

Analysis of Operational Strategy Development to Achieve Competitive Advantage

Elyakim Tande Padang¹, Nuraeni Kadir², Muhammad Ismail³
 Master of Management¹, Department Of Management^{2,3}
 Hasanuddin University, Makassar, Indonesia

Abstract:- The purpose of this study is to describe the company's operational activities through the operational aspects of PT. Garda Total Securindo. Furthermore, SWOT analysis is used to develop the right operational strategy for PT. Garda Total Securindo. The results of this study indicate, by using a SWOT analysis, the right business strategy for PT. Garda Total Securindo is focused on the best value. This study shows that PT. Garda Total Securindo is influenced by 2 strengths, 2 weaknesses, 2 opportunities and 1 threat.

Keywords:- Operational Strategy; Competitive Advantage; SWOT.

I. INTRODUCTION

With the course of time and the development of industry in Makassar, the Minimum Wage of the District/City (UMK) in Makasar continues to increase. This has caused many investors, especially those who move in the field of production and hard work, to move their companies outside of the Makassar area and its surroundings. So most of the companies that are still in the Makassar region are companies that operate in the field of outsourcing services, which generally do not require too much workforce. One of the services in Makassar is PT. Total security guard. PT. Garda Total Securindo is a large outsourcing company that is legal, certified and has an official license to conduct employee recruitment business in Indonesia. From 2006 to now. Total Securindo has successfully managed more than 3,000 employees in over 500 assets and properties spread across 34 provinces in Indonesia.

In conducting its business activities, the company uses a tactic or strategy. The combination of strategies used affects the company's performance. The clarity of the strategy used is related to the performance of the company. Companies whose level of strategic clarity is too low or too high have a better performance than those whose strategy is moderate (Parnell, 2010, p. and 316). The primary task of the operational department is to provide trained and skilled professional personnel according to customer needs (Shavarini et al., 2013, p. by 1110). In other words, operational is the machine that creates prosperity for the company and supports the global economy (Schroeder, 2000, p. 4). So companies need to pay great attention to operational and give operational a strategic role (Shavarini et al., 2013, p. by 1110).

Production and operational activities were not considered as a competitive advantage of a company. However, this has changed as the intensity of competition increases which causes companies to pay more attention to operational decisions. When companies are unable to determine the correct relationship between operational strategy and business strategy, then their production systems will be extremely expensive and will take a lot of time (Shavarini et al., 2013, p. by 1110). Therefore, the company needs to make proper planning and arrangement on operational activities. This study was conducted at PT. Total Securindo in the operational field because most of the company's activities are operational activities. This is reflected in the organizational structure of the company that has been discussed earlier.

II. LITERATURE REVIEW

A. Strategic Management

According to Daft (2010, p. 5), management is the achievement of the organization's goals in an efficient and effective way through the planning, arrangement, guidance, and control of the resources owned by the organization. According to Schermerhorn (2011, p.16), management is the process of planning, organizing, directing, and controlling the use of resources to produce desired performance.

Robbins and Coulter (2012, p.8) stated that management consists of coordinating and supervising the work activities of others so that their activities are completed effectively and efficiently. Management includes ensuring that the work activity is performed effectively and efficiently by the persons responsible for doing it. Management consists of two important parts: (1) effective and efficient in running the organization, and (2) consisting of planning, arrangement, guidance, and utilization of organizational resources.

Strategic management is defined as the art and science of formulating, implementing, and evaluating inter-functional decisions that enable the company to its goals. Often, the phrase strategic management is used for the purpose of activities of formulation, implementation, and evaluation of strategies (David, 2011, p. 6).

Pearce II & Robinson Jr. (2014, p.8) states that strategic management is a set of decisions and actions that result in the formulation and implementation of plans for the company's goals. Strategic management is a set of activities of formulation, implementation, and evaluation of plans to the company's goals.

B. Internal Environment Analysis

In his book, David (2011, p. 93) says that there are several strengths in the company's internal environment, which consist of marketing, finance, production, and management information systems. Meanwhile, in his book, Heizer and Render (2014, p. 36) states that organizations are divided into marketing, finance, operations. In line with them, Stevenson (2012, p. 4) divides the organization into supply and demand sides, where the supply side consists of operations, and the demand side consists of marketing and finance.

The finance department is responsible for securing the organization's financial resources at the desired price and channeling them through the organization, this is done in various ways such as budgeting, checking investment proposals, and providing funds for operations. Marketing is responsible for assessing customer wants and needs, and selling and promoting the company's services and products. While the operations department is responsible for producing goods and providing services offered by the company. Marketing and operations are the main functions of the company (Stevenson, 2012, p. 4).

If compared to the process of external environment analysis, internal environment analysis can provide more opportunities for participants to understand their divisions, departments, and tasks, then can match themselves with the organization. This can provide many benefits to the organization, as managers and employees will deliver better performance as they understand how their work impacts other parts and the activity of the company (David, 2011, p. 93 to 94).

C. Operational

The production function consists of all the activities that transform inputs into goods and services. This process relates to inputs, (ie raw materials, workers, capital, machines, and facilities), the process of changing inputs, and outputs or finished goods (David, 2011, p. 113).

According to Heizer and Render (2014, p. 44), operational activities can be divided into 10 (ten) types of activities or decisions, namely:

➤ *Product and/or Service Design*

Product and/or service design is done by defining the things that are needed by other operational decisions. The goal of product decisions is to develop and implement a product strategy that meets market demands with a competitive advantage (Heizer & Render, 2014, p. 44,221).

➤ *Quality Management*

Quality management is carried out by finding out the quality that customers expect and procedures for identifying and achieving that quality (Heizer & Render, 2014, p. 44).

➤ *Process Design and Capacity*

Process and capacity design is done by determining how goods and services are produced and carrying out management with certain technology, quality, human resources, and capital investment. The aim of this is to build

production processes that meet customer requirements and product specifications within cost and other managerial constraints (Heizer & Render, 2014, p. 44, 331).

➤ *Location Strategy*

The location strategy requires an assessment of the proximity to customers, suppliers, and expertise, taking into account costs, infrastructure, logistics, and government. The purpose of the location strategy is to maximize the benefits of location for the company (Heizer & Render, 2014, p. 44, 389).

➤ *Spatial Strategy*

Spatial strategy requires integrating the required capacity, levels of staff, technology, and supplies needed to determine the efficient flow of materials, people, and information. The goal of a spatial strategy is to develop an effective and efficient spatial plan that meets the needs of the company (Heizer & Render, 2014, p. 44, 429).

➤ *Human Resources and Job Design*

This is done by determining how to recruit, motivate, and retain employees with the required skills. Human resources are an integrated and expensive part of the overall system design. The purpose of this is to organize labor and design jobs so that they are utilized effectively and efficiently (Heizer & Render, 2014, p. 44, 463).

➤ *Supply Chain Management*

Supply chain management is carried out by deciding how to integrate the supply chain, which consists of internal and external activities (buyers and suppliers), into the company's strategy, including what is purchased, from whom, and under what conditions (Stevenson, 2012, p. 43; Heizer & Render, 2014, p. 44). The goal of supply chain management is to build a supply chain that focuses on maximizing value to customers (Heizer & Render, 2014, p. 493).

➤ *Inventory Management*

Inventory management is carried out by considering the decision to order and store inventory and how to maximize it in line with customer satisfaction, supplier capabilities, and production schedules. The goal of inventory management is to strike a balance between inventory investment and customer service (Heizer & Render, 2014, p. 44, 551).

➤ *Scheduling*

Scheduling is done by determining and implementing short and medium term plans/schedules that utilize employees and facilities effectively and efficiently to meet customer demands (Heizer & Render, 2014, p. 44).

➤ *Maintenance*

Maintenance requires decisions that consider facility capacity, production demand, and employee needs to maintain a stable and reliable process. The purpose of maintenance is to maintain the capability of the system within the company (Heizer & Render, 2014, p. 44, 701).

Operational strategy is a consistent approach to organizational strategy and is used as a tool to manage the operational functions of the company. Operational strategy can have a major influence on a company's competitiveness if managed properly. If you want the implementation to be effective, companies need to link operational strategy with organizational strategy (Stevenson, 2012, p. 52).

D. External Environment Analysis

External factors are those that originate from a company or organization, but can affect the processes of that company or organization. These external factors are likely to be the most important factor for a business because they can potentially cause anxiety if a prediction is inaccurate and cause uncertainty if it does. The factors mentioned above tend to have a significant impact on managerial and strategic decisions.

According to Pearce et al. (2014), external employers can engage in a variety of tactics during the recruitment process or use a number of different methods designed to be used. According to Buchory (2010:51-54): "External Companies" refers to products derived from the operationalization of the United States..

There are a number of factors that contribute to the company's external factors. According to Nilasari (2014), there are two types of company external factors: macro and micro. For the macro level:

- Politics, which tends to focus on policies developed by the government to help people and solve problems.
- Economics, or economics, is an important factor in determining a person's ability to gamble and win. The two most important factors are GDP and GNP.
- Social, this factor is important because in running an exposition you have to understand the existing market. Consequently, one of the most important factors to be analyzed is the representation of the mass media to the public.
- Technology in a broad sense refers to the use of technology in everyday life and so on. In addition to technology, there are also possible transactions involving products or services that can be used by businesses.

And for micro, the distance given is quite close. Even so, it can still have a direct effect on the company compared to macro. Meanwhile, according to Wispandono (2010: 154) external companies are divided into 3 groups, namely:

- Distant Environment: economic, social, political, and economic factors
- Industry environment: barriers to entry, supplier power, buyer power, substitution, and competition between businesses.
- Operations: workforce, customers, competitors, creditors, and customers.

E. SWOT Analysis

➤ Strengths (Kekuatan)

Strength is a resource or capability that is controlled by a company or available to it, which makes the company relatively superior compared to its competitors in meeting the needs of the customers it serves. Strength arises from the resources and competencies available to the company (Pearce II & Robinson Jr., 2014, p. 157).

➤ Weaknesses (Kelemahan)

Weaknesses are limitations or deficiencies in one or more resources or capabilities of a company against its competitors. So this becomes an obstacle for them to meet customer needs effectively (Pearce II & Robinson Jr., 2014, p. 157-158).

➤ Opportunities (Peluang)

Opportunity is a major profitable situation in a company's environment. The main trend is one source of opportunity for the company. Apart from that, there are also other opportunities, such as: (1) identification of market segments that were previously overlooked; (2) changes in competitive or regulatory conditions; (3) changes in technology, and; (4) improved relations with buyers or suppliers (Pearce II & Robinson Jr., 2014, p. 156-157).

➤ Threats (Ancaman)

Threats are major unfavorable situations in a company's environment. Threats are obstacles to the company in achieving its current or expected position. Some examples of these barriers include: (1) entry of new competitors; slow market growth; (2) increased bargaining power of buyers and or suppliers; (3) changes in competitors' technology, and; (4) revised regulations that have benefited the company (Pearce II & Robinson Jr., 2014, p. 157).

Based on the background, problem formulation and literature review above, this research model can be described in Figure 1:

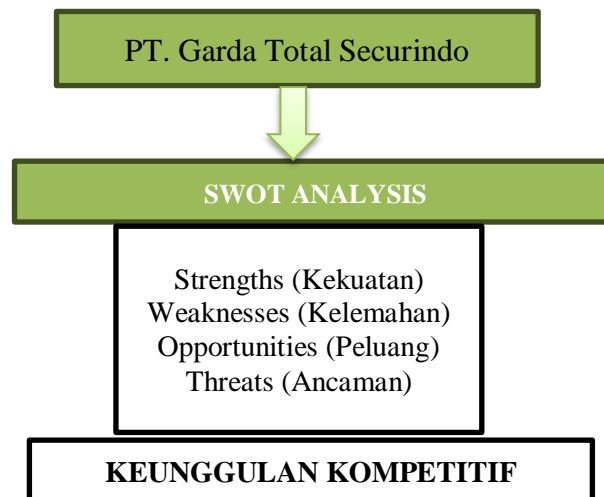


Fig. 1: The Conceptual Model

III. METHODOLOGY

A. Location and Research Design

The type of research used in this research is qualitative research. Qualitative research is a research method in which the researcher is the key instrument, data collection techniques are triangulation (combined), data analysis is inductive, and the results of the research emphasize meaning rather than generalization (Sugiyono, 2010, p. 14). The research object used is PT. Garda Total Securindo Makassar city.

B. Sources/Informants

The method used is purposive sampling. Where the researcher will conduct interviews to a number of sources/informants that have been determined by the researchers.

C. Data Collection Method

The data collection method used in this study is semi-structured interviews. Semi-structured interviews include in-depth interviews, where the question is delivered more deeply than the structured interview. The aim of this interview is to obtain a more open question of the ideas and opinions of the informant (Sugiyono, 2014, p. The 73). This is done so that researchers can develop questions asked to informants. This enables researchers to obtain clearer and deeper information about the problems facing the company.

D. Data Analysis Method

The data analysis techniques used in this study were the analysis techniques of Model Miles and Huberman (in Sugiyono, 2014, p. 91 to 99). The following are the steps of such data analysis techniques: Data Reduction, data reduction is done by summarizing, choosing the basic things, focusing on the important things, finding themes and methods. Thus, the data will provide a clearer picture and researchers will be easier to carry out further collection and extraction of data, if necessary. Data presentation (Data Display), Data presentation will mostly be done using narrative text. Data presentation will make it easier for researchers to understand what is happening and to plan for future work. Conclusion drawing, the drawing of

conclusions meant here is a preliminary conclusion. Thus, the conclusion is temporary and can change if no strong evidence is found to support it. But if there is sufficiently strong and valid evidence, then the initial conclusion is a accountable conclusion.

IV. RESULT

The following is the result of a SWOT analysis conducted on the internal environment (operational, financial and marketing aspects) and external environment (Porter's Five Forces Model) of PT. Garda Total Securindo Makassar city:

A. Strengths:

- The existence of outsourced workers can increase company productivity because there is delegation of tasks, such as cleaning, security, and so on. (S1)
- This condition can increase the focus of core employees on the company's main tasks and efforts to achieve company goals. (S2)

B. Weaknesses:

- Employees will find it difficult to develop because they are limited by short-term contracts and stick to low-class jobs. (W1)
- It is difficult for outsourcing employees to develop in a career. (W2).

C. Opportunities:

- Can improve enterprise management as non-core functions have been outsourced. (O1).
- Another benefit of outsourcing is that the company does not fully take care of regulations from the government, because some have been outsourced. (O2)

D. Threats:

The outsourcing work system has an important role in improving company performance. Because in practice, the outsourcing system can reduce the company's operational costs and make the company more focused on advancing its main business.

From the results of this analysis, the researcher will then combine the strengths, weaknesses, opportunities and threats that PT. Garda Total Securindo. Then from some of the results of the combination will produce several choices

of strategies from it. The following is a process table combining the strengths, weaknesses, opportunities and threats that PT. Garda Total Securindo:

<p>Strengths:</p> <ol style="list-style-type: none"> 1. Increase company productivity 2. Increasing the focus of core employees on the company's main tasks and efforts to achieve company goals. 	<p>Weaknesses:</p> <ol style="list-style-type: none"> 1. Employees will find it difficult to develop because they are restricted by short-term contracts and are challenged by low-class jobs. 2. It is difficult for outsourcing employees to develop in their careers.
<p>Opportunities:</p> <ol style="list-style-type: none"> 1. It can improve the management of the company because non-core functions have been switched to be able to take over jobs when competitors experience a downturn. 2. Companies do not fully take care of government regulations 	<p>Threats:</p> <p>Outsourcing plays an important role in improving the company's performance. Because in practice, the outsourcing system can pressure the company's operating costs and make the company more focused on advancing its core business.</p>

Source: Research Data (2023)

According to David (2011, p. 151) there are 3 (three) choices of generic strategy models available. Then, from these three strategies, it can be further broken down into 5 (five) strategic options, namely low-cost leadership, which is divided into lowest price (type 1) and best price value (type 2), differentiation (type 3), and focus, which is divided into low cost (type 4) and best value (type 5). Based on the results of the SWOT analysis obtained above, the next step is to select the appropriate generic strategy for the company. From the several generic strategy options that have been mentioned, a focused business strategy model with the best value on the market (type 5) is chosen. This strategy is effective when customers have special wants or needs. This is in accordance with the circumstances of providing workers according to the needs and desires of job seekers.

V. DISCUSSION

According to David (2011, p. 151) there are 3 (three) choices of generic strategy models available. Then, from these three strategies, it can be further broken down into 5 (five) strategic options, namely low-cost leadership, which is divided into lowest price (type 1) and best price value (type 2), differentiation (type 3), and focus, which is divided into low cost (type 4) and best value (type 5). Based on the results of the SWOT analysis obtained above, the next step is to select the appropriate generic strategy for the company. From the several generic strategy options that have been mentioned, a focused business strategy model with the best value on the market (type 5) is chosen. This strategy is effective when customers have special wants or needs. This is in accordance with the circumstances of providing workers according to the needs and desires of job seekers.

VI. CONCLUSION

Based on the discussion of the results of the research that has been carried out and the answers from the informants, the result is that the large number of companies providing outsourcing services provides an opportunity for service users to choose the best service provider according to their needs. This is at the same time a challenge for users of this service selection and evaluation. One of the ways and criteria for selecting a good outsourcing service provider is explained in the front. PT. Garda Total Securindo should conduct market research to find out market needs and predict demand in the market.

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