

MARKETING STRATEGY DEVELOPMENT AND MARKET SEGMENTATION ANALYSIS OF PT. WIJAYA KARYA ON GOVERNMENT POLICIES IN THE BUILDING EPC CHAMPION PROGRAM

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ABSTRACT

The Indonesian government's efforts to synergize state-owned enterprises continue to be intensifying. The Ministry of State-Owned Enterprises continues to streamline and improve the portfolio of the number of SOEs through corporate restructuring with a holding system, mergers, and acquisitions. As an initial step towards creating an infrastructure SOES holding, the Ministry of SOES launched a "Building EPC Champion" program which aims to regroup companies in the EPC sector based on their business strengths to become market segment leaders. Through the program of the Ministry of SOEs, PT. Wijaya Karya (Persero) Tbk will become the industrial sector market segment champion, including the Industrial and Metals and Mining markets. By referring to the company's historical financial data, and its operational performance, there must be an evaluation of WIKA's ability to become a champion in the industrial sector. The object of research in this final project is the condition of the industrial market. This final project research uses internal and external environmental analysis to find company business solutions. The internal analysis uses Resource Analysis, Capabilities Analysis, and Value Chain Analysis. Meanwhile, the external analysis uses PESTEL analysis, Porter's Five Forces Analysis, Market Analysis, Competitor Analysis, and Consumer Analysis. Analysis of IFE and EFE Matrix was carried out to analyze the company's Strengths, Weaknesses, Opportunities, and Threats and through TOWS Analysis to obtain the development of marketing strategies from this research. The IE Matrix and the QSPM Matrix assessment show that carrying out a cooperation strategy with competent foreign companies can increase the company's capabilities and competencies as capital to compete in the Indonesian industrial market.

Keywords – Engineering, Procurement, Construction, Industrial, Marketing

INTRODUCTION

SOEs Strategy Overview

Indonesia is predicted to become one of the world's leading economic powers in 2045. More optimal efforts are needed to realize this hope by utilizing all existing resources, including State-Owned Enterprises or commonly abbreviated as SOEs. The Indonesian government's efforts to synergize state-owned enterprises continue to be intensifying. Establishing a sector-based holding is a step taken by the government to expand investment and increase company synergy. The holding strategy is expected to make SOEs solid in managing the company. The formation of synergies between subsidiaries through



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coordination, control, and management carried out by the parent company can strengthen finances, assets, and business prospects. The establishment of the holding has enormous hope for the progress of the nation and state. In line with government strategy and to increase performance and added value, the Ministry of State-Owned Enterprises continues to streamline and improve the portfolio of the number of SOEs through corporate restructuring with a holding system, mergers, and acquisitions. The development of the restructuring focus is carried out starting in 2020, which will make the number of SOEs companies more efficient with less than 70 SOEs companies in 2025, as shown in Figure 1.

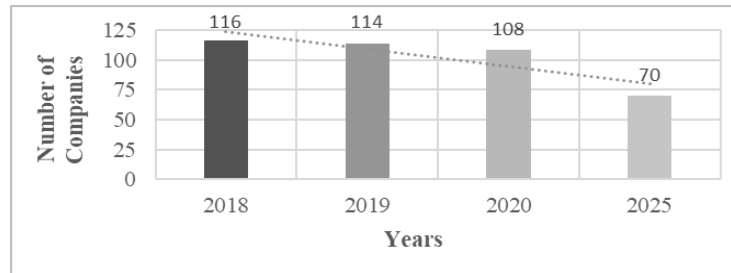


Figure 1. Target of Downsizing of SOEs Companies.

Establishing a SOEs holding is not easy, and a comprehensive study is needed to determine part of a national strategic project holding company. The coordination strategy from the Ministry of SOEs and several related state-owned companies is needed to determine the holding company to make suitable decisions. This holding strategy is expected to make SOEs more developed to reach the global market and improve their corporate performance to create market value. The long-term goal in establishing this holding is to increase the contribution of SOEs in contributing to state revenue, simplify corporate management, efficiency, synergy, increase production, diversification, leverage, and cost-saving. Following the long-term strategy of the Ministry of SOEs, the companies under the auspices of SOEs will be grouped into clusters according to their respective value chains and core businesses to improve value chain strengthening and efficiency.







From 2014, infrastructure has become one of the government's flagship programs to carry out national strategic projects, expecting to accelerate national economic growth. The government's concentration on infrastructure is a form of the equitable development program in Indonesia. Equitable development is a big step towards economic equity. With better economic capacity, a region or a country can support itself. After achieving good infrastructure, all will have the same opportunity to be involved in the economic process. When the state of infrastructure in a country is weak, it means that the economy in that country is running inefficiently. To support the government's program, it is hoping that companies in this infrastructure cluster can become an engine for accelerating infrastructure development in Indonesia.




Building EPC Champion Program

In establishing an SOE's holding, the Government needs to take prudent steps by conducting a comprehensive study that considers macro and microeconomic variables and involves many parties in the decision-making process. Likewise, in the formation of holdings in infrastructure clusters with significant business complexity. As an initial step towards creating an infrastructure SOE's holding, the Ministry of SOE's launched a "*Building EPC Champion*" program which aims to regroup companies in the EPC sector based on their business strengths to become market segment leaders. Technically, the Building EPC Champion program is divided into four categories: Champion, Focus, Common, and Opportunistic.

State-owned companies selected to participate in the Building EPC Champion program will be separated and grouped according to four-level categories, namely Champions, Focus, Common, and Opportunistic categories. At the Champion level, there is only one company involved in one market segment. The company with the Champion category will control a market share of around 30-40% of the total market share in that market segment. In the future, the company will become the market leader and go-to company in Indonesia. At the Focus level, two to three companies are involved in each market segment. Some of the companies involved have special abilities to compete in the same market. Each company in the Focus category will control a market share of around 20-30% of the total market share in a market segment. At the Common level, four to five companies are involved in each market segment. This market is a significant segment where all companies are needed for national development. Each company in the Focus category will control a market share of around 10-20% of the total market share in a market segment. On an opportunistic level, almost any company can be involved in every market segment. Each company in the Opportunistic category will control a maximum market share of 10% of the total market share in a market segment. Companies sometimes tend to take up this market segment under certain circumstances. There are five sectors with 12 market sectors that are the market coverage of companies in the Building EPC Champion program and PT. Wijaya Karya (Persero) Tbk with the industrial sector has two market segments, namely industrial plant, and metal & mining. The Grouping of Market Segments in Each Infrastructure Cluster Company can be seen in Table 1.

Table 1. Market Segment Grouping in Each Infrastructure Cluster Company.

Sector	Segment	 WASKITA	 ABIPRAYA	 HK INRAKSI UNTUK SAHABAT	 adhi Beyond Construction	 PP	 WIKA
Building	Residence & Commercial				Focus	Focus	Focus
	Road & Related Buildings	Focus	Common	Champion	Common	Common	Common
	Water Infrastructure	Champion	Focus	Focus	Common	Common	Common
Infra	Dams	Focus	Champion	Focus	Common	Common	Common
	Rail & High-Speed Railway	Focus	Opportunistic	Opportunistic	Champion	Opportunistic	Focus
	Seaport	Opportunistic	Opportunistic	Opportunistic	Focus	Champion	Focus
	Airport	Champion	Opportunistic	Focus	Opportunistic	Focus	Opportunistic
Power	Power & Renewables	Focus	Opportunistic	Focus	Opportunistic	Champion	Focus
	Power (specialized)	Opportunistic	Opportunistic	Opportunistic	Focus	Opportunistic	Opportunistic
Industrial	Industrial	Opportunistic	Opportunistic	Opportunistic	Focus	Focus	Champion
	Metal & Mining	Focus	Opportunistic	Opportunistic	Opportunistic	Focus	Champion
Building Material	Precast	Focus	Opportunistic	Focus	Opportunistic	Opportunistic	Focus

Note:  Champion Segment ;  Focus Segment ;  Common Segment

Source: BCG Analysis Report for the Ministry of SOE's

Based on the results of the analysis of the Ministry of SOEs, PT. Wijaya Karya (Persero) Tbk become a champion in the Industrial sector market segment, including the Industrial and Metal and Mining markets. SOE's Ministry decision-making considers the five factors on historical revenue & confirmed pipeline, investment value, resources, market reputation, and track record of execution. As described in Table 2, based on the Ministry of SOEs to place WIKA as the Champion in the Industrial sector, the company's business will

inevitably have a portion of 30-40% market share for the future the Industrial sector. WIKA is still allowed to enter the market segment with the Focus Segment category in the Building, Rail & High-Speed Railway, Seaport, Power & Renewables, and Building Materials segments with a market share of 20-30%. For the Common Segment category, WIKA can participate in the Road & Related Building, Water Infrastructure, and Dam segments with 10-20% market share. With a government policy implementing the Building EPC Champion Program, WIKA should measure its ability to dominate the industrial market and reduce the market share in the infrastructure and building segments. The main issue that is of particular concern to WIKA is the assessment from the Ministry of SOEs that currently reflects WIKA's actual condition to become a leader in the industrial market. For this reason, it is necessary to look at the company's historical data regarding market growth that WIKA has owned.

Table 2. WIKA's Market Segment Category in the Building EPC Champion.

Sector	Market Segment	Category	Market Share	Company Involved
Building	Residence & Commercial	Focus	20-30%	2-3
	Road & Related Buildings	Common	10-20%	4-5
Infra	Water Infrastructure	Common	10-20%	4-5
	Dams	Common	10-20%	4-5
	Rail & High-Speed Railway	Focus	20-30%	2-3
	Seaport	Focus	20-30%	2-3
	Airport	Opportunistic	0-10%	5
Power	Power & Renewables	Focus	20-30%	2-3
	Power (specialized)	Opportunistic	0-10%	5
Industrial	Industrial	Champion	30-40%	1
	Metal & Mining	Champion	30-40%	1
Building Material	Precast	Focus	20-30%	2-3

Source: BCG Analysis Report for the Ministry of SOE's

Business Issue

Referring to WIKA's new contract acquisition in each of its market segments as of January to June 2021, the growth of the infrastructure and building market has a more significant acquisition of new contracts than the energy & industrial plant segment. It was recorded that until the end of the semester in June 2021, the infrastructure and building segments received new contracts of 6,538 billion IDR, while the energy & industrial plant sector only received new contracts of 1,214 billion IDR. Based on these data, it is known that the difference in the acquisition of new contracts from the two market segments is very significant. In line with the data that shows the acquisition of new contracts in 2021, when compared to the industrial market segment, the acquisition of new contracts and order books in 2019 and 2020 in the infrastructure and building market segment also remains the highest when compared to the growth of the others market segment. The advantage of market growth in obtaining new contracts and order books in the infrastructure and building sector market segment is the highest compared to the industrial sector. By referring to the data for the last five years, the infrastructure market segment dominates and has a significant growth every year, as shown in Figure 2. Every year from 2017 to 2021, it can be concluded that WIKA does not have a significant growth in the industrial market segment compared to the infrastructure and building market segment.

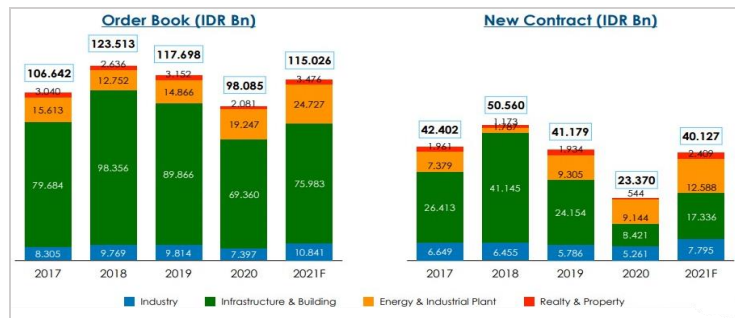


Figure 2. WIKA's Order Book and New Contract of Each Segment from 2017 – 2021.

After looking at the market growth indicators in WIKA's internal business, which shows that the infrastructure and building market segment has a more significant and dominant growth than the industrial market segment. By referring to this company's financial data, and its operational performance, of course, there must be an evaluation related to government policy directions to make WIKA a champion in the industrial sector. WIKA needs to make a comprehensive marketing strategic plan to survive in business even though the market share of the leading infrastructure and building sector will be reducing due to the policy of the Ministry of SOEs.

RESEARCH METHODOLOGY

Research Design

Research methodology is a systematic way of solving research problems. Research procedures to explain, predict, and describe phenomena aim to plan work in research (Goundar, 2012). The method used in this study is a quantitative research method because the data obtained from the company's internal data, data from the Ministry of SOEs, and secondary data will be correlated in a quantitative approach. Research analysis with quantitative methods is based on the fact that the data to be processed is a ratio, and the data that is the focus of the research is to determine the magnitude of the influence between the variables studied. To strengthen the quantitative analysis, the authors combine it with a qualitative research approach used to confirm the validity of the quantitative analysis so that the results of this study are expected to have good validity.

The qualitative method used in this research is the in-depth interview approach. This research will use an interview method approach carried out at the customer analysis stage and in the assessment process in the Internal Factor Evaluation (IFE) matrix, and External Factor Evaluation (EFE) Matrix. Through this interview, the authors explore the research subject's data, information, and information framework. The interview is one technique that can be used to collect research data. An interview is an event or a process of interaction between the interviewer and the source of information or the person being interviewed through direct communication (Yusuf, 2014). The interview method is also a process of obtaining information for research purposes utilizing question-and-answer while face to face between the interviewer and the respondent/person being interviewed, with or without the use of an interview guide. These interviews are usually done individually or in groups, so that informative information can be obtained. In the consumer analysis section, the interviewer's target is focused on consumers who have used the company's services to understand and judge objectively. While in the IFE Matrix, IFE Matrix, and QSPM Matrix sections, the authors discuss with the company's internal management to provide a directed view in evaluating the analysis.

Analysis of the research design will explain in more detail related to research ideas and problems related to the implementation of the Building EPC Champion Program with PT. Wijaya Karya (Persero) Tbk, as the champion in the Industrial market segment. In this case, the analytical analysis will use internal analysis, including resource analysis, capabilities

analysis, and value chain analysis. External analysis will use PESTEL analysis, Porter's five force analysis, market overview, competitor analysis, and consumer analysis. After conducting internal and external analysis, the conclusions of the business situation will be assessed using the IFE matrix, EFE matrix, and root cause analysis. The problems found that are obstacles to the company's business will be formulated using the TOWS matrix, IE matrix, and QSPM matrix.

Literature Review

The essential thing is to do an internal analysis using Resources Analysis. Analysis using The Resource-Based View (RBV) theory has become one of the most influential theories in the history of management theory, especially in strategic management theory. To measure the RBV strategy, Indicators consist of two indicators: resources and capabilities (Hitt, et al., 2001). Capabilities analysis is also needed to determine the core competency of a company. A capability is a capacity for a set of resources to perform a task or an activity in an integrative manner (Hoskisson, Ireland, and Hitt, 2007). Through resources owned by PT. Wijaya Karya (Persero) Tbk's capabilities can be achieved by exploiting those resources used as their core competencies. Value Chain analysis is also fundamental in a marketing strategy management analysis. According to Michael Porter, business consists of two activities: primary activities and support activities. The primary activities involved a product's physical creation, sale and distribution to buyers, and service after the sales. PESTEL analysis will be used as a risk management method to evaluate the external business environment in the external analysis aspect. Porter's Five Force Analysis is also used as a method used to determine the strength of the industry based on the company's external factors. This theory arises based on the view of the Industrial Organization, which is a management view that companies pay great attention to external factors to gain competitive advantage. Competitor Analysis is used to determine competitors' position in an industry to be considered by the company in determining its marketing strategy. The last is consumer analysis to support the company's business lifeforce development.

Conceptual Framework

Conceptual framework is a structure that researchers believe in can describe the natural development of the phenomenon that will be studied (Camp, 2011). Conceptual frameworks explain the relationship between the main concepts of research. This is arranged in a logical structure to help provide a visual representation of how the ideas in the study relate to each other (Grant & Osanloo, 2014). The conceptual framework is a graphic or narrative form that shows the variables to the studied (Miles & Huberman, 1994). The conceptual framework of proposed marketing strategy for PT. Wijaya Karya (Persero) Tbk, is described on Figure 3.

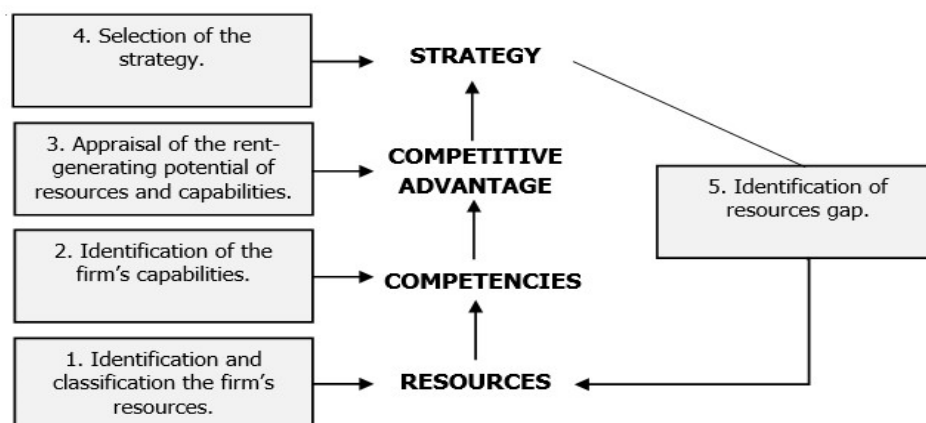


Figure 3. Conceptual Framework.

There are four main variables to assess whether a company has sufficient resources to run the Building EPC Champion program and become a market leader in the industrial sector. Resource variable identification is obtained by identifying and classifying the resources owned by the company. In determining the competence variable, the authors identify by assessing the company's ability to analyze the company's internal and external capabilities of the industry. On the variable of competitive advantage in the industrial market, the author uses an assessment of the potential of resources and capabilities to assess the strength of the company's value chain. In the end, the internal and external analysis will lead to conclusions about the root causes that hinder companies from competing in the Indonesian industrial market. The root of the problem is based on an analysis of the resources currently owned by the company, how strong it can compete in the industrial sector, and how big the gap is in actual conditions with future development plans. A complete analysis will lead to WIKA's marketing development design concept to compete in the industrial segment market following the Building EPC Champion concept from the Ministry of State-Owned Enterprises. Alternative business solutions are also prepared to make the program of the Ministry of SOEs a success and transform PT. Wijaya Karya (Persero) Tbk to become a champion in the Indonesian industrial market.

RESEARCH RESULT

Internal Factor Evaluation Matrix (IFE) Matrix

The Internal Factor Evaluation Matrix (IFE) is used to summarize the internal factors that have been explored in the previous sub-chapter. This IFE Matrix helps the author formulate strategies and summarize the main strengths and weaknesses of PT. Wijaya Karya (Persero) Tbk. In the process of analysis, this IFE Matrix tends to require intuitive assessment so that it requires discussion with the company's internals by using an in-depth interview pattern to the company's management so that the authors can develop ratings and weights on this IFE Matrix. The results of the in-depth interviews will be combined with a review of primary and secondary data and research that the author has done. Based on the Internal Factor Evaluation (IFE) matrix analysis, the total score of the IFE matrix at PT. Wijaya Karya (Persero) Tbk of 2.62. Thus, the value obtained more than 2.50 indicates the company's internal solid position to enter a business industry. Companies can utilize their strengths and abilities to overcome existing weaknesses to compete in the industrial sector market. In the internal analysis, the author has identified five strengths and five weaknesses of the company, divided into IFE and EFE matrices. The detailed results of the IFE Matrix analysis that the author has developed can be seen in Table 3.

Table 3. The Internal Factor Evaluation Matrix (IFE).

No.	Variable	Weight	Rating	Weighted Score
A. Strengths				
1.	Having integrated business lines from upstream, midstream to downstream that provide value chain advantages.	0.20	4	0.80
2.	The company's reputation is trusted by stakeholders and it is easy to establish cooperation with foreign companies.	0.12	4	0.48
3.	The company's brand awareness is the highest when compared to similar local companies.	0.08	3	0.24
4.	Has a diversified business in addition to the construction sector but also in the concrete, steel, asphalt, and electric motor industries.	0.10	4	0.40
5.	The company's management system is certified and internationally recognized.	0.05	3	0.15

B. Weaknesses				
1.	The company's competence in running the EPC business line is still seen as lacking in the Engineering and Procurement aspects.	0.20	1	0.20
2.	The development of the company's human resources is still general and has not focused on increasing employee competence in the industrial sector.	0.10	1	0.10
3.	Marketing in the industrial sector is not effective, so the growth in project contract acquisition is not significant.	0.06	1	0.05
4.	Technological innovation is still lacking and does not have a dedicated research and development division.	0.05	2	0.12
5.	The company's financial condition is less healthy during the Covid-19 pandemic so that the investment strategy policy on projects is very selective.	0.04	2	0.08
Total IFE Score		1.00		2.62

External Factor Evaluation Matrix (EFE) Matrix

This section will summarize the external factors of companies that will use the External Factor Evaluation (EFE) Matrix. The summary that will be included in the EFE Matrix includes PESTEL Analysis, Porter's Five Force Analysis, Market Overview, Competitor Analysis and Consumer Analysis. In the process of analysis, this EFE Matrix tends to require an intuitive assessment so that it requires discussion with the company's internal parties using an in-depth interview pattern to company management so that the authors can develop ratings and weights on this EFE Matrix. Table 4, shows the ratings and weights obtained by discussing with the company's management and combined with primary and secondary data collected as data reasoning. From the EFE Matrix analysis, the total weighted score is 2.9, more than 2.5, which indicates the business of PT. Wijaya Karya (Persero) Tbk is running well and can take advantage of opportunities and avoid threats. However, since the highest possible total weighted score is 4.0, it can be concluded that the company still needs improvement. The strategy formulation in the next chapter will be derived from calculating the IFE and EFE matrices.

Table 4. The External Factor Evaluation Matrix (EFE).

No.	Variable	Weight	Rating	Weighted Score
A. Opportunities				
1.	Support from the Indonesian government prioritizes SOE companies to dominate the industrial market in Indonesia.	0.18	4	0.72
2.	The projected industrial plant, power plant, and oil and gas market are projected to continue to grow in the future.	0.15	3	0.45
3.	There are opportunities for cooperation with foreign companies to improve the company's competence.	0.12	4	0.48
4.	Great contract value opportunity in every industrial project with the concept of EPC integration.	0.04	2	0.08
5.	Market opportunities for existing consumers who are satisfied with using the services of companies in the industrial sector.	0.06	3	0.18
B. Threats				
1.	The number of buyers is very limited in the Indonesian market.	0.10	2	0.20
2.	Market conditions are highly dependent on the economy's stability, which is still affected by pandemic.	0.05	4	0.20

3.	Foreign competitors have better resources, technical capabilities, and competitive advantages than WIKA.	0.15	2	0.30
4.	Business competition for obtaining Industrial EPC projects is very tight and challenging.	0.12	3	0.36
5.	EPC employment contracts have a high complexity and risk of legal disputes.	0.03	3	0.09
Total EFE Score		1.00		3.06

Root Cause Analysis

Cause-and-effect diagrams, often known as fishbone diagrams by Ishikawa as their creator, were used in root cause analysis (1980). This tool is considered appropriate for this research because it can identify and categorize problems. Fishbone Diagram below shows the root cause analysis of PT. Wijaya Karya (Persero) Tbk in the industrial sector market situation. Figure 4, helps to summarize the fishbone diagram in which problems in each capability element of the EFE and IFE matrices are possible causes of PT. Wijaya Karya (Persero) Tbk has difficulty competing in the industrial sector.

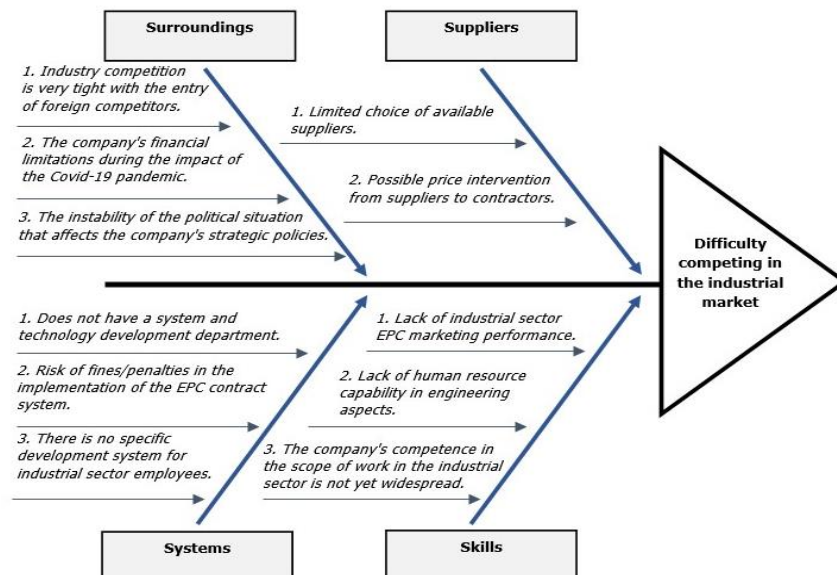


Figure 4. Root Cause Analysis.

Root cause analysis using an approach by grouping four factors can be distinguished again based on the root causes of the problem. Environmental factors and suppliers are external factors that are rather difficult for companies to intervene in changes to the external environment. It is different from the system and skill factors which are internal factors, so the company can control that factors. Companies can analyze solutions to plan analytical strategies for root causes of system factors and skills. For this reason, the root causes of the factor system and skills in the analysis of determining business solutions will be derived so that the authors hope to be able to overcome the root causes of the company's problems to minimize or even eliminate the risk of companies having difficulty in competing in the industrial sector market.

TOWS Matrix

TOWS Matrix conceptually can develop alternative strategies, tactics, and actions by looking at the interaction of four variables, namely strengths, weaknesses, opportunities, and threats. As summarized in Table 5, the TOWS matrix has four strategy formulations based on Strengths and Opportunities (SO), Strengths and Threats (ST), Weakness and Opportunities (WO), and Weakness and Threats (WT). SO strategy is a strategy to maximize

its strengths and opportunities by leveraging its resources to increase revenue. The ST strategy maximizes strengths while minimizing threats, while the WT strategy minimizes weaknesses and threats. The last strategy is the WO strategy, which aims to maximize opportunities while minimizing threats.

Table 5. TOWS Matrix.

<p>Internal</p> <p style="text-align: right;">External</p>	<p style="text-align: center;">Strength (S)</p> <ol style="list-style-type: none"> 1. Having integrated business lines from upstream, midstream to downstream that provide value chain advantages. 2. The company's reputation is trusted by stakeholders and it is easy to establish cooperation with foreign companies. 3. The company's brand awareness is the highest when compared to similar local companies. 4. Has a diversified business in addition to the construction sector but also in the concrete, steel, asphalt, and electric motor industries. 5. The company's management system is certified and internationally recognized. 	<p style="text-align: center;">Weakness (W)</p> <ol style="list-style-type: none"> 1. The company's competence in running the EPC business line is still seen as lacking in the Engineering and Procurement aspects. 2. The development of the company's human resources is still general and has not focused on increasing employee competence in the industrial sector. 3. Marketing in the industrial sector is not effective, so the growth in project contract acquisition is not significant. 4. Technological innovation is still lacking and does not have a dedicated research and development division. 5. The company's financial condition is less healthy during the Covid-19 pandemic so that the investment strategy policy on projects is very selective.
<p style="text-align: center;">Opportunities (O)</p> <ol style="list-style-type: none"> 1. Support from the Indonesian government prioritizes SOE companies to dominate the industrial market in Indonesia. 2. The projected industrial plant, power plant, and oil and gas market are projected to continue to grow in the future. 3. There are opportunities for cooperation with foreign companies to improve the company's competence. 4. Great contract value opportunity in every industrial project with the concept of EPC integration. 5. Market opportunities for existing consumers who are satisfied with using the services of companies in the industrial sector. 	<p style="text-align: center;">SO Strategies</p> <p>SO.1. Develop a strategy of cooperation with foreign companies on the EPC project to improve employee resource capability (<i>S2-S3-S4-S5-O3-O4</i>)</p> <p>SO.2. Development of target market priorities for consumers with the background of the Indonesian government (<i>S1-S2-S3-O1-O2-O5</i>)</p> <p>SO.3. Development of the company's business diversification strategy to expand the company's competence in the industrial sector (<i>S1-S4-S5-O1-O2-O4</i>)</p>	<p style="text-align: center;">WO Strategies</p> <p>WO.1. Develop the capabilities of the marketing division and form a marketing strategy that focuses on Indonesian market (<i>W3-O2-O4-O5</i>)</p> <p>WO.2. Development of employee capabilities focused on engineering and procurement in the EPC business sector (<i>W1-W2-O3</i>)</p> <p>WO.3. Establishing a Research & Development department in the company's organizational system with a focus on industrial technology development (<i>W1-W2-W4-O2-O4-O5</i>)</p>
<p style="text-align: center;">Threats (T)</p> <ol style="list-style-type: none"> 1. The number of buyers is very limited. 2. Market conditions are highly dependent on the economy's stability, which is still affected by the Covid-19 pandemic. 3. Foreign competitors have 	<p style="text-align: center;">ST Strategies</p> <p>ST.1. Development of investment strategies and cooperation with clients in the aspect of financing the industrial EPC project (<i>W1-W2-W4-T1-T4</i>)</p>	<p style="text-align: center;">WT Strategies</p> <p>WT.1. Focus on penetration in only one area of expertise, such as the industrial plant market (<i>W1-W2-W3-T1-T3-T4</i>)</p>

<p>better resources, technical capabilities, and competitive advantages than WIKA.</p> <p>4. Business competition for obtaining Industrial EPC projects is very tight.</p> <p>5. EPC employment contracts have a high complexity and risk of legal disputes.</p>	<p>ST.2. Development of employee capabilities towards Indonesian and international legal aspects (S5-T3-T5)</p>	
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Based on the formulation of the TOWS Matrix analysis, it produces several alternative strategies that are expected to be a solution to the root cause of the company's business problems to compete in the industrial sector market. From the TOWS matrix, nine alternative strategies are obtained, grouped into two company internal factors, namely systems and skills. In addition, the WO.2 and ST.2 strategies are combined into one strategy to improve employee capability and competence to increase EPC contract acquisition. The two strategies are interrelated because the context achieved is the same, namely to increase the competence and capability of the company's resources to compete in the industrial sector market and increase the acquisition of EPC contracts for PT. Wijaya Karya (Persero) Tbk.

Internal-External (IE) Matrix

Internal External (IE) matrix is developed from the General Electric model. The parameters used include the company's internal strength and external influences the company faces. The IE matrix positions the company's strategic business units into a matrix consisting of nine cells (David & David, 2016). IE matrix where the size and circle indicate sales contribution percentage. The IE matrix is developed from the Grand Strategy model. The parameters used include the internal strength and the external strength it faces. The purpose of using this model is to obtain a more detailed corporate-level business strategy. The Internal-External (IE) Matrix will position the alternative business solutions described earlier. The IE matrix consists of two dimensions: the total score of the IFAS Matrix on the X-axis and the total score and the EFAS Matrix on the Y-axis. On the X-axis of the IE matrix. The score is divided into three parts: a score of 1.0-1.99 which indicates that the internal position is weak, a score of 2.0 - 2.99 is the average position, and a score of 3.0 - 4.0 is the strong level. This matrix is considered helpful in grouping several alternatives that have been formulated, which will be selected using the QSPM matrix. Figure 5 shows the IE matrix PT. Wijaya Karya (Persero) Tbk by considering the main external and internal factors available in WIKA's plan to become a champion in the Industrial sector market in Indonesia.

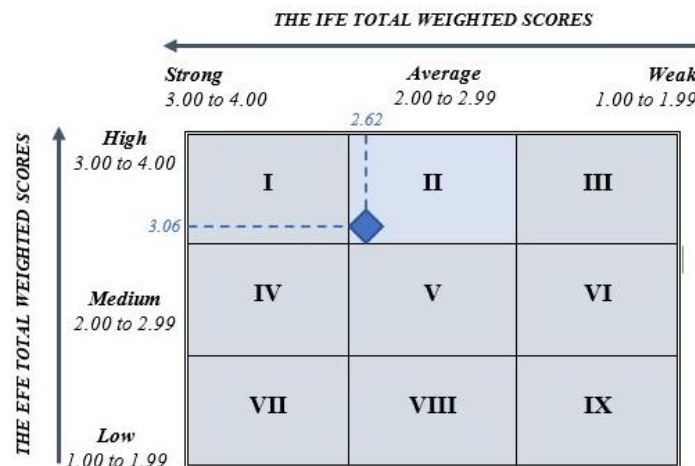


Figure 5. IE Matrix.

According to the Internal-External (IE) matrix, the company's current position is in cell II, obtained from integrating the total IFE-weighted score of 2.62, with the total EFE-weighted score of 3.06. Cell II is included in region 1, which means growth and development strategies must be implemented. According to Rangkuti (2014), the position of cell II obtained by the company was also developed, and the growth strategy would be through horizontal integration. This growth strategy through horizontal integration is an activity for company expansion by developing markets and increasing products and services. With this strategy, if the company is in a desirable industry, the company will have the potential to increase sales and profits by utilizing economies of scale in both production and marketing. Companies in cell II can expand their market, facilities, and technology through internal and external developments through acquisitions or joint ventures with other companies in the same industry. Table 6 shows the grouping of alternative solutions developed by the author through the TOWS matrix into several strategies to sort these groupings and choose the best strategy for PT. Wijaya Karya (Persero) Tbk to win the competition in the Industrial market. The eight strategies are grouped into four parts: the market penetration strategy, which consists of five alternative strategies and one strategy for the related diversification strategy, market development strategy, and product development strategy sections. Strategy 7 will be excluded from the advanced analysis section because the investment strategy requires enormous costs and capital. Compared to the analysis results on the company's financial condition, which was not good enough during the Covid-19 pandemic, this strategy is irrelevant.

Table 6. Strategic Grouping of Alternative Solutions.

Alternative Strategies	Strategy Grouping
<u>Strategy 1</u> Develop a strategy of cooperation with foreign companies on the EPC project to improve employee resource capability	<i>Market Penetration Strategy</i>
<u>Strategy 2</u> Development of target market priorities for consumers with the background of the Indonesian government	<i>Market Penetration Strategy</i>
<u>Strategy 3</u> Improvement of employee capability and competence to increase EPC contract acquisition	<i>Market Penetration Strategy</i>
<u>Strategy 4</u> Develop the capabilities of the marketing division and form a marketing strategy that focuses on Indonesian market	<i>Market Penetration Strategy</i>
<u>Strategy 5</u> Focus on penetration in only one area of expertise, such as the industrial plant market	<i>Market Penetration Strategy</i>
<u>Strategy 6</u> Development of the company's business diversification strategy to expand the company's competence in the industrial sector	<i>Related Diversification Strategy</i>
<u>Strategy 7</u> Development of investment strategies and cooperation with clients in the aspect of financing the industrial EPC project	<i>Market Development Strategy</i>
<u>Strategy 8</u> Establishing a Research & Development department in the company's organizational system with a focus on industrial technology development	<i>Product Development Strategy</i>

QSPM Matrix

QSPM is a framework for evaluating the feasibility of each strategy by revealing the attractiveness of each strategy and developing a basis for selecting alternatives (David & David, 2016). QSPM is a tool that is recommended for experts to evaluate alternative

strategy options objectively based on the previously identified internal-external key success factors. In principle, the QSPM matrix requires good intuitive judgment; Therefore, the authors provide an assessment based on the analysis results in the previous chapter and discussions with company management who act as experts in the company's industrial market to support the assessment of this QSPM matrix. This matrix was chosen as a tool in this research because this framework can help test a series of strategies sequentially or concurrently and integrate external and internal factors into the decision-making process. In this study, three main strategic groupings will be applied: Market Penetration Strategy, Related Diversification Strategy, and Product Development Strategy. Table 7 describes the calculation of the QSPM matrix used to determine the strategic priorities that PT Wijaya Karya (Persero) Tbk must be applied.

Table 7. QSPM Matrix.

Strength	Weights	Strategy 1		Strategy 2		Strategy 3		Strategy 4		Strategy 5		Strategy 6		Strategy 8	
		AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS
Having integrated business lines from upstream, midstream to downstream that provide value chain advantages.	0,20	4	0,80	4	0,80	2	0,40	2	0,40	2	0,40	3	0,60	3	0,60
The company's reputation is trusted by stakeholders and it is easy to establish cooperation with foreign companies.	0,12	4	0,48	4	0,48	3	0,36	3	0,36	3	0,36	2	0,24	1	0,12
The company's brand awareness is the highest, compared to local companies.	0,08	3	0,24	4	0,32	3	0,24	4	0,32	4	0,32	2	0,16	1	0,08
Has a diversified business in addition to the construction sector but also in the concrete, steel, asphalt, and electric motor industries.	0,10	4	0,40	3	0,30	2	0,20	3	0,30	3	0,30	4	0,40	3	0,30
The company's management system is certified and internationally recognized.	0,05	4	0,20	2	0,10	3	0,15	3	0,15	2	0,10	3	0,15	2	0,10
Weaknesses		Strategy 1		Strategy 2		Strategy 3		Strategy 4		Strategy 5		Strategy 6		Strategy 8	
	Weights	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS
The company's competence in running the EPC business line is still seen as lacking in the Engineering and Procurement aspects.	0,20	4	0,80	3	0,60	3	0,60	2	0,40	3	0,60	2	0,40	2	0,40
The development of the company's human resources is still general and has not focused on increasing employee competence in the industrial sector.	0,10	4	0,40	2	0,20	4	0,40	2	0,20	2	0,20	2	0,20	2	0,20
Marketing in the industrial sector is not effective, so the growth in project contract acquisition is not significant.	0,06	3	0,18	4	0,24	2	0,12	4	0,24	4	0,24	2	0,12	2	0,12
Technological innovation is still lacking and does not have a dedicated research and development division.	0,05	3	0,15	2	0,10	4	0,20	3	0,15	2	0,10	3	0,15	4	0,20
The company's financial condition is less healthy during the Covid-19 pandemic so that the investment strategy policy on projects is very selective.	0,04	2	0,08	3	0,12	2	0,08	2	0,08	1	0,04	1	0,04	2	0,08
Opportunities		Strategy 1		Strategy 2		Strategy 3		Strategy 4		Strategy 5		Strategy 6		Strategy 8	
	Weights	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS
Support from the Indonesian government prioritizes SOE companies to dominate the industrial market in Indonesia.	0,18	4	0,72	4	0,72	3	0,54	3	0,54	4	0,72	3	0,54	3	0,54
The projected industrial plant, power plant, and oil and gas market are projected to continue to grow in the future.	0,15	4	0,60	4	0,60	3	0,45	4	0,60	4	0,60	4	0,60	2	0,30
Cooperation with foreign companies to improve the company's competence.	0,12	4	0,48	3	0,36	4	0,48	4	0,48	3	0,36	2	0,24	3	0,36
Great contract value in industrial project with the concept of EPC integration.	0,04	3	0,12	3	0,12	3	0,12	4	0,16	3	0,12	3	0,12	2	0,08
Market opportunities for existing consumers who are satisfied with using the services of companies in the industrial sector.	0,06	3	0,18	4	0,24	3	0,18	4	0,24	4	0,24	3	0,18	1	0,06
Threats		Strategy 1		Strategy 2		Strategy 3		Strategy 4		Strategy 5		Strategy 6		Strategy 8	
	Weights	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS
The number of buyers is very limited in the Indonesian market.	0,10	3	0,30	4	0,40	2	0,20	3	0,30	2	0,20	2	0,20	1	0,10
Market conditions are highly dependent on the economy's stability, which is still affected by the Covid-19 pandemic.	0,05	2	0,10	2	0,10	3	0,15	2	0,10	2	0,10	1	0,05	1	0,05
Foreign competitors have better resources, technical capabilities, and competitive advantages than WIKA.	0,15	3	0,45	3	0,45	3	0,45	3	0,45	2	0,30	1	0,15	2	0,30
Competition for obtaining Industrial EPC projects is very tight and challenging.	0,12	3	0,36	3	0,36	3	0,36	3	0,36	3	0,36	2	0,24	2	0,24
EPC employment contracts have a high complexity and risk of legal disputes.	0,03	4	0,12	3	0,09	4	0,12	3	0,09	2	0,06	1	0,03	2	0,06
TOTALS			7,16		6,70		5,80		5,92		5,72		4,81		4,29

Based on the QSPM analysis, an assessment rating of each alternative is obtained and ranked based on the highest value. The higher the rating obtained by a strategy, the better it is to implement it. On the contrary, if the alternative strategy that gets a lower value is not good and is not feasible to implement, the company. Based on the results of the QSPM assessment, it is known that two strategies tend to get low scores. The strategy establishes a research & development department in the company's organizational system with a focus on industrial technology development included in the product development, and the strategy development of the company's business diversification strategy to expand the company's competence in the industrial sector includes related diversification strategy. The two strategies that get a low score are due to the company's condition, which is currently impossible to carry out the two alternative strategies. The two strategies urgently require enormous financial resources while the company's financial condition is still unstable due to the impact of the Covid-19 pandemic that is still hitting Indonesia and globally. The company's relevant strategy is an alternative strategy included in the market penetration strategy grouping. This market penetration strategy is in line with the condition of the company and the company's portfolio. WIKA should implement a market penetration strategy to increase market share in the Indonesian industrial market. Five strategies will be analyzed further in the strategy implementation process. The five strategies will be described in more detail to understand each alternative strategy's action plan and follow-up. The implementation plan of the five alternatives will be discussed in the conclusion chapter

and the implementation plan at the end of this research. The final calculation of the QSPM matrix provides a rating for each alternative strategy. Table 8 shows the order of priority or by ranking for each alternative strategy.

Table 8. Strategy Alternatives Rank Based on TAS.

Rank	Alternative Strategy	Total Attractiveness Score (TAS)
1	Develop a strategy of cooperation with foreign companies on the EPC project to improve employee resource capability	7.16
2	Development of target market priorities for consumers with the background of the Indonesian government	6.70
3	Develop the capabilities of the marketing division and form a marketing strategy that focuses on Indonesian market	5.92
4	Improvement of employee capability and competence to increase EPC contract acquisition	5.80
5	Focus on penetration in only one area of expertise, such as the industrial plant market	5.72
6	Development of the company's business diversification strategy to expand the company's competence in the industrial sector	4.81
7	Establishing a Research & Development department in the company's organizational system with a focus on industrial technology development	4.29

CONCLUSION

The Building EPC Champion program initiated by the Ministry of State-Owned Enterprises and mandated several companies in the Infrastructure cluster, including PT. Wijaya Karya (Persero) Tbk, must be implemented properly so that the objectives of this program can be achieved. The impact of internal business problems in the company due to adjustments to this program must be analyzed to solve these business problems. The business problem described in this study is the potential difficulty for PT. Wijaya Karya (Persero) Tbk in competing in the Industrial market in Indonesia. Historically, WIKA has had advantages in the infrastructure sector compared to the industrial sector. Based on sales and marketing data on value chain analysis, it shows that the infrastructure sector has an order book and new contracts and a significant revenue contribution. Seeing this condition and referring to the Building EPC Champion program, the company must have a strategy to dominate the industrial market and become the industrial market leader in the future. After analyzing the business situation, it was found that the leading cause of companies' difficulty to compete in the industrial market stems from both internal and external factors of the company. The problems are grouped into two main parts on internal factors, namely systems and skills. In the systems aspect, the company is considered not to have the capability in technology as support in industrial competition. The company also does not have a specific employee development system to improve employee competence in the industrial sector. In terms of skills, the lack of available resources in engineering makes the company not fully capable of handling large-scale industrial EPC projects. The company's lack of marketing performance makes it difficult for companies to develop market share to get new EPC projects. Increasing the competence and capability of the company must be improved to adapt to the increasingly extreme and challenging business competition climate.

The company's external problems analysis also shows that WIKA will find it challenging to compete in the industrial market. This difficulty is reflected in the results of customer

analysis that the company needs to increase competence in the engineering and procurement fields to win the market competition. Industrial, which includes power plant and oil & gas sector, is a potential market with intense competition because the market is filled by local competitors and foreign competitors from various countries. WIKA must handle foreign competitors who are currently intervening in the Indonesian industrial market in order to be able to compete and take advantage of the market situation. The company already has the primary capital to compete in this industrial market, the company's brand awareness that is seen both by stakeholders and consumers, and the government's support for state-owned companies makes WIKA have to take advantage of this strength to take market opportunities. It is just that the company must ensure that its capabilities are feasible in facing business competition in the industrial market.

In the end, it can be concluded that the objective of this research has been achieved to identify and analyze the driving forces and critical uncertainties that will impact WIKA's business when it enters the industrial segment. The strategy formulation for each alternative business solution has also been determined as the company's consideration in carrying out the strategy implementation plan. Therefore, the market development strategy and market segmentation analysis will be described in the sub-chapters of this chapter. For further research, the authors recommend expanding the scope of research to be more comprehensive and focus on specific industrial markets. Future research should detail the specific market areas and broaden the analysis of consumer and competitor perspectives on the company. Further research can also focus on several targets of foreign companies that will become targets of cooperation for companies to improve the competence and capabilities of the company. This research is expected to be a reference for developing company strategies in the future for the success of the Building EPC Champion program from the Ministry of State-Owned Enterprises.

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