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The Analysis of Capacity Utilization Production as a Basis for Review Corporate Strategy According Islamic Economics

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ABSTRACT

Capacity utilization is important in manufacturing strategies, especially in make-to-order manufacturing strategies. It is used to measure the best production achievements. The parameters for achieving the best production can be measured by reaching the break-even point, namely the point at which the costs are equal to income. In 2022 the capacity utilization production of PT XYZ which is a precast concrete industrial corporation in Indonesia is 73.40% and under the break-even point. Achieving utilization above the break-even point is a competitive advantage for the corporation. This research was conducted to examine the company's current strategy to provide suggestions for formulating corporate management strategies according to Islamic economics with the analysis of capacity utilization production. Meanwhile, the research sample was conducted and analyzed from 2015 to 2026. The method used in this research is quantitative descriptive research, analysis using different statistical tests to analyze capacity utilization, and qualitative descriptive analysis methods to observe corporate strategy. The analysis found that the capacity utilization level in 2016 and 2017 and the prognosis for 2023 exceeded the break-even point. However, from 2024 to 2026, the results of the capacity utilization level will be below the break-even point. So, it is necessary to consider strategy formulation to avoid losses. Some of the suggestions for formulating corporate strategies result are diversification of business unit strategies into the construction sector, corporate synergy, partnerships with strategic partners, and market penetration according to Islamic economics.

Keywords : *Capacity Utilization, Corporate Strategy, Precast Concrete*

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A. INTRODUCTION

Infrastructure development is important for increasing economic growth because it can create jobs, reduce poverty, and increase per capita income. Inclusive growth is part of sustainable economic growth, which can create equality, reduce poverty and unemployment, and encourage faster economic growth (Panjaitan et al., 2019). Infrastructure development requires a certain strategy to ensure good product quality and efficiency.

The construction sector has a strategic role as a driver of infrastructure development in Indonesia. The construction sector is conceptualized as an economic sector consisting of plan, implementation, maintenance, and operational elements in the form of transformation of various material inputs into a form of construction (Moavenzadeh, 1978). The role of BUMN Karya is very significant in the infrastructure industry and infrastructure development throughout Indonesia. PT Wijaya Karya (Persero) Tbk, one of the biggest BUMN Karya in Indonesia, is responsible for supporting the realization of good quality and efficient infrastructure.

In line with this target, and to improve the technology of the construction industry through precast concrete with high technology, in 2012, PT Wijaya Karya (Persero) Tbk through its subsidiary which operates in the precast concrete industry, namely PT Wijaya Karya Beton Tbk. Then, this company formed a joint venture with a PS Mitsubishi Co Ltd subsidiary, PT Komponindo Betonjaya, which also operates in the precast concrete industry. The joint venture company was named PT XYZ. The purpose of establishing this company is to produce precast concrete products with high technology for infrastructure projects whose financing is through Japanese loans and Japanese content.

Implementing infrastructure projects is required to be effective and efficient in terms of time, cost, and quality. One technology that can support this realization and be used to speed up construction implementation is precast concrete. In Indonesia, precast concrete industries are growing and developing very rapidly. The need for precast concrete components in infrastructure projects triggers it. The number of precast concrete industry companies is very high. Then, the high precast concrete supply and demand trigger tight competition for precast concrete companies. Tight competition for product innovation, production, and performance in the precast concrete industry makes those companies lose money (Marie et al., 2020). Besides, there is competition over financing infrastructure projects through loans from abroad. There are several countries currently

providing loans to finance infrastructure projects in Indonesia. Then, the loan financing competition greatly impacts operations at PT XYZ.

To maintain the sustainability of PT XYZ, which carries out production based on a make-to-order strategy, this company continues to evaluate and innovate. Capacity utilization production is closely related to the extent to which available production capacity is utilized. This can also be an important indicator in assessing the operational effectiveness of a corporation. For PT XYZ, to model and analyze production capacity utilization trends, data and calculations of production capacity calculations, budget cost data, break-even point calculations, sales realization data and sales forecasts, and production value calculations are required. The level of production capacity utilization will have an impact on the company's probability and become the basis for management decisions related to investment and business development. Measuring capacity utilization is crucial in evaluating manufacturing strategies, especially make-to-order (MTO) manufacturing strategies, in estimating capacity to meet future demand (Rimo & Tin, 2018). A high level of capacity utilization is very important for the development of the company and its capital for its competitiveness. The relationship between demand and forecasting determines the level of capacity utilization. Suppose a company has highly specialized production facilities with seasonal demand. Incapacity utilization, unused or unproductive capacity, is a capacity gap and causes a decrease in performance (Rimo & Tin, 2018). Management has carried out an evaluation process of the company's performance and has determined a corporate strategy to achieve its strategic goals. In the evaluation process, management requires internal and external analysis to ensure that the review of the company's strategy formulation supports the company's strategic goals. This research intends to help companies solve complex business problems and develop strategic applications(Risch et al., 1995).

The strategic application developed by PT XYZ precast concrete industry corporate in Indonesia whose majority population is Muslim, is based on the Islamic economic and business system which is described by values derived from the Al-qur'an and Sunnah. In Islamic economics, some values can be used as guidelines for conducting business. These values will relate to god, interact with creatures of god, and be related to their behavior. In the Al-qur'an, many values

can be used to develop knowledge, including for business. These values include monotheism, trustworthiness, *maslahah*, sincerity, *'adl*, *ihsan*, *istikkhlaf*, *ukhuwwah*, and *shiddiq* (Fordebi & Adesy, 2017). Therefore, doing business by knowing and implementing Islamic economic values is expected to produce excellent performance utilization.

B. THEORETICAL

Operation Management

Operations management is a series of activities that realize value in goods and services by converting inputs into outputs. Creating goods and services takes place in all organizations (Heizer et al., 2016). According to Daft (2006), operations management is the part of management that specifically handles goods and uses special tools and techniques to solve production problems. Meanwhile, according to Soentoro (2000), operations management is a production management concept that concerns real product production issues. So, operation is a transformation process from input to output that provides a higher value than the input. Then, to create goods and services, an organization must carry out three functions (Heizer et al., 2016) :

1. Marketing, namely the function that generates demand or receives orders for products or services.
2. Production is the function of creating, producing, and delivering products.
3. Financial accounting tracks organizational performance, pays bills, and collects money.

Capacity is the system's output during a certain period (Jacobs & Chase, 2018). The capacity is often seen as the maximum output a system can achieve within a specified period. Capacity planning and decisions influence the cost structure. According to Ma'arif and Tanjung (2003), capacity planning determines the number of workers, machines, and other physical facilities needed to achieve certain output. Capacity will decide if demand has been met or not. Capacity will also influence inventory policies and corporate strategy to win competition between companies (Jacobs & Chase, 2018).

Capacity implies the level of results a system obtains over a certain period. The best operating level is the capacity level designed for the process and the output volume at which average unit costs are minimized (Jacobs & Chase, 2018). Meanwhile, the capacity used is the actual capacity. Capacity utilization is a measure that shows how effective its operating level is. Capacity utilization is a

comparison of the capacity used compared to the best operating level. The decisions made by management in operations management in capacity planning will have different influences and impacts on the company's performance. According to Pycraft (2000), these influences are costs, income, working capital, quality, and speed in responding to consumer needs.

A manufacturing system is various manufacturing activities in a company that aims to facilitate the production function with other functions in achieving effective total system productivity performance, such as production time, costs, and machine utility. Manufacturing system activities consist of design, planning, production, and control. Inventory is strategically placed within the process and used to operate these processes independently. Classification of manufacturing systems based on production type presented by Betrand et al. (1990) describes the manufacturing system based on production type into four levels, namely :

1. Make-to-stock is a process based on orders and begins to produce when consumers convey the desired product specifications. Then, the company prepares product specifications with prices and deadlines.
2. Assemble-to-order is a standard production design activity. It designs standard modules and assembles a certain combination of them, which can be assembled into various types of products.
4. Make-to-order is the production system that occurs when a producer makes a product when receiving an order for a consumer product.
5. Engineering-to-order is a production activity where the company does not make products beforehand and does not have an inventory system.

The break-even point is an important measurement in determining a facility's capacity to achieve profitability. Break-even analysis aims to find where costs equal income (Heizer et al., 2016). The company must take the price above this point level to gain profitability, also called the break-even point. In this analysis, there is an assumption that costs and income are linear in a straight line. The data needed for this analysis are income, fixed costs, and variable costs. Then, the break-even point is used as a parameter for achieving capacity utilization.

Production transforms all connectivity that produces activities so that the output and input are goods or services and activities that can support human sustainability (Assauri, 2008). Besides, production is an activity that changes

input into output (Sugiarto, 2007). Production requires several resources, such as natural resources, materials, labor, equipment, technology, and capital. Operational procedures must be created, starting from material selection, processing, and product delivery. It is used to get a product that meets the specifications.

Meanwhile, selling is a social regulatory process in which individuals or groups obtain what they need and want to create and exchange valuable products with other parties (Kotler, 2009). the sales process can encourage the company to gain profitability and achieve the targets set using good planning and management, thereby supporting the corporate's growth.

Strategic Analysis and Formulation

Strategy is a competitive advantage of a company aiming to ensure that the corporate can compete, work effectively and efficiently, and provide profitability. Three things must be paid attention to when making the strategic planning stages (Rothaermel, 2021), namely as follows :

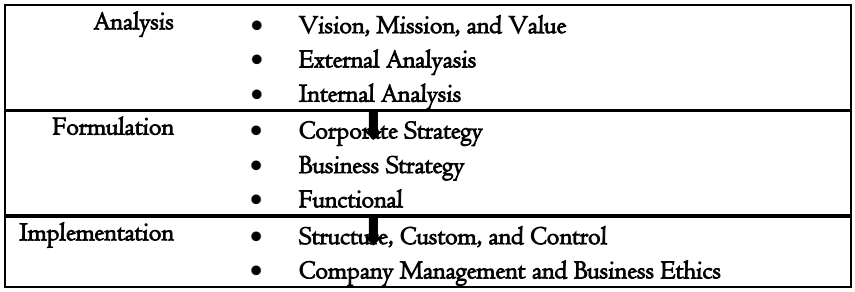


Figure 1. Strategy Planning Framework
Source : (Rothaermel, 2021)

The strategy formulation is a step management takes to improve company performance and provide a competitive advantage through strategic means. There are three classifications of a company's strategy, namely as follows (Wheelen & Hunger, 2012) :

1. Company Level Strategy (Corporate Strategy)
   This corporate strategy involves long-term goals directly related to the company and investment. Examples are acquisitions and mergers.
2. Business Level Strategy (Business Strategy)
   A strategy that focuses on doing various things to compete among competitors. Examples are differentiation and cost leadership.

3. Functional Level Strategy (Functional Strategy)
   This strategy supports business strategy and includes production, marketing, finance, and others.

PESTEL, VRIO, SWOT Analysis and TWOS Matrix

PESTEL analysis is a framework that categorizes and analyzes a series of important external factors, namely political, economic, socio-cultural, technological, and legal, that may affect a company (Ward & Peppard, 2002). These factors can create opportunities and threats for the company. Meanwhile, VRIO analysis is an internal framework that evaluates competencies to support a company's competitive advantage. A company is said to have competitive and sustainable resources if the company has resources that are valuable, rare, difficult to imitate (Inimitable), and capable of being utilized (Organization). VRIO analysis also analyzes resource diversity (resource heterogeneity) and resource immobility in a company. Resource diversity is a collection of productive resources that vary between companies, while the availability of resources is very expensive or difficult for competitors to imitate (Barney, 2007) according to Table 1. below :

Table 1. VRIO Framework

Is it a resource or capability?				
Valuable	Rare	Inimitable	Organization	Competitive Implication
No	No	No	No	Competitive Disadvantage
Yes	No	No	No	Competitive Parity
Yes	Yes	No	No	Temporary Competitive advantage
Yes	Yes	Yes	No	Unused Competitive Advantage
Yes	Yes	Yes	Yes	Sustained Competitive Advantage

Source : (Barney, 2007)

SWOT analysis (Strength, Weakness, Opportunity, Threats) systematically identifies various factors to formulate corporate strategy. The purpose of SWOT analysis is to provide an overview of the results of a comprehensive analysis of a company's strengths, weaknesses, opportunities, and threats. Then, it can be used to select alternative actions for the company's strategy. The benefit of SWOT analysis is as a strategy for stakeholders to determine current and/or future resources against external and internal quality. Meanwhile, the TOWS matrix is a tool used to develop a corporate strategy that clearly describes the opportunities and threats faced so that it can be adjusted to the company's strengths and weaknesses. The TOWS matrix produces four possible strategies: Strength-Opportunity, Weakness-Opportunity, Strong-Threats, and Weakness-Threats.

The Principal of Islamic Economic Decision Making

The principles of Islamic economics are a set of Islamic teachings that are made the basis or reference for human economic activity. According to (Fordebi & Adesy, 2017), the basis for decision-making in Islamic economics is as follows :

1. Maqhosid sharia is the objective of Islamic law prescribed for maintaining human kindness in the world and the hereafter for bringing benefits and avoiding harm.
2. Maslaha is when economics can solve problems of human needs to overcome poverty, scarcity, or needs on a micro or macro basis so that prosperity can be measured by kindness (maslaha).
3. The Blessing means Islamic economics aims to bring blessings in all economic activities, where these activities bring kindness, have a positive impact, have a good effect on physical and non-physical aspects, and have an impact on the pleasure of Allah SWT.

C. METHODOLOGY

Research Design

This research aims to provide suggestions for corporate strategy formulation at PT XYZ. Then, the research design must be carried out to obtain results for the research objectives. In this research design, the research object was carried out at PT XYZ using quantitative and qualitative research methods and using case studies as the approach. Quantitative descriptive research was carried out on the analysis of capacity utilization. Meanwhile, the research used a

qualitative descriptive analysis method to review corporate strategy. Figure 2 below shows the flow from start to finish in this research.

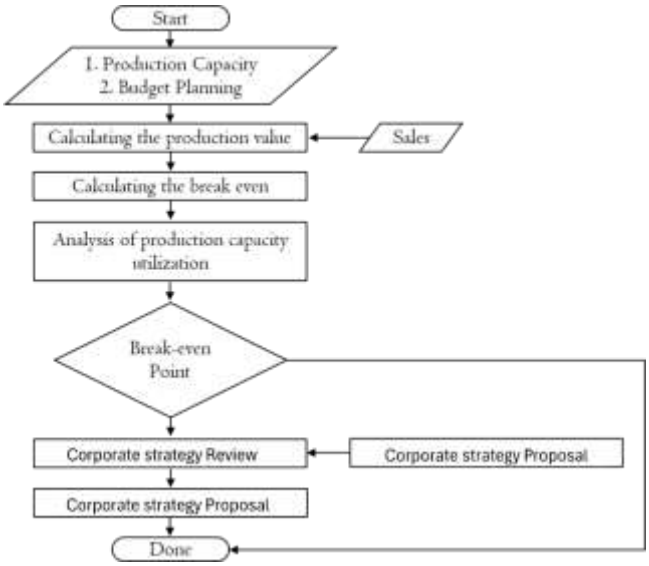


Figure 2. Research Flow Diagram
Source : Data processed by the author (2022)

The flow diagram in Figure 2 above represents the overall stages of this research. Starting with collecting data on production capacity, cost and sales budgets, and production realization value. Then, it continues to collect data on the break-even calculation. The break-even point will be obtained. After the break-even point value is obtained, this value can be used as a parameter for achieving production realization. If, in the analysis of capacity utilization, the value obtained is under the break-even point value, the corporate's performance may be lost. Based on this, it is necessary to review the corporate's strategy using VRIO, PESTEL, SWOT analysis, and TOWS matrix.

Data Analysis Technique

Data is needed to solve company problems, and a statistical test approach is needed in the analysis. The statistical test methods used are :

1. Analysis of capacity utilization uses quantitative descriptive analysis methods with statistical analysis of parametric difference tests using SPSS (Statistical Program for Social Science) software. As for operations, the variables used are the dependent variable in production capacity and production realization, while the independent variable is sales. The different tests are as follows:
   a. The paired sample t-test is a test of the difference between two paired samples, where the paired variable is the dependent variable. In this research, these variables are production capacity and production realization.
   b. The independent sample t-test is a test of the difference between two independent samples, where the variables used in this test are the dependent variable and the independent variable. In this research, the dependent variable is production capacity, while the independent variable is sales.
2. The corporate strategy review used a qualitative descriptive analysis method through interviews with PT XYZ management.

D. RESULTS AND DISCUSSION

Company Profile

PT XYZ is a precast concrete company and has been established since 2012. This company is located in Karawang, West Java, and targets infrastructure projects funded by Japanese loans, including the Mass Rapid Transit (MRT) project and several others. PT XYZ's production strategy applies make-to-order because it produces products on a project basis. PT XYZ in 2023 also has a company strategy, which is as follows:

1. Strengthening synergies with holding companies to penetrate the Japanese loan project market.
2. Capturing the ASEAN market related to projects carried out by Japanese companies.
3. Collaborating with competent partners in their fields to capture the forward business markets.

Analysis of Capacity Utilization.

PT XYZ tries to model and analyze capacity utilization trends using the following data and calculations :

1. Production capacity data.
2. Cost budget data.
3. Sales realization data and sales prognosis.
4. Calculation of break-even points.
5. Calculation of production value.

Calculation of capacity utilization has a very important role for management within the framework of an analytical framework for reviewing effective strategies. The following is a recap of the calculation of the realization of capacity utilization for 2015 - 2022 and the prognosis for 2023 - 2026 according to Table 2 below :

Table 2. Capacity utilization 2015 – 2026

No	Year	Production capacity /Budget plan	BEP %	Revenue (Rupiah)	Production Realization Value (Rupiah)	Capacity Utilization %
1	2015	74.552.993.773,00	87,68	35.092.884.090,00	44.411.800.844,00	59,57
2	2016	76.582.428.118,00	86,13	175.097.674.000,00	83.975.899.454,00	109,65
3	2017	78.057.719.007,00	86,57	146.809.441.910,00	80.745.193.051,00	103,44
4	2018	79.977.171.114,00	87,04	95.466.633.741,00	47.733.316.871,00	59,68
5	2019	82.281.040.240,00	86,64	38.453.268.976,00	28.455.419.042,00	34,58
6	2020	83.789.246.681,00	85,88	41.256.777.306,00	35.480.828.483,00	42,35
7	2021	86.291.706.159,00	86,16	131.386.768.767,00	69.766.374.215,00	80,85
8	2022	88.052.761.387,00	83,72	102.583.975.684,00	64.627.904.681,00	73,40
9	2023*	90.310.524.492,00	82,01	123.068.298.415,00	78.763.710.986,00	87,21
10	2024*	92.387.666.555,00	81,38	112.606.738.564,00	70.942.245.295,00	76,79
11	2025*	94.974.521.219,00	81,01	100.377.825.350,00	68.256.921.238,00	71,87
12	2026*	97.918.731.377,00	80,66	122.004.115.094,00	76.252.571.934,00	77,87

Source : Data has been processed by the author (2023)

* = forecasting data

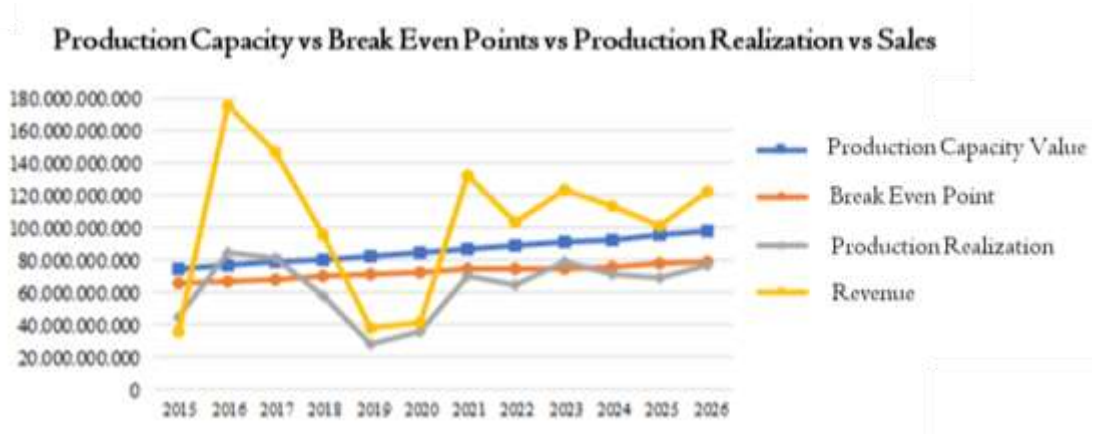


Figure 3. Capacity utilization 2015 – 2026
Source : Data has been processed by the author (2023)

Based on Table 2. and Figure 3. from the results of calculating capacity utilization, the following data are obtained :

1. There was a sharp decline in sales in 2019 and 2020. It was due to the Covid-19 impact.
2. The trend in the break-event point percentage from 2017 to 2026 is decreasing. It is due to a decrease in fixed costs. It shows that there are management efforts to make improvements through cost leadership.
3. The increase in production capacity each year is less than 5% due to no significant additions to production facilities and equipment.
4. From 2015 to the prognosis 2026, capacity utilization levels exceeded the break-even point value in 2016, 2017, and the prognosis for 2023. It shows that this year produced a good performance.
5. The prognosis for capacity utilization from 2024 to 2026 is below the break-even point value. It means that if a performance review of the strategy formulation is not carried out. There will be losses.

Analysis Techniques of Capacity Utilization

A statistical test approach was carried out in this capacity utilization analysis research. The statistical test approach requires data for the analysis. After carrying out the test provisions and requirements, the following results were obtained :

Table 3. Paired Sample T-Test Results

Variable	Significance of Paired Sample Test		Conclusion
	Condition	Results	
Production capacity and production realization	>0,05	0,001	**There are significant differences**

Source : Data has been processed by the author (2023)

Table 4. Test Results Independent Sample T-test

Variable	Significance of Paired Sample Test		Conclusion
	Condition	Results	
Production and Sales Capacity	> 0,05	0,224	**There is no significant difference**

Source : Data has been processed by the author (2023)

After testing the paired sample t-test and the independent sample t-test, the results showed different conclusions. Where production realization does not follow production planning, but sales are following production capacity planning. The cause of this difference is due to the following :

1. Some sales are partly produced, not at PT XYZ's production facilities.
2. The limited facilities and production capacity at PT XYZ.
3. Production data recording is not included in the realization of production at PT XYZ.

It can be concluded from descriptive statistics that sales are following production capacity. It is still following planning.

Environmental Analysis Review and Strategy Formulation

When a company develops a strategy formulation to win the competition, it must achieve a match between the company's internal strengths and the company's external strengths. This strategy formulation aims to enable the company to objectively see internal and external conditions to anticipate changes in the external environment (Rangkuti, 2018).

VRIO Analysis one of the important tools for evaluating company and immobility resources is a VRIO framework. As for PT XYZ, the results of identifying competencies based on a summary of interviews with core management can be summarized as follows :

Table 5. VRIO analysis

No	Resource/Capability/ Competency	V **Valuable**	R **Rare**	I **Inimitable**	O **Organization**	Competitive Implication
1.	Engineering And production system	Yes	Yes	No	Yes	Temporary Competitive Advantage
2.	Market Share and distribution channels	Yes	Yes	No	Yes	Temporary Competitive Advantage
3.	Corporate Strategic Alliances	Yes	Yes	No	Yes	Temporary Competitive Advantage
4.	Management and operational systems	Yes	Yes	No	Yes	Temporary Competitive Advantage
5.	Human Resource	Yes	Yes	No	Yes	Temporary Competitive Advantage

Source: Data has been processed by the author (2023)

Based on the VRIO analysis summary at PT XYZ, according to Table 5, it was found that the resource competency at PT XYZ is a temporary competitive advantage, which means having a temporary competitive ability.

SWOT analysis is used to determine the company's strategic goals. The company's strategic plan is expected to be achieved using the right targets and actions in managing the company's business. The author obtained data on this company's strengths, weaknesses, opportunities, and threats based on interviews

with core management with strategic competencies, internal analysis including VRIO analysis, and the results of capacity utilization analysis and external analysis through PESTEL Analysis. The TOWS matrix is currently being created by implementing four strategies that can be used to capture opportunities and anticipate future threats. Tables 6 and 7 below are the SWOT analysis results and TOWS matrix at PT XYZ.

Table 6. SWOT analysis results

STRENGTH (S)	WEAKNESS (W)
1. "Having good company operating systems and standards accompanied by Key Performance Indicators"(Noviyanto, 2022). 2. "Having precast concrete products with consistently high technology and quality as well as being the first producer for the tunnel Segment in Indonesia"(Noviyanto, 2022). 3. "Having competent Japanese experts who can accommodate projects funded by the Japanese state"(Heryadi, 2022).	1. Based on the analysis of capacity utilization and the company's performance in the last 5 years, the results are unsatisfactory. Production exceeded the break-even point only in 2016 and 2017. 2. "The level of flexibility of production facilities does not accommodate the types of precast concrete products that are not standard products"(Sumarsono, 2022).
OPPORTUNITY (O)	**THREAT (T)**
1. "The increase of infrastructure development after being stagnant during COVID-19 and there is a trend of increasing demand for precast concrete products in the future" (Heryadi, 2022). 2. "Job opportunities for Tunnel Segment products for Southeast Asian countries" (Noviyanto,	1. "There is intense competition in the precast concrete industry and a forecast of declining sales of Japanese content products"(Noviyanto, 2022). 2. "Has the same precast concrete products as the parent company's main products"(Sumarsono, 2022).

2022).

Source : Data has been processed by the author (2023)

Table 7. TOWS Matrix

STRATEGY S-O	STRATEGY W-O
1. Developing company operating systems standards and encouraging innovative work to improve performance. **S1-O1, S2-O1.** 2. Acquire market share in the Southeast Asian market related to tunnel segment products with projects carried out by Japanese companies. **S3-O2.**	1 Reorienting the project target does not have to be Japanese loans and Japanese content by segmenting markets that do not overlap with the parent company's market. **W1-O1** 2 Modifying resources so that they can accommodate the reorientation of project targets and predetermined market segmentation. **W2-O2**
STRATEGY S-T	**STRATEGY W-T**
1 Carry out business diversification in the construction sector that can encourage and support the core business. **S1-T1, S2-T1** 2 Differentiate the product and get a positive brand image for the Tunnel Segment product as a model for getting the next project. **S3-T2**	1 Accelerate human resource competencies to support corporate actions. **W1 -T1** 2 Carrying out synergy with the parent company and operating cooperation to develop the precast concrete business and support construction. **W2-T2**

Source : Data has been processed by the author (2023)

Proposed Corporate Strategy

After getting the results of the SWOT analysis and TOWS matrix, alternative strategies were obtained, and then the author carried out the following steps:

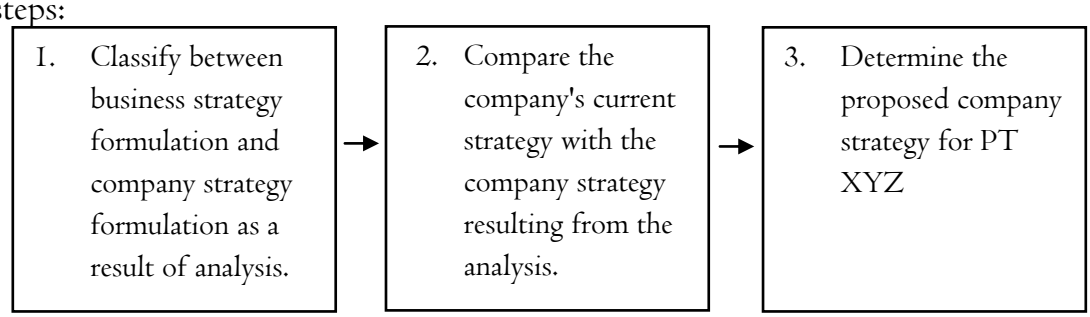
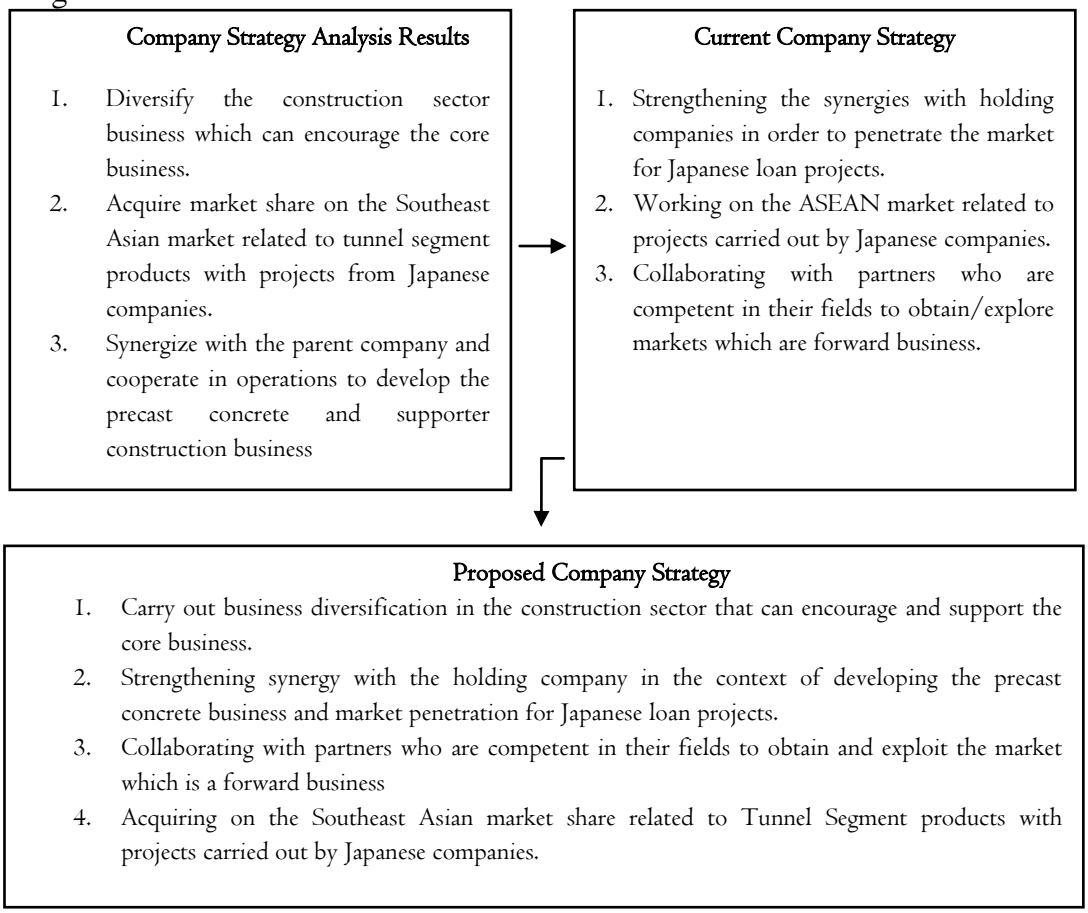


Figure 4. Corporate Strategy Proposal Method
Source : Data has been processed by the author (2023)

The process flow and results of the proposed corporate strategy can be seen in Figure 5 below:



The following are some of the things that are taken into consideration in the company's proposed strategy which is by Islamic economic principles to produce superior performance utilization.

1. Islam is a moral force that drives human behavior and life to achieve balance in life. Where the Al-Qur'an and Sunnah contain guidelines and commands for humans to fulfill their life needs to improve the welfare of life in a halal and blessed way.
2. PT XYZ does not only seek profit but also obtains profit from worship, provides benefits to others actualizes monotheism as a servant of Allah.
3. Implementing the principle of *ukhuwwah* in the implementation plan through the principle of justice in production upholding the rights and obligations of every human being, including paying alms and CSR for disadvantaged groups.
4. Actualizing *ihsan* in production activities by implementing comprehensive policies that touch all existing elements through a humane and responsible corporate culture.
5. Implementing the principle of *maslahah* starting from capital management, process activities management of production results that can benefit all involved. Implementation of the principle of maslahah is the main reference for forming competent human resources.
6. Carrying out the principle of *istikkhlaf* by managing economic resources through the optimal actualization of natural potential to position it as *Khalifah* function in the world.

The proposal follows the Islamic economics principle by examining the references to Islamic economic decisions.

E. CONCLUSION

Conclusion

Based on the results of the analysis and discussion in this research, there are several conclusions, including:

1. To produce superior performance utilization, PT XZY needs to apply Islamic economic values to be used as business guidelines in reviewing its company strategy. Among these values are *tauhid, ukhuwwah, ihsan, maslahah* and *istikkhlaf*.
2. From the results of different tests based on the recap analysis of capacity utilization at PT XYZ, it obtained:

a. The paired sample t-test found that the production capacity and realization values differed significantly. So, it could be concluded using descriptive statistics that the production realization was not following the planned production capacity.
b. The independent sample t-test found no significant differences between the production capacity and sales values, so it could be concluded using descriptive statistics that sales followed production capacity.
c. The differences in results from the two tests were because not all sales results were produced at PT XYZ's production facilities due to limited production facilities and capacity.

3. The results of the analysis of capacity utilization obtained several things as follows:
   a. From 2015 to the prognosis for 2026, the level of capacity utilization that exceeds the break-even point value occurred in 2016 and 2017, and the prognosis for 2023. It shows that this year produced a good performance.
   b. The break-even point trend from 2017 to 2026 is decreasing. It is due to a decrease in fixed costs. Then, it shows a management effort to carry out cost leadership.
   c. The prognosis for capacity utilization from 2024 to 2026 is below the break-even point value. If the strategy formulation is not reviewed, performance will suffer losses.
3. In this research, the author designs and formulates a proposed corporate strategy as follows:
   a. Carry out business diversification in the construction sector that can encourage and support the core business.
   b. Strengthening synergy with the holding company in developing the precast concrete business and market penetration for Japanese loan projects.
   c. Collaborating with partners who are competent in their fields to obtain and exploit the market, which is a forward business.

d. Working on the Southeast Asian market related to Tunnel Segment products with projects carried out by Japanese companies.

Research Limitations

In conducting this research, there were limitations discovered by the author, including the following:

1. Due to the time constraints of this research, the strategy formulation reviewed was only corporate strategy. There is no review of business strategy and functional strategy.
2. Considering the availability of time, there was only one external analysis carried out by the author in this research, namely the PESTEL analysis.
3. One of the methods in this research uses a descriptive qualitative method and uses primary data obtained by interviews with management so that subjectivity is still possible.

Suggestion

For further research, according to the author, several suggestions can be considered, including the following:

1. Further research was carried out with comprehensive strategy formulation, namely business and functional strategies.
2. In further research, besides carrying out PESTEL analysis, other external analyses, such as Porter's analysis, can also be carried out to produce better results in external analysis.
3. In further research, a source triangulation process was carried out to reduce the tendency for bias in qualitative methods using primary interview data, where triangulation of sources is done by cross-checking the data with facts in the field or other information.

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