products and services to match its expanded production capacity, ensuring efficiency and competitiveness. Lastly, implementing the GAP concept in the CCO business process will help maintain control over raw materials and fulfill IPO obligations, ultimately enhancing long-term sustainability and competitiveness

CONCLUSION

The results of the analysis conducted on the company by focusing on the IPO strategy using the IFE matrix supported by value chain analysis show that the internal factor has a score of 3.03 with the main strength being that PT XYZ has conducted an IPO to increase its business expansion and the main weakness is that the company still has an information system that is still in the development stage. The EFE matrix supported by the five forces porter analysis shows that external factors have a score of 2.87 with the main opportunity being the growing consumption of coconut oil and its derivatives and the main threat is the existence of climate and geopolitical factors that cause price and demand instability. This shows the company's position in quadrant IV in the IE matrix, which means that the company is in a grow and build position where the strategy that can be carried out by the company has six strategies, namely conducting market penetration strategies, market development, and product development. The implementation of the strategy is backward integration, forward integration, and horizontal integration.

In this regard, the formulation of alternative strategies and the determination of priority strategies to increase competitiveness using SWOT and QSPM analysis in order from the highest to lowest priority values are (1) Increasing production capacity to increase revenue and expand market share in the Crude Coconut Oil (CCO) industry and other refined oil products with the expansion of new factories; (2) Carrying out product/service development strategies and adding suppliers as a form of responding to competitiveness with value added creation; (3) Implementation of Crude Coconut Oil (CCO) business processes with the concept of Good Agricultural Practice (GAP) by paying attention to transparency, accountability, responsibility, independence and fairness; (4) Study of the sensitivity of the environmental aspects of the Crude Coconut Oil (CCO) industry to market potential with a long-term time so that the company's roadmap is drawn; (5) Collaborate with shareholders to create research and development facilities to increase competitiveness; (6) Adjustments to value added creation to improve services and reduce prices as a process of increasing competitiveness; (7) Increasing and expanding supplier cooperation so that production capacity can be maximized; (8) Optimizing potential human resources, tools and technology resources to create revenue streams to open new market opportunities; (9) Recruiting and certifying potential employees based on Supply Chain Management; (10) Improve the quality assurance of standardized services.

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