

# **STRATEGIC MANAGEMENT ANALYSIS OF PT. CITRA PERDANA KENDEDES MALANG IN FACING THE RISE OF ONLINE TRANSPORTATION**

**(A Case Study)**

**Adhelia Regita Cahyanti**

**Dr. Drs. Bambang Hariadi, M.Ec., Ak**

*Faculty Of Economic And Business*

*Jl. MT. Haryono 165 Malang*

*Ar.cahyanti@gmail.com*

## **ABSTRACT**

Along with the development of technology, conventional taxi companies began to be threatened, since it can be ordered through an application on smartphone. It is known as online transportation. The purpose of this research is to explain the strategy formulation of PT. Citra Perdana Kendedes based on their vision, mission, goals, and the application of internal and external environment analysis. This research used a case study qualitative method. The research was conducted by analyzing the company's internal and external environment, which was then incorporated into the SWOT Matrix (Strength, Weakness, Opportunity, Threat), Grand Strategy Matrix, and SPACE Matrix (Strategic Position and Action Evaluation) in formulating the company strategies. To collect data, this research used interview techniques, documentation, observation, and literature study. From the analysis, this research suggests that PT. Citra Perdana Kendedes needs to conduct a market development strategy, product development, and market penetration to be able to compete with other participants.

**Keywords: Strategic Management, Conventional Taxi, SWOT Matrix, Grand Strategy Matrix, SPACE Matrix.**

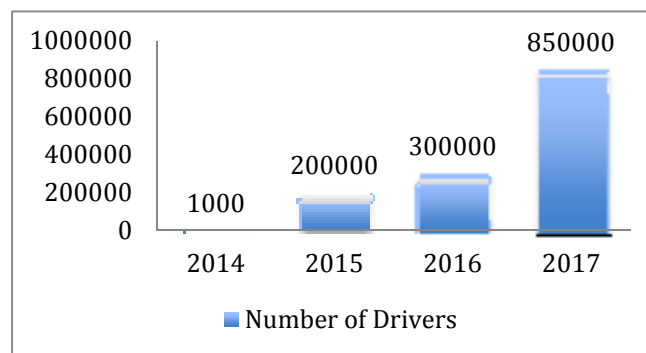
## **1. INTRODUCTION**

According to the Minister of Transportation Decision No. 35 of 2003, the definition of taxi is a public transportation that is used by public passenger that is specifically marked

and equipped with a *taximeter* that serves door-to-door transportation in a limited operating area. Online taxi is public transportation developed by startup companies such as Gojek and Grab; online taxi does not use *taximeter* because the fee is directly stated in the application when ordering the transportation.

The numbers of online taxi driver in Malang region have reached more than 2000 drivers (SuryaMalang.com). In Malang, one of the leading companies in conventional taxis industry is PT. Citra Perdana Kendedes Taxi. The increasing number of online transportations brings concern to other public transportation drivers; one of the reasons is because of the growth of *ojek online* that shifts the position of taxi in Indonesia. Based on the diagram above, the index of Gojek drivers from 2014 to 2017 experienced a significant increase.

**Figure 1 Gojek Drivers Index from 2014 to 2017**



Along with digital developments in Indonesia, conventional taxi is competing to create their applications to be able to compete with online-based taxi providers. In 2016, Citra Kendedes Taxi launched a booking application called 'Citra Taxi' which can be downloaded in the Android Play Store. Not only new application, but also Citra Taksi added no less than 100 units of cars with various models to meet the needs of application users' around Batu and Malang (Mahardy, 2016 in Techonologue.id).

In order to compete and remain in the midst of this intense competition, conventional taxi company needs a management strategy to survive in the industry and to achieve the main company goals. Rifai (2005: 84) explained that strategic management is a process of future planning for the short and long term as an effort to face the challenges of an organization or company. To determine the company's strategic management, it is necessary to understand the external and internal conditions experienced by the company in order to adjust to the capabilities and competencies that owned by the internal company (Tantra, 2016). One of the ways is through SWOT analysis.

David (2011) explained that SWOT analysis helps a company to know their strength, weakness, opportunities, and threat. All companies have specific strengths and weaknesses in the functional area of the business. There is no company which is either strong or weak in all business areas (Fatomy, 2015). In general, this analysis helps the company to know their position through their external and internal factors in order to compete in the industry.

## **2. LITERATURE REVIEW**

### **Definition of Strategic Management**

According to Suci (2015:2) in her book, Pearce and Robinson stated that strategic management is defined as a set of decisions and actions that produce a formulation and implementation of plans designed to achieve company goals. The definition can refer to the meaning that a strategy is not only formulated to achieve the company objectives but also to maintain company existence and company sustainability in its environment (Pangestuti, 2015).

There are other several definitions of strategic management. David (2011:5) stated that strategic management defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. However, according to Hunger and Wheelen (2012:5), strategic management is a set of managerial decisions and an action that determine a long-term corporation performance, it includes environmental scanning (both external and internal), strategy formulation (strategic or long-range planning), strategy implementation, and evaluation and control.

### **Process of Strategic Management**

Hitt, Ireland & Hoskisson (2011:6) defined the strategic management process the full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness and earn above-average returns. The strategic management process consists of three stages:

1. Strategic Inputs

Strategic inputs are the process to analyze external and internal environments to determine its resources, capabilities, and core competencies. After analyzing the external and internal aspects of the company, with this information, the company develops vision and mission and formulates its strategy.

2. Strategic Actions

At this stage, the company takes actions toward achieving strategic competitiveness and above-average returns. This stage covers effective strategic actions that take place in the context of carefully integrated strategy formulation and implementation actions result in desired strategic outcomes. Therefore, competitive structures must be coordinated with a company's continuously as the market continuously changing.

### 3. Strategic Outcomes

Strategic outcomes are the stage where determining the success of a company, whether the company's achieve strategic competitiveness and earn above-average returns. Above-average returns are returns in excess of what an investor expects to earn from other investments with a similar amount of risk.

### **External Environment Analysis**

According to Hunger and Wheelen (2012:98), the external environment consists of variables (opportunities and threats) outside of the organization and not specifically in the short-term control of top management. External forces can be divided into five broad categories, which are:

#### 1. Economic Forces

Economic forces are a power that regulates material exchanges in the form of money, energy and information. The economic conditions of a country as well as economic policies made by the government are related and have a direct impact on the company.

#### 2. Social, Cultural, Demographic, and Natural Environment Forces

This analysis is needed to consider whether a company produce an item or giving service in an environment, which requires the company to understand the social culture, culture, population, as well as the local environment around the company. In addition, the company needs to understand the characteristic of the locals and the circle of the consumers that the company is aiming for.

#### 3. Political, Governmental, and Legal Forces

Government regulation and state governance are directly as well as indirectly gives an impact on the company. Political factors suppress legal and regulatory parameters that limit company operations. Therefore, the factors analysis of the political power of a country also needs to be done by the company, in order to maintain the existence and continuity of the company.

#### 4. Technological Forces

Technological forces represent major opportunities and threats that must be considered in formulating strategies. With the analysis of technological forces, the company can predict how far the company can grow and develop following the progress of the modern era.

#### 5. Competitive Forces

Competitive forces consist of five strengths as explained by Porter's Five-Forces Model, namely: (1) Rivalry among competing firms, (2) Potential entry of new competitors, (3) Threat of substitute products and services, (4) Bargaining power of suppliers, and (5) Bargaining power of consumers.

### **Internal Environment Analysis**

According to Hunger and Wheelen (2012:138), internal strategic factors is identifying the critical strengths and weakness of the company that is likely to determine whether a company will be able to take advantage of opportunities while avoiding threats. These factors include:

1. Structure, is the way a company organizes communication, authority, and workflow.
2. Culture, is a pattern of belief, hope, and value-shared from members of the organization.
3. Resources are raw materials used by companies for the production of goods and/or services, also in the form of the abilities of their employees and managerial talents.

### SWOT Analysis Matrix

David (2011:178) explained SWOT matrix is an important matching tool to help managers to develop four types of strategies, namely: SO strategies (strengths-opportunities), WO strategies (weaknesses-opportunities), ST strategies (strengths-threats), and WT strategies (weaknesses-threats).

**Table 2. SWOT Matrix Example**

<div>Internal Factor</div> <div>External Factor</div>	<b>Strength (S)</b>  (List 5-20 Factor Internal Strength)	<b>Weaknesses (W)</b>  (List 5-20 Factor Internal Weaknesses)
	<b>Opportunities (O)</b>  (List 5-20 Factor External Opportunities)	<b>WO Strategies</b>
<b>Threats (T)</b>  (List 5-20 Factor External Threats)	<b>ST Strategies</b>	<b>WT Strategies</b>

### Grand Strategy Matrix

David (2011:191) explained that all organizations can be positioned in one of the Grand Strategy Matrix's four strategy quadrants. In this strategy, there are four quadrants, which is divided into two evaluative dimensions, namely: a competitive position (competition), occupying a horizontal line; and market growth (industry), which occupies a vertical line.

**Figure 3 Grand Strategy Matrix Example**



### Strategic Position and Action Evaluation (SPACE) Matrix

This matrix has four quadrants, David (2011:181) described four-quadrant framework indicates whether aggressive, conservative, defensive, or competitive strategies are most appropriate for a given organization. The axes of the SPACE Matrix represent two internal dimensions (financial position [FP] and competitive position [CP]) and two external dimensions (stability position [SP] and industry position [IP]). These

four factors are determinants of what strategies a company will use. Gurbuz (2013) explained each of the factors as follows:

1. Financial Position (FP): This is an internal dimension which can include return on investment, leverage, liquidity, capital, the risk involved in business etc. as key factors.
2. Competitive Position (CP): This is an internal dimension that includes market share, product quality, and product life cycles etc. as key factors.
3. Industry Position (IP): This is an external dimension that can include growth and profit potential, financial stability, technological know-how etc. as key factors.
4. Stability Position (SP): This is an external dimension, which can include technological change, rate of inflation, demand variability, the price range of competing products etc. as key factors.

### **3. RESEARCH METHOD**

#### **Research Design**

This research used a qualitative method for examining the relationship between variables. According to Sekaran and Bougie (2016:332), qualitative data are data in the form of words, it comes from a wide variety of primary sources and/or secondary sources such as individuals, focus group, company records, government publications, and the Internet. Qualitative data aims at making valid references from the amount of collected data. This method also aims to understand the phenomenon experienced by the research subject such as behavior, perception, motivation, action, etc. holistically and in a descriptive way in the form of words and language, in the special natural context using some scientific methods (Moleong, 2015). This research is included in the case study research because this research only focuses on the formulation of strategy management in one company. Arikunto (2005: 41) mentions a case study research as an intensive, detailed and in-depth study of a particular organization, institution, or phenomenon. In terms of the breadth of the research area, case studies are only carried out in a narrow area, but with an in-depth discussion.

#### **Object of Research**

This research used the interview as the main data in order to obtain specific data that can describe the topic to achieve the objective of the study. The interview was conducted in Citra Taxi Malang office which is located in Jalan Bunga Merak No.2, Jatimulyo, Lowokwaru District, Malang City, East Java, 65141.

#### **Source of Data**

The source of data that used in this research consists of two sources, namely internal and external data:

1. Internal data is data derived from the internal company. In this case, the researcher obtained internal data through interviews with the manager of the company.

2. External data is data obtained from outside the company where the research was conducted. The researcher collected external data through observing the nearest competitor and the information was obtained from the Internet and the company owner.

### **Data Processing Method**

The data processing method is the stages that use to analyze the data obtained from the object of research using the analysis tools. In this research it is conducted three stages of research that have each analysis tools to formulate the competitive strategy, which is:

1. Strategic Inputs

In this stage, the analysis tool that used is SWOT analysis. SWOT analysis is a tool to plan, to add, or to maximize the best things that the company already has, as well as to prepare and to overcome bad things that the company will experience. This analysis serves to deduce basic information about the company's internal and external environment that needed to formulate a strategy.

2. Strategic Action

The results of the SWOT analysis are processed in grand strategy matrix. Grand strategy matrix has become a popular tool for formulating feasible strategies. Grand strategy matrix can accurately measure the company's competitive strength and the growth rate of the industry. In this stage, it is focusing on making the alternative strategies that can be implemented through the consolidation of internal and external factors of the company.

3. Strategic Outcomes

This stage is using the Strategic Position and Action Evaluation (SPACE) matrix to decide what type of strategy a company should undertake. SPACE matrix analysis tool uses the information from stage one to evaluate how is the company condition in order to decide in which quadrant the company is located. Therefore, it can be decided what steps should be taken by the company to maintain the company during competition.

## **4. RESULTS and DISCUSSION**

### **Environmental Analysis of Citra Taxi Malang**

#### **Internal Analysis Factor**

For the product PT. Citra Perdana Kendedes engaged in the transportation industry that provides *argometer* taxi service. The company has several categories ranging from standard to premium. The standard service flag fall is Rp5,000, and the perimeter is Rp3,500. And place there is no environmental or social factors that concerned. In determining the fare used by PT. Citra Perdana Kendedes, all fares are set by the government and promotion often done by the company in the form of giving gifts to loyal



customers. PT. Citra Kendedes Perdana has 379 workers consisting of 325 drivers and 54 employees for human resource. To become a driver at PT. Citra Perdana Kendedes, every driver must meet several criteria, namely having a general license, being able to drive, willing to take part in a series of training and being able to follow the SOP (standard operating procedure).

PT. Citra Perdana Kendedes operates for 24 hours and receive orders through three ways, which is by phone, online, and directly at the taxi base. Citra taxi has up to 40 bases that spread across Malang region, including Arjosari terminal, Malang train station, Brawijaya Museum, and others. PT. Citra Perdana Kendedes provides 180 units of various cars to operate including Vios, Avanza, Ertiga, etc. that are guaranteed by its quality and safety. In preparing the financial review at PT. Citra Perdana Kendedes, it is clearly detailed, every order and transaction is neatly recorded starting from the hull number, fees, customer detail, and driver detail that guaranteed the security and safety of passengers.

### **1. Strength**

- a) PT. Citra Perdana Kendes is the first company to provide transportation based on *argometer* in Malang city. Those make loyal customer has been obtained by PT. Citra Perdana Kendedes. Seeing from the length of time Citra Taxi has been established, it makes people more familiar with Citra Taxi rather than other taxi company.
- b) Good services and good ethical driver are two components for customers to assess how the company's performance and thise has been obtained by PT Citra Perdana Kendedea
- c) The driver who was appointed as an employee of the company has different backgrounds and ethnicities, not only people from Malang but also from Malang outsiders such as Madurese.
- d) Security is the most important point expected by all customers, covering customer safety, car security, and security services. PT. Citra Perdana Kendedes is very concerned with customer safety and comfort. The operational car of Citra Taxi is always checked periodically from the engine to the car body, not only that, operational cars are routinely replaced every ten years to give the best impression to customers. Operational cars are also equipped with Google maps to ensure the driver to deliver the passengers to the right destination.
- e) To ease the customer in ordering the taxi, PT. Citra Perdana Kendedes provides three ways of ordering, namely by telephone, application, and directly at the taxi base.

### **2. Weakness**

- a) There is no government firmness in regulating the existing regulations. Some provisions imposed unfairly to conventional taxi drivers and online taxis, which free up the black plate driver from the provision that makes the public appeal to register as an online transportation driver so that there was a significant increase in supplies that made the number of supply and demand are not comparable.

- b) The existence of online orders makes the driver easier and faster to get customers. But it is unfortunate that not all drivers of PT. Citra Perdana Kendedes have an access to receive online orders.
- c) PT. Citra Perdana Kendedes does not provide adequate compensation to drivers who have worked even for more than 20 years in the company. The reward that has been given so far in the form of a certificate and money in the amount of Rp500,000 at an event a few years ago and only certain people received it.
- d) Excluding for online orders, direct orders or by phone orders are very depending on cash payment, PT. Citra Perdana Kendedes lack to use this opportunity to facilitate customer payments to be more practical and efficient.
- e) And for media social, is arguably not maximizing these opportunities, although PT. Citra Perdana Kendedes already has an official site and Facebook page, but the use of their site is not optimal and the appearance is less attractive.

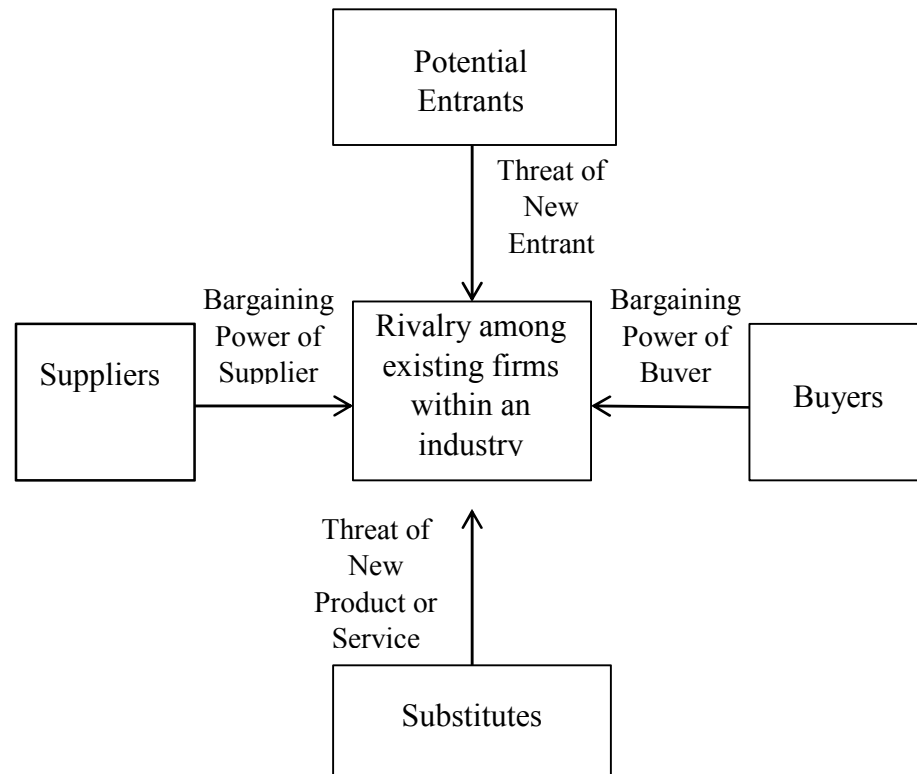
### **External Analysis Factor**

The GRDP grew by 5.72% compared to 2017, which was recorded at 62.38 trillion rupiahs ADHb. The growth of Malang City in 2018 is higher than in the previous period from 2016 to 2017. BPS records that almost 30% of the economy of Malang City is supported by the trade sector. However, the highest growth was seen in the company's service sector rising to 7.84%, with this figure proving that PT. Citra Perdana Kendedes has the potential to develop and increase company performance and activities to survive and compete in the industry. On social, cultural, demographic, and natural environment force, it is closely related to business market segmentation. PT. Citra Perdana Kendedes is located in the center of Malang region where the majority of the populations who live in Malang city are students, workers, and the middle and upper classes society.

According to The Minister of Transportation Regulation No. 118 of 2018 governing four wheels and the Minister of Transportation Regulation No. 12 of 2019 governing two wheels regulation, online motorcycle taxi will adjust the lower limit fare of Rp2,000 and the upper limit of Rp2,500 per kilometer with a range of minimum service fees of Rp7,000 to Rp10,000 one way. As for online taxis, a lower limit of Rp3,500 per kilometer is planned, and an upper limit of Rp6,000 per kilometer is planned. The existence of this regulation provides a great opportunity for conventional taxi companies to shine again and competing with a fair environment.

In this globalization era, technology has the most powerful forces that cannot be denied. PT. Citra Perdana Kendedes is very concern towards technological development. The company always ensures that they always update anything, especially those that can facilitate the company's operations. To initiate, PT. Citra Perdana Kendedes collaborates with start-up companies to accept orders through online, with this case, PT. Citra Perdana Kendedes is able to compete in the transportation industry.

Every company has its own five analysis competitive forces that support the external analysis. Here are five strengths according to Porter's Five-Forces Model of PT. Citra Perdana Kendedes.



There are four other conventional taxi companies, which is a competitor of PT. Citra Perdana Kendedes. The competition is not only focused on what services that provided but covering everything, including the facilities, quality of vehicles, and safety provided by the company. The fare price that offered may be the same as the other conventional taxi companies, but the services provided are adding value to PT. Citra Perdana Kendedes as the first conventional taxi company in Malang City.

The potential of new competitors to enter the market is relatively small since the transportation industry service system is less desirable. It is because at the moment the transportation industry market competition is fairly tight, but there are other factors are also taken into consideration. In the era of sophisticated, any technology can be utilized. To get around it, several things can be done by PT. Citra Perdana Kendedes, which is by being service oriented rather than just product oriented, understanding the core need of the customer rather than what the customer is buying, and increasing the switching cost for the customers.

Some things can be done by PT. Citra Perdana Kendedes to overcome the bargaining power of suppliers, namely by building an efficient supply chain with multiple suppliers, experimenting with product designs using different materials so that if the prices go up of one raw material, then the company can shift to another, and developing dedicated suppliers whose business depends upon the firm. Under certain conditions, some customers will feel suitable and feel they need to order from PT. Citra Perdana Kendedes if customers feel a satisfying experience when using the services of PT. Citra Perdana Kendedes.

## **1. Opportunities**

- a) At first, the market segmentation of PT. Citra Perdana Kendedes was only Malang people from middle to upper class and tourist outside Malang, as time goes by, students have quite dominated the transportation industry market in Malang region. The view of hedonism in using taxis among the student has also faded, unlike the old days' majority students used *mikrolet* to go to the campus, now, students use taxi to the campus are very common.
- b) Every business is required to develop its company in order to survive in the competition. PT. Citra Perdana Kendedes is a company that engaged in the transportation industry that can work with various companies. Every company definitely needs transportation for mobility, starting from picking up the client for companies that have many clients, facilitating their employees, and as a marketing event for souvenir business to deliver consumers to their business.
- c) With the ease of using technology and the Internet makes transactions and get information easier, this opportunity is used by PT. Citra Perdana Kendedes to accept online orders by partnering with existing start-up companies, because of the convenience offered, many consumers are interested in placing an order through online media.
- d) As the axis of tourism in East Java, Malang is a city that quite busy because the number of tourist attractions around Malang and Batu makes Malang being visited by tourists from outside and within the country. It makes many souvenir shops around Malang, which is used as an opportunity for PT. Citra Perdana Kendedes for partnering in a certain souvenir shop.
- e) Malang City, seeing from the population and its market segmentation, it is a very strategic location for people finding a job and opening a business. Therefore, it will

not be denied that transportation is really needed for humans' daily operational activities.

## **2. Threat**

- a) Indonesia is currently faced with changing and unclear government regulation. The government injustice towards provisions that have given to online transportation drivers and conventional taxis or other public transportation drivers makes jealousy and a dispute between them. Not only that, the government is considered too politically in making decisions, which can be detrimental to the people just because they are too concerned with insiders.
- b) With the convenience of registering as an online transportation driver makes anyone interested in registering, not only for permanent livelihoods but many drivers who register only for side jobs. At this time, the government does not set quota limits to register to be an online transportation driver. Therefore, it will increase the number of irregular online transportation drivers that will make detrimental conventional taxis who have followed the rules.
- c) Malang City is now filled with students outside Malang to study. With the increase of students' population outside Malang who came from all over Indonesia, makes Malang filled with private vehicles that the majority has the serial number comes from outside Malang. Along with the economic development in Indonesia and the ease of car leasing makes Malang more crowded and the society less interested in using the public transportation because people will prefer to use private vehicles rather than public transportation.
- d) PT. Citra Perdana Kendedes that located in Malang City has five similar competitors in the field of conventional taxi industry. Those competitors are Argo Perdana Taxi, Bima Taxi, Mandala Taxi, and Garuda Taxi. A large number of competitors makes PT. Citra Perdana Kendedes have to think on how to stay afloat even better than its competitors, one of which is by providing the best possible service to its customers continuously.
- e) Unstoppable congestion caused by private vehicles, public transportation, online transportation, it makes people prefer using motorcycle to travel from place to place. It resulted in the taxi companies not being looked at anymore, and the decreasing of conventional taxi services demand in the middle of society.

## **SWOT Analysis Matrix**

After identifying the environmental analysis data of internal and external factor, the next stage is inputting the environmental factor into SWOT analysis matrix to be identified in formulating the strategies by dividing into 4 (four) strategy which is SO, WO, ST, and WT strategies, here is the following SWOT analysis of PT. Citra Perdana Kendedes.

<p>• <b>Internal Factor</b></p> <p>•</p> <p><b>External</b></p>	<p><b>Strength (S):</b></p> <ol style="list-style-type: none"> <li>1. Loyal customer has been obtained by PT. Citra Perdana Kendes</li> <li>2. Strong kinship environment and strong driver commitment</li> <li>3. Well trained and good ethical driver</li> <li>4. A secure and trustworthy company</li> <li>5. Easy access for the customer to order</li> </ol>	<p><b>Weakness (W):</b></p> <ol style="list-style-type: none"> <li>1. Unmatched supply and demand for public transportation</li> <li>2. Not all drivers accepting online order</li> <li>3. Lack of reward for loyal drivers</li> <li>4. Payment method only by cash</li> <li>5. Lack of use of social media and official website as a marketing</li> </ol>
<p><b>Opportunity (O):</b></p> <ol style="list-style-type: none"> <li>1. Wider market segmentation</li> <li>2. Can partnering with any kind of business</li> <li>3. The rapid development of technology</li> <li>4. Malang as Tourism City</li> <li>5. Rapid population growth in Malang City</li> </ol>	<p><b>SO Strategies:</b></p> <ol style="list-style-type: none"> <li>a. Give special bonuses to customers with a certain volume of orders in order to increase customer loyalty (S1, O1)</li> <li>b. Forming loyal customer forums to receive criticism and suggestions for further development (S1, O3)</li> <li>c. Improve better services to the community in order to survive in the transportation industry going forward (S4, O1)</li> </ol>	<p><b>WO Strategies:</b></p> <ol style="list-style-type: none"> <li>a. Educating elderly drivers to open up insights on technology (W2, O1, O3)</li> <li>b. Give more rewards to loyal drivers in order to make them stay in the company (W3, O1)</li> <li>c. Add payment methods to facilitate customers in payment (W4, O3)</li> <li>d. Create social media for promotional events and interact with customers to strengthen connections with customers (W5, O3)</li> </ol>

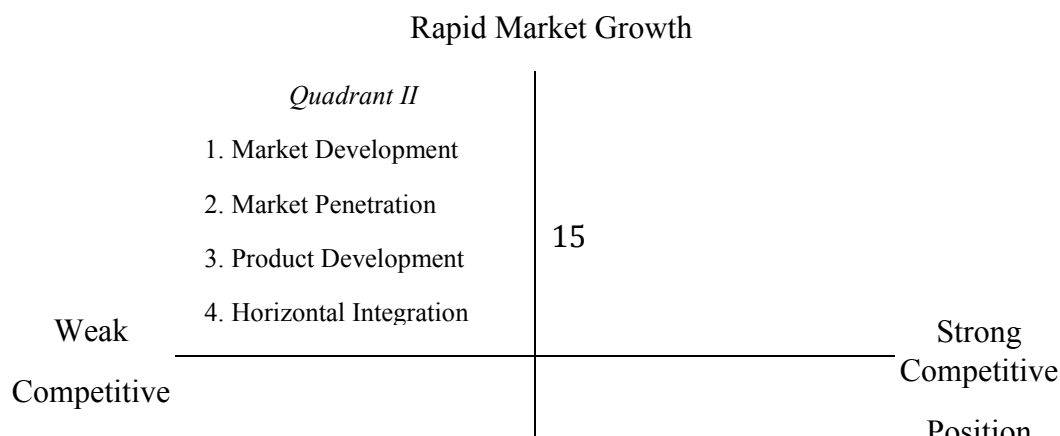
<b>Threat (T):</b>	<b>ST Strategies:</b>	<b>WT Strategies:</b>
1. Unclear government regulations 2. Excessive of online transportation 3. Private vehicle increases 4. Many competitors in the conventional taxi industry 5. The higher the number of congestions	a. Increasing closeness between driver and customer which other competitors do not provide in order to compete with other competitors (S3, T2, T4) b. Adding more services in order to spread its wings throughout the city, so the new citizen will more familiar with Citra taxi (S4, T3)	a. Cooperate with merchants to provide vouchers to customers in order to increase customer appeal to use Citra Taxi and increase driver income (W3, T4) b. Enhancing product promotion in any kind of media to expand market areas (W5, T2, T4)

According to the SWOT Analysis Matrix of PT. Citra Perdana Kendedes on table 4 it can be seen that there are four competitive strategies that appropriate for the following company. Strategies that can be carried out by PT. Citra Perdana Kendedes, namely:

1. Market Penetration: according to the following matrix a strategy that included in this category is WO-A, WO-B
2. Product Development: according to the following matrix a strategy that included in this category is SO-C, WO-C, ST-B
3. Market Development: according to the following matrix a strategy that included in this category is SO-A, SO-B, WO-D, ST-A, WT-B
4. Joint Venture: according to the following matrix a strategy that included in this category is WT-A

### Grand Strategy Matrix

The following figure shows where PT. Citra Perdana Kendedes is located. Seeing through the environmental analysis and the competitive level of the company, PT. Citra Perdana Kendedes lies in Quadrant II, where the company's position is weak competitive position in fast growing market.



According to David (2011), Quadrant II is an intensive strategic position for a company. A company that located in quadrant II is weak competitive position in fast growing market. In this quadrant, it is expected for the company evaluate their present approach to the market place seriously. This condition needs a determination of why the firm's current approach is ineffective and how the company can best change to improve its competitiveness. Therefore, the formulation strategy that the company can use includes market development strategy, market penetration, product development, horizontal integration strategy, divestiture, or liquidation.

In practice, PT. Citra Perdana Kendedes is more dominant in carrying out product development strategies in terms of services to the customers. It is proven by the initiative of the driver who is aware of providing the best service to customers. Service usually in the form of driver ethics, car condition, and the security of customer, that become the key to success and the reason why companies continue to survive in the transportation industry. Other than that, PT. Citra Perdana Kendedes also giving special offers such as giving a souvenir to customers. These forms of service are solely an effort in continuing to increase sales through service improvements or current services.

#### **Strategic Position and Action Evaluation Matrix**

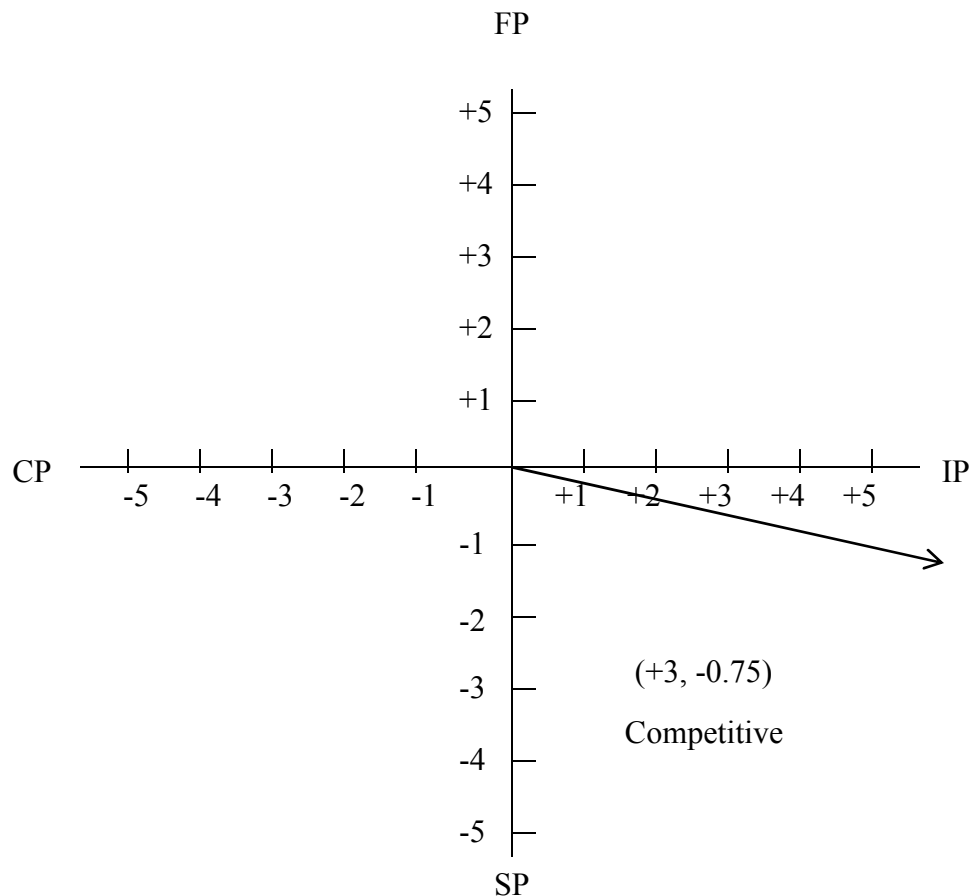


Radder and Louw (1998) explained that the success or failure of a company is based on the determination of appropriateness activities in a competition. The SPACE Matrix is a valuable method for analyzing the competitive position of an organization. SPACE Matrix is a framework of four quadrants that shows what strategies between aggressive, conservative, defensive, or competitive are most appropriate for a particular organization or company. It makes use of two internal dimensions (financial strength and competitive advantage) and two external dimensions (industry strength and environmental stability) to determine the organization's strategic posture in the industry. Here is the analysis table of PT. Citra Perdana Kendedes:

	Internal Position		External Position	
X  Axis	Competitive (CP)		Industry (IP)	
	(-6 Worst, -1 Best)		(+1 Worst, +6 Best)	
	-2	Product Quality	+4	Ease of Entry to Enter the Market
	-2	Customer Loyalty	+4	Financial Stability
	-1	Brand & Image	+5	Growth Potential
	-1	Product Services	+6	Consolidation
	Average -1.5		Average 4.75	
	TOTAL AXIS X SCORE    3.25			
Y	Financial (FP)		Stability (SP)	
	(+1 Worst, +6 Best)		(-6 Worst, -1 Best)	
	+5	Cash Flow	-4	Technological Changes
	+1	Ease of Exit from Market	-5	Competitive Pressure

Axis	+4	Number of Orders	-1	Price Range of Competing Products
	+2	Drivers Income	-5	Barriers to Entry
	Average 3		Average -3.75	
	TOTAL AXIS Y SCORE -0.75			

After each factor is identified within each strategic dimension, it is rated using an appropriate rating scale that includes the competitive, industry, financial, and stability position, then averages are calculated. Adding individual strategic dimension averages provides values that are plotted on the axis X and Y.



According to SPACE Matrix analysis, PT. Citra Perdana Kendedes is located in the competitive quadrant. Competitive quadrant covers several strategies such as backward integration, forward integration, horizontal integration, market penetration, market development, and product development. David (2011) explains that the company where located in the competitive quadrant is included in a firm with major competitive advantages in a high-growth industry.

Simister (2011), in his writting, explains that the intention of the competitive strategy is to boost profitability and balance sheet strength so that it can move into an aggressive strategy. In the middle of the tight competition of the transportation industry, it is expected for PT. Citra Perdana Kendedes to innovate more service in order to improve productivity. The business needs to split its attention between strengthening the balance sheet and improving the underlying profitability of its sales in order to get maximum results.

## 5. CONCLUSION

According to the result and discussion, conclusions can be drawn as follows:

1. The vision of PT. Citra Perdana Kendedes, which is “*Kepuasan pelanggan adalah dambaan kami*”, has a meaning that customer satisfaction is the company's priority to develop quality and become a better company. The company wants to provide affordable transportation with a good service to all levels of society. The company mission are (1) Providing the best service for the customers according to their existence, (2) Always support and succeed in the program that launched by the government, and (3) Improve the image of the company to become the best transportation service in the eyes of consumers in Malang region. With its mission, the company is capable to satisfy and provide the best service to their customer and last for 29 years.
2. There are two environmental analysis applied by PT. Citra Perdana Kendedes, which helps company in identify and maintain their strengths, reduce weaknesses, increase opportunities, and prevent threats. Internal environmental analysis discussing company's marketing that covers the types of products provided, where the company is located, the price of the services provided, and company promotion. Besides, it discussed the human resources of the company in terms of employee recruitment, the calculation of company revenue, and company

operations. External environmental analysis discussing several forces that included economic forces, social forces, political forces which discussing about the regulation that applicable for conventional taxi business and online transportation, technology forces, and competitive forces covering on how the rivalry among competing firms, potential entry of new competitors, threat of substitute products or services, bargaining power of suppliers, and bargaining power of consumers.

3. The formulation strategy of PT. Citra Perdana Kendedes are as follows:
  - a) SWOT Analysis: based on the results of the analysis, there are four strategies that can be carried out by the company, namely market penetration, product development, market development, and joint venture.
  - b) Grand Strategy Matrix: based on the analysis that has been done, PT. Citra Perdana Kendedes included in the intensive strategic position. There are six strategies that can support the condition of the company, which is market development strategy, market penetration, product development, horizontal integration strategy, divestiture, or liquidation.
  - c) SPACE Matrix: according to the analysis of SPACE Matrix, PT. Citra Perdana Kendedes included in a competitive quadrant, several strategies that can be carried out by the company are backward integration, forward integration, horizontal integration, market penetration, market development, and product development.

### **Suggestions**

Some suggestions are expected to be beneficial for the company as a material for consideration and additional references for conducting business:

1. The need for improvement in accordance with the strategies adopted.
2. It is expected for PT. Citra Perdana Kendedes to develop more services to the customer such as providing car rental services, two-wheel transportation, travel service, etc. So that the company can survive in the transportation industry.
3. It is important for PT. Citra Perdana Kendedes to start promoting their company through social media to expand market coverage, which later has the potential to absorb potential new customers.
4. Looking through the development of the payment method, it is expected for the company to add more payment method in each operational car to facilitate its customer in paying the exact nominal without worrying about the change money.
5. PT Citra Perdana Kendedes can use Financial Leverage to finance the company's operations in order to increase the company's return on equity and earnings per share

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