

BUSINESS STRATEGY OF PTAI TO ENHANCE CORPORATE BRANDING AND ACHIEVE SUSTAINABLE GROWTH DURING THE UNCERTAIN CIRCUMSTANCES OF THE CONSTRUCTION INDUSTRY DUE TO COVID-19 PANDEMIC IN INDONESIA

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ABSTRACT. Pandemic COVID-19 that struck the world, including Indonesia, has drastically changed the business environment and competition. As a result, many companies re-align their business strategies to win the competition and, most importantly, obtain a sustainable competitive advantage in current and uncertain circumstances.

Indonesia's demographic trends support the acceleration and expansion of Indonesia's economic development; its growing middle class and the abundance of its natural resources are critical contributing factors. As a country with a total population of 275 million, Indonesia has made remarkable development strides in the 21st century, including stable economic growth and a significant poverty reduction. Indonesia has vast economic potential in Southeast Asia and has become a G20 member.

The construction industry plays a vital role in Indonesia's economy. Indonesia's construction industry experienced an increase due to growth in infrastructure construction. Besides infrastructures, energy transition occurs in power plants through renewable energy in the energy sector. Similarly, digital transformation is forecasted to be a "boom" market in Indonesia now and in the future.

The research focuses on PTAI as an international multidisciplinary engineering company that offers design, engineering, and advisory to the value client. As a global company operating in Indonesia with open competition in the market, PTAI has identified critical business issues as part of its business strategies, such as branding, sustainable growth, and profitable business.

External and internal analyses are carried out to identify the business problem and propose solutions. The external method uses PESTLE and Porter 5 Forces models, whereby the internal investigation uses VRIO, Diamond Model, SWOT, and TOWS.

Keywords: *business strategies, core expertise, new market, corporate values, branding, sustainable competitive advantage.*

INTRODUCTION. There is a close relationship between Indonesia's economy and the country's construction industry. Economic growth drives an increase in infrastructure construction. Many companies in the construction & engineering sector benefit from the development of Indonesia's economy. PTAI is an international multidisciplinary engineering company offering design, engineering, and advisory services to the value client. As a global company operating in Indonesia, PTAI identified business issues as part of its business strategies, such as branding and sustainable growth. PTAI has the vision to be among Asia Pacific's top-tier engineering consultants. Structured marketing, branding, and communication approach should be implemented to introduce PTAI's expertise and capabilities in the local market.

Further, PTAI shall keep the core market and expertise, especially in the mining assets/infrastructure, data center, and power & renewable energy. The core market that PTAI is playing is also aligned with the Government's initiative, i.e., digital transformation and green and sustainability energy. It also corresponds to the Blueprint 2023 set out by the corporate (AG).

Simultaneously, PTAI should also look into the growing market and become the development priority of the Government, mainly infrastructure and the environment. A company's corporate values such

as health & safety and well-being, diversity, equity, inclusion, innovation, eminence, and digital are the values that can enhance the company's efficiency and effectiveness.

Problem Statement

- PTAI has no structured business plan to identify business problems and prepare the right strategies starting from branding, getting a better share, and achieving sustainable & profitable growth
- PTAI is in high competition with local consultants and other international engineering consultants
- PTAI faces challenges due to uncertain circumstances in Indonesia caused by Pandemic COVID-19 and other global external factors

Research Question

- What is the strategy of PTAI to increase corporate branding in Indonesia?
- What is the strategic plan of PTAI to get a better market share in the construction industry and the design & engineering services during the crisis period in Indonesia?
- How to increase the competitive advantage and uniqueness of PTAI and achieve sustainable growth in Indonesia?

Research Objective

How to put a plan and strategy to increase corporate's branding and grow a profitable business and ensure it is aligned with the corporate's strategic business planning in Indonesia using the global framework of Blueprint to 2023.

Research Limitation

This final project limits the research to the business strategies only of PTAI. The other aspects within PTAI, such as operational, human resources, and financial management, will not be discussed in the final project unless it is generally relevant to the business strategy.

LITERATURE REVIEW. Indonesia has made remarkable achievements in the 21st century, including sustained economic growth and a significant poverty reduction. As an island country, Indonesia is the largest economy in Southeast Asia. The country's Gross National Product (GDP) in 2020 recorded USD 1.058 Trillion, which was lower than in 2019, which achieved USD 1.119 Trillion, the highest in the country's GDP history since 1967. From 2015 until 2019, Indonesia's GDP indicated a growing trend until it went down in 2020. Currently, Indonesia's GDP sits in the world's seventh based on the GDP Purchasing Power Parity (PPP). It records USD 3.501 Trillion in 2020., behind China, the United States, India, Japan, Germany, and Russia. Indonesia also has an economy with tremendous growth potential. Indonesia's demographic trends support the acceleration and expansion of Indonesia's economic development, its growing middle class (25% in 2021 vs. 7% in 2002), and the abundance of its natural resources. Indonesia's GDP growth has been revised downwards due to Pandemic COVID-19, albeit not materially. The economist predicted 3.5% growth in 2021 and 4.8% growth for 2022, which is still strong. As a general trend, inbound Foreign Direct Investment (FDI) into Indonesia increased by 20% in Q2-2021 relative to the same period in 2020. This condition partly reflects the economic opportunities on offer. According to the World Bank, Indonesia is an attractive destination for FDI "due to its young population, strong domestic demand, stable political situation, abundant natural resources, and well-regarded macroeconomic policy." The other key driver is that Indonesia has relaxed its foreign investment rules, and now almost all business sectors are open for foreign investment except for specific limited industries.

METHODOLOGY. The final project mainly adopts a quantitative research methodology using a questionnaire to analyze and understand the company's position and market situation within the construction industry, especially in the engineering consultancy business in Indonesia. A straightforward

qualitative method using Focus Group Discussion & Interviews is also conducted to enhance the analysis. The data used throughout the final project will be primary and secondary.

- Primary Data through Focus Group Discussion and Questionnaire followed by Interviews with selected personnel within AG and PTAI were conducted to support the analysis. The qualitative and quantitative data and information obtained from FGD, Questionnaires, and Interviews are closely interrelated.
- Secondary Data (organization website, publications, books, articles related to the internal & external factors affecting the business strategy of PTAI).

Questionnaire

The questionnaire forms part of the quantitative method and is carried out so that the results obtained can be counted and analyzed using the numerical, chart, graphs, etc. The respondent profiles to gather data and information are AG's Asia Leadership and PTAI Leaders.

Focus Group Discussion (FGD) forms a qualitative method

- PTAI's FY23 Business Strategy Workshop
- Environmental Market Workshop
- FY23 Business Strategy Workshop in Asia, including Indonesia

Interviews which part of the qualitative method

Interviews were arranged with some of the respondents to discuss the submitted questionnaire.

FINDINGS AND SOLUTIONS

The following table summarizes PTAI business portrayal based on the PESTLE model:

Politics	Economics	Social	Technology	Legal	Environment
Indonesia's politics drive the nation's development direction (T)	The growth of the construction industry in Indonesia is closely related to the development of the economy (O)	Demography composition is the primary resource in a country's development (O)	Digitalization transforms the national, regional, and global level (O)	Effective, fair laws & regulations include tax, labor, employment, & investment. (O)	Climate change & global warming issues changed the development focus (T)
Laws and Regulations in Indonesia have a direct impact on the economic development of Indonesia (T)	With a > 275 million population, Indonesia has a robust economic market (O)	Gender equality to contribute to the development (O)	Acceleration of business processes including in the construction industry using digitalization (O)	Awareness of the importance of contracts increased; the rights and obligations are known and spelled out (O)	Sustainability development is widely implemented in all sectors (O)
Global issues such as Trade War, Brexit, regional tension such as the South China Sea and South and North Korean (T)	Regional and global economies affect the business investment in Indonesia (T)	Prolonged Covid-19 and movement restrictions have had a social impact on society and also on the development (T)			Green initiatives of development started from feasibility, design, construction, and operational (O)
The current political instability due to tension in Europe can harm the society and world (T)	Macroeconomics of the developed countries often impact Indonesia's economic (T)				

O = Opportunity, T = Threat

Source – [Results of Questionnaire, Focus Group Discussion \(FGD\), and Interview](#)

The following table summarizes PTAI business portrayal based on Porter's 5 Forces model

The threat of The New Entrants	Bargaining Power of Suppliers	Bargaining Power of Buyers	Threat of Substitutes	Competition of Rivalry
New global players/ engineering firms penetrating Indonesia's market (H)	War talent of excellent and professional engineering resources, especially at the senior level (H)	The clients get smarter in engineering has solid consultancy background (H)	Potential substitutes offered by the competitors give more options to clients (H)	Intense competition in the specific market/sector with the local and international companies (H)
Growing local engineering firms to capture the market share (H)	Continues upgrade of IT infrastructures, BIM and software become essential to align with the rapid changes (H)	The clients become commercially sound and have a strong bargaining position (H)	The substitutes can be driven by the services, expertise, timeline, cost, and other factors (H)	The competition can be based on expertise, experience, connection, and cost (H)
	Engagement of sub-consultants to win work and support in services delivery (H)	High demanding clients, including services delivery time (H)		

H = High

Source – Results of Questionnaire, Focus Group Discussion (FGD), and Interview

The below table summarizes PTAI's resources using VRIO Framework:

Resources	Valuable	Rare	Inimitable	Organized	Remark
Ethical business	Yes	Yes	Yes	Yes	SCA
Highly Technical Expertise (Advisory, Design & Engineering)	Yes	Yes	No	Yes	TCA
Diversified Market/Sector	Yes	No	No	Yes	TCA
Experienced Engineers & Leaders	Yes	No	No	Yes	Competitive Parity
Digitalization	Yes	Yes	No	Yes	TCA
Regional & International Coverage	Yes	Yes	No	Yes	TCA
International Reputation	Yes	Yes	No	Yes	TCA
Structured Business Process and Procedures	Yes	Yes	No	Yes	TCA
Strong Leadership Team	Yes	Yes	No	Yes	TCA
Innovative Culture	Yes	Yes	Yes	Yes	SCA
Equity and Inclusion Culture	Yes	Yes	Yes	Yes	SCA

SCA = Sustainable Competitive Advantage, TCA = Temporary Sustainable Advantage

Source – Results of Questionnaire, Focus Group Discussion (FGD), and Interview

SWOT & TOWS Analysis

Strenght - the following are the strength that PTAI has to win the competition:

- A global design, engineering, and advisory company
- Expertise and experience in several sectors such as mining infrastructure, data center, infrastructure, and built environment
- Experienced local resources in the core sector
- Steady and healthy financial performance
- Company's strategic pillars (innovation, eminence, and digital transformation)
- Strong business core values (diversity, equity, and inclusion)
- Professional marketing, brand, and communication team

Weakness - the following are weaknesses that PTAI needs to improve:

- Lack of branding in the local market
- Lack of local presence, expertise, and experience in a few markets
- A limited number of resources locally

Opportunities - the following are opportunities that PTAI should be able to leverage:

- Stabil domestic external factors such as politics, social & economy

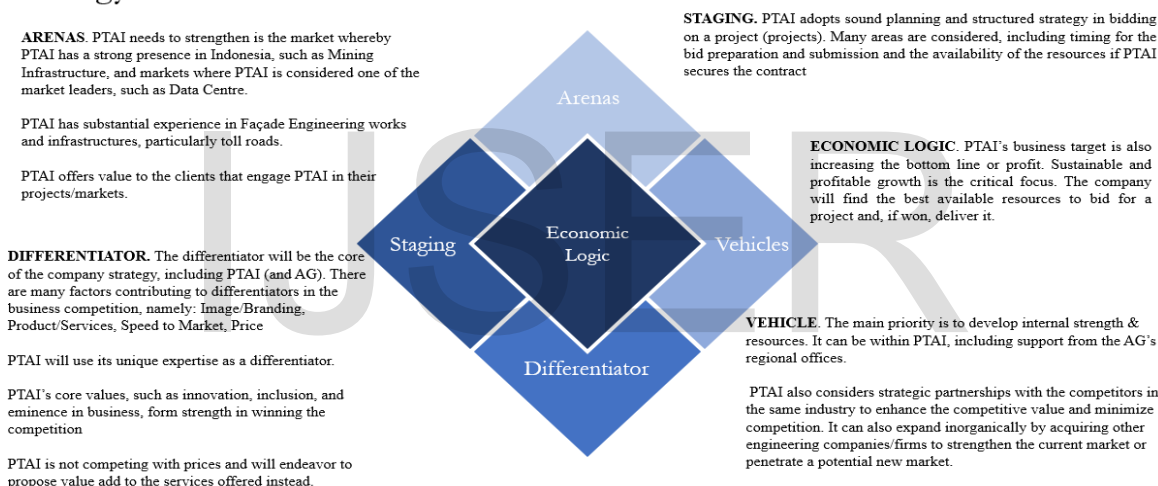
- Huge population and productive mid-class citizens
- Significant resources deposits
- Increasing foreign investment
- Digital transformation initiatives
- Green energy and ecosystem initiative
- Massive infrastructure spending

Threat - the following are threats that can affect PTAI's business in Indonesia

- Unstable political condition in Eastern Europe
- Prolonged Pandemic COVID-19
- Climate change & deforestation
- Poverty, humanitarian conflict and crisis
- Economic disruption, economic recovery, and trade war
- High rate of unemployment
- Volatility in policies that affect business/investment

Using the results of the Questionnaire, Focus Group Discussion, and Interview, the following are the findings based upon the Strategy Diamond Model:

Strategy Diamond Model



Taken from the results of the Questionnaire, Focus Group Discussion, and Interview, a TOWS analysis for PTAI can be illustrated as follows:

		External To Firm	
		Opportunities	Threat
Internal To Firm	Strategic Question		
	Strenght	PTAI's core mining and data center expertise can fit the current changing world in digital transformation and green mining projects. PTAI leverages its expertise in the infrastructure sector as it aligns with the Government's infrastructure spending.	PTAI's strength, especially in innovation, will be advantageous to adapt and act quickly in the unstable circumstances caused by geopolitical instability in many countries and Pandemic COVID-19 that touch all critical economic indicators.

	Weaknesses	PTAI's weaknesses are viewed differently and reshaped to tap the opportunities. It includes hiring essential resources	PTAI's weaknesses in insufficient resources in several vital sectors shall slowly be improved so that it will not distract the company's business strategy
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CONCLUSIONS & RECOMMENDATION. In conclusion, as an international company operating in Indonesia, PTAI identified critical business issues as part of its business strategy, namely

- Branding - PTAI needs to introduce its expertise and capabilities in the Indonesian market.
- Sustainable growth - PTAI also faces a challenge in growing the business in the local market by maximizing the internal resources, identifying the opportunities, and minimizing the risks resulting from the external factors
- Profitability - Besides achieving sustainable growth, PTAI aims to increase business profitability by implementing the right business strategies.

From the business issues identification and business issues solution and supported by the Questionnaire, FGD, and Interview, below are recommendations for PTAI's business strategies

- Branding - A well-planned and targeted marketing, branding, and communication approach should be implemented to introduce PTAI's expertise and capabilities. It can be done through the local leaders when meeting clients and participating in events, conferences, and webinars organized by clients in the Government and private sectors.
- Focus on Core Market - PTAI shall keep the core market and expertise, especially in the mining assets/infrastructure, data center, and power & renewable energy. The core market that PTAI is playing is also aligned with the Government's initiative, i.e., digital transformation and green and sustainability energy. It also corresponds to the Blueprint 2023 set out by the corporate (AG). PTAI has to strengthen the core market locally with support from the regional offices.
- Leverage the new market - PTAI should look into the market that becomes the development priority by the Government, mainly infrastructure and the environment. PTAI penetrates the industrial sector. Selected project management expertise can also be offered to the client.

The following are proposed action plans that can be considered to be taken by PTAI to achieve Sustainable Competitive Advantage (SCA) in Indonesia.

- Extensive marketing and branding of PTAI's expertise and experience through participation and sponsorship of the national events, especially related to the current global issues such as infrastructures, telecommunication, environmental, sustainability, digital transformation, renewable energy, and healthcare. Thought leadership seminars/webinars can also be arranged to market PTAI (and AG) nationally.
- Optimization and development of the internal resources, including staff and infrastructure (software, BIM, and technology digital) and encourage innovation in the design & engineering deliverables, especially in the market that is prioritized to grow following the AG's Blueprint 2023 for Indonesia such as mining, data center, and power & renewable energy. Concurrently, PTAI needs to start building internal resources to enter the new market/sector aligned with the government's projects initiative.
- Strategic collaboration with experts/resources from the regional offices to form a winning team in bidding and delivering high-quality products to the PTAI's clients. It also creates better competitiveness and differentiation from the other competitors locally.
- Retention program to the current staff by providing regular training and professional education so that their knowledge and information are always up to date
- Recruit the best talent/engineers to strengthen the current internal team, especially from the new market/sector. The best talent is expected to introduce a better professional working environment, technical innovation, and strategies.
- Strategic partnerships with other consultants (local or international firms) to minimize competition and provide better value add to the client.
- Explore potential mergers & acquisitions with the local reputable engineering companies playing in the same field or penetrate the promising new market & sector.

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