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The Role of Strategic Design of Decision Making and Appropriate Business Analysis For Organizations' Management on Business Sustainability and Development

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Abstrak

Penelitian ini bertujuan untuk menganalisis faktor-faktor yang menjadikan suatu kawasan menjadi kompetitif untuk pengembangan industri. Data diperoleh dari sensus ekonomi dan survei industri. Analisis menekankan pentingnya teori ilmiah dalam memahami perkembangan industri di perkotaan. Lokasi industri di perkotaan menawarkan akses terhadap infrastruktur dan layanan publik namun juga meningkatkan biaya produksi dan risiko konflik sosial. Faktor-faktor seperti geografi, infrastruktur transportasi, dan tenaga kerja menjadi aspek yang dapat memengaruhi daya saing industri. Saran dari penelitian adalah agar manajemen perusahaan dapat mempertimbangkan biaya transportasi, produksi, dan penjualan ketika memilih suatu lokasi.

Kata Kunci: Kompetitif, Industri, Infrastruktur, Lokasi

Abstract

This study aims to analyze the factors that make an area competitive for industrial development. Data are obtained from economic censuses and industrial surveys. The analysis emphasizes the importance of scientific theory in understanding industrial development in urban areas. Industrial locations in urban areas offer access to infrastructure and public services but also increase production costs and the risk of social conflict. Factors such as geography, transportation infrastructure, and labor are aspects that can affect industrial competitiveness. The suggestion from the study is that company management can consider transportation, production, and sales costs when choosing a location.

Keyword: Competitive, Industry, Infrastructure, Location

INTRODUCTION

Gaps in industrial development in metropolitan areas, despite similar characteristics, can be caused by a number of complex and diverse factors. Differences in regional development policies, accessibility and quality of infrastructure, availability of skilled labor, geographic and environmental factors, the presence of industrial clusters, and social and political factors all play an important role (Tannady & Sitorus, 2017). Regions that have policies that support investment, good transportation infrastructure, abundant natural resources, and a stable political environment may be better able to attract industrial investment and support the growth of the sector. By understanding these factors, governments and stakeholders can identify potential gaps and design appropriate policies to support inclusive and sustainable economic growth across metropolitan areas (Lubis & Pratama, 2022).

The phenomenon in which factors theoretically considered important in determining industrial location do not necessarily reflect actual investment or production patterns can be the subject of research in the fields of spatial economics and economic geography (Syah & Pratama, 2022). Although general concepts such as proximity to markets, infrastructure, skilled labor, and research and development centers are important in understanding industrial location, in reality there are strong differences across regions. The causes of these differences can be very diverse and may not be fully explained by the general factors already mentioned (Rahayu et al., 2018). Thus, while the general principles remain relevant, these additional factors also need to be considered to gain a more complete understanding of investment or industrial production patterns in a particular region. A dual perspective is often adopted in understanding this phenomenon. That is, while the theory provides a general framework for understanding the influence of location factors, a more in-depth analysis takes into account the specific variables and dynamics unique to each region. Thus,

this approach allows researchers to appreciate the complexity and diversity of factors influencing industrial location and design more relevant and effective policy strategies to promote sustainable economic development in different regions (Tannady & Filbert, 2018).

It is important to recognize that in the context of economic development at the local level, subjective and personal factors can play a significant role in determining interventions and decisions. While objective factors such as labor costs, qualifications, and tax advantages remain important, personal relationships and first-hand knowledge of local conditions also have a major influence (Widjaja et al., 2021). In a comprehensive theoretical framework, external economic theory and internal economic theory are often the main references. emphasizes the importance of economic externalities, where factors outside companies can influence their productivity and profits. On the other hand, it focuses on internal benefits for the company, including factors such as efficiency in supply chains and production networks (Rezeki et al., 2023). Through empirical studies, we can assess the extent to which these factors influence local economic development, including external effects that may arise from government interventions or certain policies. By understanding the relative contribution of various factors, we can design more effective and relevant policies to promote sustainable economic growth at the local level. It also takes into account the importance of specific actions of governments in influencing economic and industrial conditions at regional or national levels (Nuryanto et al., 2023).

Detecting external economic influences is to analyze the characteristics of the industrial location and related variables to determine the existence of these externalities. This involves defining the geography of potential externalities, which is a description of how external factors, such as market accessibility, infrastructure, or the presence of industrial clusters, may influence the performance of industries in a location. One important aspect of this analysis is the identification of industrial agglomerations and their types (Sagio et al., 2024). Industrial agglomeration refers to the concentration of certain companies or sectors in a certain area. This agglomeration is often related to sectoral specialization, where certain regions have comparative advantages in certain sectors (Tannady et al., 2023). The presence of strong industrial agglomerations can be an indication of externalities, where external factors, such as workforce skills or supply networks, play an important role in increasing the productivity and profits of companies in the region (Widjaja et al., 2021). However, in the context of analysis at the subnational level, there are challenges that must be overcome, including limited geographic information for the unit of analysis. Therefore, it is important to choose simple but relevant spatial analysis technical instruments, which can provide a deep understanding of regional economic dynamics without sacrificing unnecessary

complexity.

METHOD

In the industrial exploration phase in the Metropolitan Area, we will use economic census analysis and surveys to determine the location of industries as well as to understand their characteristics and trends. The data we obtain from the economic census and industrial surveys will form the basis of our analysis. Next, we will conduct an analysis of the industry characteristics in each location, including the dominant industry type, industry size, and other relevant factors. Additionally, we will also use linear regression models to explore industry trends in terms of growth, productivity, or other factors influencing the industry in the cities.

RESULT AND DISCUSSION

Scientific theories play an important role in interpreting and explaining empirical facts in the real world. Theory is needed to explain the patterns underlying observations about the world. However, it is important to remember that theories do not always provide definitive or final answers about observed phenomena. In the context of industrial analysis in metropolitan economies, it is important to recognize that no single theoretical approach can precisely describe all factors influencing industrial development. However, by using diverse theoretical approaches, we can gain a more comprehensive understanding of industrial dynamics in metropolitan contexts. Although it is impossible to reach definitive conclusions about the forces supporting industrial development, we can adopt an integrative idea based on the main values contained in the models studied. By considering various theories and approaches, we can construct a more complete picture of the factors that influence industrial growth and development in a metropolitan area. Thus, diverse theoretical approaches can help us deal with the complexity and diversity of economic phenomena and provide a solid basis for deeper analysis and a better understanding of industrial dynamics in the context of metropolitan economies.

Urban economic theory, economic geography, and space economics have several similarities that allow for good integration. Although each has a unique focus and approach, the concepts drawn from these theories can complement and strengthen each other, rather than exclude each other. With this integrative approach, we can combine concepts such as agglomeration economies and diseconomies, increasing internal profits, as well as state policy factors, to explain the role of regions in the development of industrial areas in the Metropolitan Region. By combining different approaches and concepts, we can have a more

comprehensive understanding of the economic dynamics of metropolitan areas and how interactions between various factors influence industrial development. This makes it possible to design more effective and sustainable policies to support inclusive and sustainable economic growth in the region.

In a business context, industrial locations in urban areas provide a number of advantages that have been identified as externalities and agglomeration economies. These benefits include easier access to public infrastructure and equipment, more complete public services, and the availability of an abundant and qualified workforce. However, it is important to remember that such externalities can also have negative impacts in the form of diseconomies. Diseconomies associated with locating industries in urban areas can include increased production costs, social conflict, real estate acquisition problems, environmental frictions, and adverse environmental impacts. Resolving these problems is often the responsibility of governments and public organizations, which must manage conflicts and reduce their negative impacts. On the other hand, industrial locations in urban areas often face their own challenges. Limited space, high land prices, traffic problems, and urban congestion are the main obstacles. In some cases, government policies can encourage the movement of industry to peripheral areas outside the city to overcome these problems. However, this phenomenon also creates new opportunities for the development of urban-related industrial sectors in new regions. Overall, locating industry in cities involves complex considerations of benefits and risks, as well as complex interactions between business, government, and society. It is important to adopt a sustainable and environmentally sound approach to ensure balanced and sustainable economic growth in urban areas.

A key element in the analysis of industrial development in urban or regional areas is the complex relationship between externalities and geographic space. The concept of economic externalities helps explain how industries in a region gain competitive advantage not only through low production costs but also through the quality of the resources available in the region. Factors such as transportation infrastructure, the availability of skilled labor, and affordable land play an important role in determining the quality of the region for industrial activities. In the context of metropolitan areas, competition to become service-oriented industrial centers plays a significant role. However, industry continues to have strong ties to the city, and their role in the economy should not be overlooked. Despite a reorientation in industrial specialization, with many cities turning to new sectors such as information and knowledge technology, biotechnology, and creative industries, the manufacturing sector remains an important part of the urban economy.

Industries look for optimal locations by paying attention to the compromise between transportation costs, production costs, and sales prices. As transportation costs decrease, there is more incentive to complete production through the market. Therefore, industrial companies tend to choose locations that allow them to distribute products quickly and efficiently to points of greatest demand, which is often also the choice for many other companies with similar considerations. where logistics costs tend to be high compared to developed countries and some of its direct competitors, and the land transportation system is already saturated, transportation infrastructure plays a crucial role in development. Problems such as congestion, saturation of urban land, and high electricity prices also affect industrial development, especially in areas with established industrial traditions. Apart from that, regulations that lead to the peripheralization of medium and large industries also influence industrial expansion trends. Therefore, industrial development trends tend to be promoted where better transport infrastructure and wider space availability are in accordance with statutory regulations. Taking these factors into consideration, industrial location selection becomes a complex strategic decision where companies must consider a variety of economic, logistical, and regulatory considerations to ensure operational success and long-term profitability.

Some strategies can be unrelated to territory, such as innovation strategies, improving product quality, or specializing in certain markets. On the other hand, there are strategies that are more related to territory, both offensive and defensive. An offensive strategy could involve opening new factories in areas with better conditions or relocating existing factories to more strategic locations. In this case, this area is considered a strategic instrument that can support the company's operational growth and efficiency. To become a strategic instrument, the region must have good transportation infrastructure, the availability of skilled and specialized labor, and a minimum of diseconomies such as traffic jams or high land prices. In addition, there are also defensive strategies that involve reducing personnel or reducing the quality of inputs. However, the use of this strategy may not always be directly related to regional factors but rather to market conditions or company finances. By considering these strategies, companies can maximize operational efficiency and optimize their profits while taking into account external factors such as the conditions of the regions where they operate.

These strategies can be observed in two different realities, depending on the industry scale and geographical location. Large industries located in metropolitan areas and small industries also located in these areas, which may have a strong industrial tradition or be located in industrial areas, tend to concentrate on spaces that meet the various strategic

qualities required. On the other hand, small industries operating in more planned industrial areas may focus more on the availability of affordable land, basic infrastructure support, and perhaps also easy access to local markets. They may gravitate more towards areas that may have lower operating costs or a friendlier environment for small businesses. In both cases, location strategy is influenced by the needs and goals of each company but takes into account the qualities relevant to their operational success and business growth.

However, transport infrastructure not only provides advantages in accessibility but also in travel time. Distance is no longer measured in kilometers, but in time. Thus, the efficiency and speed of transportation are important factors in improving the quality of life, productivity, and capabilities of a metropolitan area. With good transportation infrastructure, it can increase productivity and competitiveness, reduce air and water pollution, increase public awareness and sense of community, and encourage economic growth and development. Therefore, it should be noted that travel time is a more important factor than distance in developing cities.

CONCLUSION

The integration of urban economic theory, economic geography, and space economics allows a better understanding of industrial development through the concepts of agglomeration economics, internal profits, and state policy. Industrial locations in urban areas offer benefits such as access to infrastructure and public services, but they also carry risks such as increased production costs and social conflicts that need to be managed by the government. Challenges such as limited space and traffic congestion can be overcome through policies that encourage the movement of industry to peripheral areas. Externalities and geography influence an industry's competitive advantage, with factors such as transportation infrastructure and a skilled workforce playing an important role. Certain industrial sectors dominate metropolitan areas, with manufacturing remaining important despite the shift to new sectors. Efficient transportation infrastructure improves the quality of life, productivity, and capabilities of metropolitan areas, with travel time being an important factor.

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