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Strategic Analysis of PT Kalbe Farma, Tbk. (KLBF)

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Abstract: This study analyzes the business strategy of PT Kalbe Farma, Tbk (KLBF) in addressing the dynamics of the national and global pharmaceutical industry. The analysis was conducted using a strategic management approach through IFE, EFE, CPM, SWOT, SPACE, BCG, IE, Grand Strategy, and QSPM matrices. Based on the analysis, the priority strategies recommended for KLBF are market penetration, product development, market development, and both horizontal and vertical integration, with a focus on the prescription drug and nutrition divisions. Strategy implementation emphasizes strengthening research, developing value-added products, eco-friendly operational efficiency, digitalization, and international market expansion. These findings highlight the importance of synergy among innovation, efficiency, and digitalization to enhance KLBF's competitiveness.

Keywords: Business Strategy, Strategic Management, Strategic Analysis Tools, PT Kalbe Farma, Tbk. (KLBF), Pharmaceutical Industry

INTRODUCTION

The pharmaceutical industry plays a crucial role in supporting the national healthcare system and Indonesia's economic growth. Changing business environments, regulatory demands, and increasing public awareness of health require pharmaceutical companies to develop adaptive and sustainable business strategies.

PT Kalbe Farma, Tbk (KLBF) is a national pharmaceutical company founded in 1966 and has grown to become one of the largest healthcare providers in Southeast Asia. The company has four main business divisions: prescription pharmaceuticals, health products, nutrition, and distribution and logistics, which collectively reach over one million outlets throughout Indonesia (Kalbe, n.d.). KLBF has also expanded its reach into international markets, such as ASEAN, Nigeria, and South Africa, strengthening its global position (Abdi, 2022).

Innovation and research are key pillars of KLBF's strategy. Through continuous investment in research and development, the company has produced a variety of superior products, ranging from generic drugs and diagnostics to innovations in biotechnology and stem cells. However, KLBF still faces sustainability challenges. According to Sustainalytics (2024), the company has an ESG risk score of 33.3, which is categorized as high risk, necessitating improvements in environmental, social, and governance performance.

Based on this background, it is important to analyze KLBF's business strategy comprehensively to understand its strengths, weaknesses, opportunities, and threats. Using a strategic management approach utilizing various analytical tools, this study seeks to formulate priority strategies that can strengthen KLBF's competitiveness at the national and global levels.

METHOD

This research uses a descriptive qualitative approach with a case study method at PT Kalbe Farma Tbk (KLBF). This approach was chosen to provide a comprehensive overview of KLBF's internal and external conditions, as well as to formulate strategies relevant to the dynamics of the national and global pharmaceutical industry.

Data Types and Sources

The data used were secondary data obtained from annual reports, sustainability reports, company financial reports, official publications, and literature related to strategic management. Secondary data was chosen because it provides a comprehensive overview of the company's internal and external conditions (Sekaran & Bougie, 2016).

Data Collection Techniques

Data collection was conducted through a documentary study by reviewing company reports (annual reports, sustainability reports), external publications (Sustainalytics, 2024), and academic literature relevant to strategic management analysis (David & David, 2017).

Data Analysis Techniques

Data analysis in this study was conducted in three stages in accordance with the strategic management framework according to David & David (2017):

1. Input stage: using the Internal Factor Evaluation (IFE) Matrix, External Factor Evaluation (EFE) Matrix, and Competitive Profile Matrix (CPM) to identify the company's strengths, weaknesses, opportunities, threats, and competitive position.
2. Matching stage: using the SWOT Matrix, SPACE Matrix, BCG Matrix, IE Matrix, and Grand Strategy Matrix to formulate alternative strategies.
3. Decision stage: using the Quantitative Strategic Planning Matrix (QSPM) to determine priority strategies based on the total attractiveness score.

RESULTS AND DISCUSSION

Input stage

IFE Matrix

Tabel 1. IFE Matrix

No	Strengths	Weight	Rating	Weighted score
1	Extensive and integrated distribution network	0,12	4	0,48
2	Significant investment in R&D	0,11	4	0,44
3	Broad product portfolio to reach all segments of society	0,08	4	0,32
4	High efficiency with modern production facilities	0,06	3	0,18
5	Satisfactory digital services	0,06	4	0,24
6	Intensive HR training programs	0,06	3	0,18
No	Weaknesses	Weight	Rating	Weighted score
1	The export market contribution is relatively small.	0,14	2	0,28
2	No supply chain digitalization to improve logistics efficiency.	0,11	2	0,22
3	Limited technology integration for effective training.	0,07	2	0,14

4	Limited development of premium products that can generate higher margins.	0,09	1	0,09
5	Revenue is dominated by low-margin generic drugs.	0,10	1	0,10
Total		1,00		2,67

EFE Matrix

Tabel 2. EFE Matrix

No	Opportunities	Weight	Rating	Weighted score
1	Indonesian government policies supporting the pharmaceutical and healthcare sectors	0,15	4	0,60
2	Post-COVID-19 pandemic increases the need for healthcare services	0,13	3	0,39
3	Increased adoption of technology and digitalization	0,12	4	0,48
4	The pharmaceutical industry is in a growth phase in Indonesia	0,11	3	0,33
No	Threats	Weight	Rating	Weighted score
1	Changes in government regulations	0,15	3	0,45
2	KLBF relies on imported raw materials	0,12	2	0,24
3	Competitors are becoming more aggressive	0,12	3	0,36
4	People are turning to natural remedies	0,10	3	0,30
Total		1,00		3,15

Competitive Profile Matrix (CPM)

Tabel 3. CPM

Critical Success Factors	Weight	Kalbe Farma		Kimia Farma		Sanbe Farma	
		Rating	Score	Rating	Score	Rating	Score
Innovation & R&D	0,20	4	0,80	2	0,40	3	0,60
Regulation & Compliance	0,15	4	0,60	4	0,60	4	0,60
Quality Control	0,12	4	0,48	3	0,36	3	0,36
IPR (Patents)	0,10	4	0,40	3	0,30	4	0,40
Operational Efficiency	0,10	3	0,30	3	0,30	4	0,40
Distribution Network	0,10	4	0,40	3	0,30	2	0,20
Marketing & Branding	0,08	4	0,32	3	0,24	3	0,24
Risk Management	0,07	3	0,21	4	0,28	3	0,21
Technology & Digitalization	0,05	4	0,20	3	0,15	2	0,10
Strategic Partnerships	0,03	3	0,09	3	0,09	3	0,09
Total	1,00		3,80		3,02		3,20

The input stage analysis results show that KLBF has an IFE score of 2.67 and an EFE score of 3.15, indicating that while the company has a solid strength base, it needs to strengthen its strategy to address external challenges, particularly in international expansion and reducing import dependence.

KLBF's superior competitive position compared to its main competitors demonstrates that the company has the capacity to maintain market leadership, but still needs to improve operational efficiency to remain competitive in the long term.

2. Matching stage

SWOT Matrix

Tabel 4. SWOT Matrix

Strengths (S)		Weaknesses (W)
Opportunities	S-O	W-O
	1. Expand distribution in remote areas (S1, O1) → MP 2. Increase R&D (S2, O4) → PD 3. Increase production efficiency through environmentally friendly technologies (S4, O4) → MD	1. Expanding international markets (W1, O4) → MD 2. Investing in supply chain management technology (W2, O3) → MP 3. Developing a premium product strategy (W4, O1) → PD
Threats (T)	S-T	W-T
	1. Emphasize premium product quality (S4, T3) → MP 2. Leverage e-health platforms (S5, T4) → MP 3. Develop innovative products (S2, T1) → PD	1. Investing in local raw material development (W1, T2) → MP 2. Developing premium product marketing strategies (W5, T1) → PD

*Catatan: MP = market penetration; PD = product development; MD = market development

SPACE Matrix

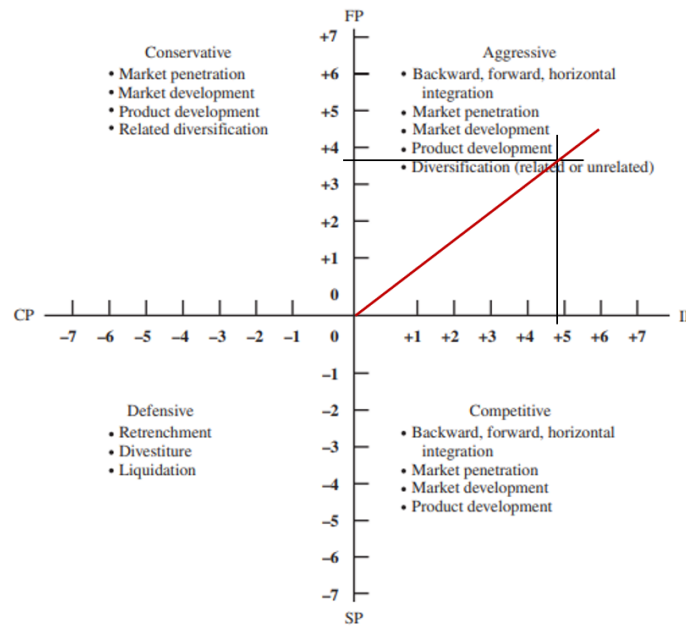
Tabel 5. SPACE Matrix

No	Variabel	Rating	No	Variabel	Rating
Internal Strategic Position					
Financial Position (FP)			Competitive Position (CP)		
1	Current ratio	7	1	Market share	-1
2	Debt to equity	7	2	Product quality	-1
3	Net income	5	3	Customer loyalty	-2
4	Revenue	6	4	Variety of products offered	-1
5	Inventory turnover	6	5	Control over suppliers and distributors	-2
FP Average		6,2	CP Average		-1,4
External Strategic Position					
Industry Position (IP)			Stability Position (SP)		
1	Growth potential	6	1	Rate of inflation	-3
2	Financial stability	7	2	Technological changes	-2
3	Ease of entry into market	7	3	Price elasticity of demand	-4
4	Resource utilization	6	4	Competitive pressure	-3
5	Profit potential	5	5	Barriers to entry into market	-1
IP Average		6,2	SP Average		-2,6

calculation SPACE Matrix

Sumbu X = (CP) + (IP) = 4,8

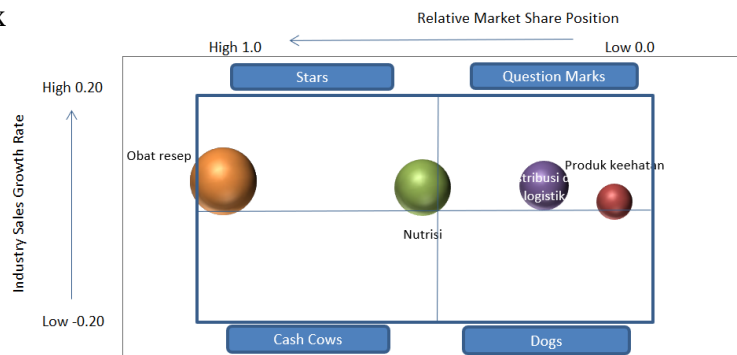
Sumbu Y = (FP) + (SP) = 3,6



picture 1. SPACE Matrix

The analysis results indicate that KLBF is in the aggressive quadrant, indicating a strong internal position and significant external opportunities. This indicates the company has the capacity to expand through integration (backward, forward, and horizontal), market penetration, market development, and product diversification.

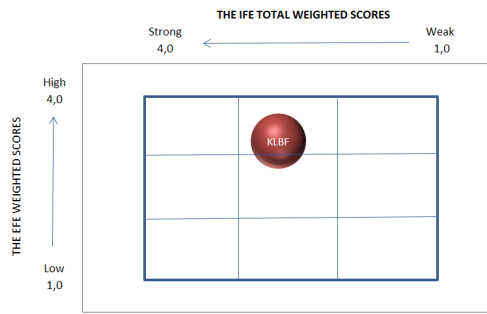
BCG Matrix



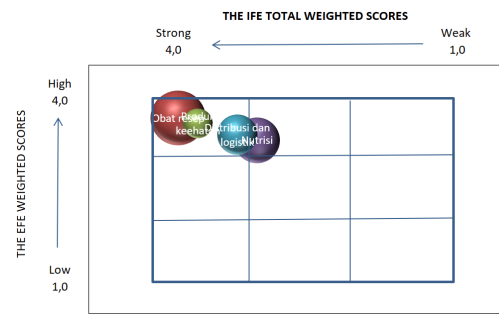
Picture 2. BCG Matrix

The analysis revealed that the prescription drugs and nutrition divisions are in the "stars" quadrant due to their moderate to high market share and relatively high market growth rates. These two divisions require investment priority to maintain their competitive advantage. Conversely, the healthcare products and distribution & logistics divisions are in the "question marks" quadrant due to their relatively small market share but relatively high market growth rates. Therefore, KLBF needs to evaluate whether to increase investment for market development or divestment.

IE Matrix



Picture 3. IE Matrix KLBF

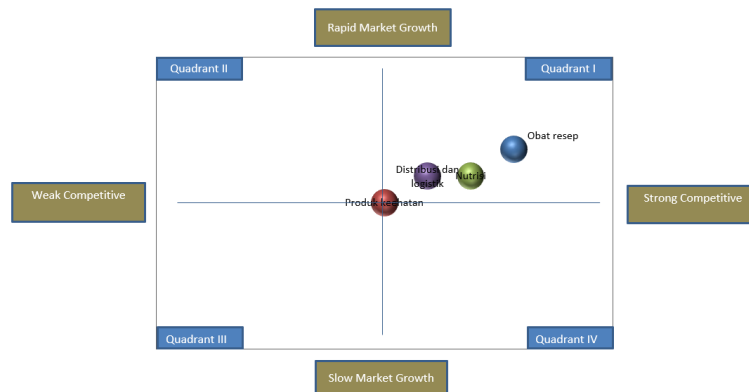


Picture 4. IE Matrix Divisi Usaha KLBF

Based on the total weighted score of 2.67 for the IFE matrix (X-axis) and 3.15 for the EFE matrix (Y-axis), KLBF's position in the IE matrix is in quadrant II (Figure 3). This indicates that KLBF can implement a grow and build strategy through integration (backward, forward, and horizontal), market penetration, market development, and product development.

When viewed individually, KLBF's four business divisions are located in quadrant I (Figure 4) due to their significant internal strengths and significant external opportunities, enabling them to implement a grow and build strategy through integration (backward, forward, and horizontal), market penetration, market development, and product development.

Grand Strategy Matrix



Gambar 5. Grand Strategy Matrix

Based on the Grand Strategy Matrix analysis, KLBF's four business divisions are found to be in quadrant I, with rapid market growth and a strong competitive position. These four business divisions have a dominant position with a large market share and rapid growth, enabling them to implement integration strategies (backward, forward, and horizontal), market penetration, market development, product development, and product diversification.

Overall, the matching stage results confirm that KLBF enjoys a strong competitive position with significant market opportunities. All analysis tools (SWOT, SPACE, BCG, IE, and Grand Strategy) provide consistent recommendations: an aggressive growth strategy. The primary focus is on product development, market development, and integration (backward, forward, and horizontal). Thus, KLBF has a strong foundation for continuing its long-term growth strategy while also addressing regulatory risks and price competition.

3. Decision stage

Tabel 6. results Matching Stage

Strategi	Matrix					
	SWOT	SPACE	BCG	IE	Grand strategy	Jumlah
Forward integration		✓	✓	✓	✓	4
Backward integration		✓	✓	✓	✓	4
Horizontal integration		✓	✓	✓	✓	4
Market development	✓	✓	✓	✓	✓	5
Product development	✓	✓	✓	✓	✓	5
Market penetration	✓	✓	✓	✓	✓	5
Related diversification		✓			✓	2
Unrelated diversification		✓			✓	2
Retrenchment						0
Divestiture			✓			1
Liquidation						0

The matching stage results indicate that the primary strategies are market development, product development, and market penetration. Of these, product development (PD) and market development (MD) were selected for further analysis using the QSPM because they were deemed most relevant in addressing KLBF's ESG risks.

Tabel 7. QSPM

No	Strengths	Weight	PD		MD	
			AS	TAS	AS	TAS
1	Extensive and integrated distribution network	0,12	3	0,36	4	0,48
2	Significant investment in R&D	0,11	4	0,44	3	0,33
3	Broad product portfolio to reach all segments of society	0,08	4	0,32	3	0,24
4	High efficiency with modern production facilities	0,06	3	0,18	2	0,12
5	Satisfactory digital services	0,06	3	0,18	4	0,24
No	Weaknesses	Weight	PD		MD	
			AS	TAS	AS	TAS
1	The export market contribution is relatively small.	0,14	2	0,28	4	0,56
2	There is no supply chain digitalization to improve logistics efficiency.	0,11	2	0,22	3	0,33
3	Limited development of premium products that can provide higher margins.	0,09	4	0,36	2	0,18
4	Revenue is dominated by low-margin generic drugs.	0,10	4	0,40	2	0,20
No	Opportunities	Weight	PD		MD	
			AS	TAS	AS	TAS
1	Indonesian government policies supporting the pharmaceutical and healthcare sectors	0,15	3	0,45	4	0,60
2	Post-COVID-19 pandemic increases the need for healthcare services	0,13	4	0,52	4	0,52
3	Increased adoption of technology and digitalization	0,12	4	0,48	3	0,36
4	The pharmaceutical industry is in a growth phase in Indonesia	0,11	4	0,44	3	0,33
No	Threats	Weight	PD		MD	
			AS	TAS	AS	TAS

1	Changes in government regulations	0,15	3	0,45	2	0,30
2	KLBF relies on imported raw materials	0,12	2	0,24	2	0,24
3	Competitors are becoming more aggressive	0,12	3	0,36	3	0,36
4	People are turning to natural remedies	0,10	4	0,40	3	0,30
Total				6,08		5,69

*Catatan: AS = *attractiveness score*; TAS = *total attractiveness score*

The difference in scores indicates that the product development strategy has a higher level of attractiveness for implementation. The selection of the product development strategy as a priority aligns with KLBF's internal conditions, which include:

1. Strengths in R&D and modern production facilities, which support innovation of high-value-added products
2. Broad portfolio diversification, enabling the development of premium products to increase profit margins
3. Opportunities in the rapidly growing Indonesian pharmaceutical market, which will strengthen competitiveness

Meanwhile, the market development strategy remains relevant as a supporting strategy, particularly to expand international penetration and reduce dependence on the domestic market. However, due to its lower QSPM score, this strategy can be considered a secondary option after product development is effectively underway.

CONCLUSION

This research shows that PT Kalbe Farma, Tbk (KLBF) possesses significant internal strengths in the form of an extensive distribution network, substantial investment in research and development, and a diverse product portfolio. However, the company still faces several weaknesses such as limited international expansion, low levels of supply chain digitization, and high reliance on low-margin generic drugs. Externally, KLBF benefits from the growth of the pharmaceutical industry, increasing public awareness of health, and support from government regulations, although it also faces threats such as drug price regulations, dependence on imported raw materials, and intense competition from competitors.

The analysis results at the matching stage using SWOT, SPACE, BCG, IE, and the Grand Strategy Matrix consistently demonstrate that the company is in an aggressive growth position that allows for the implementation of product development, market development, market penetration, and vertical and horizontal integration strategies. Furthermore, the QSPM analysis results confirm that the product development strategy is the top priority with the highest attractiveness score, while the market development strategy is a supporting alternative. These findings confirm that focusing on high-value-added product innovation, particularly in the premium and specialty segments, is the most appropriate strategic step to increase competitiveness, improve profit margins, and simultaneously address the sustainability challenges faced by the company, including high ESG risks.

Based on the research findings, it is recommended that PT Kalbe Farma, Tbk (KLBF) prioritize innovation-based product development through research and cutting-edge technology to strengthen its competitive advantage and increase profitability. Furthermore, the company needs to expand its international market reach through strategic partnerships with distributors and healthcare institutions to reduce dependence on the domestic market. Strengthening supply chain digitalization and improving operational efficiency are also crucial to make the company more resilient in the face of regulatory pressures and fluctuating prices of imported raw materials. A more comprehensive implementation of ESG principles is also a crucial strategy for improving its reputation, enhancing sustainability, and supporting the company's long-term growth.

From an academic perspective, further research is recommended to utilize primary data through interviews or surveys with management and employees to gain a more in-depth perspective on strategy implementation. Comparative studies with other pharmaceutical companies, both in Indonesia and the ASEAN region, could also provide a more comprehensive understanding of the effectiveness of strategy formulation. Furthermore, future research could examine the impact of strategy implementation on financial and non-financial performance indicators, including ESG scores, product innovation, and customer satisfaction levels.

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