

THE CRITERIA ANALYSIS OF ACHIEVING THE STRATEGIC OBJECTIVES OF CLEAN WATER COMPANIES FOR BUSINESS COMPETITIVE ADVANTAGE

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Received June 2021; accepted September 2021

ABSTRACT. *This study aims to identify the factors that affect the success of strategic achievements at the company which are considered not optimal with indications that long-term strategic targets have not been achieved, annual targets have not been achieved in several years, and measurement indicators have not reflected efforts to increase in order to achieve the target of achieving the vision, as well as the existence of performance indicators for which achievement is not measured. After the factors were identified, a successful model for achieving the strategic objectives of the company was developed and provided steps for the company that could be used as a reference in the future. In determining the success factors in achieving strategic objectives, the authors approached quantitatively through a questionnaire as a research instrument. Analyzing research data, researchers used factor analysis and regression. This research shows that there are three factors that influence the success of achieving strategic objectives at company, namely Leadership & Organizational Support, Goals & Pathway Visualization, and Enterprise-wide Awareness & Direction. It is expected that companies or similar entities that have similar problems can increase the level of success in achieving strategic objectives by paying attention to these three factors.*

Keywords: Strategic objective, Leadership, Factor analysis, Competitive advantage, Achievement

1. **Introduction.** Many countries in the world agree that the provision of clean water and sanitation is important for survival and development, but in reality the fulfillment has not been going well because of economic conditions or weak infrastructure [1]. To face the challenges of water supply and sanitation as well as other global challenges, several countries have adopted the Sustainable Development Goals 2030 (SDGs 2030) agreement [2]. Indonesia as one of the countries participating in SGDs 2030 also has a duty to meet

the target of the agreement [3]. The role of the private sector is still needed in providing access to clean water in Indonesia in meeting the SDGs target [4], and creating opportunities for business actors in the water treatment sector and their supporting industries to participate in government programs to make SDGs 2030 successful [5]. The Cilegon Mandiri Regional Drinking Water Company also plays a role in providing clean water for industry in the Cilegon area and meeting the water needs of the community. The company also invests in joint ventures engaged in wastewater treatment, in the form of business-to-business cooperation and the formation of subsidiaries. This corporate action is a form of effort to seize business opportunities in order to achieve the company's long-term goals in achieving its vision of becoming a "World Class Drinking Water Company" and the mission of "Providing water and its solutions for industry and society by adopting environmental harmony". From the performance measurement report, it is found that a number of indicators have not reached the annual target and measurement indicators that do not reflect efforts to increase the achievement of the target for achieving the vision, and there are performance indicators that have not been measured. Through the explanation above, it can be conveyed the formulation of the existing problems, which are as follows:

- 1) What factors influence the success of achieving strategic goals at the company?
- 2) What is the model that describes the successful achievement of strategic objectives in the company through the relationship of these factors?
- 3) What solution steps need to be implemented in the company to overcome problems in the successful achievement of strategic goals?

The main objective of this study is to identify factors influencing the success of achieving the company's strategic goals, developing a successful model for achieving strategic goals in the company, and preparing the right strategic steps for the company to support the successful achievement of strategic goals.

2. Literature Review.

2.1. Strategy. Strategy is the act of determining long-term goals, preparing programs, prioritizing resource allocation, and choosing the position of the organization's presence to achieve long-term sustainable benefits [6]. Strategy is a company effort to achieve a superior advantage over competitors in the industry through a series of actions chosen and carried out by its managers and employees [7,8]. A strategy can be successfully achieved if the organization has consistent and long-term goals, an understanding of a deep competitive environment, the ability to assess its resources, and it is implemented effectively [9].

2.2. Strategic management. Strategic management is the development of corporate planning, where initially the organization only conducts operational and capital budgeting using the discounted cash flow method and then begins to consider macroeconomic forecasts in the form of a 5-year planning document. The nature of an adaptive strategy which is then explained in the framework of the Analysis, Formulation, Implementation (AFI) stages to map strategic management concepts as a strategic planning process, scenario planning, strategy as planned emergence [10].

2.3. Strategy implementation. As part of strategic management, strategy implementation is responsible for bringing strategy into organizational life as part of the daily decision-making process. Strategy implementation is part that can be conditioned by managers, employees, organizations, as well as by the transformation of corporate culture [11]. There are five principles component in strategy implementation or execution, namely placing staff in the organization well, applying rewards and incentives fairly and transparently for the achievement of strategic targets, internalization of corporate culture that provides a good organizational atmosphere for good strategy implementation, and

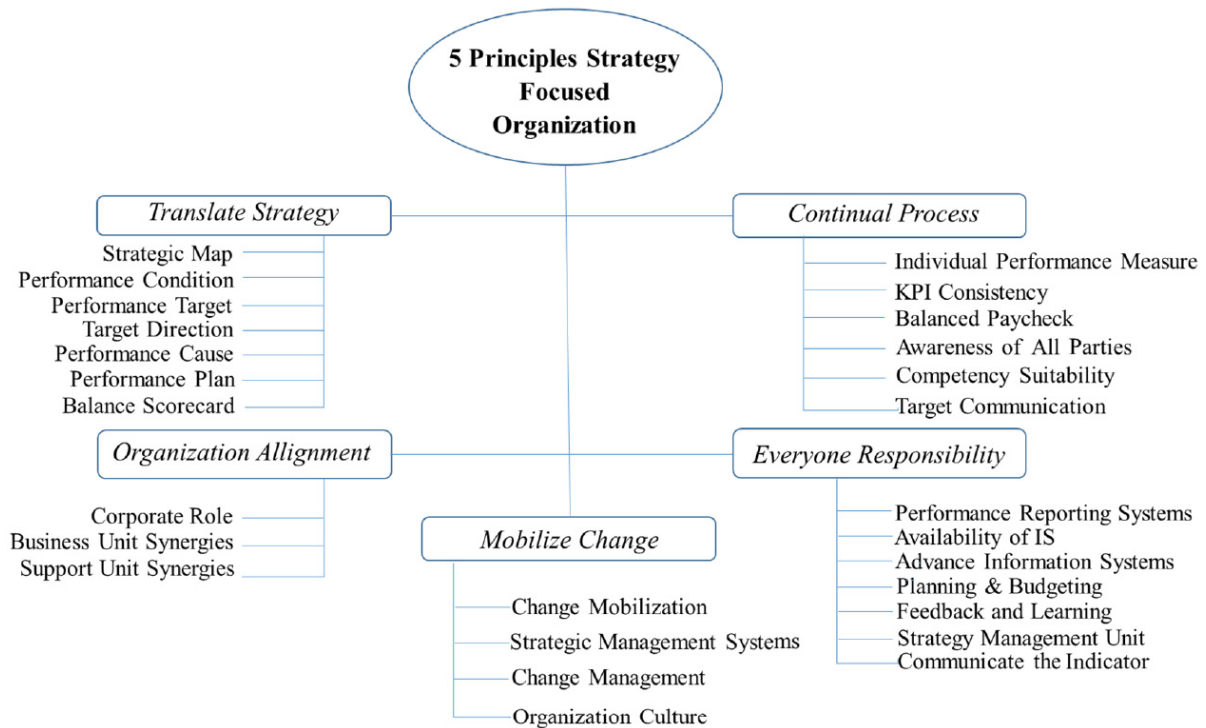


FIGURE 1. Strategy-Focused Organization (SFO) [13]

strong and supportive leadership in driving execution and achieving operational excellence throughout the company [12], as shown in Figure 1.

2.4. Strategy concept. Strategy-Focused Organization (SFO) is the concept of developing a Balanced Scorecard, in which the era of knowledge worker strategies must be applied at all levels of the company from top to bottom. According to Kaplan and Norton in the early 1980s there were studies which concluded that less than 10% of the strategies that had been formulated could be implemented. The SFO construction is based on accepted strategic management theory and framework. There are five main principles that are common to all companies implementing a successful Balanced Scorecard [13], as seen in Figure 1.

1) Placing strategy as the main management process in the organization. Strategy cannot be implemented if it is not understood and explained. The process that must also be done is to visualize the performance, especially the intangible one, into a cause and effect relationship.

2) Organizational and strategic alignment as well as synergy, nurturing business units, aligning organizational resources, assets, skills and capabilities to gain a competitive advantage.

3) Making everyone’s day-to-day job involves aligning employees with organizational strategy. Employees can identify their roles through strategic maps and organizational goals.

4) Making strategy a continuous process that involves learning and identifying new strategies that emerge as a challenge in adapting to the conditions of the business environment.

5) Mobilizing change through executive leadership including change management. Strategy change is a form of adaptation to changing business environment conditions. To be able to change requires leadership that can bring change and transformation.

3. Methodology.

3.1. **Research instrument.** Based on the concepts and theories that have been shown in Figure 1, then construction is carried out to build research instruments according to Table 1.

TABLE 1. Research instrument development

Factor	Indicator	Statement	Ref.
Translate Strategy	Strategic Map (TLS1)	Drawing a clear strategy map helps company management focus on indicators of strategic performance	[14]
	Performance Condition (TLS2)	Companies can identify performance strengths and weaknesses using a performance dashboard	[15]
	Performance Target (TLS3)	The performance dashboard provides a clear picture of the performance of the company's strategy	[15]
	Target Direction (TLS4)	The performance dashboard can provide direction for employee activities in achieving organizational goals	[16]
	Performance Cause (TLS5)	Performance dashboards help management consistently measure the company's strategic performance	[16]
	Performance Plan (TLS6)	The performance dashboard helps management plan future company targets	[17]
	Balanced Scorecard (TLS7)	The use of the Balanced Scorecard improves quality in the implementation of the planned strategy	[18]
Organization Alignment	Corporation Role (PLO1)	The holding company plays a role in providing care to achieve competitive advantage for its subsidiaries	[19]
	Business Unit Synergies (PLO2)	Synergy between subsidiaries/business units can create a competitive advantage for the corporation	[20]
	Support Unit Synergies (PLO3)	Efforts to implement strategies can fail if they do not have the support of employees and operational management level	[21]
Continual Process	Individual Performance Measure (SPH1)	Clarity of company performance can increase employee motivation in achieving strategic company performance	[12]
	KPI Consistency (SPH2)	Consistency in the implementation of key performance indicators has an impact on the implementation of the planned strategy	[22]
	Balanced Paycheck (SPH3)	Fairness in providing compensation for employees can improve business performance and satisfaction	[23]
	Awareness of All Parties (SPH4)	A participatory and supportive management style is required for strategy implementation	[24]

(Continued)

	Competency Suitability (SPH5)	The design of human resources based on work competency standards can support the achievement of corporate strategies	[25]
	Target Communication (SPH6)	The company's strategic performance targets need to be communicated and understood by all employees	[26]
Everyone Responsibility	Performance Reporting Systems (LNJ1)	Performance measurement systems that are aligned with the strategy can improve organizational performance	[27]
	Availability of IS (LNJ2)	Implementation of integrated information systems in companies can improve company performance	[12]
	Advanced Information Systems (LNJ3)	Improving the application of software and information technology in the company helps the implementation of the strategy	[28]
	Planning & Budgeting (LNJ4)	The work plan and budgeting activities have an influence on the performance and achievement of the organization's strategy	[29]
	Feedback and Learning (LNJ5)	Evaluation of deviations from target and taking corrective action are essential in strategy implementation	[12]
	Strategy Management Unit (LNJ6)	The existence of a planning and strategy unit in the company affects strategy implementation	[23]
	Communicate the Indicator (LNJ7)	Companies need to communicate sustainable performance indicators so that they are understood by all managers and employees	[30]
Mobilize Change	Change Mobilization (MOB1)	Transformational leadership is one of the steps needed in implementing change management	[31]
	Strategic Management Systems (MOB2)	Strategy implementation requires a system that can be used to ensure that the strategy is in line with organizational goals	[32]
	Change Management (MOB3)	Strategy implementation requires a system that can be used to ensure that the strategy is in line with organizational goals	[33]
	Organization Culture (MOB4)	A flexible employee culture that is receptive to change can support strategy implementation	[14]

3.2. Data collection methods. Primary data obtained from questionnaires using research instruments sourced from indicators of the SFO concept, strategy execution framework, and 7 strategy implementation factors totaling 27 statements in electronic forms that are distributed online. The total population in the company is 175 people, but this study targets the population for upper, middle, and lower managerial positions, namely as many as 100 employees and directors in addition to officers and operators.

3.3. Data analysis methods. This research uses methods quantitative descriptive analysis which provides information based on the characteristics of the respondents in the form of the level of the respondent's position in the company, the level of education of the respondent, the respondent's work experience, the directorate where the respondent works,

the instrument validity and reliability test, the correlation matrix test between variables (KMO-MSA, Bartlett's Test of Sphericity, and Anti-Images Matrices), factor analysis with factor extraction using principal component analysis and rotation using Varimax, and model development with multiple linear regression with classical assumption test and simultaneous and significance test partially.

4. Result and Discussion.

4.1. **Data description.** The characteristics of respondents according to position, length of service, level of education, and directorate are described in Table 2, Table 3, Table 4, and Table 5.

TABLE 2. Respondent's position

Level	Total	%
Director	2	2%
Manager	11	11%
Superintendent	30	30%
Supervisor	28	28%
Group Head/Foreman/Analyst	29	29%
Total	100	100%

TABLE 3. Respondent's working experience

Working experience	Total	%
< 3 years	18	18%
3-6 years	28	28%
6-9 years	5	5%
9-12 years	14	14%
> 12 years	35	35%
Total	100	100%

TABLE 4. Respondent's educational level

Educational level	Total	%
Post Graduate/Equivalent	9	9%
Undergraduate Degree/Equivalent	64	64%
Associate Degree/Equivalent	20	20%
High-School/Equivalent	7	7%
Total	100	100%

TABLE 5. Respondent's directorate

Directorate	Total	%
The Main Directorate	29	29%
Operation Directorate	33	33%
Finance & HCM Directorate	21	21%
Buss. Dev. Directorate	17	17%
Total	100	100%

4.2. Validity & reliability test. The results of the instrument validity test showed that all instruments were valid ($r_{\text{count}} > 0.195$). This test is done by comparing the r_{count} value with r_{table} . The r_{count} value is obtained from the corrected item-total correlation value, while the r_{table} is obtained from the distribution of the r_{table} value for 100 samples with a significance of 95% ($\alpha = 5\%$), namely 0.195. Based on the reliability test, the Cronbach's Alpha value is 0.943 so that the measuring instruments were reliable [34].

4.3. Factor analysis. The KMO-MSA analysis shows a value of 0.892, the Bartlett's Test of Sphericity test value obtained is 0.000, and the Anti-Image Matrices analysis shows that all indicators have an MSA value of more than 0.500 so that factor analysis can be carried out [35]. For variables that have a factor loading less than 0.550 and it is found that cross-loading between variables is eliminated and a re-factor analysis is carried out [36].

4.4. New factors. The new factors formed by 3 factors are named Leadership & Organizational Support which represent indicators 1 to 8, Goal & Pathway Visualization is a representation of indicators 9 to 12, and Enterprise-wide Strategic Awareness & Direction is a representation of indicators 13 to 15, as seen in Table 6.

TABLE 6. New factors finding

No.	Variable	Factor loading	Factor
1	Target Communication (SPH6)	0.745	<i>Leadership & Organizational Support</i>
2	Feedback and Learning (LNJ5)	0.716	
3	Strategic Management Systems (MOB2)	0.700	
4	Change Mobilization (MOB1)	0.662	
5	Awareness of All Parties (SPH4)	0.656	
6	Change Management (MOB3)	0.638	
7	Advanced Information Systems (LNJ3)	0.634	
8	Organization Culture (MOB4)	0.593	
9	Performance Target (TLS3)	0.812	<i>Goals & Pathway Visualization</i>
10	Performance Condition (TLS2)	0.807	
11	Target Direction (TLS4)	0.798	
12	Performance Cause (TLS5)	0.661	
13	Corporation Role (PLO1)	0.795	<i>Enterprise-wide Strategic Awareness & Direction</i>
14	Business Unit Synergies (PLO2)	0.718	
15	Support Unit Synergies (PLO3)	0.697	

4.5. Developing strategic objectives achievement success model. To develop a model that can provide an overview of the relationship between new factors and the perceptions of upper, middle, and lower management on the level of success in achieving strategic objectives, multiple linear regression analysis with hypotheses was carried out [37]. The relationship between the independent and dependent variables to be tested is described in Figure 2.

Along with multiple linear regression analysis, a classic assumption test was also carried out consisting of a collinearity test, heteroscedasticity test and normality test. For the result, the equation model is obtained as follows:

$$Y = 7.431 + 0.138X_1 + 0.309X_2 + 0.438X_3$$

with the following conditions:

$$-3.009 \leq X_1 \leq 3.063$$

$$-2.921 \leq X_2 \leq 2.048$$

$$-3.235 \leq X_3 \leq 1.943$$

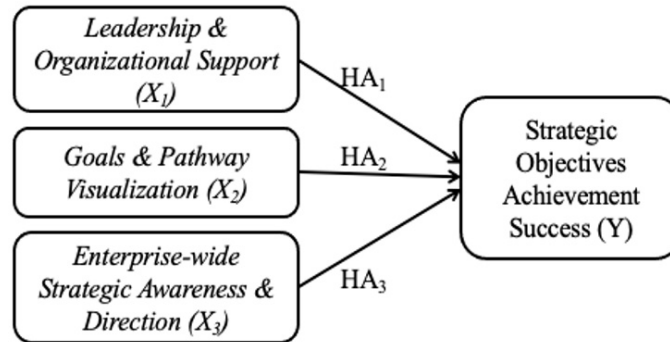


FIGURE 2. Strategic objectives achievement success model

TABLE 7. Strategic objectives achievement success model hypothesis

Factor/Variable	Hypothesis
<i>Leadership & Organizational Support (X₁)</i>	HA1: There is a relationship between Leadership & Organizational Support with the level of success in achieving strategic goals
<i>Goals & Pathway Visualization (X₂)</i>	HA2: There is a relationship between Goals & Pathway Visualization with the level of success in achieving strategic goals
<i>Enterprise-wide Strategic Awareness & Direction (X₃)</i>	HA3: There is a relationship between Enterprise-wide Strategic Awareness & Direction and the level of success in achieving strategic goals

5. **Conclusion.** Based on the factors analysis and model development, there are 3 factors that influence the success of achieving the company’s strategic objectives, namely Leadership & Organizational Support, Goals & Pathway Visualization, and Enterprise-wide Strategic Awareness & Direction. For Leadership & Organizational Support, the action that needs to be taken to increase this factor is as follows: increasing a deeper understanding of the company’s vision and mission, measuring the understanding of internal stakeholders on the meaning and measurement of achievement of the vision and mission targets to determine the current position of achievement, reviewing the strategic management system, strengthening organizational capabilities with the latest information systems so that decision making is carried out quickly, precisely and accurately, and forming change agents that can bring change while still considering the risks in the change process. In the future, it is hoped that the company can consider suggestions for improvement of every factor that affects the level of achievement of strategic targets to be used as a work program so that the vision and mission can be achieved in accordance with the specified time although not all factors are covered in this study. This research focuses on strategy implementation, especially managing the organization’s daily operations in achieving targets that often escape the attention of many companies which result in the failure of strategy achievement. For science, this research can be a trigger to see the limitations of this research not only at the strategy implementation stage, research can be combined for all strategy stages in order to get more comprehensive results.

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