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## MARKETING | RESEARCH ARTICLE

# Strategic Study on The Business Development of Regional Owned Enterprises in Tanjungpinang City

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**Abstract:** PT. Tanjungpinang Makmur Bersama (PT. TMB) is a Regional Owned Company in Tanjungpinang City; the company's current activities are: Running a business in the field of regional asset monitoring services in the form of leasing: stores and places of business by renting out to tenants as small entrepreneurs and traders of essential goods for the people of Tanjung City. This study aims to discover and explore the possibility of how BUMD can develop economic resources. This research focuses on identifying internal and external factors for what happened to PT. Tanjungpinang Makmur Bersama to be able to analyze the right business strategy to be implemented. The data collected in this study came from two sources: The primary data collection method was carried out by direct interviews with informants. The informants in this study are the management of PT. Tanjungpinang Makmur Bersama. Secondary data used in this research can be in the form of documents in the format of Financial Statements, Work Plans and Company Budgets, Company Business Plans. The results of the research are presented qualitatively and quantitatively in this study, while the managerial implications and suggestions are also explained in detail at the end of this study.

**Keywords:** Strategic Business Development, Regional Owned Enterprises, Business Model, SWOT.

**JEL Classification Code:** M11, O32, D02

## 1. INTRODUCTION

The paradigm shift in government administration from being centralized to decentralized, which was manifested by the enactment of Law number 23/2014 concerning Regional Government and Law number 33/2004 concerning Financial Balance between the Center and the Regions, has implications in its relationship with the Regional Government, both the Provincial Government and City/Regency Governments. Two main things become the focus of activities in the decentralization process. Namely, first, in principle, all government authorities have become the authority of district/city governments as regulated in Article 11 of Law Number 23/2014, including the power for regional companies. The second was the transfer of the status of central employees to regional government employees, followed by changes in the organizational structure and work procedures of each agency that handled the authority. However, all of this aims to bring services closer to the public and improve the quality of their services. In this context, the roles of the central and provincial governments are becoming increasingly limited in providing direct services to the community. Still, their roles are becoming more prominent in supervising the delivery of these services by district/city governments (Ndayikeza, 2021). Thus, the role of local governments is increasingly vital in serving the community. Therefore, local governments must be able to explore the potential of regional economic resources to increase the level of community welfare (Gutiérrez-Zamora & Hernández Estrada, 2020). In dealing with the current situation, company management must implement strategic management effectively. One of the reasons for the need for strategic management is the



rapidly changing business orientation that needs to be anticipated by the company's management (Isensee et al., 2020; Nayak et al., 2021; Zebal et al., 2019).

Business covers the burden of risk, and strategic management seeks to provide data so that reasonable speculation can be made. Strategic management is also defined as a managerial effort to develop the company's strength to exploit emerging business opportunities to achieve the company's goals that have been set following the predetermined mission (Hairston & Brooks, 2019). Aspects of organizational management are carried out based on the organizational mission that has been set by top management. The mission explains the organization's rationale for its fundamental purpose to survive. Setting a mission means establishing the basic organizational rules for its approach to business. Therefore, the mission must focus on long-term economic potential, behavior towards customers, products, service quality, relations between employees, and behavior towards owners (Mashur et al., 2019). From these formulations, it can be explained that strategic management has a lot to do with the planning process, organizational policies, and decision-making processes. Strategic decisions are the means to achieve the ultimate goal. This decision includes the scope of business, products, and markets to be served, the functions to be performed, and the main policies needed to govern the implementation of the decision to achieve the objectives (Khan et al., 2021). With a reliable, effective strategic management should be able to increase the productivity of the company. Because productivity also emphasizes two vital aspects, namely efficiency, and effectiveness. Efficiency has to do with how well the various inputs are combined or how they are implemented. This is an ability to get more results from the minimum number of inputs. This means achieving a certain high-quality production volume with less waste in a shorter time. Meanwhile, effectiveness relates to the fact of whether the expected results can be achieved or not. Productivity can also be described in two terms, namely technically and financially. Management's strategic approach can give strength to the company with consistent action. A sound strategic management process will help ensure decision-making in the formation of the company or the development of all parts of the company working according to the same goals and objectives (Lorenzo-Romero et al., 2020).

A strategic management approach can also encourage company policymakers to be more active and realize the potential of economic resources in their environment to increase company productivity. For this reason, a strategic management approach model is needed to make business entity development decisions and develop reliable business strategies to increase company productivity (Distanont & Khongmalai, 2018; Lu & Chen, 2021; Nayak et al., 2021). And this is an important thing that every regional company in Tanjungpinang City must own. And therefore, a special study is needed to reveal this problem so that the company's goals can be achieved. BUMD (Regional Owned Enterprise) is ideally a source of revenue from a regional government; BUMD is a manifestation of the role of the Regional Government (PEMDA) in regional economic development. The seriousness of the local government towards the development of BUMD, both in terms of capital and human resources, will have positive implications for regional finances in the future. This is stated based on the establishment of BUMD in PP number 54/2017 concerning Regional Companies. In this case, the establishment of BUMD aims to: a. provide benefits for regional economic development b. organize public benefits by providing quality goods and services to fulfill community needs following the conditions, characteristics, and potential of the area concerned based on good corporate governance; and c. earn profit and/or profit (Lu & Chen, 2021; Newton et al., 2015). Considering the importance of the role of BUMD, especially as a source of PAD in the region, of course, BUMD is required to be more professional and more efficient in carrying out its business. Many policies and efforts have been made in that direction, but due to various obstacles, it turns out that BUMD, in general, shows unsatisfactory results. This can be seen, among other things, by the relatively small role and contribution of BUMD profits in regional PAD revenues, both at the provincial and district, and city levels. Especially in the case of BUMD, the effort to empower it must start by creating an atmosphere or climate that allows its potential to develop. This is based on the consideration that every society and its institutions have potential that can be developed. So, first, empowerment is an effort to build power by encouraging, motivating, and raising awareness of its potential and trying to develop it. Furthermore, the second is to strengthen the potential or power possessed, for which more positive and real steps are needed, the provision of various inputs needed, as well as opening access to various opportunities so that they are more empowered to take advantage of opportunities. Finally,

the third, where empowering also means protecting, so that in the empowerment process, it must be prevented so that the weaker parties do not become weaker but can live with good competitiveness. Various steps and actions that can be taken in improving the business performance of BUMD, with strategic actions that can be grouped into three parts of strategy, namely business strategy, growth strategy and company restructuring strategy which can be summarized as follows: (1) Company Business Strategy, which can be done by taking steps or actions to improve the company's performance, including by (a) Overcoming internal weaknesses, including through re-establishing the core business, liquidating business units that always lose, and improving the organization's management system (Dinkel & Sánchez-Lizaso, 2020); (b) Maximizing internal strengths, among others by concentrating business on high-prospect businesses, expanding the market by retaining and finding new customers, and seeking new production techniques that can improve business efficiency (Vätavu, 2015); (c) Overcoming external threats, among others by improving the quality of products and services, improving the quality of human resources and increasing the creativity and activity of marketing personnel in seeking new breakthroughs (Leigh, 2010); and (d) Maximizing external opportunities, among others through mutually beneficial cooperation efforts with similar or related companies (Distanont & Khongmalai, 2018). (2) Company Growth Strategy aims to grow and develop the company following the agreed size to achieve the company's long-term goals. BUMD is said to grow if the regional company succeeds in increasing, among others, sales volume, market share, profit, and company assets. Several actions that can be taken so that the company continues to grow and develop include concentrating the business on representative products, expanding the market, developing new products, and horizontal and/or vertical integration. (3) Corporate Restructuring Strategy is carried out through a strategic and operational approach. In the strategic approach, for example, if there is a strategic error such as the company's inability to meet consumer needs following its mission, it is necessary to conduct a thorough assessment of the business for changes and improvements. Meanwhile, the operational approach aims to change the company's operations without changing the business strategy. Investing in diversifying business types is one of the strategies for business development and growth and increasing company value. Financial performance will be higher through the right investment. Diversifying investment in various businesses can also reduce the risk of large losses (Covin & Slevin, 1989; Raithatha & Haldar, 2021).

PT. Tanjungpinang Makmur Bersama (PT. TMB) is a Regional Owned Company in Tanjungpinang City; the company's current activities are: Running a business in the field of regional asset monitoring services in the form of leasing; stores and places of business by renting out to tenants as small entrepreneurs and traders of essential goods for the people of Tanjung City. It is hoped that this BUMD will later become one of the institutions of regional economic strength and be able to play an active role in capturing and creating business opportunities that can cause multiplier effects for the people in Tanjungpinang City. Investing in several profitable businesses is one of the future steps that will bring progress and development to the company. To avoid the risk due to inadequate planning, a study was made in business development which is later expected to be a reference by the BUMD of Tanjungpinang City. Based on the background of the problems above, the formulation of the situation in this study is: What BUMD can develop economic resource potential. Tanjungpinang Makmur Bersama to increase revenue and establish regionally owned enterprises to become independent BUMDs. Thus, this study aims to discover and explore the possibility of how BUMD can develop economic resources. Tanjungpinang Makmur Bersama to increase revenue and establish regionally owned enterprises to become independent BUMD.

## 2. Literature Review

### 2.1. Concept in Business

The business concept is the fundamental idea behind a business. Based on this concept, entrepreneurs can develop business models, business plans, and the vision and mission of the company. In general, in the business concept, there are several main components: Core Strategy, the vision, and the mission of a business, which includes the ideal things expected from the company. Resources (Strategic Resources), i.e., everything related to core competencies, core processes, and

strategic assets. Customer Intermediaries (Customer Interface), i.e., all related to information, support and fulfillment, relationship dynamics, and pricing structures—Value Network, i.e., all networks values that can strengthen and complement the company's resources. The main goal of all businesses is to make a profit by producing and selling goods or services needed by society. In detail, some of the business objectives are as follows: To gain profit from business activities. To procure goods or services required by the community. To achieve the welfare of the owners of factors of production and society. Create job opportunities for the community. To show the existence of a company in the long term. To improve the progress and economic growth of society in general. To show prestige and achievement.

## 2.2. Business Strategy

Strategic management is the art and science of formulating, implementing, and evaluating decisions across its definition; it focuses on setting organizational goals, developing policies and planning to achieve goals, and allocating resources to implement policies and plan the achievement of organizational goals (Mora et al., 2021; Thomas, 2016). The stages of strategic management are strategic formulation through improving the method mission, knowing the company's external opportunities and threats, making decisions about internal capabilities and deficiencies, making long-term objective decisions, generating solution steps, and selecting specific strategies to carry out. Second, Strategy Implementation, where Strategy implementation means mobilizing employees and managers to turn the formulated plan into action. Often considered a challenging part of critical management, strategic implementation requires personal discipline, principles, and sacrifice. Successful strategy implementation depends on the power of managers to motivate employees, which is much more an art than education. Even though the formulated strategies are not implemented, they are not of any use. Third, Strategy Evaluation aims to review external and internal factors as the fundamentals of the current system; Measuring performance; Decide on corrective action. The corporate strategy seeks to determine the company's overall attitude towards growth and how it manages its business or product line, with strategies including Functional strategies used by managers in specific areas to decide how best to achieve company goals through productivity. Business strategy is a method or method used by a company to survive amid existing competition. Every company has long-, medium-and short-term goals: Planning is often linked to the practical aspects of setting goals, choosing tactics, and setting schedules (Cronin-Gilmore, 2012; Larsen & Olaisen, 2013).

On the other hand, strategies tend to be broader in scope. A business strategy outlines how the business will achieve its goals and includes the organization's response to new challenges and needs. A well-formulated approach is essential to the success of a business. Strategy formulation involves three primary stages: strategic goals and SWOT analysis; Once strategic goals are set, organizations typically go through a SWOT analysis process (Irfan et al., 2020; Leigh, 2010). This process includes an assessment of the strengths and weaknesses as organization opportunities and threats. They are third, Analyze the Organization and Its Environment. Environmental analysis includes environmental observation and review of all threats and opportunities. Changing consumer tastes and resistance to annexation by competing firms are threats, as are new government regulations. The more critical threats are new products and competitors. Meanwhile, opportunities include areas that have the potential to be expanded, developed, or exploited by the company with existing strengths. Organizational analysis is the process of analyzing the company's strengths and weaknesses. The organizational analysis aims to understand the company's strengths and weaknesses better. Strength factors include a cash surplus, a dedicated workforce, ample managerial talent, technical expertise, or a lack of competition. On the other hand, lack of cash, aging factories, strong unions, and a bad image can be essential weaknesses. Planning can be seen at three levels: strategic, tactical, and operational. Strategic plans reflect decisions regarding the allocation of resources, company priorities, and the steps needed to achieve strategic goals. Tactical plans are short-term plans that deal with implementing specific aspects of the company's strategic plan. And Operational Plans are plans that set short-term targets for daily, weekly, or monthly performance.

### 3. Research Method and Materials

#### 3.1. Type of Research

This study used a qualitative method with a descriptive design; the location taken in this study was determined purposively will conduct this research. Tanjungpinang Makmur Bersama, BUMD Tanjungpinang City, Riau Islands Province. This research focuses on identifying internal and external factors for what happened to PT. Tanjungpinang Makmur Bersama to be able to analyze the right business strategy to be implemented. The data collected in this study came from two sources: The primary data collection method was carried out by direct interviews with informants. The informants in this study are the management of PT. Tanjungpinang Makmur Bersama. Secondary data used in this research can be in the form of documents in the format of Financial Statements, Work Plans and Company Budgets, Company Business Plans or literature from the internet, newspapers, journals, theses, and so on related to this research. The data required and the respondents to be used can be seen in the table 1 below:

**Table 1: Nature of Data and Respondents**

No.	Agency	Data Properties	Required data
1.	Tanjungpinang City Research and Development Agency	Primary, secondary	<ul style="list-style-type: none"> <li>Spatial planning policy</li> <li>Policy planning and economic development of the Tanjungpinang city area</li> <li>Priority for regional economic development</li> <li>Studies that have been carried out in industrial development in the city of Tanjungpinang</li> <li>Constraints faced in the development of local potential-based Industry</li> </ul>
2.	PT. Tanjung pinang Makmur Bersama	Primary, secondary	<ul style="list-style-type: none"> <li>Audited Financial Statements for the last three years</li> <li>Business Plan for the next five years</li> <li>The obstacles faced in realizing the achievement of the company's work targets</li> </ul>
3.	Tanjungpinang City Central Statistics Agency	secondary	<ul style="list-style-type: none"> <li>Regional profile (social, economic, government, etc.)</li> <li>Industry profile (number, industry scale, export-import, etc.)</li> </ul>
4.	Tanjungpinang City Manpower Office	Primary, secondary	<ul style="list-style-type: none"> <li>Number of workers associated with industrial enterprises</li> <li>Industrial business HR development policies and programs</li> <li>Workers' welfare policies (UMR, social security, etc.)</li> </ul>
5.	DPKKAD Kota Tanjungpinang	Primary, secondary	<ul style="list-style-type: none"> <li>Industrial business tax and levy policies and programs</li> <li>Constraints faced in the development of local potential-based Industry</li> </ul>
6.	BPPT Kota Tanjungpinang	Primary, secondary	<ul style="list-style-type: none"> <li>Policy on business licensing procedures</li> <li>Constraints faced in the development of local potential-based industries</li> </ul>
7.	KADIN / Tanjungpinang City Entrepreneurs Association	Primary, secondary	<ul style="list-style-type: none"> <li>Number of industrial entrepreneurs who are members of the association</li> <li>The role of associations in the business development of members</li> <li>Association programs and activities</li> </ul>
8.	Universities in the city of Tanjungpinang	Primary, secondary	<ul style="list-style-type: none"> <li>Studies that have been carried out in the development of BUMD Tanjungpinang city</li> <li>Views and suggestions on the problems of developing BUMD in Tanjung Pinang City</li> </ul>

## 4. Results and Discussion

### 4.1. Data Result

The number of employees and employees of PT. Tanjungpinang Makmur Bersama based on education, as follows:

**Table 2: Number of Employees By education**

No.	Part / Unit	Total (Person)
1	Magister	1
2	Bachelor	19
3	Diploma 3	3
4	High School / Vocational High School	41
5	Junior High School	4
6	Primary school	12
	<b>Total</b>	<b>80</b>

Source: PT. TMB

The number of employees and employees of PT. Tanjungpinang Makmur Bersama until December 2019, as follows:

**Table 3: Number of Employees period as of December 2019**

No.	Part / Unit	Number (person)
1	Directors	2
2	Secretary	1
3	Permanent employees	51
4	Contract employees	20
5	MP 3-Month Employee	5
6	Non-Employee / THL	1
	<b>Total</b>	<b>80</b>

Source: PT. TMB

Employment and Personality Conditions and Problems such as:

1. Organizational Structure: Several obstacles to implementing the ideal organizational structure, primary duties, and efficiency plans of the company are closely related to the quantity and quality of human resources currently owned. Efforts to optimize the existing human resources have been carried out and are expected to run as desired.
2. The obligation to prepare and implement the organizational structure after the inauguration of the elected Board of Directors, namely in September 2019, is fully realized that it must be carried out at the beginning of the task.

Steps to Improving in terms of management: Efforts to examine and explore competence, educational background, experience, and work ethic are expected to provide potential and positioning and determine the correct development for the employee in question. Efforts to Discipline Office Working Hours through Fingerprint Absence. The organizational restructuring plan is following the observation and evaluation of employee performance. Considering the development needs of the business unit. Perform employee rotation. Business Management in PT. Tanjungpinang Makmur Bersama; The marketing unit managed by BUMD Tanjungpinang City is in accordance with the Minutes of Asset Handover No. 001/BA/TPI/III/2010 on March 17, 2010, which was handed over by the BUMD of Bintan Regency, PT Bintan Inti Sukses to the Tanjungpinang City Government. The market assets handed over and managed by the BUMD of Tanjungpinang City, PT Tanjungpinang Makmur Bersama are Pasar Baru I, Pasar Baru II, Pasar Benteng Lembu, and Pasar Bintan Center. Pasar Bintan Center is a collaboration with PT Bintan Bestari Tanjungpinang for cooperation in the use of market assets with the Tanjungpinang City Government for the period 2003 to 2023.

## 1) Pasar Baru I

**Table 4: Facilities Available at Pasar Baru I with a building area of 1,738.40 m<sup>2</sup>.**

No	Description	Number of units
1	Sales Stall	344
2	Vegetable Table	270
3	Chicken Table	14
4	Warehouse	1
5	Toilet	1

## 2) Pasar Baru II

**Table 5: Facilities Available at Pasar Baru II**

No	Location	Description	Number of units	Information
1	Blok A	Stall	45	Clothing & Tailor
2	Blok B	Chicken and Meat Table	20	Specially selling vegetables, meat, and chicken
		Vegetable Table	126	
		Stall	28	
3	Blok C	Chicken and Meat Table	35	Specially selling vegetables, meat, and chicken
		Vegetable Table	134	
		Stall	28	
4	Blok D	Fish market	164	
		Shop	4	

## 3) Pasar Potong Lembu

**Table 6: Facilities Available at Slaughterhouse Market**

No	Description	Number of units	Information
1	Stall	89	43 Units inactive
2	Fish Table	22	4 Units inactive
3	Vegetable Table	40	9 Units inactive
4	Shop	2	PT. TMB

## 4) Pasar Bintan Center

**Table 7: Available Facilities at Bintan Center Market**

No	Location	Description	Available Facilities (units)	For rent by municipal government (department)
1	Vegetable and Meat Market	1. Stall	136	83
		2. Fish Table	240	36
		3. Vegetable Table		25
		4. Meat Table		45
2	Fruit market	1. Stall	32	30
		2. Fruit Table	12	12

## 5) Akau Potong Lembu Culinary

Akau Potong Lembu is a food court or all-night snack center in the Cambodian Village. Cut Lembu occupies an area of 1,890 m<sup>2</sup>. It is one of the assets handed over by Bintan Regency through BUMD, which PT then manages. TMB BUMD Tanjungpinang City.

**Table 8: Facilities Available in Akau Potong Lembu**

No	Description	Number of units
1	Selling drinks (ice cendol, sekoteng, and others)	34
2	Selling food (main course food, fruits, snacks, etc.)	67
3	Street vendors (cigarette stalls and others)	2

## 6) Anjung Cahaya

**Table 9: Facilities Available in Anjung Cahaya**

No	Description	Number of units)	Information
1	Stall	29	1 Active
2	ATM	3	
3	IPPAT	34	
4	Lapak Pindahan Tanah Merah	36	

## 7) Melayu Square

**Table 10: Facilities Available in Melayu Square**

No	Description	Number of units
1	Travel	6
2	Fishing Game	18
3	Food and Drink	20
4	More games	6

The main activity of the company is managing assets which are then rented out in the form of stall building rentals and market management, as well as other supporting services, which in general have not made an adequate contribution, coupled with the age of the building, which is getting older, resulting in increased costs for maintaining these assets. Thus, requiring another strategy so that the company can survive and the obligation to pay dividends for shareholders, which in this case is the Tanjungpinang City Government. as for the breakthrough made by the management of PT. TMB is to collaborate with a profit-sharing pattern, namely:

1. PT. Pelindo I in the form of cooperation in managing the Sri Bintan Pura Tanjungpinang Port Entrance Pass since 2017 PT. Angkasa Pura II in the form of cooperation in managing Motorized Vehicle Parking at Raja Haji Fisabilillah Airport since 2016
2. The results of this collaboration have succeeded in increasing the income of PT. The TMB is quite significant.

Of the many sources of income, PT. TMB, it turns out that the most dominating income comes from cooperation with PT. Pelindo I, and continued to increase until 2019 (22.46%, 2019); meanwhile, basic income in the form of stall and stall rentals tended to form a downward trend for each item which varied from -0.32% to -43.55% and in total, basic income decreased by -6.21% to -10.73%. The management of PT. TMB to investigate further the causes of the decline in basic pay. When viewed in total, the income of PT. TMB formed a consistent upward trend until 2019 of 5.28%. This upward trend is due to the increase in revenue from PT. Pelindo I. further data on the performance of financial statements and trend analysis can be seen in the following table:

**Table 11: Income Statement of PT. TMB and Trend Analysis**

Description	2017	2018	2019	2018 -2017	2019 -2018
<b>Basic Operating Income</b>					
Pasar Baru I	736,630,545	647,974,727	563,167,273	-12.04%	-13.09%
Pasar Baru II	1,283,022,364	1,182,341,182	1,178,538,182	-7.85%	-0.32%
Pasar Potong Lembu	464,362,882	379,309,182	321,885,818	-18.32%	-15.14%
Pasar Bintan Center	362,345,455	332,072,727	332,563,636	-8.35%	0.15%
Anjaung Cahaya	366,835,000	249,600,000	175,527,273	-6.46%	-29.68
Melayu Square	134,378,182	121,903,091	68,814,545	-9.28%	-43.55%
Ocean Corner	81,764,091	75,474,545	79,838,182	-7.69%	5.78%
Others Market Unit	201,146,091	322,575,000	235,702,727	60.37%	-26.93%
Sub Jumlah	3,530,484,610	3,311,250,454	2,956,037,636	-6.21%	-10.73%
<b>Basic Operating Income</b>	270,866,458	369,422,100	320,959,950	36.39%	-13.12%

Description	2017	2018	2019	2018 -2017	2019 -2018
K.S PT Angkasa Pura II					
K.S PT Pelindo	1,609,636,679	3,724,319,160	4,560,700,007	36.39%	22.46%
Tower Permit Management Services	305,829,400	112,727,000	-	131.38%	
Grocery Sale		-	8,546,000		
Chili Sales	-	6,278,600	3,247,000		
Onion Sales	-	315,400	843,000		
Meat Sales	-	-	71,383,000		
Sub Jumlah	2,186,332,537	4,213,062,260	4,965,678,957	92.70%	17.86%
Total revenue	5,716,817,147	7,524,312,714	7,921,716,593	31.62%	5.28%
Total Cost of Revenue	571,690,022	1,095,117,473	2,577,350,239	91.56%	135.35%
Total Operating Expenses	3,828,274,345	4,686,308,716	4,298,389,532	22.41%	-8.28%
Other Income & Expenses	(733,301,006)	(296,965,806)	(8,244,600)		
Profit (Loss) Before Tax	583,551,774	1,445,920,719	1,037,732,222	147.78%	-28.23%
Estimated Company Tax	(51,451,271)	(148,779,131)	(125,803,965)		
<b>Net Profit After Tax</b>	532,100,503	1,297,141,588	911,928,257	143.78%	-29.70%

#### 4.2. PT. Tanjung Pinang Makmur Bersama as Regional Owned Enterprises Potential

##### a) Fishery Products Industry Cluster

The highest economic growth rate according to the business sector for the three sectors is the Manufacturing Industry (14.03%), Transportation and Warehousing (11.47%), Wholesale and Retail Trade, and Car and Motorcycle Repair (11.07%). Meanwhile, when viewed from the grouping of three sectors; primary, secondary, and tertiary, the secondary sector group experienced the highest growth rate reaching 9.31 percent, followed by the tertiary sector at 8.34 percent, and finally the primary sector at 3.34 percent. From statistical data, the agricultural industry has a considerable role in the creation of added value to the economy of Tanjungpinang City in the last four years, with a contribution of above 2%, but has a downward trend of contribution from 27.37% in 2010 to 23.36% in 2014. The sub-sector that plays an essential role in this sector is fisheries. Then the second largest contributor is the construction sector, which is 21.96%. In contrast to the agriculture sector, this sector had a positive trend, from 19.19% in 2010 to 21.96% in 2014. This indicates that this sector is supported by physical development in the regions with physical projects in the form of buildings, roads, bridges, and more. Meanwhile, the sector with the most negligible contribution to the formation of GRDP is the Corporate Services sector at 0.00%.

As a maritime area, fishing is undoubtedly a critical sector. The number of fishing households increases every year. As it is known, part of the life of the people of Tanjungpinang City depends on the agricultural sector, especially capture fisheries. In 2019, there were 2,270 households, an increase of 7.08% compared to the previous year, which amounted to 2,120 families. The production value from fishing also increased by 21.6%, from IDR 86,999,933 thousand to IDR 105,788,941.4 thousand. The number of motorized fishing boats/boats also increased by 1.53%, from 783 units in 2018 to 793 in 2019.

**Table 12: Number of Fishery Households (RTP) by District in Tanjungpinang City, 2019**

Subsector	2015	2016	2017	2018	2019
1. Fishing in the Sea	1,535	1,531	1,540	1,571	1,595
2. Marine Cultivation	200	210	206	190	190
3. Freshwater	271	285	263	230	230

Subsector	2015	2016	2017	2018	2019
Cultivation					
4. Processing	138	122	125	129	255
<b>Total</b>	<b>2,144</b>	<b>2,148</b>	<b>2,134</b>	<b>2,120</b>	<b>2,270</b>

The most significant volume of fishery production in Tanjungpinang City in 2019, according to fishery potential, is the production of marine capture fisheries, which is 2,318.5 tons, the second largest is freshwater aquaculture with 116.93 tons, and then marine aquaculture with 19.9 tons and processing (industry) fishery as much as 558,748 tons. The amount of fishery processing (industry) is not proportional to the results of catching and aquaculture, so it is concluded that to meet the needs of the processing industry, raw materials are imported from outside the region, such as from Bintan, Anambas, Natuna, and Lingga districts, this is easy. This is done because Tanjungpinang City is a transit area and destination for fishery production in the Riau Islands Province.

**Table 13: Volume and Value of Fishery Production by Subsector in Tanjungpinang City, 2019**

Subsector	Volume (ton)	Value (Rp.000)
1. Arrest	2,318.50	65,711,261.40
2. Marine Cultivation	19.90	1,704,900.00
3. Freshwater Cultivation	116.93	2,755,635.00
4. Processing	558,748.00	35,617,145.00
2019	561,203.33	105,788,941.40
2018*	2,284.76	86,999,933
2017*	1,938.74	52,577,070
2016	1,698.211	96,750,073
2015	5,087.21	132,803,299

\* data does not include processing subsector

Source: Tanjungpinang in Figures, 2018

The highest number of boats/boats in Tanjungpinang City in 2019, based on data from Tanjungpinang City in terms of numbers, is diesel motorized boats, which are 795 units; the second most are boats without motors, as many as 613 units. In marine fishing, the more influential on production is usually the fishing gear used and the accuracy of the fishing ground where anglers catch fish.

**Table 14: Number of Fleet of Fishing Vessels/Boats in Tanjungpinang City, 2013-2019**

Years	No Boat	Outboard Motorboat	Motorboat	No Motor	Total
2019	n.a	25	795	613	1,433
2018	120	21	783	613	1,537
2017	102	20	789	629	1,540
2016	108	16	779	632	1,535
2015	105	17	765	650	1,537
2014	102	361	394	665	1,522
2013	109	301	393	710	1,513

\*Source: Tanjungpinang in Figures, 2019

The most significant number and fishing gear in Tanjungpinang City are crab traps, which are 14,200 units. Based on the above, it can be concluded that the fishing gear has less effect on the amount of production, and the most influential is the accuracy of the "fishing ground."

**Table 15: Development of Tanjungpinang City Fishing Equipment (units), 2018**

Type of Fishing Gear	2013	2014	2015	2016	2017
1. Apollo's net	4,103	4,172	4,469	3,112	3,212
2. Drifting gill nets	2,530	2,492	2,420	2,520	2,567
3. Fixed gill net	667	662	650	670	673
4. Fish Bubu	1,726	1,543	1,550	1,286	1,389
5. Bubu Ketan	14,200	13,567	14,367	9,660	9,889
6. Sondong	146	166	170	168	150

Type of Fishing Gear	2013	2014	2015	2016	2017
7. Flashlight / Spear	210	193	201	198	200
8. Tangkul	30	66	150	152	160
9. Kelong Beach	25	26	24	23	25
10. Fishing Trawl	68	68	65	0	0
11. Pursesein	0	0	0	2	6
12. Rawai	49	50	55	60	67
13. Kelong Bilis	18	20	20	37	40
14. Injap	1,730	1,345	1,213	143	150
15. Cari Gonggong	150	157	160	155	150
16. Sea Cucumber Trawl	30	30	32	32	30
17. Trawl Two	21	22	20	22	17
18. Pond	24	18	17	17	12
19. fishing rod	148	150	150	161	170
20. Net	17	33	36	38	17
21. Boukeami	0	0	0	3	3
<b>Total</b>	<b>25,892</b>	<b>24,780</b>	<b>25,769</b>	<b>18,459</b>	<b>18,927</b>

Source: Tanjungpinang in Figures, 2018

The seawater cultivation area is carried out along the coastline, including small straits spread over several coastlines in Tanjungpinang City. The primary purpose of this seawater cultivation is to meet the needs of restaurants, hotels, and restaurants in Tanjungpinang City. Due to the narrow cultivation area, the shortage of restaurant needs is usually imported from nearby regions such as Bintan Regency, especially during the picking season.

**Table 16: Area of Fishery Cultivation in Tanjungpinang City (Ha)**

Years	Freshwater Cultivation	Seawater Cultivation	Total
2019	69.34	23.72	93.06
2018	8.5	9	17.5
2017	10.5	9.5	20
2016	10.5	9.5	20
2015	9.5	8.8	18.3
2014	8.5	7.4	15.9
2013	5.95	7.3	13.25

Source: Department of Agriculture, Food and Fisheries, Tanjungpinang City

Of the many fish catches, the following are the ten largest capture fisheries productions.

**Table 17: Ten Largest Capture Fisheries Production in Tanjungpinang City (tonnes), 2017**

No.	Fishery Production	Triwulan I	Triwulan II	Triwulan III	Triwulan IV	Total
1	Layang Benggol Fish	80.9	128.6	48.4	121.6	379.5
2	Red Snapper / Bambang Fish	42.4	41.2	24.8	27.6	136
3	White Shrimp	40	36.8	25.3	23.5	125.6
4	Manyung / Jahan Fish	21.3	33.7	26.9	29.5	111.4
5	Mud Grouper Fish	28.3	31.2	14.1	18.9	92.5
6	Other Shrimp	24.8	27	21	18.4	91.2
7	Lemuru Fish	32.9	30.3	9.3	18.7	91.2
8	Crab	30.3	37	9.3	5.8	82.4
9	Yellow Line Fish	2.3	28.3	9.9	23.9	64.4
10	Dogol Shrimp	9.6	13.7	15.7	15.6	54.6

Source: Tanjungpinang in Figures, 2018

In addition to being consumed, fishery products are also used as raw materials for the marine product processing industry, such as fish crackers, nuggets, shrimp, and others, most of which are carried out by SMEs, and their products are widely marketed in local markets and partly abroad. Riau

Islands are individually sold abroad, such as in Singapore and Malaysia. The following is a presentation of small industries in Tanjungpinang City.

**Table 18: Number of Small Industries by District and Type of Production in Tanjungpinang City, 2017**

No.	Subdistrict	Production Type		Total
		Food	Non-Food	
1	Bukit Bestari	65	120	185
2	Tanjungpinang Timur	106	119	225
3	Tanjungpinang Kota	100	46	146
4	Tanjungpinang Barat	34	17	51
	2017	305	302	607
	2016	256	301	557
	2015	182	217	399

Source: Tanjungpinang in Figures, 2018

### b) Continuity of Raw Material Availability

Riau Islands Province is geographically surrounded by about 96% of the sea and only 4% of the land, so it has abundant potential for fishery products. In contrast, the industry that processes fishery products is still limited to PT. TMB still has an opportunity to enter the fishery product processing business. The following is data on fishery production based on districts/cities in the Riau Islands Province.

**Table 19: Capture Fishery Production in Kepulauan Riau Province**

No	Regency	Production (tons)	Percentage
1	Karimun	73.545,74	24,19
2	Bintan	51.973,74	17,09
3	Batam	32.801,21	10,79
4	Natuna	81.390,64	26,77
5	Lingga	33.645,64	11,07
6	Kepulauan Anambas	28.785,23	9,47
7	Tanjung pinang	1.898,5	0,62
<b>Total</b>		<b>304040,7</b>	<b>100</b>

Source: Riau Islands in 2018 Figures

From the explanation of the fishery data above, it becomes one of the considerations for PT. TMB to enter the fishery product processing business. Market and marketing aspects of processed fish commodities such as frozen fish, mashed meat, and fish meal are almost entirely consumed domestically, while fresh fish has been exported abroad. The level of national fish consumption from year to year has increased. Meanwhile, the supply of fish for domestic consumption in 2016 reached 23.51 million tons, or an increase of 6.29% compared to 2015. An increase followed the fish supply increase per capita, going 57.27 kg/cap/year, or a rise of 11.53% compared to 2015. In terms of supply, this fish processing industry will produce fishery products in the form of cold storage and frozen fish, pulverized meat/surimi, fish filets, fish jelly, and fish meal. Competition in marketing products in the country (local) does not look significant because each entrepreneur has their own local and export market. Besides that, market demand, especially exports, is still not fulfilled. Product marketing competition is felt in foreign markets with fish exporting countries such as China, Japan, Thailand, etc. Competitors in the fish processing business for Tanjungpinang City come from fishing areas in the Riau Islands region, such as in Bintan, Karimun, Natuna, Anambas, and restaurants in Batam. Changes in seasons or weather at sea have disrupted the activities of traditional fishers in Tanjungpinang City. As a result, fish catches decreased, and fresh fish prices were unstable. The fishery product processing production units proposed to be managed by this BUMD include Unit Frozen Seafood Processing Fish Fillet, Surimi Processing Unit – as further processing of Minced Fish, Processing Unit Fish Meal, Cold Storage Warehouse Unit.

### *c) Opportunities and Strengths in the Fishery Products Industry*

#### a) Opportunity

- 1) Tanjungpinang City Geographic Area
- 2) Increase in Fish Catch Production Value
- 3) Addition of the number of motorized fishing boats/boats
- 4) Potential fishing resources that have not been utilized optimally.
- 5) The strategic location of Tanjungpinang City is very profitable for marketing fishing production.
- 6) The high demand for fish to meet local and foreign markets, where fisheries have the potential to be one of the leading sectors.
- 7) The existence of government policies and support for fishing business development by empowering small-scale fishing businesses.
- 8) Investment opportunities in the processing and marketing fishery products with superior product types and quality.
- 9) BUMD is a business entity whose capital owners and shareholders are dominated by the regional government, so it has a comparative advantage over other business entities.

#### b) Challenge

- 1) Weak capital in supporting fishery businesses, tiny and medium enterprises.
- 2) The quota for subsidized fuel for marine and fishery business actors is still limited.
- 3) Inadequate management of marketing and fishery processing technology.
- 4) It is increasing the conversion of potential land for aquaculture to non-fishery sector activities.
- 5) The institutional weakness of fisherman groups and the low quality of the fisheries sector business actors' resources.

### *d) Parking Management Cluster*

Parking is a state of immobility of a vehicle that is not temporary, including in the sense that parking is every vehicle that stops at certain places, whether stated by signs or not (Abubakar, 1998). Talking about the transportation system cannot be separated from the problems of planning, the modes offered, and the policies adopted that will influence the community to use the available methods. One of them is the provision of parking facilities for private vehicles, especially in places of mass accumulation such as traditional markets. This, of course, can reduce the number of cars using the road for parking. The consequences of using part of the width of the road for parking vehicles, are as follows:

1. Accidents caused by parking occur when the driver is about to enter or remove the vehicle (parking maneuver). Also, passengers are not careful when opening the car door when they want to get in or out of the car (especially when parking parallel to the roadside).
2. Congestion caused by parking will reduce road capacity so that during rush hours, the vehicle speed will decrease, and the travel time will increase. As a result, it will cause economic loss for the driver.
3. Parked vehicles will undoubtedly reduce the value of the beauty of the surrounding buildings. Also, at the time, stopping and starting will cause noise and smoke.
4. Barriers to firefighting operations because parked vehicles hinder the process of firefighting units; when a fire occurs in an area, cars parked on the side of the road also block roadside water connections (hydrants) for fire purposes.

### *e) Existing Condition of Parking Implementation in Tanjungpinang City*

Parking management in Tanjungpinang is currently in the duties and functions of the Tanjungpinang City Transportation Service. Based on the Tanjungpinang City Regional Regulation number 11 of 2016 concerning the Tanjungpinang City Regional Apparatus, the Tanjungpinang

City Transportation Service has the main task of helping the Mayor carry out government affairs that are the authority of the Region and the Assistance Tasks given in the fields of Road Traffic, Road Transportation, Shipping and Air. The organizational structure of the Tanjungpinang City Transportation Service is led by a Head of Service in charge of 1 (one) Secretariat and 3 (three) Divisions, with the following description: The Secretariat is the General Staffing and Finance Sub-Section and Program Preparation, Evaluation and Reporting Sub-Section, Road Traffic Sector namely Traffic Management and Engineering Section, Traffic Safety Section, Parking Section, Road Transportation Sector: Transportation Management Section, Transportation Facilities and Infrastructure Section Road, Motor Vehicle Testing Section, Shipping and Air Sector: Sea Transport and Crossing Traffic Section, Shipping Safety Support Section, Port, and Air Section. In terms of parking management is one of the tasks in the Road Traffic Sector, with its functions:

- Material preparation and implementation preparation of work plans, performance and annual budgets for the Traffic Sector, and formulation of traffic management and engineering policies, traffic safety, and road transportation and parking.
- Preparing materials for implementing traffic management and engineering procedures, traffic safety, and road transportation and parking.
- Preparation of evaluation and reporting materials in traffic management and engineering, traffic safety, and road transport and parking.
- Implementation of regulation, guidance, and technical services in road traffic.
- Coordinating the performance of tasks in the field of traffic.
- Carrying out other tasks assigned by the leadership.

The Road Traffic Division consists of 3 (three) sections: Traffic Management and Engineering Section, Traffic Safety Section, and Parking Section. The Parking Section has the following duties: preparation of materials for the formulation of technical policies in the parking sector; preparation of materials for the preparation of program plans and budget work plans in the parking sector; collecting, processing and reviewing data/information as material for the formulation of technical operational policies for parking management; preparing materials for coordinating the implementation of tasks in the parking sector; management, supervision and control of parking; fostering the administrative leadership of the Parking Section; implementation of regulation and supervision of motorized vehicles using parking services; preparation of materials for coordinating the implementation of the collection of parking fees on the edge of public roads and fees for unique parking places; implementation of retribution collection and parking administration; preparation of technical study materials for parking management permits on the edge of public roads and permits for private parking operations; the implementation of depositing the results of retribution collection into the regional treasury; preparation of data collection materials, guidance and counseling for parking attendants and parking officers; preparation of data and information presentation materials in the parking sector; an inventory of problems related to parking management, as well as presenting alternative solutions; Perform other tasks assigned by the leadership. As contained in the Strategic Plan of the Tanjungpinang City Transportation Service (RENSTRA) for 2018-2023, the problems faced by the Tanjungpinang City Transportation Service, especially in parking management, are as follows:

1. The ineffectiveness of the parking management system arrangement in line with the implementation of parking management using the subscription system has not been running, and the application of the ticket system is less than optimal.
2. There is still parking on certain roads that are not designated. At the same time, the influencing factor is the limited parking space provided by interested parties (schools, offices, places of business, and so on).

Strategic issues or problems that will be handled through the Strategic Plan of the Tanjungpinang City Transportation Service for 2018-2023, especially in terms of parking management, are: "The parking management system is not yet effective." In terms of the performance achievement of the

Tanjungpinang City Transportation Service, when compared between the realization in 2018 and the realization in 2019, there was a decrease of 12.14%. The measurement of the percentage indicator of the orderly parking area is very closely related to the Regional Original Revenue (PAD) of Parking Service Retribution on the edge of public roads. When viewed from the number of parking points in 2019 has not shown the achievement of the target of Regional Original Revenue (PAD) for Parking Service Retribution on the edge of public roads due to the following obstacles as contained in the LAKIP of the Tanjungpinang City Transportation Service in 2019, namely:

1. The ineffectiveness of the regulation of the parking management system at the Tanjungpinang City Transportation Service as the implementation of parking management using the subscription system has not been running, and the application of the ticket system is less than optimal.
2. Ineffective action was taken against parking attendants (there is no deterrent effect for parking attendants yet).
3. The profit-sharing system often experiences delays in payments, thus affecting the deposit from parking attendants to PAD.
4. There is still a lack of public awareness of parking tickets.

Meanwhile, the efforts made to achieve the target are:

1. Implementing a subscription ticket system for the public.
2. The need for strict action against parking attendants.
3. There needs to be a profit-sharing commitment that does not experience delays to the parking attendant.
4. There is a need for socialization with the public regarding the use of parking tickets, both through online media, print media, and electronic media.
5. There is a need for a parking information data accuracy system through procuring a Parking SIM, Conducting Parking Area Development Planning.

#### *f) Potential for Parking Management by BUMD*

Parking management in Tanjungpinang is currently in the duties and functions of the Tanjungpinang City Transportation Service. Some politicians from the Tanjungpinang City DPRD consider that the management of parking retributions is presently not being managed optimally because the amount of parking retribution receipts still does not meet the set targets; some of the reasons are due to inadequate supervision, so it is suspected that there are leaks. From visits made to several agencies and organizations such as the Kadin of Tannjungpinang City, it is suggested that BUMD be included in managing parking retributions in Tanjungpinang City with the consideration that currently, the parking management is quite potential. Still, the administration is not optimal, which results in the realization of parking retribution receipts being not optimal. Suppose it is seen from the number of existing vehicles and several potential points such as in the waterfront area and several other places. In that case, it needs to be studied further so that it can be objectively concluded. Vehicle data in Tanjungpinang City can be seen in the following table:

**Table 20: Number of Vehicles Registered at SAMSAT by Type in Tanjungpinang City (units), 2014-2020**

No.	Transportation type	2014	2015	2016	2017	2018*	2019*	2020*
1	Motorcycles and the Like	55,403	50,743	63,803	68,933	72,380	75,999	79,999
2	Sedans	1,026	1,315	1,344	1,358	1,426	1,497	1,572
3	Jeeps	1,344	1,166	1,478	1,505	1,580	1,659	1,742
4	Bus, Microbus, Station Wagon	8,819	12,976	11,003	11,536	12,113	12,718	13,354
5	Trucks	2,282	3,786	2,465	2,484	2,608	2,739	2,876
6	Pickup	1,667	3,318	1,528	1,585	1,664	1,747	1,835

No.	Transportation type	2014	2015	2016	2017	2018*	2019*	2020*
7	Ambulance	17	17	17	29	29	29	29
8	Heavy equipment	6	6	6	6	6	6	6
	<b>Total</b>	70,564	73,327	81,644	87,436	91,806	96,395	101,213
	<b>Growth (%)</b>		3.92%	11.34%	7.09%	5.00%	5.00%	5.00%

The most significant number of vehicles is motorcycles, namely in 2017 as many as 68,933 units; if you calculate the average growth of 5% a year, it is estimated that in 2020 there will be 79,799 units or a total of 101,213 vehicles. Suppose it is assumed that one vehicle parks once in 10 days, or 10% of the total vehicle and is subject to a parking levy at the regular rate. In that case, the potential for parking retribution revenue is around Rp. 5.2 billion in a year. This has not been added to the vehicles from Bintan Regency, which in 2017 were 29,300 motorcycles. In addition, to support the adequacy of cars, namely the road facilities that are already available in the city of Tanjungpinang, both city roads, provincial roads, and national roads in Tanjungpinang are shown in the following table 21:

**Table 21: Length of Roads in Tanjungpinang City by Condition (km), 2012-2017**

No.	Years	Production Type				Total
		Well	Currently	Damaged	Heavy Damage	
1	2017	244.1	26	54.22	81.04	405.36
2	2016	171.39	52.75	42.33	133.11	399.58
3	2015	140	59.6	73.96	125.47	399.03
4	2014	126.01	53.36	87.12	149.42	415.91
5	2013	211.41	19.87	38.96	35.69	305.92
6	2012	211.41	19.87	38.96	35.68	305.92

Currently, parking management is carried out at 170 points in Tanjungpinang City, whereas in the previous year, there were 140 points. With the control of the profit-sharing pattern, 40% is for parking attendants and 60% for the Tanjungpinang City Government, with net parking retribution revenues of IDR 1.2 billion. The following is the data on parking retribution receipts on public roads until 2019 as follows:

**Table 22: Target and Realization of Parking Retribution on Public Roads**

No.	Years	Target	Realization	%
1	2019	1,300,000,000	1,200,000,000	92.31%
2	2018	1,300,000,000	1,109,971,700	85.38%
3	2017	1,200,000,000	1,132,975,500	94.41%
4	2016	1,200,000,000	955,267,500	79.61%
5	2015	750,000,000	436,952,900	58.26%
6	2014	600,000,000	406,809,000	67.80%

Source: Processed Data

To get the realization of parking retribution receipts as presented in the table above, for example, in 2019, with a parking retribution target of Rp. 1.3 billion with a total of 140 parking points and the realization of parking retribution recipients of Rp. 1.2 billion means that the average realization of parking retribution receipts is Rp. 8,571,428, - per year or Rp. 23,483 per day, meaning that at each parking point managed by one parking attendant, they are only required to deposit Rp. Twenty-three thousand per day, a minimal amount compared to the number of vehicles parked at each point. It is recommended that parking management in the future must use other more effective and efficient methods and methods so that parking retribution revenue can be maximized.

#### *Parking Management Opportunities and Challenges*

##### a) Opportunity

- 1) Parking Management by BUMD in several regional governments

- 2) Currently, there are 170 (one hundred and seventy) parking management points in Tanjungpinang City.
  - 3) With a significant asset strength, BUMD can be more dynamic in taking existing business opportunities.
  - 4) Managed using commonplace in the business world
  - 5) BUMD is a business entity whose capital owners and shareholders are dominated by the Regional Government
  - 6) PT. TMB BUMD Business Plan to manage Parking at PT. Port. Pelindo
  - 7) BUMD PT. TMB is based on the cooperation of PT. Pelindo I in the effort to address the Sri Bintan Pura Port Entrance Pass since 2017.
  - 8) BUMD PT. TMB is based on the cooperation of PT. Angkasa Pura II in managing motorized vehicle parking.
- b) Challenge
- 1) Parking management by Dishub is still regulated in Perda (revision of perda must be done)
  - 2) In terms of the performance achievement of the Department of Transportation compared between the realization in 2018 and the realization in 2019, there was a decrease of 12.14%.
  - 3) The current parking management system is not yet effective.

From the results of the final discussion of this study, there is a proposal for BUMD to be able to see opportunities in parking management at points managed by business actors (such as supermarkets, restaurants, etc.). Economically, this management has great potential because, in the future, parking locations will no longer be on public roads. After all, these roads are the rights of other motorists, and gradually the parking model is no longer carried out along public roads but is already managed place, professionally by a business entity that has collaborated with the Tanjungpinang City Government.

#### *g) Aspects of Regional-Owned Enterprises Competitiveness*

Currently, several local governments, based on investigations, have submitted parking management to BUMDs, including East Waringin City, Sukabumi City, DKI Jakarta, and Malang City. Following Government Regulation Number 54 of 2017 concerning Regional Owned Enterprises, BUMD is a business entity that has the characteristics of a business entity owned by the Regional Government; all or most of the capital is separated from regional assets and is not a regional apparatus organization and is managed using commonplace in the business world. This characteristic possessed by BUMD is the competitiveness maintained by BUMD, both as a corporation and as a partner of SKPD. Because from the corporate side, BUMD is fully supported by the Regional Government, both in ownership and regulatory aspects. Furthermore, the competitiveness of BUMD is described in detail as follows.

- a) Business entities owned by the Regional Government BUMD are those whose capital owners and shareholders are dominated by the Regional Government. Thus the Regional Government will fully support all BUMD activities. Therefore, BUMD has a comparative advantage over other business entities. This makes BUMD trusted by the community and the business world.
- b) All or most of the capital is regional wealth that is separated. With a significant asset strength, BUMD can be more dynamic in taking existing business opportunities.
- c) It is not a regional apparatus organization. From operational flexibility, BUMD can be more flexible than SKPD. This makes BUMD able to carry out project assignments more efficiently and effectively. However, in its implementation, it still follows the provisions of the applicable laws and guides the principles of Good Corporate Governance (GCG). In the end, the competitiveness of BUMD is expected to improve the regional economy, support public services, and contribute to Regional Original Income.
- d) Managed by using the norm in the business world. One of the goals of establishing a BUMD is to make a profit. The greater the profit obtained by BUMD in its corporate actions, the more significant the potential contribution that can be given to the Tanjungpinang City Government

as a stakeholder. BUMD is a company under whose control and the Regional Government owns capital. BUMD is a provider of public needs and a contributor to Regional Original Revenue (PAD). Therefore, its operational governance must implement Good Corporate Governance Practices. Good Corporate Governance theoretically can increase the company's value because of a set of rules governing the relationship between shareholders. , management (managers) of the company, creditors, government, employees, and other internal and external stakeholders related to their rights and obligations. In other words, Good Corporate Governance (GCG) is a system that directs and controls the company. (Dr. Suryadi, MH, pp. 289-291). Five GCG principles are used as guidelines in corporate governance, namely Transparency, Accountability, Responsibility, Independence, and Fairness, commonly known as Tariffs. (Dr. Suryadi, MH, pp. 289-291). Transparency (openness of information) is simply defined as the disclosure of information. In realizing this principle, companies must provide sufficient, accurate, and timely information to all stakeholders.

Accountability is the clarity of functions, structures, systems, and responsibilities of each element of the company, so that there will be clarity of roles, rights, obligations, authorities, and responsibilities between shareholders, the board of commissioners, and the board of directors. Responsibility is the company's compliance with applicable regulations, including related to taxes, industrial relations, occupational health and safety, environmental and community protection, and so on, so it is hoped that the company's collective awareness will form in its operational activities, the company also has a role to be responsible to shareholders as well as other stakeholders. Independence means that this principle requires that the company be managed professionally without any conflict of interest and without pressure or intervention from any party that is not following applicable regulations. Fairness (equity and justice) means that this principle requires fair treatment in fulfilling the rights of stakeholders following applicable laws and regulations so that there is a guarantee of appropriate treatment among the various interests in the company.

#### *Grocery Trading Cluster*

Trading is the exchange of goods and services from one party to another. This activity arises because of the specialization of labor or the division of labor between one party or individual and another party or individual. In another sense, it can be interpreted that to get cash in trading goods is to follow the steps, namely buying, selling, saving, or without having to keep, it can become money. The following will describe the potential for trading in the basic needs of the Tanjungpinang community with a high turnover rate, where if it can be appropriately managed, it will impact the profit of PT. TMB is trading in rice, sugar, and cooking oil. Based on Kepmenperindag 115/1998, rice, sugar, and cooking oil are part of the nine essential commodities (sembako), and although the price does not provide maximum profit, PT. TMB can carry out a dual role, namely a social role, by providing rice, sugar, and cooking oil at affordable prices while still making a profit. As for the consideration that PT. TMB is included in this business, namely:

1. Rice is generally a basic need of the Indonesian people; this need will continue to grow as the population increases.
2. Riau Islands are not food producers / self-sufficient in food, so the supply is very dependent on the outside.
3. The government quota through Bulog is minimal to meet the rice needs in Tanjungpinang.
4. The sub-drive quota for Tanjungpinang Bulog is only 400 tons/month to meet the needs of the people of 5 districts/cities (Tanjungpinang, Bintan, Lingga, Natuna & Anambas Islands). Trade is generally only controlled by the hegemony of groups of people, making it vulnerable to market monopolies.

The existence of sales practices above the HET set by the Government of Rp. 13.500/kg in addition, with the entry of PT. TMB in this business can at least help reduce the economic burden of the community by providing essential commodities lower than market prices, absorbing labor to help reduce unemployment, and help improve people's welfare, in addition to that with a

quick *turnover* so that quick return of capital. To analyze the potential of this primary food business, the following table presents the population of the Riau Islands Province and the monthly rice needs.

**Table 23: Population by Regency/City and Rice Needs per person**

No	Name of District/City	Total Population (Person)	Percentage of Rice Needs Every Month (Kg)*			
			100%	60%	30%	15%
1	Bintan	148,658	1,114,935	668,961	334,481	167,240
2	Tanjungpinang	207,933	1,559,498	935,699	467,849	233,925
3	Natuna	74,977	562,328	337,397	168,698	84,349
4	Kep. Anambas	43,603	327,023	196,214	98,107	49,053
5	Karimun	240,891	1,806,683	1,084,010	542,005	271,002
6	Lingga	94,962	712,215	427,329	213,665	106,832
7	Batam	1,062,250	7,966,875	4,780,125	2,390,063	1,195,031
<b>Amount</b>		1,873,274	14,049,555	8,429,125	4,214,867	2,107,433

\*Source: Disdukcapil of Riau Islands Province, 2019 \* Assuming the need for rice is 250 grams/person/day

Table 23 illustrates the amount of rice that must be prepared by the company if PT. TMB will enter with several market shares ranging from 100% to the most minuscule 15% for the market in Tanjungpinang City. The potential profits to be obtained by PT. TMB with several types of rice sold can be presented in Table 24.

**Table 24: Illustration of Profit PT. TMB between 9% – 15% on some types of rice sold**

No	Rice Type	Purchase price (Rp./kg)	Market / Supermarket Prices (Rp./kg)	Selling Price (Rp. /kg)	Margin	
					Rupiah	%
1	Beras Super Pera	12,850	15,000	14,000	1,150	8.9%
2	Beras Super Pulen	12,800	14,000	14,000	1,200	9.4%
3	Beras Kepala Pera	11,900	13,500	13,000	1,100	9.2%
4	Beras Kepala Pulen	10,900	13,000	12,500	1,600	14.7%
5	Beras Medium	10,000	12,000	11,500	1,500	15.0%

Source: Data processed

As for the rice market in the Tanjungpinang local market, there are several types of rice, including super pera rice; super fluffy rice; pera head rice; fluffier head rice; and medium rice and each with different brands and prices. The following is a table of gross profit for a month of PT. TMB entered the Tanjungpinang market share of 15% and 30%, or 1.66% and 3.33% for the Riau Islands Province market as follows:

**Table 25: Illustration of Monthly Gross Profit of PT. TMB with a Market Share of 15% and 30%**

No	Rice Type	Market Share 15% per month (kg)			Market Share 30% per month (kg)		
		Allocation	Rice Quantity	Gross profit	Allocation	Rice Quantity	Gross profit
1	Super Pera	5%	11,696.25	13,450,687.50	5%	23,392.45	26,901,317.50
2	Super Pulen	5%	11,696.25	14,035,500.00	5%	23,392.45	28,070,940.00
3	Kepala Pera	25%	58,481.25	64,329,375.00	25%	116,962.25	128,658,475.00
4	Kepala Pulen	25%	58,481.25	93,570,000.00	25%	116,962.25	187,139,600.00
5	Medium	40%	93,570.00	140,355,000.00	40%	187,139.60	280,709,400.00
Total In Month		100	233,925.00	325,740,562.50	100	467,849.00	651,479,732.50
Total in year			2,807,100	3,908,886,750			7,817,756,790

Source: Data processed

From the number of illustrations above, PT. TMB, with a market share of 15%, is only 1.66% when calculated at the level of rice demand in the Riau Islands Province, as much as 14,049 tons a month. It's not so complicated and also not too ambitious by controlling the market in the Riau Islands at least only 1.66% but will get a potential gross profit of Rp. 3.9 billion per year. With smooth turnover and good cash flow management, the need for working capital is sufficient for one month to 1.5 months because usually, for consumers, it is done in cash. Some other consumers on

credit within 1-2 weeks, as well as when making purchases from suppliers, are usually made on credit within at least one month. So, PT. TMB can manage cash flow so that working capital needs are only needed for 1-1.5 months. The following table provides a monthly working capital requirement with a market share of 15% to 45% as follows:

**Table 26: Working Capital Needs of PT. TMB with 15% - 45% Market Share**

No.	Rice Type	Monthly Working Capital Needs		
		Market Share 15%	30% Market Share	Market Share 40%
1	Super Pera Rice	150,296,813	300,593,625.00	450,890,437.50
2	Super Fluffy Rice	149,712,000	299,424,000.00	449,136,000.00
3	Pera Head Rice	695,926,875	1,391,853,750.00	2,087,780,625.00
4	Fluffy Head Rice	637,445,625	1,274,891,250.00	1,912,336,875.00
5	Medium Rice	935,700,000	1,871,400,000.00	2,807,100,000.00
	<b>Total</b>	<b>2,569,081,313</b>	<b>5,138,162,625.00</b>	<b>7,707,243,937.50</b>

Source: Data processed

By looking at the description of the capital requirements and the estimated profit to be obtained, this business can be considered by PT. TMB is a positive step to increase the company's profit, especially since the products sold are necessities, so it doesn't impact the current COVID-19 pandemic. One of the government's ways to ensure the community's welfare is by "Reducing the cost of living & increasing their income." The socio-economic theory is very relevant to the vision and mission of BUMD in the future, where BUMD is an element of providing food at lower and affordable prices to realize the welfare of the community, especially in Tanjungpinang City. At first, PT. TMB entered and ran this business in 2019, but its nature is still in price control, so it has not provided maximum results. From this experience, it is an excellent first step to developing this trading business unit into a reliable one because if it is appropriately managed, it can increase market share and the types of goods to be traded. Managing this business unit alone is good enough to maintain and improve the company's financial performance.

## 5. Conclusion

From the financial performance of the last three years, PT. TMB shows a downward trend, especially in Basic Operating Income, namely the market and culinary management sector, which includes rental kiosks, tables, buildings, and stalls. This must be a concern for the management of PT. TMB, what is the cause of the decline, even though the total revenue of PT. TMB has an upward trend due to an increase in revenue from cooperation with PT. Pelindo I and PT. Angkasa Pura II. Within a few years, PT. TMB has provided dividends to the Tanjungpinang City Government in the last two years, as much as 304 million rupiahs. Asset development also increased until the 2019 financial year amounting to 20 billion rupiahs. Improvements to management have been carried out, such as competency assessment by looking at the educational background, efforts to discipline employees by applying fingerprints, and organizational restructuring such as employee rotation. However, some of the current problems are the company's obligation to settle employee severance pay and receivables that have not been collected for several years. PT. TMB already has a business plan contained in a business plan of 9 items that will be implemented from 2020 to 2022, and at least there is a synergy between the proposed business prospects to be carried out, especially in sectors that are included in the priority scale. Tanjungpinang, which is geographically located in an archipelagic area, has a variety of fishery products, especially fish. Besides that, it also has buffer areas spread throughout the Riau Archipelago province so that raw materials for the fishing industry are pretty available, namely the integrated processing of fishery products, namely the Fish Freezing Unit (Frozen Seafood); Fish Fillet Processing Unit (Fish Fillet); Surimi Processing Unit as further processed from Minced Fish; and Fish Meal processing unit. In addition, the need for PT. TMB considers the management of parking on public roads (parking levies), whose current collection results are still not optimal, so it is expected that the parking management business unit can provide additional profits for PT. TMB. During the covid-19 pandemic, many caused a decline in sales turnover so that many companies experienced a decrease in profits, but this did not happen to basic needs because they are

basic human needs, so even though conditions are still like this, basic needs (rice, sugar, oil, etc.) fried, etc.) must still be available in the market. Therefore, providing basic needs becomes a potential opportunity to be developed by PT. TMB with a potential gross profit of 8% to 15%. **Managerial Implication:** When viewed in terms of profitability and working capital aspects, we recommend the implementation of the business activities of PT. TMB, based on a priority scale, is as follows:

- a. The priority is the management of on-street parking fees or parking taxes, namely the administration of parking at points managed by business actors (such as supermarkets, restaurants, etc.). Economically, this management has great potential because, in the future, the parking location will no longer be along the road but will already be professionally managed by a business entity that has collaborated with the Tanjungpinang City Government. This is possible because it does not require significant capital. What needs to be done is a parking collection system that should be updated; several other areas have now started implementing a parking-based parking management system.
- b. The next priority is the provision of basic needs to the community, whereby applying a relatively lower selling price than the market price, PT. TMB still earns profit; the emphasis on this business pattern is on the turnover rate, meaning that although the gross profit obtained is relatively low, which is only in the range of 8% - 15%, but with a high turnover rate will produce high yields as well, and with good turnover. and smooth, then PT. TMB can develop on other goods such as cooking oil, sugar, etc.;
- c. The next and last priority is the business development of the fishery product processing industry. In the development of this industry, several activities can be carried out simultaneously: Frozen fish storage business; processing fish in the form of fillets; fish meal processing. There should be further research to believe that this business is worth doing.

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