



RESEARCH ARTICLE

A SWOT Analysis on Business Development of Perumda Barinas to Optimize Regional Original Income and the Community Economy

Jalaluddin ^{1*} | Nurul Rahmania ²

^{1,2} Faculty of Economics and Business, Universitas Cordova, West Sumbawa Regency, West Nusa Tenggara Province, Indonesia.

Correspondence

^{1*} Faculty of Economics and Business, Universitas Cordova, West Sumbawa Regency, West Nusa Tenggara Province, Indonesia.
Email: jalaluddinmpm@gmail.com

Funding information

Universitas Cordova.

Abstract

Regional Public Companies (Perumda) have a strategic role in supporting regional original income and community economic development. One of the Perumda operating in West Sumbawa Regency (KSB) is Perumda Bariri Aneka Usaha (Barinas). Perumda Barinas KSB is experiencing a multidimensional crisis characterized by directors never completing their terms of office, the absence of a standard corporate organizational structure, non-functioning management systems, and the lack of Good Corporate Governance (GCG) implementation. This study aims to analyze the internal-external conditions, determine the strategic position, and formulate development strategies for Perumda Barinas. A qualitative approach with a case study method was employed through in-depth interviews with 12 informants (local government officials, former directors, supervisory board members, employees, and partners) and SWOT weighting questionnaires distributed to 15 respondents. The identification results revealed three strengths (full regional ownership, substantial assets, broad business scope) and nine dominant weaknesses (leadership crisis, absence of a standard structure, GCG not yet implemented). External factors include five opportunities (natural resource potential, workforce, industrial zone-smelter, presence of private companies, population growth) and three threats (negative stigma, unhealthy competition, political dynamics). The SWOT analysis yielded an IFAS score of -0.41 and an EFAS score of 0.63, placing Perumda Barinas in Quadrant IV (Turnaround Strategy). The strategies are formulated in three stages: short-term (0-6 months) stabilization through the recruitment of definitive directors and a forensic audit; medium-term (6-18 months) GCG implementation and strategic partnerships; long-term (18-36 months) business expansion in logistics and agriculture. The practical implication is that the Regional Government needs to immediately undertake organizational restructuring and capital injection. The research is limited to a single case study where the SWOT weights depend on the perceptions of the informants.

Keywords

Regional-Owned Enterprise; Turnaround Strategy; SWOT Analysis; Good Corporate Governance; Industrial Zone.

1 | INTRODUCTION

The national economic system, as outlined in Article 33 of the 1945 Constitution of the Republic of Indonesia, clearly establishes that the government plays a vital role in promoting public welfare. At the regional level, this objective can be achieved through the creation of Regional-Owned Enterprises (BUMD), as set forth in Law No. 23 of 2014 concerning Regional Government. Article 331 of this law defines three primary objectives for the establishment of BUMDs: (1) contributing to the overall economic development of the region; (2) ensuring public benefits by providing quality goods and/or services to meet community needs, tailored to the specific conditions, characteristics, and potential of each region, with a strong emphasis on good corporate governance; and (3) generating profits and/or other benefits that can support the financial sustainability of the region (Republic of Indonesia, 2014). Through the establishment and effective operation of BUMDs, regional governments are expected to stimulate local economic growth, improve public services, and create new opportunities for the community, thereby strengthening the overall socio-economic structure. This framework serves as a foundational principle in advancing both regional and national development goals, with a clear focus on governance and accountability.

In accordance with this, the government issued Government Regulation Number 54 of 2017 regarding Regional-Owned Enterprises, which distinguishes BUMDs into two categories: Regional Public Companies (Perumda) and Regional Limited Liability Companies (Perseroda) (Republic of Indonesia, 2017). Perumda refers to a company where capital is entirely owned by a single region and is not divided into shares. On the other hand, Perseroda is a BUMD structured as a limited liability company, where the capital is divided into shares, with at least 51% of the shares held by one region. This regulation aims to provide clear guidelines on the operational structure of regional-owned enterprises, offering flexibility for regional governments in managing ownership and capital distribution. The differentiation between Perumda and Perseroda enables regions to adapt their approach to business management and investment strategies based on their specific needs and goals. As a result, regional governments have been prompted to review and update their policies and regulations related to the formation and operation of BUMDs. These revisions seek to improve the efficiency, governance, and financial performance of these enterprises, ultimately fostering more robust regional economic growth.

West Sumbawa Regency (KSB) was established as a new regency following the division of Sumbawa Regency on December 18, 2003. As part of efforts to enhance public welfare, the KSB Regional Government founded a regional enterprise in 2006, known as the West Sumbawa Regency Regional Enterprise (Perusda KSB). Over the course of 16 years, the enterprise contributed to local development, though it faced challenges that prompted the need for legal reforms. In 2022, a significant change was made to the legal framework governing the enterprise through the enactment of Regional Regulation Number 5 of 2022. This regulation transformed the West Sumbawa Regency Regional Enterprise into the Bariri Aneka Usaha Regional Public Company (Perumda Barinas). The shift aimed to enhance the operational capacity and financial sustainability of the regional enterprise, ensuring it could better meet the evolving needs of the community. The establishment of Perumda Barinas is expected to improve governance, increase accountability, and optimize resource management for the benefit of the people of West Sumbawa. This legal adjustment marks a key step in strengthening the role of regional enterprises in supporting the local economy and fostering sustainable development.

As a regional-owned enterprise, Perumda Barinas has two primary objectives: improving community welfare and supporting regional economic development, while also generating profits to boost regional original income (PAD). Despite these goals, the company has faced several challenges that hinder its progress. Leadership instability, marked by frequent director turnovers that prevent the completion of their terms, lack of a stable organizational structure, malfunctioning management systems, and poor corporate governance have been significant obstacles. These issues have weakened the enterprise's ability to function effectively, limiting its potential to enhance both community welfare and regional growth. Addressing these problems is essential for Perumda Barinas to fulfill its mission and become a stronger driver of regional development.

Previous studies on BUMD development strategies have been widely conducted. Suryanto and Prasetyo (2021) evaluated the financial performance of BUMDs in Central Java using the Value for Money approach, offering insights into their efficiency. Haryanto *et al.* (2022) discussed the role of BUMDs in stimulating regional economic growth during the special autonomy period. Another study by Rahman (2023) examined the implementation of Good Corporate Governance in BUMDs within the banking sector. Despite these studies, research focusing on turnaround strategies for BUMDs facing multidimensional crises is still scarce, especially in regions rich in natural resources but struggling with weak corporate governance. The uniqueness of this research lies in its detailed analysis of BUMDs experiencing severe performance decline, achieved through the identification of both internal and external factors using SWOT analysis. Furthermore, this study develops specific, measurable turnaround strategies aimed at restoring company performance. The practical benefit of this work is the provision of strategic recommendations for the management of Perumda Barinas and the West Sumbawa Regency Regional Government. These recommendations are designed to support efforts to recover and strengthen the company, ultimately improving its role in regional development and economic growth.

This research aims to: (1) analyze the internal and external conditions of Perumda Barinas using the SWOT approach; (2) assess Perumda Barinas' strategic position within the SWOT matrix; and (3) develop strategies for the

improvement and growth of Perumda Barinas to support the enhancement of regional original income and promote community economic development. These objectives will provide a clear direction for the company's future performance and contribute to the region's economic progress by addressing both current challenges and opportunities for growth.

2 | BACKGROUND THEORY

Concept of Regional-Owned Enterprises (BUMD)

Regional-Owned Enterprises (BUMD) are business entities established by regional governments to carry out business functions and serve as regional government business operators. According to Government Regulation Number 54 of 2017, BUMD are divided into two forms: Regional Public Companies (Perumda) and Regional Limited Liability Companies (Perseroda) (Republik Indonesia, 2017). Perumda is characterized by capital wholly owned by one region without share division, while Perseroda's capital is divided into shares with at least 51% ownership by one region.

The theoretical foundation of BUMD establishment is rooted in the concept of public service-oriented enterprises that balance social and commercial objectives. As articulated by Thompson *et al.* (2020), state-owned and regional-owned enterprises occupy a unique position in the economy, required to fulfill public service missions while maintaining financial viability. This dual mandate creates inherent tensions that require sophisticated management approaches and robust governance structures. In the context of analyzing the internal and external factors of Perumda Barinas, understanding the concept of BUMD becomes essential for identifying various structural weaknesses found in the field. Internal factors such as the absence of standard and permanent corporate organizational structures, as well as unclear employment status, indicate that the company has not fulfilled the institutional provisions as regulated in PP 54 of 2017. Meanwhile, external factors such as regional political dynamics and government policies related to industrial area development are environmental variables that affect BUMD operations. Thus, BUMD theory provides a framework for understanding the gap between the ideal conditions mandated by regulations and the empirical reality faced by Perumda Barinas.

Good Corporate Governance (GCG)

Good Corporate Governance (GCG) refers to the system of principles and practices that direct and control organizations to achieve business objectives while balancing the interests of various stakeholders. The Organisation for Economic Co-operation and Development (OECD, 2015) identifies five core principles of GCG: transparency, accountability, responsibility, independence, and fairness. These principles are essential for ensuring that companies are managed professionally, ethically, and sustainably. In the context of BUMD, the implementation of GCG is particularly critical given the hybrid nature of these organizations as both commercial entities and instruments of regional development. The National Committee on Governance Policy (Komite Nasional Kebijakan Governance, 2021) emphasizes that GCG implementation in BUMD serves to enhance operational efficiency, improve service quality, increase competitiveness, and strengthen accountability to stakeholders, including the public as ultimate beneficiaries of regional development. Research by Mardiasmo (2021) also emphasizes that accountability in BUMD management is a prerequisite for realizing good governance at the regional level. The relevance of GCG theory to this research is evident from the identification of Perumda Barinas's internal factors, which show weak implementation of governance principles. The absence of transparency in management, the non-functioning accountability system, and the lack of check and balance mechanisms between corporate organs are empirical evidence of low GCG quality. These factors constitute dominant internal weaknesses that hinder company performance. Conversely, the demand to implement good GCG can also be seen as an opportunity to undertake management improvements and build public trust. Thus, GCG theory provides both a normative foundation and practical guidance for formulating governance improvement strategies for Perumda Barinas.

Strategic Management and SWOT Analysis

Strategic management encompasses the continuous planning, monitoring, analysis, and assessment of all activities necessary for an organization to achieve its goals and objectives. David and David (2017) define strategic management as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) is a strategic planning tool used to evaluate the internal and external environments of an organization. Strengths and weaknesses represent internal factors that can be controlled by the organization, while opportunities and threats represent external factors that exist in the broader environment (Grant, 2019). The integration of SWOT analysis with strategic management allows organizations to align their resources and capabilities with the demands of the environment in which they operate. Wheelen and Hunger (2018) add that external environmental analysis includes monitoring political, economic, social, and technological trends that can affect company performance. In this research, SWOT analysis is used to systematically identify the internal and external factors of Perumda Barinas. From an internal perspective, strategic management theory helps categorize the company's weaknesses such as leadership crisis, non-functioning management functions, and minimal work facilities into the internal weaknesses framework. Meanwhile, from an external perspective, this theory guides the identification of

opportunities such as natural resource potential, the presence of private companies, and industrial area development plans, as well as threats such as negative stigma and unhealthy business competition. The results of the SWOT mapping then become the basis for determining the company's strategic position and formulating appropriate development strategies.

Turnaround Strategy

Turnaround strategy refers to a set of actions undertaken by organizations experiencing performance decline to restore financial viability and operational effectiveness. Hofer (1980) pioneered the conceptualization of turnaround strategies by identifying two primary types: operational turnaround focused on efficiency improvements and cost reductions, and strategic turnaround oriented toward market repositioning and business model transformation. Cameron *et al.* (1987) define organizational decline as the deterioration of an organization's ability to adapt to its environment. In the context of BUMD experiencing performance decline, Boyne (2004) proposes a "3Rs" framework for public service turnaround: Retrenchment (cost reduction and efficiency measures), Repositioning (strategic realignment), and Reorganization (structural and governance reforms). This framework provides a useful lens for analyzing and developing recovery strategies for underperforming public enterprises. Research by Robbins and Pearce (2021) on turnaround strategies in State-Owned Enterprises (BUMN) in Indonesia shows that recovery success is largely determined by the speed of management response in conducting internal consolidation before undertaking external expansion. The relevance of turnaround theory to this research is particularly strong given Perumda Barinas's critical condition. Based on the SWOT analysis results, the company is in Quadrant IV, indicating the need for a turnaround strategy. Internal factors such as leadership crisis and non-functioning management systems require retrenchment and reorganization actions as explained by Boyne (2004). Meanwhile, external factors in the form of industrial area development opportunities and the presence of private companies require a repositioning strategy so that Perumda Barinas can take a role in the new economic value chain. Thus, turnaround theory provides a comprehensive framework for formulating systematic and measurable recovery steps for Perumda Barinas.

3 | METHOD

This research employs a qualitative approach with a case study method focused on Perumda Barinas KSB. The selection of this method is based on the need to deeply understand the complex problems faced by the company and to formulate contextual development strategies (Creswell & Poth, 2018). Data collection for this study was conducted through two main sources. First, primary data were gathered through in-depth interviews with informed individuals who possess direct knowledge and experience related to Perumda Barinas. Informants were selected using purposive sampling, ensuring they were experts in their fields. Additionally, the snowball sampling technique was employed to expand the informant network based on recommendations from initial informants. A total of 12 informants participated in this study, which included: 3 individuals from the West Sumbawa Regency Regional Government (the Head of the Regional Financial and Asset Management Agency, the Head of the Economy Division of the Regional Secretariat, and the Regent's Expert Staff for Economic Affairs); 3 former directors of Perumda Barinas (the Director for 2006-2008, Acting Director for 2012-2020, and Director for 2020-2022); 2 members of the Supervisory Board of Perumda Barinas (the Chairman and a member); 2 employees of Perumda Barinas (senior employees who have worked since the Perumda KSB era and administrative staff); and 2 work partners (local entrepreneurs who have collaborated with Perumda Barinas and a representative from PT AMMAN as a potential partner). In addition to interviews, questionnaires were distributed to obtain weighting data for strategic factors. These questionnaires were provided to the informants who had been interviewed, as well as 3 academics from Cordova University with expertise in strategic management and BUMD, bringing the total number of respondents to 15. Secondary data were also collected from literature studies, company documents (including financial reports, organizational structures, and establishment documents), relevant laws and regulations, scientific journals, and official websites.

The analytical tool used in this research is SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), which helps identify the internal and external conditions of the company by assessing internal strengths and weaknesses, as well as external opportunities and threats (David & David, 2017). The analysis was conducted in several steps. First, internal factors (strengths and weaknesses) and external factors (opportunities and threats) were identified based on interview results, document studies, and observations. Next, each factor was weighted according to its level of importance, using a scale from 0.0 (not important) to 1.0 (very important), with a total weight of 1.0 for both internal and external factors. Key informants, who had a comprehensive understanding of the company's condition, carried out the weighting, and the average values were used. Then, ratings for each factor were determined on a scale of 1 to 4, where internal factors were rated from major weakness (1) to major strength (4), and external factors were rated from major threat (1) to major opportunity (4). The same key informants assigned

these ratings based on their perception of the company's actual situation. The scores were calculated by multiplying the weight and rating for each factor. Following this, the Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) were prepared to summarize the strength, weakness, opportunity, and threat factors along with their weights, ratings, and scores. The company's position in the SWOT quadrant matrix was then determined based on the IFAS and EFAS values. Lastly, strategies were formulated according to the quadrant position and the analysis of relationships between factors in the IFAS and EFAS. The formulas used in the SWOT analysis are: $IFAS\ Value = (\sum Strength\ Score - \sum Weakness\ Score) / 2$, and $EFAS\ Value = (\sum Opportunity\ Score - \sum Threat\ Score) / 2$. These values were plotted into the SWOT quadrant matrix, with the X-axis representing the IFAS value and the Y-axis representing the EFAS value. The result of this plot determines the company's strategic position, directing it toward the appropriate strategy: Quadrant I (Aggressive Strategy), Quadrant II (Diversification Strategy), Quadrant III (Defensive Strategy), or Quadrant IV (Turnaround Strategy).

4 | RESULTS AND DISCUSSION

4.1 Results

4.1.1 Overview of Perumda Barinas

The West Sumbawa Regency Regional Enterprise was established in 2006, in accordance with West Sumbawa Regency Regional Regulation Number 17 of 2006, which was enacted on April 11, 2006. The establishment of this enterprise was initiated by the Regent of West Sumbawa, Dr. KH. Zulkifli Muhadli, SH, MM, during his first term from 2005 to 2010. In 2022, the legal structure of the company was changed to the Bariri Aneka Usaha Regional Public Company (Perumda Barinas) through Regional Regulation Number 5 of 2022. This transformation marked a significant step toward enhancing the company's operational capacity and governance framework. Perumda Barinas, as outlined in its establishment objectives, operates across a broad range of sectors. These sectors include: (1) agriculture in the broad sense, (2) land, sea, and air transportation, (3) tourism management, (4) workshop services, (5) information technology, (6) waste management, (7) mining and energy, (8) trade, and (9) other businesses that comply with laws and regulations. This diverse business scope enables Perumda Barinas to contribute to the region's economic growth by addressing various local needs and tapping into the potential of different industries. The company's operations aim not only to enhance regional income but also to provide essential services and foster sustainable development in West Sumbawa (Pemerintah Kabupaten Sumbawa Barat, 2022).

4.1.2 Internal Condition Analysis of Perumda Barinas

1) Strengths

Based on the identification results, Perumda Barinas possesses three main strengths. First, the company is fully owned by the West Sumbawa Regency Regional Government, with 100% ownership, which facilitates the achievement of objectives whose impacts ultimately benefit the region. Second, the company has accumulated substantial fixed assets since its establishment, which can serve as capital for developing and improving its business sectors. Third, the business scope is very broad, as outlined in Regional Regulation Number 5 of 2022, covering various potential business sectors.

2) Weaknesses

The internal factor identification also revealed nine significant weaknesses. First, the company faces a leadership crisis, marked by directors not completing their full terms. The first director, Mr. Darul Faroqi, resigned before finishing his term, followed by Mr. H. Suprianto, who passed away within two years of his leadership. Subsequently, Mr. Sadiqsyah served as acting director for 8 years, and finally, Mr. Muhammad Rizal was appointed in 2020 but resigned in 2022 before his term ended in 2024. Second, there is no standard or permanent corporate structure, as staff and employees are not official employees of the KSB Regional Government, meaning their employment ends when a director's term ends. Third, the company's management function is not operating properly, as evidenced by the lack of complete company documents. Fourth, there is no implementation of good corporate governance, including aspects such as transparency, accountability, responsibility, independence, and fairness. Fifth, work facilities and infrastructure are minimal, with office conditions being particularly concerning. Sixth, there is a lack of sustainable networks and work partnerships. Seventh, no business sectors are operational, including printing, speedboat, and workshop services. Eighth, there are no sustainable businesses, as the businesses that have been established are temporary in nature. Ninth, the company lacks participation in social activities mandated by law.

4.1.3 External Condition Analysis of Perumda Barinas

1) Opportunities

The external factor identification revealed five main opportunities for Perumda Barinas. First, the region has abundant natural resources, with West Sumbawa's diverse topography providing potential for forestry, food crops,

horticulture, plantations, livestock, and fisheries. The geographical location, bordering the Alas Strait and the Indian Ocean, offers tourism potential, including 16 small islands. Additionally, mining opportunities are significant due to the region's location within the volcanic arc of the Indonesian archipelago. Second, there is a large workforce. In 2022, the KSB workforce numbered 90,949, with 4,144 people still unemployed, providing a pool of labor for local businesses. Third, KSB's designation as an industrial area through Presidential Regulation Number 18 of 2020, part of the 2020-2024 National Medium-Term Development Plan, opens up business opportunities, especially with the development of a smelter slated for completion in 2024, creating derivative business and logistics needs (DPMPTSP KSB, 2023). Fourth, the presence of operating private companies like PT AMMAN and PT Indotan provides partnership opportunities. Fifth, the increasing population as workers migrate from other regions presents business opportunities to meet basic needs.

2) Threats

Perumda Barinas faces three significant threats. First, there is a negative stigma surrounding the company due to incidents such as director resignations and corruption cases involving former acting directors. Second, unhealthy business competition arises from the entanglement of business interests with regional political interests. Third, regional political situations can affect the operational stability of various business sectors.

4.1.4 SWOT Analysis and Strategic Position Determination

Based on the identification of internal and external factors, weighting and scoring were conducted through questionnaires distributed to 15 respondents, consisting of 12 interview informants and 3 academics. Weighting used a scale of 0.0-1.0 with a total internal weight = 1.00 and external weight = 1.00. Ratings used a scale of 1-4 according to the level of importance of each factor. The analysis results are presented in Tables 1 and 2 below.

Table 1. Internal Factor Analysis Summary (IFAS)

NO	STRENGTHS (S)	SIGNIFICANCE	WEIGHT	RATING	SCORE
1	The company is fully owned by KSB Regional Government	3	0,37	3	1,11
2	Has substantial assets	2	0,26	2	0,52
3	Very broad business scope	3	0,37	3	1,11
	Total S	8	1,00		2,74
NO	WEAKNESSES (W)	SIGNIFICANCE	WEIGHT	RATING	SCORE
1	Leadership crisis	3	0,13	4	0,52
2	Absence of a formal corporate organ structure	2	0,10	3	0,30
3	Ineffective implementation of management functions	2	0,10	4	0,40
4	Lack of good corporate governance	3	0,13	3	0,39
5	Insufficient work facilities and infrastructure	2	0,10	4	0,40
6	Limited networking and business partnerships	2	0,10	3	0,30
7	No operational business sector running	3	0,13	4	0,52
8	No sustainable business operations	2	0,10	4	0,40
9	Limited company involvement in social activities	3	0,11	3	0,33
	Total W	22	1,00		3,56

Note. IFAS score = (Total Strengths - Total Weaknesses)/2 = (2.74 - 3.56)/2 = -0.41

The Internal Factor Analysis Summary (IFAS) presents the strengths and weaknesses of Perumda Barinas. The strengths total 2.74, while the weaknesses total 3.56. This results in an IFAS score calculated as (2.74 - 3.56) / 2, which highlights the internal challenges the company faces. The strengths of the company include full ownership by the West Sumbawa Regency Regional Government and a substantial asset base, while weaknesses encompass leadership crises, lack of formal structure, ineffective management, and poor corporate governance, all of which significantly impact the company's performance.

Table 2. External Factor Analysis Summary (EFAS)

NO	OPPORTUNITIES (O)	SIGNIFICANCE	WEIGHT	RATING	SCORE
1	Abundant regional natural resources potential	3	0,23	4	0,92
2	Large labor force availability	2	0,15	3	0,45
3	KSB designation as an industrial zone (presence of Smelter)	3	0,24	4	0,96
4	Presence of private companies still operating	3	0,23	4	0,92
5	Increasing population growth	2	0,15	4	0,60
Total O		13	1,00		3,85

NO	THREATS (T)	SIGNIFICANCE	WEIGHT	RATING	SCORE
1	Negative stigma toward Perumda Barinas	2	0,30	3	0,90
2	Unhealthy business competition	3	0,40	2	0,80
3	Regional political situation	2	0,30	3	0,90
Total T		7	1,00		2,60

Note. EFAS score = (Total Opportunities - Total Threats)/2 = (3.85 - 2.60)/2 = 0.625 ≈ 0.63

Based on the internal and external factor analysis scores, the IFAS value was calculated at -0.41, indicating that the company's internal strengths are outweighed by its weaknesses. In contrast, the EFAS value stood at 0.63, reflecting favorable external opportunities relative to the threats. This combination of scores places Perumda Barinas in Quadrant IV of the SWOT matrix, which corresponds to a Turnaround Strategy. The company needs to address its internal challenges while leveraging external opportunities for improvement and growth.

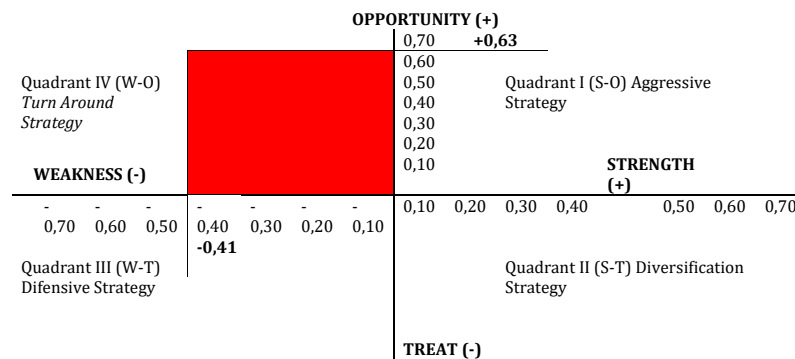


Figure 1. SWOT Quadrant Matrix of Perumda Barinas

Note: X-axis (IFAS): -0.41; Y-axis (EFAS): 0.63. This position indicates that the company is in Quadrant IV (Turnaround Strategy). The mapping results show that Perumda Barinas is in Quadrant IV (Red Zona), which is the Turnaround Strategy quadrant. In this quadrant, the appropriate strategy is to minimize internal weaknesses to capitalize on existing external opportunities. A turnaround strategy is a strategy undertaken by companies to recover from performance decline towards improved or profitable performance conditions. This strategy is adopted when management fails to develop the company, resulting in unclear company prospects and prolonged crisis (Hofer, 1980).

4.1.5 Development Strategy Formulation

Based on Perumda Barinas' strategic position in Quadrant IV of the SWOT matrix, a turnaround strategy needs to be implemented in a phased and measurable manner. The recommended stages of the strategy are as follows.

- 1) Phase I: Short-Term (0-6 Months) - Stabilization and Internal Consolidation
The first phase focuses on stabilizing the company and consolidating its internal structure. This includes the recruitment of definitive directors through open selection, ensuring transparency and professionalism, with clear performance contracts. It also involves establishing a standard and permanent organizational structure in line with PP 54/2017, developing Standard Operating Procedures (SOPs) for all management functions, and preparing basic company documents. A forensic audit will be conducted by an independent public accountant to ensure transparency, with audit results made public. Additionally, office infrastructure will be improved by relocating or renovating the office and equipping it with essential facilities like computers, internet, and operational vehicles.
- 2) Phase II: Medium-Term (6-18 Months) - GCG Implementation and Strategic Partnerships

The second phase emphasizes the implementation of Good Corporate Governance (GCG), focusing on transparency, accountability, responsibility, independence, and fairness. A transparent procurement system will be established, including an online procurement portal and an independent procurement team. Strategic partnerships will be formed with private companies, such as PT AMMAN for logistics and PT Indotan for managing derivative businesses. Coordination with local government and media will be strengthened to improve the company's image and foster positive relationships with stakeholders.

3) Phase III: Long-Term (18-36 Months) - Business Expansion and Development

In the long-term phase, Perumda Barinas will focus on expanding its business in priority sectors such as logistics and transportation, agriculture and food, tourism, and trade. This phase will also include capital injection and business revitalization, with a proposal for regional capital injection to revitalize existing units and develop new business units. If necessary, joint ventures with strategic investors will be pursued. Lastly, the company will implement social responsibility programs to improve its public image and actively participate in social and religious activities, ensuring the company's long-term sustainability and positive community impact.

Table 3. Perumda Barinas Alternative Strategy Matrix

	OPPORTUNITIES (O)	THREATS (T)
STRENGTHS (S)	SO STRATEGIES (Aggressive Strategy)	ST STRATEGIES (Diversification Strategy)
	1. Maximize capital injection from the regional government for business expansion.	1. Develop short-, medium-, and long-term business plans.
	2. Identify and develop potential natural resources.	2. Provide revenue-sharing contributions to the regional government.
	3. Revitalize existing business units.	3. Conduct Corporate Social Responsibility (CSR) programs.
WEAKNESSES (W)	4. Expand productive business sectors by utilizing the available workforce.	4. Actively participate in promotional and public engagement activities.
	WO STRATEGIES (Turnaround Strategy)	WT STRATEGIES (Defensive Strategy)
	1. Recruit competent and professional employees.	1. Develop formal Standard Operating Procedures (SOP).
	2. Optimize management functions according to respective roles.	2. Implement Good Corporate Governance (GCG).
	3. Improve facilities and infrastructure.	3. Strengthen internal motivation and organizational commitment.
	4. Strengthen institutional coordination with stakeholders.	
	5. Expand partnerships and business networks with private companies.	

The matrix categorizes strategic options for Perumda Barinas into four key strategies: SO strategies (Aggressive Strategy), ST strategies (Diversification Strategy), WO strategies (Turnaround Strategy), and WT strategies (Defensive Strategy). The SO strategies focus on maximizing capital injection for business expansion, identifying natural resources, revitalizing existing units, and expanding productive sectors by utilizing the workforce. The ST strategies include developing business plans, contributing to revenue-sharing, and engaging in Corporate Social Responsibility (CSR). The WO strategies emphasize recruiting competent employees, optimizing management, improving facilities, and strengthening institutional coordination. Lastly, WT strategies focus on developing Standard Operating Procedures (SOP), implementing Good Corporate Governance (GCG), and enhancing internal motivation and organizational commitment.

4.2 Discussion

The findings of this research reveal that Perumda Barinas is experiencing what the strategic management literature terms "organizational decline" or severe organizational deterioration. Cameron *et al.* (1987) define organizational decline as the deterioration of an organization's ability to adapt to its environment. In the case of Perumda Barinas, this decline is reflected in the inability to maintain stable leadership, the absence of permanent organizational structures, and the non-functioning of management systems. The leadership crisis experienced by Perumda Barinas aligns with Boyne's (2004) findings that overly frequent leadership changes negatively impact the performance of public organizations. Within 16 years, Perumda Barinas has experienced five leadership changes through various models (definitive directors, acting directors, and resignations), resulting in policy inconsistency and loss of organizational memory.

One of the biggest challenges faced by Perumda Barinas is the negative public stigma arising from various legal cases and director resignations. To restore public trust, several concrete measures must be implemented. First, an independent

forensic audit should be conducted by a credible public accounting firm to uncover potential past irregularities and establish a baseline for the company's current condition. Second, financial report transparency is essential; periodic financial reports should be published through mass media and official regional government websites, ensuring the public and stakeholders have access to information regarding the company's asset utilization and finances. Third, a transparent procurement system should be implemented by introducing e-procurement for all goods and services procurement, along with forming a procurement team independent of the President Director. Additionally, a public complaint channel should be established (such as WhatsApp, email, or a website) that is managed by the Supervisory Board, not the directors, ensuring the independence of complaint handling. Lastly, Key Performance Indicators (KPIs) must be established to measure compliance with Good Corporate Governance (GCG) principles, such as timeliness of reporting, responsiveness to complaints, and independence in decision-making.

One of the biggest opportunities for Perumda Barinas is the development of the industrial zone in West Sumbawa, specifically the construction of a smelter in Maluk District, which is expected to begin operations in 2024. According to a study by the West Sumbawa Regency Investment and One-Stop Integrated Service Office (DPMPTSP KSB, 2023), the establishment of the smelter will create a significant multiplier effect, generating demand for logistics services, employee housing, transportation, and food supply. Perumda Barinas has the potential to play a crucial role in meeting these needs through partnerships with PT AMMAN and other companies. Several derivative business opportunities that Perumda Barinas can explore include: logistics services for the transportation of goods and mining materials; manpower outsourcing to fulfill the non-core needs of mining companies; waste management, particularly in handling hazardous and toxic waste (B3) and non-hazardous waste; food supply, by becoming an off-taker for local agricultural products to meet the needs of mining employees; and housing management, by building and managing rental housing for migrant workers.

This research reinforces the findings of Robbins and Pearce (2021) that the success of turnaround strategies in State-Owned Enterprises (BUMN) and Regional-Owned Enterprises (BUMD) is largely determined by the speed of management's response in conducting internal consolidation before undertaking external expansion. The first 100-day phase is crucial for building governance foundations and restoring stakeholder trust. The practical implication of this research is the need for the KSB Regional Government to immediately execute the formulated turnaround strategy stages, starting with the recruitment of definitive directors through open selection, forensic audit, and preparation of basic company documents. Political and budgetary support from the regional government is a sine qua non for the success of this recovery effort.

5 | CONCLUSIONS AND FUTURE WORK

This research concludes that Perumda Barinas is in a critical condition with various dominant internal weaknesses, especially a leadership crisis marked by director turnovers that never complete their terms of office, the absence of a standard and permanent corporate organizational structure, non-functioning management systems, and the lack of good corporate governance implementation. The SWOT analysis resulted in an IFAS value of -0.41 and an EFAS value of 0.63, placing the company in Quadrant IV (Turnaround Strategy). This position indicates the need for the company to minimize internal weaknesses to capitalize on existing external opportunities. The main external opportunities that can be utilized are abundant natural resource potential, workforce availability, the designation of KSB as an industrial area with smelter construction targeted to operate in 2024, the presence of private companies such as PT AMMAN and PT Indotan, and increasing population. The recommended development strategies are structured in three stages: (1) short-term (0-6 months) focusing on stabilization through recruitment of definitive directors, preparation of basic documents, forensic audit, and improvement of office infrastructure; (2) medium-term (6-18 months) focusing on GCG implementation, transparent procurement systems, and building strategic partnerships; and (3) long-term (18-36 months) focusing on business expansion in logistics, agriculture, and tourism, as well as image recovery programs. From the internal mapping in this research, three main issues emerge as inhibitors of Perumda Barinas's performance: first, leadership instability resulting in policy inconsistency and loss of organizational memory; second, weak corporate governance characterized by the absence of transparency and accountability; and third, incompleteness of standard corporate organs as mandated in Government Regulation Number 54 of 2017. These three issues are interrelated and reinforce the condition of organizational decline experienced by the company. The practical implication of this research is the need for the West Sumbawa Regency Regional Government to immediately restructure Perumda Barinas by establishing standard and permanent corporate organs, recruiting definitive directors through an open and transparent selection process, and establishing clear employment status. The regional government also needs to provide capital injection to revitalize existing businesses and develop new ones, especially those related to industrial zone development. For Perumda Barinas management, the main priority is to build public trust through independent forensic audits, transparency of financial reports, and implementation of an accountable procurement system.

This research has several limitations that need to be considered. First, this research is a single case study on

one BUMD, namely Perumda Barinas in West Sumbawa Regency, so generalizing the findings to other BUMD in different regions needs to be done carefully considering the distinct characteristics, regional potential, and local political dynamics. Second, the SWOT analysis used is highly dependent on the subjective assessment of informants in determining the weights and ratings of strategic factors. The mapping results and IFAS-EFAS scores could change if the selected informants have different perspectives, experiences, or interests. Third, the limited access to company documents due to poorly organized management makes cross-validation between interview data and documentary data difficult. Future research is recommended to conduct comparative studies across BUMD in various regions to identify general patterns of BUMD success and failure. Quantitative research is also needed to test the relationship between the implementation of turnaround strategies and improvements in BUMD financial and operational performance.

REFERENCES

- Boyne, G. A. (2004). A '3Rs' strategy for public service turnaround: Retrenchment, repositioning and reorganization. *Public Money & Management*, 24(2), 97-103. <https://doi.org/10.1111/j.1467-9302.2004.00401.x>
- Cameron, K. S., Kim, M. U., & Whetten, D. A. (1987). Organizational effects of decline and turbulence. *Administrative Science Quarterly*, 32(2), 222-240. <https://doi.org/10.2307/2393127>
- Creswell, J. W., & Poth, C. N. (2018). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). Sage Publications.
- David, F. R., & David, F. R. (2017). *Strategic management: Concepts and cases* (16th ed.). Pearson Education.
- Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Kabupaten Sumbawa Barat. (2023). *Kajian dampak pembangunan smelter terhadap perekonomian daerah*. DPMPTSP KSB.
- Grant, R. M. (2019). *Contemporary strategy analysis* (10th ed.). Wiley.
- Haryanto, B., Wahyudi, S., & Nugroho, R. (2022). Peran Badan Usaha Milik Daerah dalam mendorong perekonomian daerah di era otonomi khusus. *Ekuitas: Jurnal Ekonomi dan Keuangan*, 6(3), 321-340. <https://ejournal.stieperbanas-sby.ac.id/index.php/ekuitas/article/view/5123>
- Hofer, C. W. (1980). Turnaround strategies. *Journal of Business Strategy*, 1(1), 19-31. <https://doi.org/10.1108/eb038886>
- Jemison, D. B., & Sitkin, S. B. (1986). Corporate acquisitions: A process perspective. *Academy of Management Review*, 11(1), 145-163. <https://doi.org/10.5465/amr.1986.4282648>
- Kaplan, R. S., & Norton, D. P. (2004). *Strategy maps: Converting intangible assets into tangible outcomes*. Harvard Business School Press.
- Komite Nasional Kebijakan Governance. (2021). *Pedoman umum Good Corporate Governance Indonesia*. KNKG. <https://knkg.or.id/pedoman-gcg/>
- Mardiasmo. (2021). *Akuntansi sektor publik*. Penerbit Andi.
- Organisation for Economic Co-operation and Development. (2015). *G20/OECD principles of corporate governance*. OECD Publishing. <https://doi.org/10.1787/9789264236882-en>
- Pemerintah Kabupaten Sumbawa Barat. (2022). *Peraturan Daerah Kabupaten Sumbawa Barat Nomor 5 Tahun 2022 tentang Perubahan Perusahaan Daerah Kabupaten Sumbawa Barat menjadi Perusahaan Umum Daerah Bariri Aneka Usaha*. Lembaran Daerah Kabupaten Sumbawa Barat Tahun 2022 Nomor 5.
- Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. Free Press.
- Rahman, F. (2023). Implementasi Good Corporate Governance pada Badan Usaha Milik Daerah sektor perbankan di Indonesia. *Jurnal Manajemen Strategi dan Aplikasi Bisnis*, 6(1), 78-95.

<https://jmsab.aksaraglobal.co.id/index.php/jmsab/article/view/789>

Republik Indonesia. (2014). *Undang-Undang Nomor 23 Tahun 2014 tentang Pemerintahan Daerah*. Lembaran Negara RI Tahun 2014 Nomor 244.

Republik Indonesia. (2017). Peraturan Pemerintah Nomor 54 Tahun 2017 tentang Badan Usaha Milik Daerah. Lembaran Negara RI Tahun 2017 Nomor 305.

Robbins, D. K., & Pearce, J. A. (2021). Turnaround strategies for state-owned enterprises in emerging economies: Evidence from Indonesia. *Journal of Business Strategy*, 42(3), 189-201. <https://doi.org/10.1108/JBS-12-2019-0223>

Siregar, D. N., & Utama, S. (2021). Pengaruh implementasi Good Corporate Governance terhadap kinerja keuangan BUMD di Indonesia. *Jurnal Akuntansi dan Keuangan Indonesia*, 18(2), 156-175. <https://scholarhub.ui.ac.id/jaki/vol18/iss2/156/>

Suryanto, A., & Prasetyo, T. (2021). Analisis kinerja keuangan Badan Usaha Milik Daerah (BUMD) di Jawa Tengah dengan pendekatan Value for Money. *Jurnal Akuntansi dan Bisnis*, 21(2), 145-160. <https://jab.fe.uns.ac.id/index.php/jab/article/view/567>

Thompson, A. A., Peteraf, M. A., Gamble, J. E., & Strickland, A. J. (2020). *Crafting and executing strategy: Concepts and readings* (22nd ed.). McGraw-Hill Education.

Wheelen, T. L., & Hunger, J. D. (2018). *Strategic management and business policy: Globalization, innovation and sustainability* (15th ed.). Pearson Education.

How to cite this article: Jalaluddin, & Rahmania, N. (2026). A SWOT Analysis on Business Development of Perumda Barinas to Optimize Regional Original Income and the Community Economy. *Indonesian Journal Economic Review (IJER)*, 6(1), 91-101. <https://doi.org/10.59431/ijer.v6i1.726>