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# **Analysis of Vintage Area and Divestment Strategy as a Determination Level Strategy. Case Study: PQR Finance Enterprises in Indonesia**

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## **Abstract**

The slowdown in the growth of the financing industry in Indonesia in the past two years is a result of the general economic slowdown. Although it continues to grow amid an economic slowdown, the problem facing the financing industry is the capital problem, besides the level of competition with the banking sector which is aggressively lending, it is also a problem that is always faced by the financing business in Indonesia. This study bertujuan to analyze the factors Vintage Area and divestments Strategy as one determinant of opening or closing of perus Ahaan branches in several cities . The primary data in this study are in the form of explanations and opinions by several parties in the company related to the company's condition, the process of opening and closing branches at PQR Finance Enterprise. Secondary data obtained by researchers from various sources, most of which are used to be analyzed quantitatively according to existing methods . namely in the form of financial data, branch performance data and detailed data on opening and closing other branches. For branch opening, a vintage analysis is carried out on the area that is opening the branch. This analysis compares the area to the target value vintage vintage given company and compare the value of non-performing Finance (NPF) to the value of non-performing loans (NPL) set by the Bank Indonesia's Bank Rating Works that  $NPL < 5\%$ . The vintage that will be used is the current percentage (payment not in arrears) . The results showed that PQR Finance Enterprise closed or downgraded the status of several branches operating for less than two years on the grounds that the income or profit obtained was lower than the operational costs incurred which, if kept on running, would result in greater losses.

Some branches are deemed not fulfill the requirements to be declared as branches based on the provisions of the Financial Services Authority. The basic error of opening a branch is also a reason. PQR Finance Enterprise sometimes only uses the reason of overcapacity in a branch to open another branch in a nearby location without a broader analysis of the feasibility of opening a branch

Keywords : Divestment, Vintage Area, Finance, financial services authority, PQR

## **Análisis De Área Vintage Y Estrategia De Desinversión Como Estrategia De Nivel De Determinación. Estudio De Caso: Empresas Financieras PQR En Indonesia**

### RESUMEN

La desaceleración en el crecimiento de la industria financiera en Indonesia en los últimos dos años es el resultado de la desaceleración económica general. Aunque continúa creciendo en medio de una desaceleración económica, el problema que enfrenta la industria financiera es el problema de capital, además del nivel de competencia con el sector bancario que está prestando agresivamente, también es un problema que siempre enfrenta el negocio financiero en Indonesia . Este estudio comenzó a analizar los factores del Área Vintage y la Estrategia de desinversiones como un determinante de la apertura o cierre de sucursales perus Ahaan en varias ciudades. Los datos primarios en este estudio están en forma de explicaciones y opiniones de varias partes de la compañía relacionadas con la condición de la compañía, el proceso de apertura y cierre de sucursales en PQR Finance Enterprise. Los datos secundarios obtenidos por investigadores de diversas fuentes, la mayoría de los cuales se utilizan para analizar cuantitativamente de acuerdo con los métodos existentes. a saber, en forma de datos financieros, datos de rendimiento de sucursales y datos detallados sobre la apertura y cierre de otras sucursales. Para la apertura de la sucursal, se realiza un análisis vintage en el área que está abriendo la sucursal. Este análisis compara el área con el valor objetivo vintage de la compañía dada y compara el valor de las Finanzas no rentables (NPF) con el valor de los préstamos no rentables (NPL) establecidos por B andk Indonesia Bank Rating Works que  $NPL < 5\%$  . La cosecha

que se utilizará es el porcentaje actual (pago no atrasado). Los resultados mostraron que PQR Finance Enterprise cerró o degradó el estado de varias sucursales que operan por menos de dos años debido a que los ingresos o ganancias obtenidos fueron menores que los costos operativos incurridos que, de mantenerse en funcionamiento, darían lugar a mayores pérdidas. Se considera que algunas sucursales no cumplen con los requisitos para ser declaradas como sucursales según las disposiciones de la Autoridad de Servicios Financieros. El error básico de abrir una sucursal también es una razón. PQR Finance Enterprise a veces solo usa la razón del exceso de capacidad en una sucursal para abrir otra sucursal en una ubicación cercana sin un análisis más amplio de la viabilidad de abrir una sucursal

Palabras clave: desinversión, área vintage, finanzas, autoridad de servicios financieros, PQR

## 1. Introduction

The Financial Services Authority ( FSA ) prepared five policies to boost the domestic financial sector throughout 2019. The policies were prepared because there was still uncertainty from the global economy, such as the Fed's interest rates and trade war. OJK Board of Commissioners Chairman Wimboh Santoso (2019 ) explained that the first policy that OJK focused on was to enlarge alternative medium and long-term financing from the capital market. This funding is specifically intended for government and private strategic projects. The intended financing alternatives include; debt or sharia-based securities, Limited Participation Funds (RDPT), Asset Backed Securities (EBA), Real Estate Investment Funds (DIRE), and Infrastructure Investment Funds (DINFRA). s Elain the derivative instruments in the form of Indonesia Government Bond Futures (IGBF), Medium Term Notes MTN), and the development of Shariah-based investment products such as sukuk endowments. "OJK also encourages the realization of sustainable financial programs and blended finance for environmentally and socially friendly projects. The second policy , OJK will encourage financial service institutions to increase their contribution to provide financing for the export industry, import substitution, tourism, and housing. Wimboh said he will also do assistance to Micro, Small and Medium Enterprises (MSMEs) in the tourism sector.

The Financial Services Authority (OJK ) also supports the acceleration of the role of the Indonesian Export Financing Agency (LPEI) in promoting exports. The third moment , the FSA will open wider access to finance

for the lower middle class and SMEs. Several things will be done to realize the plan, including facilitating the distribution of People's Business Credit (KUR) with a target of Rp140 trillion, the establishment of a Micro Wakaf Bank to around 100 institutions this year, and the acceleration of the formation of 100 Village-Owned Enterprises (Bumdes) Centers in various regions. Financial service institutions will also be encouraged to increase financial access to remote areas through the use of technology. The fourth policy, OJK will encourage financial service industry innovation to face the era of the industrial revolution 4.0 by preparing an adequate ecosystem and encouraging financial service institutions to digitize products. You do this by continuing to monitor the development of financial technology companies (fintech) in the information technology lending and borrowing services sector. The final policy, OJK will struggle with technology to supervise banks. The structure of the banking system will be strengthened through enhancing banking competitiveness and efficiency with the use of information technology.

Infrastructure is physical capital which has an important role in economic growth besides human capital. Good and growing infrastructure is one factor that can encourage the creation of a conducive investment climate for investors and companies. Based on US News & World Report 2018, Indonesia is ranked as the second best country to invest after the Philippines (Jacobs, 2018). In addition to continuing to develop infrastructure, the Indonesian government also launched a number of policies aimed at encouraging increased investment in Indonesia. Some of these policies are compiled in the Economic Policy package, which by the end of 2018 had amounted to sixteen policy packages. All these policy packages strongly encourage the creation of an attractive investment climate. One example is the Economic Policy Package X where there are 10 important points that are expected to improve Indonesia's ease of doing business, namely various facilities in starting a business, building construction, property registration, tax payment, access to credit, enforcing contracts by arranging simple lawsuit settlement, connection electricity, cross-border trade, bankruptcy problem solving, and 10 protections for minority investors.

A good investment climate in a country, in addition to being an opportunity for investors and companies, can also be a threat by increasing competition in the country's market. The emergence of various companies newcomers (new entrants) as has become characteristic of the country that has a good investment climate. Therefore, in the face of competition, every company is required to have a good and appropriate strategy so that its position can

be improved or just survive. The multipurpose financing industry is one of the industries in Indonesia that has performed well in the last three years. Statistics Financing Institutions in December 2018 issued by the Financial Services Authority, the finance industry has an increasing number of multi-purpose finance portfolio from 2016 to 2018. In 2017, the finance portfolio increased by 6, 05 % of the 230.1 trillion rupiah in 2016 became 244.1 Trillion Rupiah in 2017. Furthermore, in 2018, the distribution of funding increased by 5, 05 % to 256.4 Trillion Rupiah in 2018. The multipurpose financing industry is an industry whose performance can also be significantly affected by infrastructure developments. This is because multipurpose financing generally provides financing for motorized, two-wheeled and four-wheeled vehicles (Nababan, 2018). So that both from the operational and product side, infrastructure greatly influences this industry. The developing infrastructure will facilitate companies in the multipurpose financing industry in carrying out their operations.

Good infrastructure will accelerate the duration of work so that more work can be completed in one day. For example, one of the operational activities of a multipurpose financing company is conducting a survey of consumers (debtors) by the marketing team . Infrastructure in the form of a toll road will accelerate the duration of the survey process where the travel duration to go to and return from the survey destination will be faster when using the toll road. In terms of products, multipurpose financing, which is generally channeled into vehicle financing, can indirectly increase with the development of infrastructure. For example, road building, it will be more consumers who want a vehicle purchase. In addition, vehicle manufacturers will also be easier to touch the product enthusiasts when all infrastructure is getting better. With the increasing volume of vehicle sales, vehicle financing will also be higher, because at present, financing products have become complementary products for luxury products ( prestige ) , one of which is vehicles .

The development of infrastructure has a quite positive influence on the multipurpose financing industry that can stimulate increased competition in the industry. In the Porter's Five Forces analysis, it is stated that industrial growth will strengthen competition from existing competitors. In addition, in the quadrant section of threats from new entrants in the Porter's Five Forces analysis it is explained that threats from new entrants companies will increase when there is ease in government regulations and access to distribution channels. With the existence of an economic policy package, both of these conveniences can be achieved by new entrants

companies so that competition in the multipurpose financing industry will be increasingly crowded . So this study analyzes the Vintage Area as a determining factor whether a finance company (Finance) will open a branch or not in the area or maybe it will close the branch if it is considered to be inappropriate or economically unable to cover its operational costs ( Variable cost ).

## 2. Literature Review

According to Wheelen and Hunger, 2010, the company's strategy illustrates the overall direction of the company in terms of general attitudes towards the growth and management of various businesses and product lines. The company's strategy is all related to three key issues faced by the company, namely:

- a. Overall orientation of the company to growth, stability and savings (directional strategy)
- b. The industry or market in which the company competes with its products and business units (Portfolio Analysis)
- c. How the company management coordinates in its activities and how to share company resources and manage capabilities between product lines and business units (parent company strategy)

Each company must decide its orientation towards growth by asking the following three questions:

- a. Should it expand, reduce or continue operations by not making changes ?
- b. Should we concentrate our activities in our current industry, or should we diversify into other industries?
- c. If you want to grow and develop nationally and / or globally, should you do it through internal development or through external acquisitions, mergers, or strategic alliances?

The company's direction strategy consists of three general orientations (sometimes called big strategies):

- a. Growth strategy : expanding the company's activities.
- b. Stability strategy : does not make changes to company activities.
- c. Austerity strategy : reduce the level of company activity.

After choosing a general orientation (such as growth), company managers can choose from a number of more specific company strategies such as concentration in one product / industry line or diversification into other

products / industries. These strategies are useful both for companies operating in only one industry with one product line as well as for companies operating in many industries with many product lines. Before choosing a strategy for a company or business unit, management must assess its feasibility in terms of the resources and capabilities of the company or business unit. Decision-making studies report that half of decisions made in organizations fail because of poor tactics. According to Wheelen and Hunger, 2001, Tactics are specific operational plans that detail how the strategy should be implemented. Some of the tactics available for implementing competitive strategies are timing and market location tactics . According Wheelen and Hunger, 2010, Management strategy is composed of four basic elements, namely environmental scanning ( environmental scanning ), the preparation of the strategy ( strategy formulation ) , implementation of the strategy ( strategy implementation ) and evaluation and control.

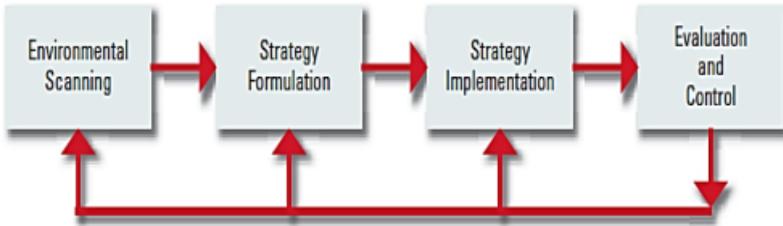


Figure 2.1 Basic Element Management Process Strategy

Sources: Strategic Management & Business Policy , Wheelen and Hunger, 2001

Figure 2.1 is a model that illustrates how the four basic elements interact . Strategy management is a continuous process where after scanning, the preparation is carried out, then the implementation and evaluation and control must then be scanned again as an adjustment to environmental uncertainty

Table 2.1. Previous Research Review

No.	Researcher	Research Title	Research purposes	Research result
1	Aditya Sidi Pramono , 2013  Type of scientific work: Thesis	Evaluation of the Process of Opening a Mandiri Mitra Usaha Branch Office (MMU Branch) Case Study at Bank Mandiri	Explain the process and basic guidelines that must be considered in the opening of the Branch Office of Independent Business Partners (MMU Branches)	Determination of location to be absolutely accurate and through enough analysis, because it could lead to a branch office is considered failed and must be relocated. Supervision toward borrowers should be tightened up, either through daily or monthly collection with the aid of a tool, so that the loan amount is billed and monitoring the stem more than good.
2	Veronika Johana Lu , 2014  Type of scientific work: Journal	Feasibility Analysis of Opening a New Branch at PT. Putra Tanjung Jaya	Analyzing aspects of Management, Operations, Law, AMDAL, Marketing and finance for the feasibility of opening a new branch of ENTERPRISE. Primary Crown Prince.	Based on market and marketing aspects, aspects of Risk Management and human resources, legal aspects, as part of EIA and financial aspects of the IRR, PI, NPV, PP PT. Tanjung Tanjung Jaya declared eligible to open a new branch which is located at Mutiara Taman Palm.
3	Rinaldi Priambodo, 2018  Type of scientific work: Thesis	Strategic Analysis of Closing Operational Losses from Sumatra Silangit Airport North	Using SWOT, Drive Forces, and Five Force analysis techniques and supported by PEST to obtain information in formulating strategies to cover the loss rate of Silangit Airport Operations.	The effort of international flights to Malaysia and Singapore, is considered to be a pioneer for other international flights and maximize cargo flights. The strategy is to improve at the airport.
4	R. Purwedi Darminto , 2017  Type of scientific work: Thesis	Analysis of Factors yang Mempengaruhi Divestment Strategy Study p No PT. ABC	Using the BCG matrix, factor weight analysis and Porter's <i>essential test</i> analysis to determine whether business diversification is in line with the growth and divestment plan is feasible or not.	There can be concordance between the results of BCG matrix analysis, the weighting factor analysis and Porter's essential test of the steps taken by companies that divested feasible to avoid greater losses and the total business is not possible again to be maintained.

### 3. Research Method

This research is a case analysis research that took place in the period of 2016 to 2018 with the research location at PQR Finance Enterprise . The study was conducted from March to July 2019. This research was a descriptive quantitative study aimed at explaining the feasibility of opening and closing branches at PQR Finance Enterprise based on quantitative data and objective information processed through scientific statistics. In this

study, the researchers not only do the analysis kuantitatif but also perform qualitative analysis. Qualitative analysis is expected to be able to explain more broadly the results of quantitative analysis conducted. Quantitative analysis is carried out on secondary data in the form of archives obtained from the company, while qualitative analysis is carried out on primary data obtained from field studies by researchers. The results of the research will be explained by referring to the theories described in Chapter II and adjusting to company conditions, industry, domestic market and global market in the time period of the case under study occurred. The sample of this study was 46 respondents who were determined purposively, namely the top level of management of PQR Enterprise in Jakarta, area manager (area manager) and branch manager at the branch office.

Analysis of the data is based on analysis of Vintage Area untuk opening of the branch, vintage analysis will be conducted on the area of opening branches. This analysis compares the area to the target value vintage vintage given company and compare the value of non-performing Finance (NPF) to the value of non-performing loans (NPL) set by the Bank Indonesia's Bank Rating Works that  $NPL < 5\%$ . The vintage that will be used is the current percentage (payment not in arrears). A time figure used is 3MOB (three months) and 12MOB (twelve months). 3MOB is used to see the debtor's credit quality in the area in the initial three months of the credit period. If the percentage of 3MOB is bad, then the branch is not feasible to be established in the area because it is reflected in debtors in the area who are delinquent at the beginning of the credit period. 12MOB is used to see the consistency of the debtor's credit quality in the area in the initial twelve months of the credit period. Areas to be analyzed vintage as much as eight areas, namely areas of Jakarta, Banten, West Java, Central Java, East Java Balnus, I Kalimantan, Indonesia East I and Sumbagut I. Data Analysis of Branch Closure Evaluation Branch closure will be evaluated using a simple analysis method in the form of a comparison of the productivity of the sales team, a comparison of Vintage branches and an IE (Internal-External) analysis.

#### **4. Results and Discussion**

Vintage area analysis that a comparison of targets cannot be used. Therefore, in this study, the criteria used for vintage branch analysis are only a comparison of the achievement of branch sales quality in 3MOB and 12MOB buckets against area and to national, also the ratio of branch NPF to area NPF, to national NPF and to the NPL limit of finance companies

and banks. by Bank Indonesia. The time period for analysis is the last twelve months before the branch is closed or downgraded. Based on vintage analysis, only Palangkaraya branches can still be continued or not closed while the other five branches are eligible to be closed.

Based on vintage analysis, this study compares the value of vintage areas with targets given by companies. However, based on the results of data processing, it appears that in the entire period studied both at 3MOB and 12MOB, almost all vintage area values indicate not achieving the target. The researcher also reviewed vintage national values which also did not reach the target in the entire period studied, both at 3MOB and 12MOB. Therefore, in the case of analysis, the target given by the company also cannot be used as an evaluation criteria because nationally it cannot reach the target, which means there is a mistake in giving the target by the company. Therefore, in this study, the criteria used are only a comparison of the achievement of the quality of sales area to national on 3MOB and 12MOB buckets, also the comparison of area NPF to national NPF and against the NPL limit of finance companies and banks by Bank Indonesia.

Analysis of the quality of sales of the area is carried out because for the evaluation of the feasibility of opening a branch, data on the quality of branch sales cannot be used because it is not yet available. Therefore, the data area is used as a parameter of sales quality at the branch. A comparison of the percentage of quality of sales of each area against the percentage of quality of national sales in the six-month period in each of the opening fiscal years is planned. For example, the Cibiru branch which was opened in October 2016, then the percentage value of sales quality used is the percentage in the initial six months of the 2016 fiscal year, namely April to September 2016.

No	Branch	Area	Criteria of Vintage				Result
			12MOB	3MOB	NPF		
			Toward National	Toward National	Against the NPL Limit	Toward National	
1	Cibiru	Jabar	Not Feasible	Not Feasible	Feasible	Not Feasible	Not Feasible
2	Sumbawa	Jatim Balnus	Feasible	Feasible	Feasible	Feasible	Feasible
3	Bintaro	Banten	Not Feasible	Feasible	Feasible	Not Feasible	Not Feasible
4	Batam	Sumbagati	Feasible	Feasible	Feasible	Not Feasible	Feasible
5	Ciputat	Banten	Not Feasible	Feasible	Feasible	Not Feasible	Not Feasible
6	Gresik	Jateng	Not Feasible	Feasible	Feasible	Not Feasible	Not Feasible
7	Bekasi Tambun	Jakarta	Not Feasible	Feasible	Feasible	Not Feasible	Not Feasible
8	Salatiga	Jateng	Not Feasible	Feasible	Feasible	Not Feasible	Not Feasible
9	Maumere	Jatim Balnus	Feasible	Feasible	Feasible	Feasible	Feasible
10	Medan II	Sumbaguti	Feasible	Feasible	Feasible	Not Feasible	Feasible
11	Ambon	Intim I	Not Feasible	Not Feasible	Feasible	Not Feasible	Not Feasible
12	Manokwari	Intim I	Feasible	Not Feasible	Feasible	Feasible	Feasible
13	Sanggata	Kalimantan I	Not Feasible	Feasible	Feasible	Not Feasible	Not Feasible

Table 4.1 . Results of Area Sales Quality Feasibility Analysis

Source: processed from research results, 2019

The SWOT analysis results are obtained by reducing the Strength value of the weaknesses used as the value of X and reducing the value of the Opportunity to the value of threats as a value of Y. The plot results on the SWOT graph indicate that based on respondents' assessment of market, industry and internal analysis, the entire branch is declared eligible for opened. Most of the branches are in quadrant 1 which based on the theory in this position, the company can run an aggressive strategy because the external and internal conditions are very good and support sales. A small number of branches are still eligible to be opened, even though they are not in quadrant 1, but the position in quadrant two, branches can still be opened by carrying out a diversification strategy, because in this position, the branch has a fairly strong internal condition, but will face considerable threat large than internal branches.

**Table 4. 2. Results of Market, Industrial and Internal Feasibility Analysis (SWOT Analysis)**

No.	Cabang	R1		R2		R3		R4		R5	
		X	Y	X	Y	X	Y	X	Y	X	Y
1	Cibiru	0,86	0,90	0,60	0,09	0,44	0,09	0,28	0,09	0,25	0,08
2	Sumbawa	1,15	1,06	0,57	0,66	0,57	0,66	1,20	0,43	1,74	1,49
3	Bintaro	0,68	0,27	0,34	0,17	0,27	0,17	1,07	0,62	1,54	1,23
4	Batam	0,93	0,66	0,50	0,01	0,49	0,01	1,46	0,68	1,54	1,23
5	Ciputat	0,75	0,18	0,42	-0,14	0,35	-0,03	0,99	0,58	1,24	0,55
6	Gresik	0,93	0,84	0,52	0,25	0,35	0,14	0,99	0,42	0,94	0,69
7	Bekasi Tamban	0,90	0,80	0,35	0,55	0,35	0,23	1,54	1,02	0,62	0,55
8	Salatiga	0,86	0,78	0,54	0,30	0,22	0,10	1,54	1,23	1,20	0,08
9	Maumere	1,00	1,02	0,67	0,43	0,51	0,43	1,07	0,30	1,53	0,66
10	Medan II	1,32	0,70	1,28	0,19	0,66	0,19	1,38	0,73	1,30	0,35
11	Ambon	0,93	0,90	0,52	0,19	0,27	0,42	0,78	1,26	1,54	1,02
12	Manokwari	1,00	1,03	0,81	0,41	0,73	0,41	1,02	0,68	1,29	0,42
13	Sangatta	0,93	0,72	0,67	0,20	0,43	0,20	1,22	-0,09	1,35	0,56

Source: processed from research results, 2019

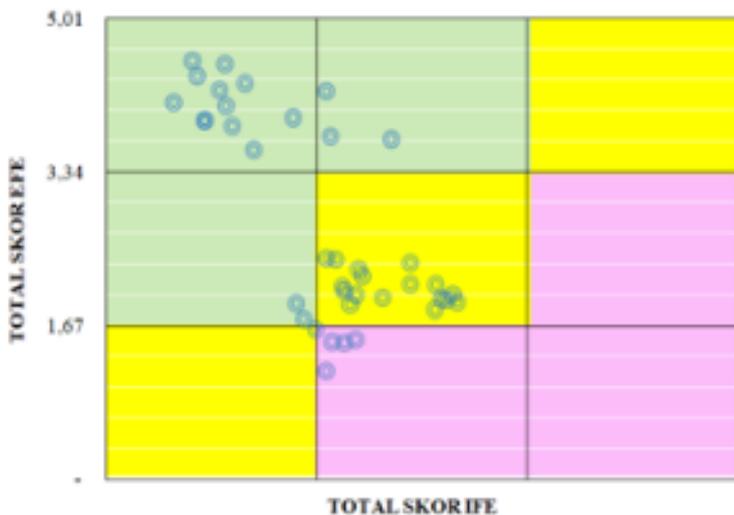
Internal-External analysis is done by plotting the total score of the evaluation of internal factors on the X axis and evaluating the external factors on the Y axis. The plot results will show the position of branches in one of the nine cells. This position determines which decisions are more appropriate for the branch.

a. Green cells indicate cells I, II and IV Growth and Development ( Grow and Build ), the branch is not feasible to be closed because based on the analysis of respondents, the market, industry and internal still have good growth. Based on the results of the study, respondents from branches namely Area Managers and Branch Man-

agers considered that all branches were in this position. Bintaro and Bekasi Tambun branches are also in this position based on the assessment of Respondent 1.

b. Yellow cells indicate cells III, V, or VII Guard and Defense ( Hold and Maintain ) ie the branch should not be closed by developing or repairing the branch. Respondents 2 and Respondent 3, which is an assessment that results in all branches in this position. Respondent 1 also assessed that the Cibiru branch was in this position.

c. Green cells indicate cells VI, VIII, or IX Harvest or Divest , that is, branches are more feasible to be closed because they are not feasible to operate or are not optimal. All branches, except the Cibiru, Bintaro and Bekasi Tambun branches were in this position based on the results of the assessment by Respondent 1. While the other four respondents, considered that no branch was included in this position.



**Figure 4. 1 . Plot Result of Branch External Internal Analysis**

Based on this Internal-External analysis, all branches can be declared still worthy of consideration because most of the respondents' assessment results show that. (The graph of each branch is in the ap-

pendix). PQR Finance Enterprise implements a horizontal growth strategy by expanding its operations to other geographical locations and / or by increasing the range of products and services offered to the market today . This strategy is quite appropriate for PQR Finance Enterprise for the company's products today that has real growth potential so that clicking onsen-trasi right resources on the product line is more appropriate as a strategy for growth or defense companies . PQR Finance Enterprise is still not good enough in the decision to open a branch. As described in the formulation of the problem, PQR Finance Enterprise closed several branches that had only been operating for less than two years. Based on the results of the interview, the company made this decision on the grounds that the income or profit obtained was lower than the operational costs incurred which if kept running it would produce greater losses. The reason some branches were demoted was also due to the incompatibility of assets to become a branch based on the provisions of the Financial Services Authority. PQR Finance Enterprise sometimes only uses the reason of overcapacity in a branch to open another branch in a nearby location without a broader analysis of the feasibility of opening the branch. This reason is also used for the opening of several branches which are then closed or downgraded in less than two years of operation, namely the Cibiru branch, the Bintaro branch and the Tambun Bekasi branch.

Decision making is a matter that must be done at all times and continuously by the company. Errors in decision making will have a negative impact on the company by not achieving the expected targets. However, a good decision may not necessarily have a positive impact on the company. Implementation of the decision remains the key to the success of a decision. Implementation that is not optimal and not according to plan, will also cause failure in achieving company targets. Nevertheless, in the management strategy there is still a so-called savings strategy that is a way out for the company in dealing with the adverse effects of a decision or wrong implementation. Decision making, implementation and savings strategies are a cycle in a company. So that quality standards must always be improved to achieve a better company.

In making branch opening and closing decisions, companies can use criteria that are often used in measuring the performance of finance companies, such as sales quantity, sales quality, market potential, competition, industry and internal strength. All of these criteria have actually been applied by PQR Finance Enterprise in making decisions on opening and closing branches, but the analysis tools used are still not good in terms of standardization of procedures, feasibility of data sources and accuracy of data projections. Another disadvantage in the process of opening branches at PQR Finance Enterprise is the pre-branch implementation. In some branches of the workforce (man power) often not available as planned when the branch to be in operation. This can cause the opening of the branch to be delayed even though the asset is available and the project time is running (in this case the building rental period). In addition, administrative management, especially the management of status at the Financial Services Authority, also often becomes an obstacle in the process of opening branches. Delays in opening a branch will affect the return on capital which will affect the company's next investment.

The results showed that two out of thirteen branches were not suitable to be opened and several others had weak eligibility values to be opened. The decision to open a branch made by PQR Finance Enterprise for the two branches that are not feasible to operate can be stated as an inappropriate decision and it is proven that both branches were indeed downgraded to point of sale in less than two years of operation, although based on the results of this study, both the branch is more feasible to close because it is not feasible in terms of both quantity and quality of sales.

Several other branches that have weak eligibility values to be opened, in fact there have also been closed and downgraded status, namely the Cibiru branch and the Salatiga branch. Based on interviews, the two branches were closed down and downgraded by reason of poor sales quality. Based on this research, the Cibiru branch is not only worth closing for reasons of sales quality but also due to the quantity of sales, while the Salatiga branch is more feasible to be closed for reasons of low sales quantity. The closure of the Salatiga branch is more feasible than just being reduced to a point of sale, because in

the assessment in this study, the sales quantity of the Salatiga branch is low and good market potential, industry and internal strengths are also not so good. In addition, based on the evaluation of branch opening, the Salatiga branch has a very low eligibility value.

The company's divestment strategy by closing several branches in this study is the right decision, because based on the results of the study, most of the branches are worth closing. However, the closure of the Palangkaraya branch and the Cilegon branch can be declared not very feasible because potentially in the market, industry, internal strength and sales quality, the Palangkaraya branch is still eligible to be lowered as a payment point. Another consideration may be developed by a company by comparing the potential in the future will come up with the current operational costs. Because based on several studies, one of them in the Bancology Quarterly Journal ( 2002 ) stated that branch closure can affect closed branches, surrounding branches, and have an impact on competitors and other communities . Therefore, if the other PQR Finance Enterprise branches are located far enough away, it would be better for the company to simply reduce the status of the branch to a payment point. In addition to being able to assist in collecting debtor payments in the area, the existence of one PQR Finance Enterprise representative in an area can also strengthen the spread of company names ( brand recognition ). Strategy Brand recognition by the way is quite important for the PQR Finance Enterprise where it is not directly in the study, obtained information that one of the company's internal weaknesses are with their promotional expense centralization narrow the space for the sales team to introduce their products. The operational costs of the Palangkaraya branch, which may be quite large, can be overcome by the company by moving offices to other smaller buildings and with fewer employees according to their function as payment points. The same thing applies to the Cilegon branch. Produk tifikas good sales may still be considered to not close the branch. Companies can lower the status of the Cilegon branch to a selling point or move the man power ( marketing team ) to the nearest branch.

PQR Finance Enterprise closes or downgrades the status of several branches operating for less than two years on the grounds that the in-

come or profit obtained is lower than the operational costs incurred which, if kept running, will result in greater losses. In addition, some branches do not meet the requirements to be declared branches based on the provisions of the Financial Services Authority. The basic error of opening a branch is also a reason. PQR Finance Enterprise sometimes only uses the reason of overcapacity in a branch to open another branch in a nearby location without a broader analysis of the feasibility of opening a branch

## V. CONCLUSION

The results of this study concluded that two of the thirteen branches were not feasible to be opened and several others had weak eligibility values to be opened. The decision to open a branch made by PQR Finance Enterprise for the two branches that are not feasible to operate can be stated as an inappropriate decision and it is proven that both branches were indeed downgraded to point of sale in less than two years of operation, although based on the results of this study, both the branch is more feasible to close because it is not feasible in terms of both quantity and quality of sales

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