

Implementation of the Five Dimensions of Growth Strategy at PT. Putra Medikaltek Indonesia Indonesian Hospital Medical Gas Equipment Manufacturing Company

Hasyim Abdulloh, Dessy Isfianadewi, Zaenal Arifin

Abstract— The focus of business practices is on the company's growth strategy of PT. Putra Medikaltek Indonesia, which has been running from 2020 to 2021, is in line with the author's concentration, strategic management. PT PMI has developed quite well but has not yet fully implemented a business strategy for optimizing existing business processes. In its implementation, it is still limited with limited resources and has not taken full advantage of existing opportunities. PT PMI has some problems, such as a lack of trust in local products, the imported product domination all over the region, limited funds for product development, factory development, and work facilities, and the company's internal working time discipline lacking. To solve the problems, PT Putra Medikaltek Indonesia should implement a five-dimensional corporate growth concept strategy: Striving for standardization of products to gain consumers' trust in domestic products (Consumers), planning to reach the local market to more areas by adding collaboration with new distributors (Geographic), innovating by adding other kinds of products together with academics (Products), having plans to build factory units and new work facilities (Capabilities), and implement psychological safety (Culture).

Index Terms— Manufacture, Business, Management, Strategy

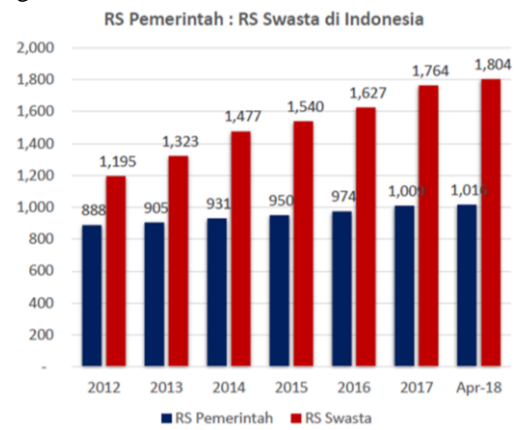
I. INTRODUCTION

In implementing health services, the government has a responsibility to the community executed through 3 main pillars: applying a healthy paradigm, strengthening health services, and implementing the national health insurance (JKN) (kemenkes.go.id, 2017).

In its development, the improvement in health services is more intensive, such as an increase in the construction of health service facilities (*fasyankes*) like health centers, clinics, and hospitals.

As the number of hospitals increases, it can indicate the increasing need for hospital equipment or medical devices in Indonesia. The Ministry of Investment / Investment Coordinating Board stated that the government had included the medical device and pharmaceutical sector as part of the

priority sector to realize the Making Indonesia 4.0 program, implying that the health industry sector is very potential and promising.



Graph 1: Comparison hospital growth in Indonesia

Perceiving the high demand for procurement and installation of medical equipment and hospital operational activities leads to a different business sector in the health industry, which will be proven especially in private health facilities whose business is profit-oriented. Furthermore, government-owned and private hospitals' existence is undoubtedly an individual assessment for the community. Some of them choose government-owned hospitals because they provide free health programs, and on the other hand, choose private hospitals because they have more pleasant services than government-owned hospitals.

In Indonesia, the regulator's role regarding hospitals, both government and private, is under the auspices of the Ministry of Health of the Republic of Indonesia (*Kemenkes RI*). The regulations standardize a minimum standard limit in carrying out activities or providing health facilities.

One of the factors that can support patient health in hospitals is the availability of medical gas and medical vacuum facilities. In 2016, the Ministry of Health issued a regulation contained in the Minister of Health Regulation No. 4 of 2016 regarding medical gas and medical vacuum in health care facilities. This regulation requires all health facilities, especially hospitals, to use a centralized medical gas and medical vacuum installation system.

The existence of the Minister of Health Regulation can impact improving the quality of a better hospital. However, the hospital must carry out a procurement process or project

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tender to select the best vendor for the central medical gas system procurement. For the significant medical gas supply company, it is an opportunity to offer their products and services in the procurement process or tender to hospitals.

As a provider of medical gas equipment for hospitals, PT. Putra Medikaltek Indonesia strives to support domestic products to grow and develop, with better quality and features and more competitive prices. Due to the diverse opportunities and existing competition, it is necessary to analyze various aspects of human resources, production or operations, marketing aspects, financial aspects, and strategic aspects to determine whether this business can compete in the market.

II. LITERATURE REVIEW

A. A Theory Related to the Trust Issues in Local Products through Growth Strategies for Consumers

One of the company's growth is by selling products. Every company desires to sell more products. However, sometimes companies experience problems in sales, such as unsatisfactory products, disappointing services, or products that are too good which make customers not repurchase, or competitors have better offers.

Regarding the identified problems with distributors that still prioritize imported products, the company determining strategies through consumers must group these consumers into business/company and individual categories. Consumers with business categories focus on industry, company size, risk appetite, and price sensitivity. Consumers with individual categories focus on age range, income, product use opportunities, and the buying process, mentioned in a new study about customer approach related to the importance of understanding and meeting their needs better than others [1].

B. Theory Related to the Imported Problem Domination Issue Growth Strategy in the aspect of Geography

The identified problem in geography is the domination of imported products all over Indonesia. One of the strategies that can do is to expand to other areas in Indonesia. However, there are a few things that companies need to beware of when expanding into new areas: Checking out the Culture, Administrative, Geographic, and Economic (CAGE) framework. Small-scale companies chasing growth from geographical must ensure that their existing process is well established prior to expansion. The small company needs to examine the current business running, analyze expansion locations deliberately, allocate the budget and time to organize for the new location execution, measure employee performance in solving a problem and invest in the most promising places for expansion. In contrast, large-scale companies explore growth from a geographical by being more concerning about customer needs and developing attractive product visions to meet their needs more effectively than competitors [2].

C. A Theory Concerning Limited Funds Issue Using a Growth Strategy on Product Development

To solve limited funds for product development, the company may implement a strategic alliance, an agreement

between companies to have partnerships that aim to gain mutual benefits [3]. The companies or business units may form a strategic alliance for several reasons: Obtaining new access to specific markets, Reducing financial risk, reducing political risk, and learning new capabilities [4]. By implementing strategic alliances, the product and market development for one or a particular product group, without having to eliminate the previous company's characteristics.

D. A Theory based on Limited Funds Issues in the factory development and work facilities for Capability Growth Strategies

According to W.Edwards Deming (1950) and Frederick Taylor, the company's management should improve the work environment and process for better quality. It is in line with research conducted by Zuhri [5], who described that production process improvement could affect the product quality by maintaining the quality of production workstations which impacts consumers' satisfaction to create a sense of loyalty [6]. In addition, improving the workstation's quality can also improve employee satisfaction, which impacts increasing employee productivity [7].

E. A theory about Time-Work Discipline Issue in Development Organizational Culture Strategy

Lacking time-work discipline is one of the company's issues. To have better company growth, the company needs to develop three aspects: leadership, employee loyalty, and customer satisfaction. The leaders must create an organizational culture that boosts employee loyalty and customer satisfaction orientation. A good organizational culture can influence the company's growth well and help make decisions for companies to grow [8].

III. RESULTS AND DISCUSSION

The company implements a five growth strategies in solving existing problems, the strategies implemented are as follows:

A. Increase Consumer Confidence in Domestic Products by developing a Better Quality Image of Products

Product quality is the primary key in adding new customers (hospitals) through distributors/contractors. When PT PMI produces the products and fulfills the standard of existing permits (Kemenkes circulation permit and SNI test), consumer confidence will increase.

B. Expansion of Distributor Networks in All Indonesian region to Reduce the Dominance of Imported Products

To strive for the goal of expanding, the PT. PMI needs to cooperate with new distributors who would be able to reach more remote areas. Becoming a member of Company Association which focused on medical equipment, such as AIGMI (Asosiasi Instalasi Gas Medis Indonesia), GAKESLAB (Perkumpulan organisasi perusahaan alat-alat kesehatan dan laboratorium resmi di Republik Indonesia), and ASPAKI (Asosiasi Produsen Alat Kesehatan Indonesia) is one of strategies in market expansion to rural areas.

C. Build relations with Related Parties in Overcoming Limited Funds in Product Development

One of the ways to overcome the venture capital problems for Research and Development is by applying for funding grants from the Government of the Republic of Indonesia. The research grant organized by Ministry / Government Agencies requires PT. PMI to collaborate with the academics side because the primary requirement in applying for grants is that the leader must have a minimum education of Strata-3 and have done journals/research. Therefore, PT. PMI has agreed to collaborate with the Islamic University of Indonesia in applying for this grant

D. Making Agreements on the Developing of New Factory to Conquer Limited Funds in the Factory Development and Work Facilities

PT. PMI has agreed with the landlord to build a new workshop with a 24 x 20 meters planned area. The landlord has agreed with the development fund, but there is an increment in the rental fee from IDR 50 million to IDR 75 million per year. PT. PMI also needs to pay the rental fee for the first two years, which equals IDR 150 million, and the rental period starts when PT. PMI occupies the building.

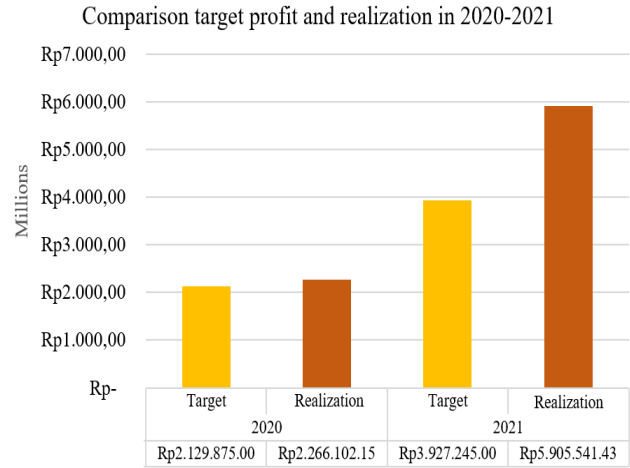
E. Emphasizing The Firmness in Implementing Company Regulations to Improve Discipline of Company Working Hour

The director's firmness in supervising the operating company is essential—currently PT. PMI has three directors (president, technical, and finance director). When employees make mistakes, these directors must be equal in firmness and discipline. When a director has a high tolerance for mistakes, it will have a destructive impact. Good leadership will make the employees more disciplined but still happy at the office. Even if the employees make mistakes, they will admit their mistakes and take the consequences, and when given a job, they can work with responsibility yet relax so the job can achieve promptly

F. Effectiveness of Strategy Implementation PT. Putra Medikaltek Indonesia Against Market Competition

The effectiveness measurement generally relies on various levels according to the objectives. According to Wahyuni & Setiawan [9], The effectiveness measurement requires comparing current activities' implementation with the target policy achieved. Meanwhile, Pristianingrum [10] mentioned that the effectiveness measurement involves comparing the implementation of previous data without evaluating whether the current activities carried out are practical and efficient.

PT PMI's target of sales results, can use as a reference for the success and measurement of the effectiveness of implementing the Strategy of PT. Putra Medikaltek Indonesia by comparing the target profit and realization in 2020-2021, which illustrates in the following graph:



Graph 2: Comparison target profit and realization in 2020-2021

In 2020, PT PMI exceeded the target, which set IDR 2,129,875,000 to IDR 2,266,102,150, or 6% of increment. Further, PT. Putra Medikaltek Indonesia exceeded the target in 2021, which set Rp.3,927,245,000 and the realization of Rp.5,905,541,431 or a 50% upsurge. In addition, the escalation of effectiveness by comparing the acquired target of 2020 and 2021 shows a significant rise of 161%. It represents the effectiveness of implementing the company's strategy to increase revenue.

IV. CONCLUSION

Implementation of the five growth strategies at PT. Putra Medikaltek Indonesia by focusing on solving problems in every aspect, namely consumers, geography, products, capabilities, and corporate culture can increase the company's value which is also followed by an increase in company profits based on data in 2020-2021.

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**Implementation of The Five Dimensions of Growth Strategy at PT. Putra Medikaltek Indonesia Indonesian Hospital
Medical Gas Equipment Manufacturing Company**

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