

STRATEGIC MANAGEMENT PT PHAPROS TBK

I Gusti Ayu Pusparani, Werner R. Murhadi

Universitas Surabaya, Indonesia

*e-mail: s134123013@student.ubaya.ac.id werner@staff.ubaya.ac.id

Keywords

Five Force Model, PESTEL, PT Phapros Tbk, Strategic management

ABSTRACT

The pharmaceutical industry is one of the most competitive industries in the world. This paper aims to discuss the shortcomings, weaknesses, threats, opportunities, and strategies that PT Phapros Tbk can implement to realize the company's vision. This research contributes to the field of strategic management by providing a comprehensive analysis of the pharmaceutical industry's internal and external environment using SWOT analysis. In addition, this paper provides a practical framework for understanding and addressing strategic challenges. The research results show that the pharmaceutical and herbal medicine industries have a strong and recognizable identity in both domestic and international markets. This study could include a focus on sustainable and innovative production techniques for herbal and medical device products.

INTRODUCTION

The pharmaceutical industry is one of the most crucial industries in Indonesia, especially when the Covid pandemic is quite shocking not only in Indonesia but also around the world (Kimura et al., 2020; Malahayati et al., 2021; Olivia et al., 2020; Siregar et al., 2021; Sparrow et al., 2020). It makes people aware of the importance of medicines, health workers, and medical devices. In fact, each country is willing to invest more in health research programs, including the procurement of vitamins, supplements, and immune drugs. Since then, the pharmaceutical industry has become one of the most promising industries in Indonesia. As a result of increasing demand, the government has included the medical device and pharmaceutical sectors as part of the priority sectors in realizing the Making Indonesia 4.0 program (Alfina et al., 2024; Arief et al., 2022; Hasnida et al., 2021; Irawan et al., 2022; Noerlina & Mursitama, 2023) along with other sectors, namely the food and beverage, automotive, textile, chemical, and electronics industry sectors.

On the other hand, the government is also trying to increase the competitiveness of the pharmaceutical sector with technology-based digital transformation, such as utilizing digital technology from upstream to downstream. This downstream process can also fully support the sustainability innovations echoed by the company. One of the pharmaceutical companies that has developed this downstream process is PT Phapros Tbk as part of the Pharmaceutical SOE Holding.

It is possible that the downstream process carried out by PT Phapros Tbk certainly finds obstacles, both from internal and external to the company. With these reasons and a glimpse of the pharmaceutical industry in Indonesia, this paper will discuss the shortcomings, weaknesses, threats, opportunities, and strategies that PT Phapros Tbk can implement to realize the company's vision. Moreover, PT Phapros is a subsidiary of PT Kimia Farma Tbk, the first and largest pharmaceutical company in Indonesia. There could be some binding rules from Kimia Farma that hinder PT Phapros Tbk from moving forward.

In this study, a comparison of the annual report of PT Phapros Tbk for the 2022 and 2023 periods will be taken. The 2022 annual report is entitled "Raising Performance and Sustainability". The title was taken because for PT Phapros Tbk, 2022 is a challenging period that has been successfully passed by the Company. The Company's management itself has also succeeded in overcoming these pressures with a series of strategic steps and has fully assisted the Company in taking advantage of the changes that have occurred in the pharmaceutical industry, as well as balancing risks to accelerate growth. Meanwhile, the

annual report for the 2023 period is entitled "Prioritizing Balance: Economic, Technological, and Environmental Sustainability". This means that PT Phapros Tbk is consistent in realizing various company programs that include, among others, business development, improving the competence of all ranks, improving the lives of the surrounding community, and improving the quality of the environment.

The consistent implementation of a well-planned and meticulously calculated business development program has yielded tangible outcomes, demonstrating PT Phapros Tbk's ability to strengthen its foothold in the highly competitive national pharmaceutical industry. This strategic approach has not only solidified the company's market position but has also enabled it to leverage emerging opportunities, paving the way for its aspirations to expand its influence on a global scale. By aligning its growth initiatives with innovative practices, industry trends, and regulatory compliance, PT Phapros Tbk has positioned itself as a forward-thinking leader capable of addressing both current challenges and future demands. This progress underscores the company's commitment to excellence and its readiness to seize international market opportunities, setting a strong foundation for sustainable growth and global recognition.

This paper aims to discuss the shortcomings, weaknesses, threats, opportunities, and strategies that PT Phapros Tbk can implement to realize the company's vision. The research contributes to the field of strategic management by providing a comprehensive analysis of PT Phapros Tbk's internal and external environment using SWOT analysis. It identifies the company's strengths and weaknesses, evaluates external opportunities and threats, and proposes actionable strategies to align with the company's vision. This paper offers a practical framework for understanding and addressing strategic challenges, enabling PT Phapros Tbk to enhance its competitiveness and organizational sustainability. Furthermore, it contributes to industry-specific knowledge by showcasing real-world applications of strategic planning tools, offering valuable insights for other companies in the pharmaceutical sector.

METHODS

The external analysis process in this study was conducted using various data sources, including industry reports, company publications, market analyses, and regulatory updates relevant to PT Phapros Tbk. These data sources ensured a comprehensive evaluation of the external environment and its impact on the company's strategic direction.

First, a PESTEL analysis was performed to examine the macro-environmental factors influencing PT Phapros Tbk. The analysis covered political, economic, social, technological, environmental, and legal aspects affecting the pharmaceutical industry. Data such as government regulations, market growth rates, technological advancements, and environmental policies were reviewed to identify opportunities and threats in the external environment.

Second, the results of the PESTEL analysis were summarized into an External Factor Evaluation (EFE) Matrix. Each factor was assessed and assigned a weight and score based on its significance to PT Phapros Tbk. The matrix helped quantify the impact of external factors on the company's strategic positioning, using data from financial reports, industry benchmarks, and stakeholder surveys.

Third, Porter's Five Forces model was applied to evaluate the competitive dynamics surrounding PT Phapros Tbk. This analysis included data on supplier and buyer power, threats from new entrants and substitutes, and the intensity of industry rivalry. Market research reports and competitor performance metrics were used to provide insights into the competitive landscape.

Finally, an industrial analysis was conducted to gain a broader understanding of the pharmaceutical sector's conditions and trends. This involved analyzing industry-specific data, such as market share distributions, investment patterns, and innovation trends, to determine the strategic implications for PT Phapros Tbk.

RESULTS

PESTEL (Politic, Economic, Social, Technology, Environment, Legal) Analysis of PT Phapros Tbk 2023

Politics

The instability of geopolitical conditions from the war and unstable political conditions or election years in several countries, one of which is Indonesia. One of the things that happens is the instability of the currency exchange rate, where the Indonesian currency tends to weaken. The weakening of the rupiah can also have a negative impact on the performance of business actors who depend on imported raw materials.

Not only imported raw materials, geopolitical conflicts also make Indonesian medical device manufacturers threatened, including PT Phapros Tbk. Moreover, Indonesia has cooperation with Iran in strengthening medical devices. Iran is considered experienced in the health sector, because it is able to produce 95% of medical devices and pharmaceuticals domestically to be able to meet global medical needs. Responding to trade war and geopolitical instability, presidential candidate elected

In 2024, Prabowo Subianto has prepared a downstream strategy in order to reduce Indonesia's dependence on imported pharmaceutical raw materials. His party has prepared industrial trees from 21 commodities, ranging from minerals to marine plants. Prabowo assessed that this step would produce extraordinarily large economic value, even estimating that the added value of commodities would increase dozens of times.

The government also facilitates the replacement of imported raw material sources with domestically produced drug raw materials for the pharmaceutical industry. This facility is aimed at increasing the use of domestically produced drug raw materials, reducing the number of drug raw material imports, and increasing the number of drug products with TKDN (Domestic Component Level) of >52%.

Not only that, the Ministry of Industry also mitigates solutions in order to secure the industrial sector from the impact of conflicts that occur. The solutions formulated by the Ministry of Industry include, among others, incentive services for the import of raw materials from the Middle East due to the possibility of disruption in the supply of raw materials for the domestic industry, especially in the upstream chemical industry sector. The relaxation of raw material imports also aims to make it easier to obtain raw materials, considering that other countries are also competing to get alternative suppliers.

Economic

As many as 95% of pharmaceutical raw materials are obtained by import. Of course, this adds to the burden of costs or production costs. Worse, this condition was also followed by an increase in the rupiah exchange rate against the United States dollar which has exceeded Rp 16,000 per USD. As a result, the pharmaceutical industry's dependence on imported goods makes the selling price of patent drugs even higher. If compared with people's purchasing power, this is not in line. As a result, despite the large production, many people choose generic drugs.

Even so, exports of herbal medicines are getting stronger. The Ministry of Industry reported an increase in exports of the chemical, pharmaceutical, and traditional medicine industries by 8.78% from the previous year. If you look at the development, the market for herbal medicine products from Indonesia is increasingly wide open, especially after the interest of Saudi Arabian Gulf Bird Trading Corporation (GBC) companies to import. However, it should also be remembered that the economy is inseparable from its relationship with people's purchasing power. An insignificant increase in people's income will also suppress consumer spending (Burke & Ozdagli, 2023; Chronopoulos et al., 2020; Cox et al., 2020; Jaikumar & Sharma, 2021; Runtunuwu et al., 2023). It has an effect on the decline in purchasing power and company turnover. Similar to the effects of geopolitics and trade wars, the consequences of insignificant public income make industries tend to get ready to carry out a hold or wait and see strategy. So, everything will center on how to fight the market which may be sluggish.

Furthermore, the ratio of productive loans in Indonesia, which is still lower than that of consumptive loans, also shows the need to make it easier for the industrial sector to obtain credit. When compared to China, credit flows more to the production sector than to the consumption sector. This makes the Minister of Industry hope that the credit ratio in Indonesia can also shift and be dominated by production credit. That way, the industrial sector will also grow.

Social

From a social perspective, there is hope that price control can produce more affordable health services for the community. This limits the growth of the pharmaceutical sector. Price controls, which apply to medicines in most major markets, mean that drug prices in general should not rise at the same rate as inflation in general. However, this may limit growth in the pharmaceutical sector, as production costs increase. For example, as suppliers raise costs and employees expect salary increases, the cost of drug production can increase far beyond the rate of inflation.

The expectation of a price reduction is also highlighted by the survey "The State of the Biopharmaceutical Industry 2024", that the majority of the public views this trend as having a negative

impact in 2024. This is also followed by geopolitical conflicts and inflation, both of which also cause more negative sentiment.

Looking at the 2023 Health Statistics Profile, the average per capita expenditure of urban residents for health in 2023 in a month is only IDR 39,115 and that of villagers is only IDR 20,972. In addition, of the 3 compositions of health expenditures, including service/curative costs, preventive, and drug costs, the largest expenditure is curative. It shows that the Indonesian population prefers to treat rather than prevent. Furthermore, there has been a new case condition regarding Atypical Progressive Acute Kidney Disorder (GGAPA) since early December 2022. This case reappeared in early 2023, where it could cause negative sentiment in the community. BPOM found information from the Ministry of Health that there was a medicinal syrup that was suspected to be the cause of the GGAPA case. In response to this, BPOM took responsive steps by conducting investigations, tracing, taking and testing samples, including inspections of production facilities. Until January 2024, the total products that have been verified and safe for consumption are 1,174 products from 109 pharmaceutical companies.

Not only that, the high level of air pollution is directly proportional to the high number of cases of respiratory diseases, one of which is the increase in ISPA diseases with an average of 200,000 cases per month, especially in Greater Jakarta. Even in the first semester, precisely in January-June 2023, there were 638,291 cases of ISPA in the capital city.



Figure 1. Number of ISPA Cases in DKI Jakarta (January-June 2023)

Respiratory disorders are included in the top 10 diseases in Indonesia. According to the IDAI Reporation Coordination Work Unit (UKK), children are more vulnerable to exposure to air pollution, because the child's breathing rate is more and causes other pollutants to be inhaled. Pollution results in stunted growth and development of children. Of course, this will be problematic when the child grows up. In adults, respiratory distress can have an impact on stroke. Meanwhile, in children it can cause mental and behavioral disorders.

On the other hand, the Ministry of Trade collaborated with the Ministry of Industry, the Ministry of Health, the Indonesian Representative in the United Arab Emirates, and ASPAKI to facilitate Indonesian business actors and manufacturers of medical devices at the Arab Health Exhibition in Dubai. This is done as an effort to respond to the trend of world market demand for medical devices over the past 5 years which has shown positive growth with an average of 4.56% per year.

The Ministry of Trade continues to encourage an increase in Indonesia's exports to trading partner countries in various ways, including trade promotion, *business matching*, trade missions, export market information, and the use of trade agreements.

Technology

In 2021, the pharmaceutical industry will become a strategic sector in the implementation of Industry 4.0 and one of the industry's priorities in Making Indonesia 4.0. This aims to increase the competitiveness of the pharmaceutical industry sector by encouraging digital-based transformation.

Along with the times, the concept of Industry 5.0 has emerged that focuses on the importance of responsible innovation, not only to improve cost efficiency and maximize profits, but also to increase prosperity for all stakeholders.

From there, Pharma 5.0 emerged which emphasizes more on the role of the pharmaceutical industry to achieve social goals beyond process optimization and growth. Pharma 5.0 has 4 concepts, including a human-centric approach that puts core human needs and interests at the heart of the manufacturing process, creating more personalized pharmaceutical products by utilizing genetic profiles or molecular technologies to create targeted therapies and the development of tailored drugs for each patient. Furthermore, the 3rd, better integrate social and environmental priorities into technological innovation and shift the focus from individual technologies to a systematic approach. And finally, Pharma 5.0 must be resilient enough to provide and support critical infrastructure for production, especially in times of crisis and have better resilience to disruption.

The existence of digitalization, including the entry of pharmacy 5.0, aims to make the national pharmaceutical industry more resilient in the future, processing patient data, resilient, sustainable, and human-centered. So, PT Phapros Tbk can get a more precise supply chain. On the other hand, the existence of a government program related to the global commitment to reduce carbon emissions by changing business patterns to green manufacturing is also fully supported by PT Phapros Tbk. Since around 2015, PT Phapros Tbk has carried out several programs related to sustainability. In terms of renewable energy, since 2019, PT Phapros Tbk has used solar panels as an energy source. In addition, PT Phapros Tbk has also used Compressed Natural Gas (CNG) to replace the fuel oil that has been used so far.

Environment

Similar to other industries, the pharmaceutical industry is also at risk of emitting waste that can pollute the surrounding environment. The waste in the pharmaceutical industry is B3 drug or medical waste that contains hazardous and toxic ingredients. This waste can be formed from various production processes, such as the disposal of expired drugs, the remains of hazardous chemicals, and waste contaminated with pharmaceutical products.

The initiative to implement PT Phapros Tbk as its responsibility to the environment, including carrying out green office activities. One of the green offices carried out by PT Phapros Tbk is energy saving by replacing all lights installed in the work area using LED lights, reducing the use of paper by applying a two-sided culture in printing work results and storing them in digital data, administering and processing documentation that is no longer used, reusing wastewater that has been treated for laundry to wash work clothes, maintain air pollution control equipment, and monitor environmental management carried out by the company.

For its own energy consumption, PT Phapros Tbk uses PLN electricity with a capacity of 2180 kVa as the main raw material and main energy source. In addition, the company also uses diesel and LPG as energy sources. As a backup when the power goes out, PT Phapros Tbk uses a generator supported by UPS. The energy consumption within the company can be seen in the figure below.

Tabel Konsumsi dan Intensitas Energi (GJ)
Energy Consumption and Intensity (GJ) Table

Konsumsi Energi Energy Consumption 2022 2021 (GJ)		2023	2022 (GJ)
Listrik (GJ)	Electricity (GJ)	43.928	47.445,166
Solar (GJ)	Solar (GJ)	507,29	773,60
CNG (GJ)	CNG (GJ)	25.657	40.880,21747
Total (GJ)	Total (GJ)	70092,10	89.098,98814
Jumlah Produksi (kg)	Total Production (Kg)	1021544,4	887.653,5
Intensitas Konsumsi Energi (GJ/kg)	Energy Consumption Intensity (GJ/Kg)	0,0686	0,10

Figure 2. Energy Consumption and Intensity Table

In addition to waste, extreme weather also affects companies engaged in the pharmaceutical sector. This is because extreme weather can affect the condition of the human body. Eventually, sales of

drugs and vitamins from all pharmaceutical industries will increase and give rise to competition. This is because people need medicines and vitamins as supplies or supplies at home.

Legal

In an industry, legality is certainly inevitable from legal affairs and licensing, including the pharmaceutical industry of PT Phapros Tbk. There is a problem with drug licensing from the Ministry of Health, BPOM, and so on, where if you have not received a permit, pharmaceutical products are not allowed to circulate. On the other hand, people's needs increase in a short time and are not always predictable. The speed of licensing, production processes, and consumer demand are different. In this case, the government has prepared a roadmap to accelerate the development of the pharmaceutical industry, including procedures, targets, and product development timeframes.

Furthermore, the Health Law has been officially passed. The enhanced aspect of the Health Bill is the independence of the health industry abroad and will become independent through strengthening the supply chain from upstream to downstream. One of the actions is to prioritize the use of raw materials and domestic products. For the use of raw materials and domestic products, PT Phapros Tbk has implemented it.

Jumlah Pemasok Barang
Number of Suppliers

Keterangan Information		Jumlah Pemasok Number of Suppliers		Nilai Kontrak Pekerjaan (Rupiah) Contract Value (Rupiah)	
		2023	2022	2023	2022
Nasional	National	541	532	290.231.935.161,74	350.560.326.339
Internasional	International	23	18	30.391.802.560,61	70.016.765.411
Jumlah	Amount	564	550	320.623.737.722,35	420.577.091.750

Figure 3. Number of Goods Suppliers

Then, there is Presidential Regulation (PERPRES) No.6 of 2023 which discusses Halal Certification, especially Halal Certification of Medicines, Biological Products, and Medical Devices that enter, circulate, and are traded in Indonesian territory. Products from PT Phapros Tbk itself already have this certification. Starting from the certificate of Good Manufacturing Practices for all types of drugs, Halal Medicines certificate, Traditional Medicine Halal certificate, Health Supplement Halal certificate, Medical Device Halal certificate, and several ISOs and awards related to health and pharmacy.

Not only that, the government's support in the development of herbal medicines and phytopharmaceuticals contained in Law No. 17 of 2023 concerning Health which provides the role of natural medicines and phytopharmaceuticals can also be a concern of PT Phapros Tbk. The government is trying to place phytopharmaceuticals in conventional health services, so that the application of herbal medicines in Indonesia becomes more optimal. The increase in the use of domestic phytopharmaceuticals is also in line with the Presidential Instruction of the Republic of Indonesia Number 2 of 2022 concerning the acceleration of the increase in the use of domestic products and products of micro businesses, small businesses, and cooperatives to make the National Movement Proud of Made in Indonesia (Gernas BBI) a success.

The last and quite widely discussed is the provision of Law No. 6 of 2023, where the government will determine what types of positions use the outsourcing system mechanism, which was previously decided by the respective industry.

From the overall exposure to PESTEL above and the findings at PT Phapros Tbk, external factors, opportunities and threats can be summarized in the table below.

Table 1. Opportunities and Threats of PT Phapros Tbk

Opportunities	Threats
The medical device and pharmaceutical sectors are included in the priority sectors in Making Indonesia 4.0	There is currency exchange rate risk, liquidity risk, and interest rate risk can affect business continuity
There is cooperation with the government and BPJS	Geopolitical risks and trade wars

Having Antimo as a market leader	Growth predictions	The economy will slow down in 2024 to 2.9%
There is a trend of respiratory diseases, especially tuberculosis and ISPA in big cities	Increasingly fierce OGB price competition	
There is a trend for the need for fillers for bones and teeth	Constraints on drug prices and reimbursement	
Promotion of Indonesian medical device products at the Arab Health exhibition in Dubai	Prolonged inflation despite seemingly stable	
Existence of export opportunities to United Arab Emirates countries	Constant pressure to lower drug prices	

EFE Matrix of PT Phapros Tbk 2023

From the results summarized in the previous table, it is then weighted and assessed with an assessment range of 1 to 4. A value of 1 is to show that PT Phapros Tbk is lacking/weak in responding to threats/opportunities from outside. Meanwhile, a value of 4 is the opposite. The assessment results can be seen in the following table.

Table 2. EFE Matrix of PT Phapros Tbk 2023

Threat	Weight	Score	Accumulation
There is currency exchange rate risk, liquidity risk, and interest rate risk that can affect business continuity	0.08	3	0.24
Geopolitical risks and trade wars	0.07	3	0.21
Economic growth is predicted to slow down in 2024 to 2.9%	0.07	2	0.14
Increasingly fierce OGB price competition	0.08	3	0.24
Constraints on drug prices and reimbursement	0.07	2	0.14
Prolonged inflation despite seemingly stable	0.05	3	0.15
Constant pressure to lower drug prices	0.08	2	0.16
Opportunities	Weight	Score	Accumulation
The medical device and pharmaceutical sectors are included in the priority sectors in Making Indonesia 4.0	0.08	4	0.32
There is cooperation with the government and BPJS	0.07	3	0.21
Having Antimo as a market leader	0.05	2	0.1
There is a trend of respiratory diseases, especially tuberculosis and ISPA in big cities	0.07	3	0.21
There is a trend for the need for fillers for bones and teeth	0.05	2	0.1
Promotion of Indonesian medical device products at the Arab Health exhibition in Dubai	0.09	4	0.36
Export opportunities to the United Arab Emirates	0.09	4	0.36
TOTAL EFE SCORE	1		2.94

The Porter Analysis of PT Phapros Tbk



Figure 4. The Porter Analysis of PT Phapros Tbk

Furthermore, the performance of PT Phapros Tbk will be analyzed using the Porter Five Forces Model approach, as follows:

- 1) **Rivalry Between Competing Companies:** Although PT Phapros Tbk has a strong position because it is under the Ministry of SOEs and Kimia Farma, it cannot avoid PT Phapros Tbk from competitors in the same industry. Therefore, PT Phapros Tbk must continue to innovate, strengthen and can also increase cooperation with various parties in the health and pharmaceutical sectors so that it is not defeated by competitors. The reason is, the pharmaceutical industry has a very low barrier to entry from this industry, so anyone can enter and do business in this industry.
- 2) **Potential Entry of New Competitors:** The pharmaceutical industry is one of the exciting industries. Therefore, the absence of new competitors may be inevitable, both from within Indonesia and abroad. Of course, this can be a threat to the pharmaceutical industry in Indonesia, including PT Phapros Tbk. Although drug preferences between individuals are not easy to change, the emergence of competitors who release similar drugs but at lower prices can still be a threat to the pharmaceutical industry in Indonesia.
- 3) **Potential for Substitution Product Development:** For products from PT Phapros Tbk, of course, there are many substitutes that can be purchased by consumers, because the majority of products from PT Phapros Tbk are medicines. This is also evidenced by the decline in generic drug products due to increasingly tight price competition. However, PT Phapros Tbk did not remain silent in responding to the ha. PT Phapros Tbk is trying to correct the decline in various ways. So, it can be said that what threatens PT Phapros Tbk is the emergence of new products with the same benefits and efficacy but at a more affordable price.
- 4) **Suppliers' Bargaining Power:** Generally, the pharmaceutical sector does not have enough strength when it comes to suppliers' bargaining power. This is because there are still many industries that import raw materials for their medicines, including PT Phapros Tbk. Although indeed, PT Phapros Tbk's domestic suppliers are more than international. However, this is still not strong enough to make the pharmaceutical industry stop importing raw materials.
- 5) **Consumer Bargaining Power:** PT Phapros Tbk has quite a good market share, especially with its existence under Kimia Farma as well as the Ministry of SOEs. Although indeed, PT Phapros Tbk in 2023 had experienced a decline in sales due to several reasons, such as the Covid-19 Pandemic and a decline in product sales with a fairly high margin in the toll-in manufacturing segment. However, this does not reduce the bargaining power of PT Phapros Tbk for its consumers.

Industry Analysis

As explained in the previous chapter related to the product life cycle and several other aspects, it can be said that almost all PT Phapros Tbk is at the maturity stage. The maturity stage has a characteristic where many people already know about the company's products, production costs are

more to maintain existing products, and the company begins to enjoy a lot of profits. So it can be said that the company focuses more on operational efficiency and product differentiation to maintain market share.

Although indeed, the medical device segment of PT Phapros Tbk is still in the growth stage, because it is a new segment of the company. So, the company still has to be more aggressive in introducing its medical equipment products to those in need, one of which is the hospital. However, overall PT Phapros Tbk has run the company quite well and is able to improve and improve everything that threatens the company's own products. Although this process is certainly not easy, because there are also quite a lot of competitors from PT Phapros Tbk.

CPM (Competitive Profile Matrix)

The CPM or Competitive Profile Matrix that will be carried out is to compare PT Phapros Tbk with 2 of its closest competitors, namely Darya Varia (DVLA) and Kalbe Farma (KLBF). The comparison conducted based on existing data, it can be seen that PT Phapros Tbk is in 3rd place with a score of 2.87. One of the determining factors in this comparison is financial profit.

Among the decline in profit that occurred among the 3 companies, PT Phapros Tbk experienced a considerable decline of 78%. Meanwhile, Darya Varia is only 2% and Kalbe Farma is 19%.

In terms of profit, the three companies both saw a decline. However, the decline that occurred in PT Phapros Tbk tends to be greater than others. PT Phapros Tbk experienced a decline in the generic drug segment with Blood Supplement Tablets, Omeprazole, and Pantoprazole products. For prescription drugs, PT Phapros Tbk experienced a decrease in Tebokan Tablets, Kolkatriol, and Dexamine. Furthermore, PT Phapros Tbk also experienced a decrease in the toll-in segment. The products that experienced a decline were Omeprazole 40 mg OGB Injection/vial 40 mg (Nulab), Steniol 125 mg s.inj/1set (Guardian), Prednicort 125 mg s.inj/1 set (Otto) down 74.1% or Rp323.5 million, and Pantoprazole.

The drug products are products with a fairly high margin. As for the causes of the decline, it has been explained in the previous chapter.

Critical Success Factors	Weight	PEHA		DVLA		KLBF	
		Rating	Score	Rating	Score	Rating	Score
Advertising	0.06	3	0.18	3	0.18	4	0.24
Market Penetration	0.07	2	0.14	3	0.21	4	0.28
Product Quality	0.09	3	0.27	4	0.36	4	0.36
Price Competitiveness	0.14	3	0.42	4	0.56	4	0.56
Financial Profit	0.08	1	0.08	4	0.32	3	0.24
Customer Loyalty	0.09	3	0.27	4	0.36	4	0.36
Production Technology	0.08	4	0.32	4	0.32	4	0.32
Competitor	0.07	2	0.14	3	0.21	4	0.28
Government Regulation	0.09	4	0.36	4	0.36	4	0.36
Human Resource	0.10	3	0.30	3	0.30	3	0.30
Environment	0.08	3	0.24	4	0.32	3	0.24
Organization Structure of The	0.05	3	0.15	3	0.15	4	0.20
Totals	1.00		2.87		3.65		3.74

Figure 5. CPM PT Phapros Tbk

Internal Factor Evaluation (IFE) Matrix of PT Phapros Tbk 2023

From some of the findings contained in PT Phapros Tbk, the company's strengths and weaknesses can be seen in the table below:

Tabel 2. IFE Matrix PT Phapros Tbk 2023

Strength	Weakness
It is under the Ministry of SOEs, precisely under the pharmaceutical leader company, namely Kimia Farma	Kimia Farma as the parent company of PEHA is in trouble. The latest is the possibility of closure factories and layoffs
It has used cutting-edge technology so that it can achieve a level of efficiency (Pharma 5.0)	PEHA is still importing raw materials even though the use of domestic raw materials is more. Imports require large funds, of course it will affect the price of drugs that use international raw materials.
Digitalize supply chains, production processes, and sales optimization through e-commerce	The focus of distribution is still in big cities. Because, it cannot It is undeniable that if distributing to small cities, it will require greater costs.
Achieved a health score of Healthy Category A and a Corporate KPI Score of 94.36	The production process requires considerable electricity consumption. PEHA still uses electricity as an energy source main for the continuity of the production process and the company.
All products and methods of making drugs have been certified halal and BPOM	
Employees are dominated by a workforce of work-ready age and continue to conduct job training	
Already conducted an e-catalog for distributors	
Toll manufacturing is good for the company itself or from other companies	
Engage in research to research health in Indonesia	
Marketing has implemented the macron system	

From the table above, it is then weighted and assessed with a rating range of 1 to 4. A value of 1 indicates that PT Phapros Tbk is lacking/weak in maximizing its potential or improving internal weaknesses to become the company's strength. Meanwhile, a value of 4 means the opposite. Here's the calculation.

Table 3. Strengths and Weaknesses of PT Phapros Tbk

Strength	Weight	Score	Accumulation
It is under the Ministry of SOEs, precisely under the pharmaceutical leader company, namely Kimia Farma	0.09	4	0.36
It has used cutting-edge technology so that it can achieve a level of efficiency (Pharma 5.0)	0.09	4	0.36
Digitalize supply chains, production processes, and sales optimization through e-commerce	0.07	4	0.28
Achieved a health score of Healthy Category A and a Corporate KPI Score of 94.36	0.06	4	0.24
All products and methods of making drugs have been certified halal and BPOM	0.09	4	0.36
Employees are dominated by a workforce of work-ready age and continue to provide job training	0.07	4	0.28
Already conducted an e-catalog for distributors	0.07	3	0.21
Conducting toll manufacturing both for its own company and from other companies	0.06	4	0.24

Engage in research to research health in Indonesia	0.05	3	0.15
Marketing has implemented the macron system	0.05	4	0.2
Weakness	Weight	Score	Accumulation
Kimia Farma as the parent company of PEHA is in trouble	0.09	1	0.09
PEHA is still importing raw materials even though the use of domestic raw materials is more	0.08	2	0.16
The focus of distribution is still in big cities	0.08	2	0.16
The production process requires considerable electricity consumption	0.05	2	0.1
TOTAL IFE SCORE	1		3.19

TOWS Matrix

Table 4. TOWS Matrix

SO Strategies	Types of Strategies
Step	
Utilizing relationships under SOEs to expand the reach of cooperation in Promoting medical devices	Market Development
Adding filler products for bones and teeth as well as Acquired an infusion company to add to the medical device line	Product Development
In addition to participating in research, companies can also participate in campaign activities, festivals, sports events, and the like to introduce products from Phapros, especially Daily Vitamin and Medicine Products	Market Development
Making a cheaper version of the drug with the same quality of expensive drugs, one way is to use materials from within the country	Related Diversification
Utilizing the advantages of Pharma 5.0 to develop cooperation with developed countries in technology development and supply chain	Market Development
Export existing herbal medicines and continue to create new herbal medicines with the market share is getting wider	Market Development
Creating medicinal products for respiratory problems but has a daily vitamin content	Product Development
ST Strategies	
Creating OGB products at a cheaper price by using domestic materials	Related Diversification
Adding domestic suppliers and utilizing Pharma 5.0, so that drug prices and drug distribution can be cheaper and easier	Market development
Leveraging the deep strength in corporate governance and utilizing Pharma 5.0 to improve efficiency so that it can be more strengthening the reputation in the market	Market Penetration
WO Strategies	
Taking advantage of the entry of the pharmaceutical industry into Making Indonesia 4.0 to expand the distribution reach, so that it is not only limited to big cities only	Market Development
Downsizing or merging employees for the drug sector, because the pharmaceutical industry can already utilize Pharma 5.0 in its activities and at the same time reduce the operational cost burden	Retrenchment
WT Strategies	
Remove the product with the least sales and replace it with a similar product but with more affordable quality and price	Divestiture, Product Development
Collaborate with BPJS in hospitals outside big cities so that distribution can be more even. For drugs, companies can use drugs with an inexpensive selling price	Market Development

Internal-External (IE) Matrix

From the results of the analysis obtained through the previous chapter with an EFE value of 2.94 and an IFE value of 3.19, that PT Phapros Tbk is in quadrant I. This means that PT Phapros Tbk is strong in responding to external influences and is able to improve its internal weaknesses. In these quadrants, the recommended strategy is in accordance with the figure below.

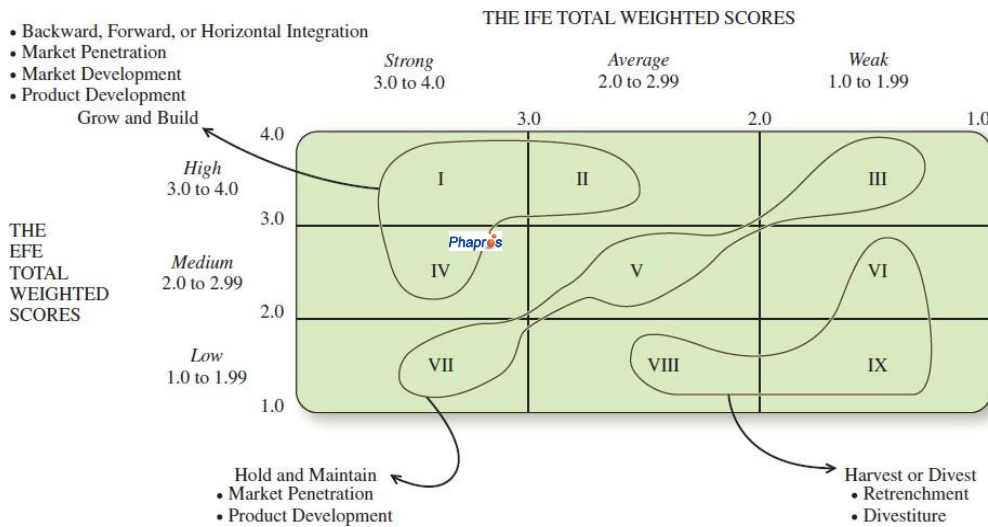


Figure 6. IE Matrix

Boston Consulting Group (BCG) Matrix

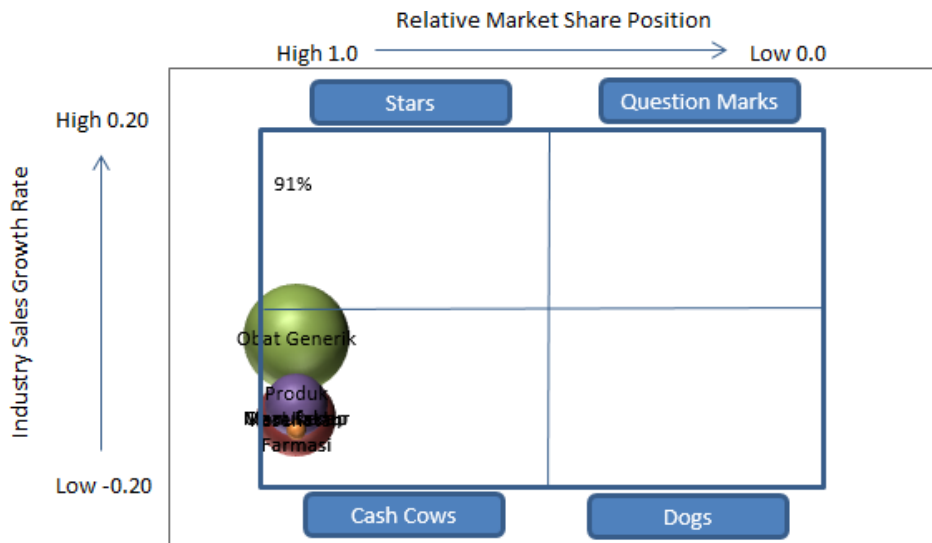


Figure 7. BCG Matrix

Based on the BCG Matrix that has been carried out, it is known that the 5 main divisions of PT Phapros Tbk are in 2 different quadrants. Pharmaceutical manufacturing, prescription drugs, generic drugs, and health products are in the cash cows quadrant. Meanwhile, the medical device division is in the stars quadrant at 91%. The calculation and placement of the quadrant can be seen in the figure below.

From the results of the BCG Matrix, the strategies that can be taken by PT Phapros Tbk for the pharmaceutical manufacturing, prescription drugs, generic drugs, and health products divisions are product development, diversification, retrenchment, and divestiture. As for the medical device division, the steps that can be taken by PT Phapros Tbk are backward, forward, or horizontal integration, market penetration, market development, and product development.

SPACE Matrix

Furthermore, an assessment will be carried out using the SPACE Matrix. This assessment looks at financial position (FP), stability position (SP), competitive position (CP), and industry position (IP).



Figure 8. SPACE Matrix

<i>Internal Analysis:</i>		<i>External Analysis:</i>	
Financial Position (FP)		Stability Position (SP)	
Liquidity Ratio	7	Lifestyle Change	-3
ROA	2	Technological Changes	-2
ROE	2	Price Elasticity of Demand	-4
DER	4	Competitive Pressure	-4
Profitability Ratio	6	Barriers to Entry into Market	-1
Financial Position (FP) Average	4.2	Stability Position (SP) Average	-2.8
<i>Internal Analysis:</i>		<i>External Analysis:</i>	
Competitive Position (CP)		Industry Position (IP)	
Market Share	-4	Growth Potential	6
Product Quality	-2	Financial Stability	6
Customer Loyalty	-3	Ease of Entry into Market	7
Technological	-3	Resource Utilization	7
Brand Image	-4	Profit Potential	6
Competitive Position (CP) Average	-3.2	Industry Position (IP) Average	6.4

Figure 9. SPACE Matrix Calculation

The SPACE analysis is an analysis of PT Pharos Tbk's strategy as seen from its financial position, stability position, competitive position, and industry position. The Space matrix shows that PT Pharos Tbk has an X-axis value, which is 3.2 and a Y-axis of 1.4. This shows that PT Pharos Tbk is in the aggressive quadrant, with strategic suggestions that can be carried out, namely backward, forward, and horizontal integration, market penetration, market development, product development, and related or unrelated diversification.

Grand Strategy Matrix

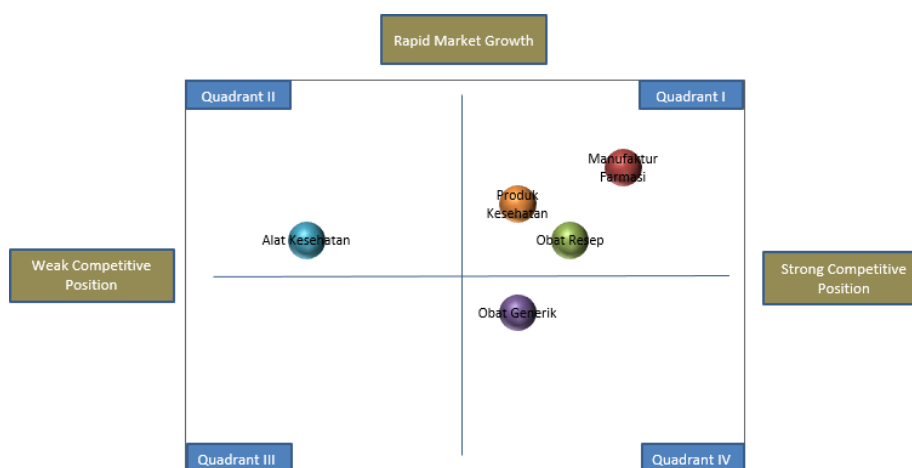


Figure 10. Grand Strategy Matrix

In the Grand Strategy Matrix analysis , PT Phapros Tbk's division is in 3 different quadrants. For pharmaceutical manufacturing, health products, and prescription drugs are in quadrant I. The strategies that can be carried out are starting from market development, market penetration, product development, forward integration, backward integration, horizontal integration, and related diversification.

Furthermore, generic drugs are in quadrant IV. Strategies that can be carried out are related diversification, unrelated diversification, and joint ventures. Finally, for the new segment of PT Phapros Tbk, namely medical devices, it is in quadrant II. Strategies that can be carried out are market development, market penetration, product development, horizontal integration, divestiture, and liquidation.

The Decision Stage

Furthermore, it enters the stage of selecting strategies that will be used to face the challenges of PT Phapros Tbk. At this stage, which strategies will be prioritized using QSPM will be selected. From the matching stage that has been carried out, here are some strategies that can be done.

Tabel 5. The Decision Stage

PT Phapros Tbk (PEHA)					
Alternative Strategy	SWOT	SPACE	IE	BCG	GSM
Forward Integration		√	√	√	√
Backward Integration		√	√	√	√
Horizontal Integration		√	√	√	√
Market Penetration		√	√	√	√
Market Development	√	√	√	√	√
Product Development	√	√	√	√	√
Related Diversification	√	√		√	√
Unrelated Diversification		√		√	√
Retrenchment	√			√	
Divestiture	√			√	
Liquidation					
Joint Venture					√

The analysis of the matching stage that has been carried out, there are 2 strategic alternatives that can be carried out by PT Phapros Tbk to compete in the industry, namely market development and product development.

Strategy Selection QSPM

		PT Phapros Tbk	Market Development		Product Development	
			Strengths	Weight	AS	TAS
1	It is under the Ministry of SOEs, precisely under the pharmaceutical leader company, namely Kimia Farma	0.09	4	0,36	3	0,27
2	It has used cutting-edge technology so that it can achieve a level of efficiency (Pharma 5.0)	0.09	4	0,36	4	0,36
3	Digitalize supply chains, production processes, and sales optimization through e-commerce	0.07	3	0,21	4	0,28
4	Achieved a health score of Healthy Category A and a Corporate KPI Score of 94.36	0.06	2	0,12	2	0,12
5	All products and methods of making drugs have been certified halal and BPOM	0.09	3	0,27	4	0,36
6	Employees are dominated by a workforce of work-ready age and continue to provide job training	0.07	3	0,21	3	0,21
7	Already conducted an e-catalog for distributors	0.07	3	0,21	2	0,14
8	Conducting toll manufacturing both for its own company and from other companies	0.06	4	0,24	3	0,18
9	Engage in research to research health in Indonesia	0.05	4	0,15	3	0,15
10	Marketing has implemented the macron system	0.05	4	0,15	3	0,15
Weaknesses						
1	Kimia Farma as the parent company of PEHA is in trouble	0.09	2	0,18	2	0,18
2	PEHA is still importing raw materials even though the use of domestic raw materials is more	0.08	2	0,16	3	0,24
3	The focus of distribution is still in big cities	0.08	2	0,16	3	0,24
4	The production process requires considerable electricity consumption	0.05	1	0,05	3	0,15
Opportunities						
1	The medical device and pharmaceutical sectors are included in the priority sectors in Making Indonesia 4.0	0.08	4	0,32	4	0,32
2	There is cooperation with the government and BPJS	0.07	3	0,21	2	0,14
3	Having Antimo as a market leader	0.05	1	0,05	3	0,15
4	There is a trend of respiratory diseases, especially tuberculosis and ISPA in big cities	0.07	2	0,14	3	0,21
5	There is a trend for the need for fillers for bones and teeth	0.05	3	0,15	4	0,20
6	Promotion of Indonesian medical device products at the Arab Health exhibition in Dubai	0.09	4	0,36	3	0,27
7	Export opportunities to the United Arab Emirates	0.09	4	0,36	3	0,27
Threats						
1	There is currency exchange rate risk,	0.08	4	0,32	2	0,16

liquidity risk, and interest rate risk that can affect business continuity						
2	Geopolitical risks and trade wars	0.07	4	0,28	2	0,14
3	Economic growth is predicted to slow down in 2024 to 2.9%	0.07	2	0,14	1	0,07
4	Increasingly fierce OGB price competition	0.08	3	0,24	3	0,24
5	Constraints on drug prices and reimbursement	0.07	3	0,21	3	0,21
6	Prolonged inflation despite seemingly stable	0.05	2	0,10	2	0,10
7	Constant pressure to lower drug prices	0.08	3	0,24	2	0,16
TOTAL				4,68		4,43

Based on the QSPM assessment above, *the market development* strategy is the strategy with the largest value, namely 4.68 which can be the main strategy of PT Phapros Tbk to compete in the pharmaceutical industry in Indonesia. This is of course related to the preparation of steps or *action plans* that can be taken by PT Phapros Tbk. The steps taken can start from developing market share to international pharmaceuticals and to untouched domestic cities. Moreover, PT Phapros Tbk has a strong connection with the government and BPJS. Of course, this will receive strong support from international and domestic market shares.

On the other hand, PT Phapros Tbk can also further develop herbal medicines that can cure other minor diseases besides cough and flu. This will also certainly attract attention from the international share who are currently quite interested in Indonesian herbal medicine. In addition, the development of this herbal medicine can also be an alternative drug choice for the community in addition to using generic drugs. PT Phapros Tbk can also develop drug products from drugs that previously existed at low prices. That way, PT Phapros Tbk can be more competitive in the similar drug market because it has a cheap price but with the same quality.

Indicators of the success of this strategy will depend on improving *the brand image* and increasing demand for products from international consumers. Even so, there are still several success indicators that need to be paid attention to by PT Phapros Tbk, ranging from the absence of side effects from new drug innovations, increased efficiency and effectiveness of drug manufacturing, to the production of various kinds of herbal medicines on the market.

CONCLUSION

Despite experiencing a decline in profit, PT Phapros Tbk has maintained its competitive edge, supported by adequate manufacturing and infrastructure. The company's current stable condition positions market development as a key strategic priority, particularly in expanding medical device products to international markets like the UAE and capitalizing on the growing global interest in Indonesian herbal products. However, the company must remain vigilant of increasing competition in these sectors. To strengthen its position, PT Phapros Tbk should leverage its government and Ministry of SOEs connections while building a strong brand image to resonate with consumers. Future research could focus on international market strategies for medical devices, competitive dynamics in the herbal medicine industry, branding impacts, and the role of government partnerships. Additionally, exploring advancements in manufacturing technologies, risk mitigation strategies, and market-specific approaches would provide insights to enhance the company's resilience and growth prospects.

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