

Company Position Analysis Using Porter's Value Chain and PEST (Political, Economic, Socio-Cultural, Technological) In PT. West Java International Airport

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Abstract. The Indonesian aviation industry has very high potential, with a rapid large potential population of 240 million people and very large open market niche, recorded an average growth in aircraft passengers from 2012 to 2016, up to 4.78%, based on data from The International Air Transport Association (IATA). West Java International Airport (PT BIJB) is a Regional Owned Enterprise (BUMD) formed by the West Java Provincial Government through Regional Regulation No. 22 of 2013 was established on 24 November 2014. PT BIJB is responsible for land development of West Java International Airport, as well as developing the Aero city Area which is integrated with the airport to develop the integrated surrounding economy. Based on this fact, it is necessary to conduct an internal and external potential mapping study so that PT BIJB can develop in accordance with management principles, optimize potential and minimize losses. This study used a qualitative descriptive method with in-depth interviews and focus group discussions with related parties in the internal company of PT. BIJB, internal environmental analysis is carried out using Porter's Value Chain Analysis (VCA) and in conducting external environmental analysis, the company uses the PEST (Political, Economic, Socio-cultural, Technological) analysis approach to identify opportunities or threats and their impact on the company's business activities. This research results in simultaneous and comprehensive internal and external factors, for examples the company has the basic capital to run a business in the airport sector and competing with the existing main airport of West Java Province (Husein Sastranegara) as a strength, meanwhile, the limitations of experienced human resources in the airport sector are a weakness. In terms of external factors, including the change in policies for the company's business operations as a result of the Change of the Governor of West Java is a threat and an increase in the potential for passengers and cargo due to the increasing economic capacity of the Indonesian people as an opportunity.

Keywords: Porter's Value Chain; PEST; West Java International Airport

1 Introduction

Indonesia's prospects in the aviation industry are increasingly being taken into account. In 2034, IATA has predicted that Indonesia will reach the 2nd largest market in the world, where in 2014 it was ranked 6th for passenger travel to, from and within the territory of Indonesia as described in Figure 1.

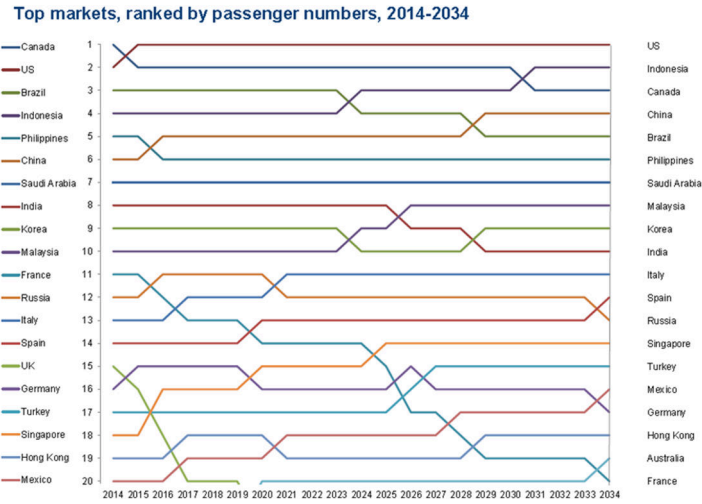


Fig 1. Top Markets by Passenger Numbers 2014-2034

West Java International Airport PT is a Regional Owned Enterprise (BUMD) formed by the West Java Provincial Government through Perda No. 22 of 2013 was then established on 24 November 2014. PT BIJB is responsible for land side development as well as development and operation of West Java International Airport, as well as developing the Aero city Area which is integrated with the airport to develop the surrounding economy [1]. West Java International Airport is currently facing obstacles including the accessibility of infrastructure that has not been integrated and the level of income is low, these conditions need to be analyzed and mapped so that solutions can be immediately sought and academically, apart from having a function as planning, management science also has a function as organizing, implementing and evaluating [2].

2 Method

This research is a descriptive qualitative research that describes the conditions as they are. The research design is a case study at West Java International Airport located in Majalengka. Data obtained from results of focus group discussions with related divisions at West Java International Airport.

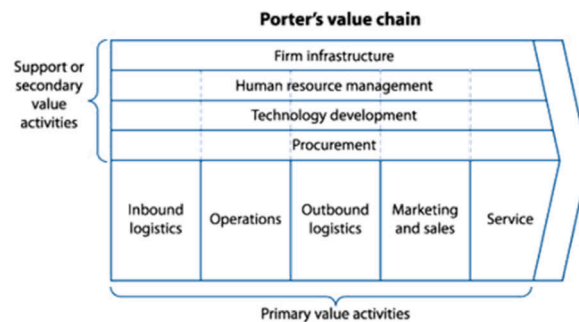


Fig 2. Porter's Value Chain

The method used in analyzing the internal environment is Porter's Value Chain Analysis (VCA). Porter's model clearly outlines six pertinent areas of the value chain; support activities which include procurement, human resources, information technology and primary activities - operations & logistics, sales and service [3]. David describes the main strengths of external analysis into five broad categories: (1) economic strength; (2) social, cultural, demographic and environmental forces; (3) political, governmental and legal forces; (4) technological strength; and (5) competitive strength [4]. The links between these forces and the organization significantly influence all products, services, markets and organizations in the world. David describes an explanation of external factors [4], namely:

- a. Economic Power
Economic factors have a direct impact on the potential attractiveness of various strategies.
- b. Social, Cultural, Demographic, and Environmental Strengths
Social, cultural, demographic and environmental change.
- c. Has a large impact on almost all products, services, markets and consumers? Small, large, profit, and non-profit organizations in all industries are surprised and challenged by the opportunities and threats that arise from changes in social, cultural, demographic, and environmental variables.
- d. Political, Government and Legal Power
The government, both central and local, is the regulator, deregulator, subsidizer, employer and the main consumer of the organization. Political, governance, and legal factors, therefore, can represent major opportunities or threats to both small and large organizations.
- e. The power of technology
Revolutionary technological changes and inventions have an impact on organizations. The Internet changes the very essence of opportunities and threats by changing the product life cycle, increasing distribution speed, creating new products and services, removing traditional geographic market boundaries, and changing the historical balance between product standardization and flexibility.
- f. Competitive Strength
An important part of an external audit is identifying competitor companies and determining the strengths, weaknesses, capabilities, opportunities, threats, objectives and strategies. Other variables used include market share, breadth of competing products, world economy, foreign affiliation, owner's profit, price competitiveness, technological advances, population shifts, interest rates, and pollution reduction.

Evaluation of External (EFE) and Internal Factors, The Factors Evaluation (IFE) matrix can be used to determine the strategy and direction of the company's strategy. The EFE and IFE matrices are created after performing internal and external analysis. From the internal and external analysis, each factor is given the weight and value of the order of the company management. From these weights and values it is known the impact of the internal and external environment. After the number of EFE and IFE is known, then an IE-Matrix is made to see which cell the company is in and what strategic direction needs to be done [5].

3 Result and Discussion

Table 1. External Environmental Analysis

No.	Factors	Impact For Business	S/W
Firm Infrastructure			
1	Availability of international class airport infrastructure	The company has the basic capital to run a business in the airport sector and compete with the existing main airport in West Java Province (Husein Sastranegara)	Strength
2	Does not have an airport business permit	The company must cooperate with the owner of the BUBU permit	Weakness
3	Capital limitations	Limitations of company business development	Weakness
4	Starting construction of Kertajati aero city	Potential passenger and goods traffic, as well as potential revenue from the company's subsidiary managing Kertajati Aerocity	Strength
Human Resources Management			
1	Limited experience of human resources in the airport sector	Companies can lose competitiveness due to less competent employees	Weakness
2	There are no career paths and employee development plans available		Weakness
Technology			
1	Application of Smart Airport 1.0	Increase customer satisfaction	Strength
2	use Cashless Payment System at transaction points in the airport environment		Strength
3	use office application systems		Increase the effectiveness of the company's business processes
Procurement			
1	Availability of facilities and cooperation to meet minimum airport operating standards	Can run the airport business and business related to the airport	Strength
2	Availability of commercial tenants for shopping facilities for passengers and visitors	Increase customer satisfaction	Strength
3	There has not been any cooperation with international airlines	Lost potential income	Weakness
4	Not yet obtained a permit as a haj embarkation		Weakness

No.	Factors	Impact For Business	S/W
5	There has not been any cooperation with cargo managers		Weakness
Inbound Logistics			
1	Unavailability of Cisumdawu toll road access	Losing potential passengers from the catchment area of Bandung and its surroundings and reducing the confidence of airlines to fly from / to BIJB	Weakness
2	unavailability of mode integration transportation		Weakness
3	Not yet established cooperation with public transportation (taxis, etc.)	Losing potential passengers and reducing the confidence of airlines to fly from / to BIJB	Weakness
4	Limited capacity of phase I airport hotels		Weakness
Operations			
1	The operational reliability of the airport has not yet been tested because it is just starting to operate	Reduces confidence from airport customers	Weakness
Outbound Logistics			
1	The route from / to BIJB has not been determined	The delay in operating the airport business has resulted in a loss of potential revenue	Weakness
Marketing & Sales			
1	Publication of the existence of airports through conventional and digital media at regional and national levels	Bringing passengers and the public to fly / come to the airport	Strength
2	Availability of incentive programs for customers and the public		Strength
Service (Customer Service)			
1	Availability of Airport Operational SOP and Customer Service SOP	Provide good service to airport customers (airlines, passengers, tenants)	Strength

External environmental analysis is carried out to obtain an overview of the external factors that influence the company's business activities. In conducting an analysis of the external environment, the company uses the PEST (Political, Economic, Socio-cultural, Technological) analysis approach to be able to identify opportunities or threats and their impact on the company's business activities which are then used to carry out a SWOT analysis. The explanation of each factor in the PT BIJB PEST analysis is described in the following table.

Table 2. PEST Analysis

No.	Factors	Impact For Business	O/T
Political			
1	Replacement of the Governor of West Java	Changed policies for the company's business operations	Threat
2	KSO policy with PT Angkasa Pura 2 for 17 years	Lost potential revenue and increased costs	Threat
Economic			
1	Increase in Indonesia's GDP	Increased potential for passengers and cargo due to the increasing economic capacity of the Indonesian people	Opportunity
2	National Industrial Growth, especially in West Java and its surroundings	Potential aeronautical and non-aeronautical revenue for the company	Opportunity
3	The growth of air transportation in Indonesia		Opportunity
Socio-cultural			
1	The geographical condition of Indonesia which is divided into thousands of islands	Potential uses for air transportation	Opportunity
2	The population of West Java, which reaches 40 million		Opportunity
3	Increasing the number of middle-class economy class and above (expenditure > 6 million / month)	Potential passengers and cargo	Opportunity
4	Application of Eco-Airport in accordance with Law No. 1/2009 and SKEP / 124 / VI / 2009	The potential for companies to contribute in preserving the surrounding environment	Opportunity
5	Limited capacity and development of the main airport in West Java Province (Husein Sastranegara)	Potential passengers and cargo	Opportunity
6	The tourism object around Ciayumajakuning has not been properly developed	Losing tourist attraction and potential tourist passengers	Threat
Technological			
1	The high cost of implementing supporting equipment for airport operations	The potential costs that must be spent in order to continue to provide added value and competitiveness	Threat
2	The high cost of Smart Airport infrastructure (up to 3.0)		Threat

From each of the opportunities, threats, strengths, and weaknesses that have been identified through internal and external analysis, then an assessment is carried out to determine strategic alternatives. In order to be able to assess the opportunities and threats that come from the company's external as well as the strengths and weaknesses that come from the internal company, an assessment of the external and internal factors of the company is carried out and then plotting the values into the Internal-External (IE) Matrix as follows.

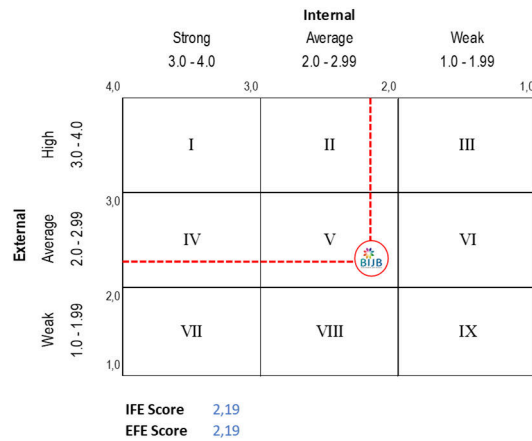


Fig 2. Internal-External (IE) Matrix

With an EFE score of 2.19 and an IFE score of 2.19, PT BIJB is in Quaternary V with alternative strategies for market penetration and product development. Alternative strategies for each quadrant are described in Table II-4 as follows.

Table 3. Alternative Strategy

Quadrant	Strategy Alternatives
Grow & Build Strategies	
I, II, IV	Intensive (Market Penetration, Market Development, Product Development) Integrative (Backward, Forward, and Horizontal Integration)
Hold & Maintain Strategies	
III, V, VII	Market penetration Product Development
VI, VIII, IX	Hold & Maintain Strategies
: Strategy Alternatives for BIJB	

4 Conclusion

Based on the analysis in the discussion above, it is concluded that the suitable strategy for West Java International Airport is the Hold & Maintain Strategies which includes Market penetration and Product Development strategies.

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