

Research Article

# Turnaround Strategy For Declining Trade Finance Transactions: A Dual Approach Using Kepner-TREGOE Analysis and Resource-based View Theory

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**Abstract:** *The increasingly borderless export-import and trade transactions in Indonesia is a testament to the growing segment of customers requiring trade financing and entities in Indonesia that conduct trade transactions both domestically and internationally. This research examines the causes of declining performance in trade finance transactions at one of Indonesia's leading State-Owned Banks using the Kepner-Tregoe (KT) Method in conjunction with Resource-Based View VRIO (Valuable, Rare, Inimitable, Organized) Analysis to determine internal issues with resources of the firm that will become the key drivers for the formulation of strategies in the KT Decision Analysis not only to generate solutions for the trade finance business problem at the company, but also take into account the available resources of the firm that promotes Sustained Competitive Advantage (SCA). The research concludes that the situation and circumstances concerning the company's continuous decline in Fee-Based Income from trade finance transactions stem from a combination of several factors, including a lack of trade finance information system integration, management's focus, organisational misguidance, and trade knowledge barriers. Meanwhile, the firm's sustainable competitive advantages lie in its network of correspondent banks, international branches and brand equity that still resonates with customers, especially in terms of its international banking transactions capabilities.*

**Keywords:** *Kepner-Tregoe Analysis, Performance Management, Resource-Based View, Sustained Competitive Advantage, Trade Finance, VRIO Framework.*

## I. INTRODUCTION

Trade has been around since the dawn of civilization. It constitutes the action of buying and selling goods and services between buyers and sellers. The concept of comparative advantages between one country and the next is what drives the business of international trade to flourish. For Indonesia, the trade finance outlook remains a positive one. According to Indonesia's Central Bureau of Statistics (*Badan Pusat Statistik*, 2025), Indonesia has recorded a trade surplus from January to May of 2025, with exports totaling USD 111.98 billion, compared to imports of USD 96.60 billion. This surplus is an increase of USD 2.32 billion compared to the same period last year, and marks the 61st consecutive monthly trade balance surplus that Indonesia has been experiencing since May of 2020. This growth is mainly driven by the manufacturing sector, which recorded exports worth USD 88.60 billion—an increase of 16.53% from the year prior. Several other leading commodities also continued to show strong performance, such as exports of iron and steel that rose 11.02% to USD 11.61 billion and exports of crude palm oil (CPO) and its derivatives also surged as much as 27.89% to USD 8.90 billion. Indonesia's main export destinations were China, the United States, and India, which collectively contributed as much as 41.17% of the total generated from non-oil exports. China remained the largest export market for Indonesia with a value of USD 24.25 billion (22.87%), followed by the United States at USD 12.11 billion (11.42%), and India at USD 7.28 billion (6.87%). Exports to China were dominated by iron and steel, mineral fuels, and nickel products; meanwhile, exports to the United States consisted mainly of the manufacturing industry, footwear, and garments; and exports to India were primarily coal, CPO, and iron and steel. As of May 2025, Indonesia's exports stood at USD 24.61 billion, rising 9.68% compared to May 2024. All these points point towards a bright future for trade finance transactions in Indonesia.

Banks have always been a crucial player in these trade transactions, providing services and tools to ensure the process of trade between buyers and sellers, both domestically and globally, happens smoothly, securely, and as efficiently as possible. These trade finance transactions include products and services such as Letter of Credit (L/C), Bank Guarantees, Standby Letter of Credit (SBLC), Documentary Collections, Bill Collection Financing, Open Account Financing, Export Financing and Loans, Supply Chain Financing, just to name a few. One of Indonesia's largest state-owned banks that offers such trade finance services is "PT. Indonesia Global Bank (IGB)" (actual name masked due to the sensitive nature of the data used in the research).



At the end of 2024, IGB holds a 14.67% market share of trade finance business in Indonesia and despite holding its position as the second largest market share of banks in Indonesia that facilitates trade finance transactions, IGB's market share position has been stagnant—hovering around the 14% mark since 2019 meanwhile other banks have been increasing their market share roughly 2% annually and will soon takeover IGB's spot in second place. The positive market outlook conditions of trade finance transactions do not seem to translate to positive growth of trade finance-related business for IGB. Its Fee-Based Income generated from trade finance transactions is on a continuous declining trend Year-over-Year since 2021, starting off with -6.44% in 2022, -24.62% in 2023 and ended the fiscal year of 2024 with -14.29%.

An outlook of trade finance industry in Indonesia recently analyzed by a reputable consulting firm of IGB based on data provided by the Central Bank of Indonesia, puts IGB at an even more compromising position because there is currently an increasing trend in open account trade, supply chain financing, and also in the growth rate of trade customers in certain segments that conducts trade finance transactions in Indonesia. For example, trade transactions conducted by Small and Medium-sized Enterprises are expected to grow at a compound annual growth rate (CAGR) of 10% from 2023 to 2028. Supply Chain Financing trade services are also expected to grow at a 10% CAGR from 2023 to 2028. This indicates that the export-import activities and trade market in Indonesia are flourishing and conducive for banks, which provides an excellent opportunity for IGB to resolve its trade finance business issue and pool its resources to capitalize on the growth of trade finance business in Indonesia. If IGB is not able to correct its current issue of trade finance performance, it may miss the opportunity to capitalize and “ride the wave” of this growing industry. This outlook corroborates what is currently viewed of the trade finance industry in Indonesia, illustrated by Porter's Five Forces Model below, which indicates that the profitability potential of Indonesia's trade finance industry is still considered moderate to high.

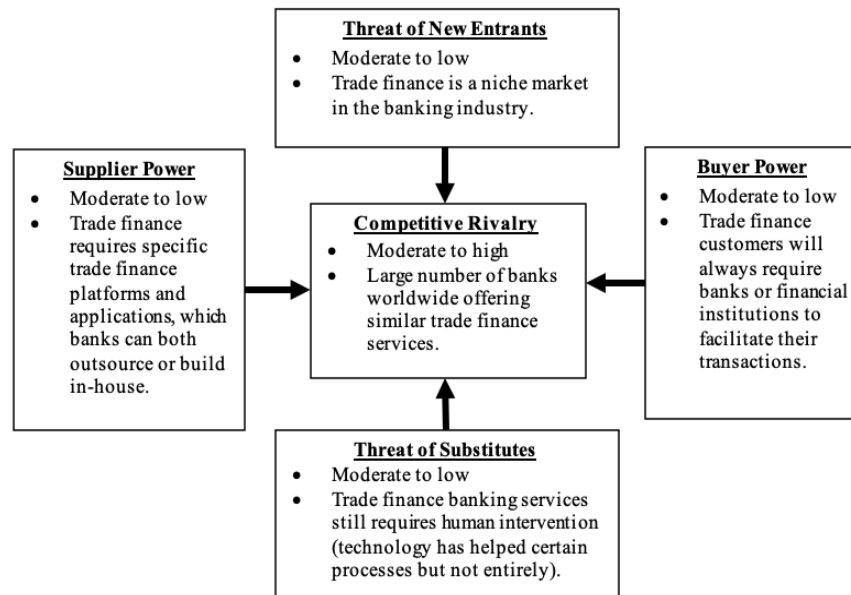


Figure 1 Porter's Five Forces (Author, 2025)

## II. LITERATURE REVIEW

To gain a deeper understanding of the IGB's trade finance business and operations, and discover what inherently is causing the decline in IGB's trade finance performance, an analysis of its resources and capabilities in terms of trade finance is necessary to reveal the root cause of the matter. And since trade finance is inherently international, involving many parties and stakeholders in its day-to-day operations, a thorough systematic method is required to comb through the many layers involved in trade finance services.

From the historical data on trade finance performance at PT. Indonesia Global Bank, the causality of business issues affecting trade finance performance is not seen in plain sight. Especially considering IGB is still one of the market leaders in this field, and many still look up to IGB in terms of how IGB conducts its international banking transactions. Kepner and Tregoe (1981) state that “a performance standard is achieved when all conditions required for acceptable performance are operating as they should. This is true for everything in the work environment: people, systems, departments, and pieces of equipment.” And that changes or alterations made to any one or more of these conditions may also alter the company's performance. If the outcome is an unexpected decline in performance, the more serious the effect of the decline, the more

pressure there is to find the cause and resolution. The visualization of the structure of a problem according to Kepner and Tregoe is as follows.

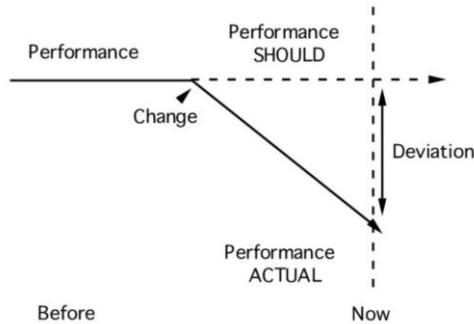


Figure 2. Structure of a Problem (Kepner & Tregoe, 1981, p.37)

#### A) Barney's Resourced-Based View (RBV) – VRIO Framework

In order to improve IGB's trade finance performance, a Resourced-Based View (RBV) application is necessary. There are many applications of resource-based analysis, but one application that is often used to gain insight for companies to achieve a level of Sustained Competitive Advantage (SCA) is through the VRIO Framework. This framework assesses the resources available at IGB's disposal that set it apart from other banks in Indonesia in terms of trade finance capabilities. These resources are the determinants of the firm's performance (Barney, 1991) and can provide IGB with the competitive advantage it so desperately needs. Once identified, these resources need to be categorized to determine whether or not IGB has utilized them to their full potential in their day-to-day trade finance operations.

The two critical assumptions of RBV are that resources must also be heterogeneous and immobile. If organizations had the same amount and mix of resources, no matter the different strategies employed, they could not outcompete each other (Barney, 1991). What one company would do, the other could simply follow, and a competitive advantage could not be achieved in this case. This is what is called the perfect competition scenario, yet the real-world markets, especially in the trade finance industry, are far from perfectly competitive, even if they are exposed to the same external and competitive forces. Therefore, RBV assumes that companies achieve competitive advantage by using their different bundles of resources. Developments in RBV and the notion of dynamic capabilities explore the nature and durability of such resources of competitive advantages because certain corporate capabilities are more susceptible to imitation than others (Bowman et al., 2002).

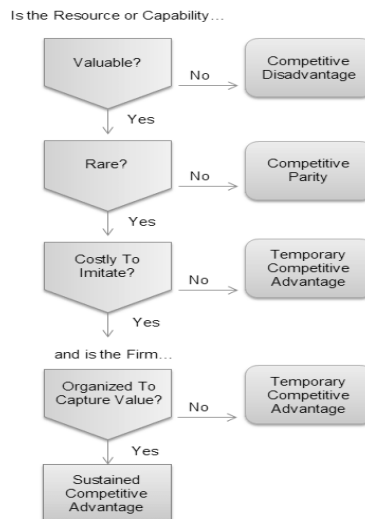
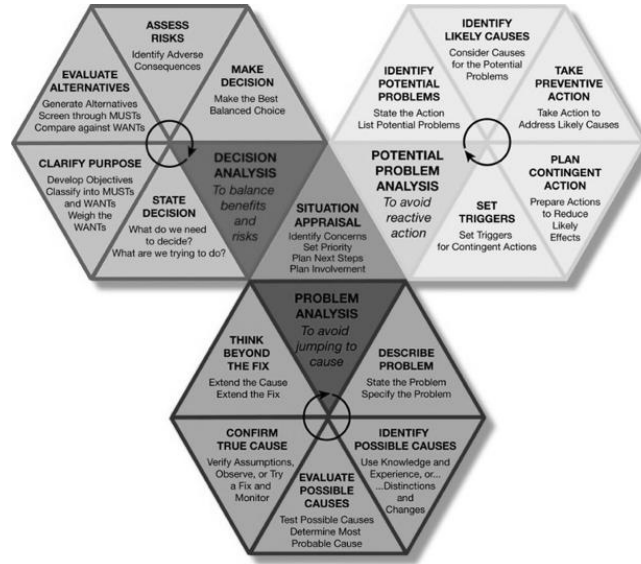


Figure 3. VRIO Framework (Rothaermel's Strategic Management, 2013, p.91)

#### B) Kepner-Tregoe (KT) Method

However, RBV's VRIO framework applicability is often too limited (Kraaijenbrink, 2009) and often faces the

challenges of inaccurately identifying and evaluating a firm's resources, especially when dealing with dynamic issues such as trade finance, involving multiple stakeholders and often cross-border transactions. Therefore, another systematic method in problem-solving and decision-making is necessary to complete the assessment of IGB and its business issue, and that is the Kepner-Tregoe (KT) Method introduced by Charles H. Kepner and Benjamin B. Tregoe in the 1950s, which consists of 4 (four) different processes as follows.



**Figure 4. Kepner-Tregoe 4 Rational Processes**

Not every situation will require each of the 4 processes above. For example, sometimes understanding the root cause (Problem Analysis) is not necessary for decision making (Decision Analysis) – “one does not need to know why the fire started to work out the best way of tackling it.” In this case, understanding “why” takes place after the fire is out. Each process in the four patterns of thinking described by Kepner and Tregoe is intentionally distinct, and there is no implied sequence. For understanding the trade finance performance issues at PT. Indonesia Global Bank and deciding on the best course of action, the processes used will be the Situation Appraisal (SA), Problem Analysis (PA), and Decision Analysis (DA). The KT Potential Problem Analysis (PPA) is excluded as it is deemed unnecessary to carry out in this research because the objective is to uncover strategies to resolve the current issue of declining trade finance performance and not to analyze potential problems or future risks from the outcome of the implementation of a particular strategy by IGB.

The resources identified using Barney's RBV VRIO framework will become the key drivers for the KT Decision Analysis (DA) to focus the analysis on matters (resources) that are most impactful (meaningful) in solving IGB's business issue. This also helps concentrate on the specific resource(s) to address, alleviating the time-consuming nature of the Kepner-Tregoe analysis process, as its effectiveness often relies heavily on the comprehensive gathering of data related to the problem at hand. An evaluation of IGB's Strengths, Weaknesses, Opportunities, and Threats is also necessary to yield strategic insights into the current situation faced by IGB. Koch (2000) noted that a company's SWOT needs to be actionable in order to be more effective. This is where highlighting key resources to address from the VRIO analysis comes into play because it will help determine the internal and external factors generated in the SWOT worksheet. According to Helms et al. (2010), SWOT is still a relevant and effective tool, especially if combined with other strategic planning tools, which is why a TOWS Matrix is necessary in the final step, as it entails aligning the strengths identified in the VRIO Analysis with the opportunities identified in the KT Analysis (SA + PA). Overall, it serves to provide a situational analysis of the company (Wehrich, 1982) and complete the Kepner-Tregoe Decision Analysis process.

The existing literature in the field of performance measures, specifically trade finance performance, is generally concerned only with external factors rather than the internal capabilities or resources of the firm. This is understandable because trade finance is inherently international, dealing with numerous external factors such as compliance, sanctions, cross-border payments, and ultimately, the varying risks associated with different types of trade transactions and parties involved. Hence, theories in trade finance performance are always linked to analysis of factors outside of the company, such as the criteria of the parties involved in the trade transactions, the evolving trend in technology, such as blockchain and its implications towards trade finance, global trade policy repercussions and shifts in the trade customer behavior. This research, however, aims to gain a perspective looking inward, examining the situation at IGB and discovering what is internally causing

the problem of its trade finance performance, and ultimately evaluating the alternatives available based on the resources and capabilities of IGB that can both resolve the declining trend in performance and help IGB gain a sustainable competitive advantage in the trade finance industry.

### C) Conceptual Framework

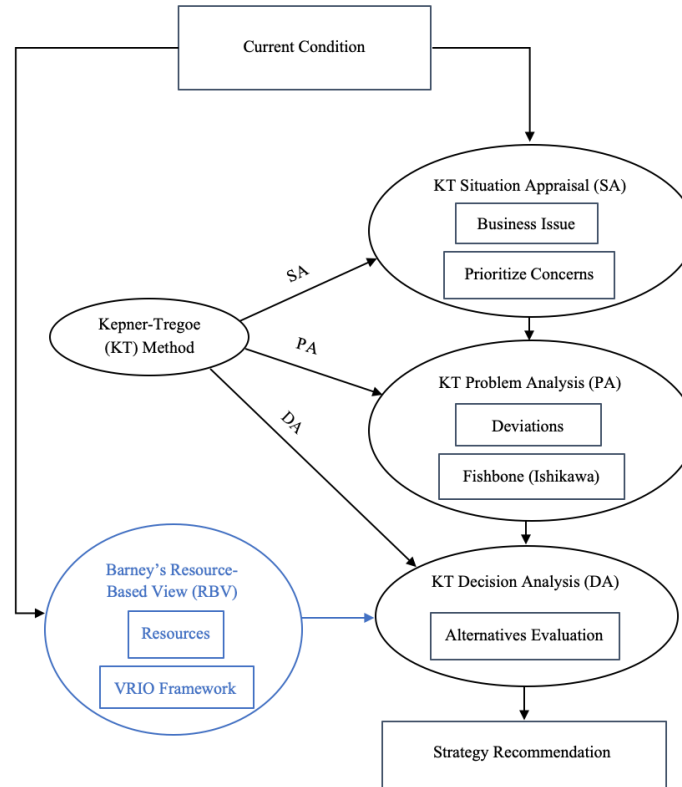


Figure 5. Conceptual Framework (Author, 2025)

The conceptual framework presented in this research outlines the strategic decision-making formulation for IGB to turn around the declining trade finance fee-based income trend that the bank has been experiencing for the past 4 years. There are two sides to the analysis of IGB's current condition. One, using the KT Method; and two, using the VRIO Framework. The VRIO Analysis will determine IGB's resources and capabilities that are valuable, rare, inimitable, and well-organized to sustain competitive advantage (SCA). The KT Method (SA & PA) will determine the situation and root cause of the business issue at IGB. Both results are combined in the KT Decision Analysis (DA) to ensure that strategies formulated can resolve both the root cause of the problem of declining trade finance performance, as well as resolve any addressed resources with gaps discovered in the VRIO findings. This dual approach combines the best of both methods. First, VRIO will help identify both the strengths and gaps found in IGB's key internal resources. Second, KT DA will provide solutions on how to best improve those resources while also addressing the root cause(s) of the business issue of trade finance decline at IGB. It will also ensure that the strategies generated will take into consideration the resources available at IGB's disposal to achieve sustainable competitive advantage.

## III. RESULTS AND DISCUSSION

### A) Kepner-Tregoe Analysis

#### a. Situation Appraisal

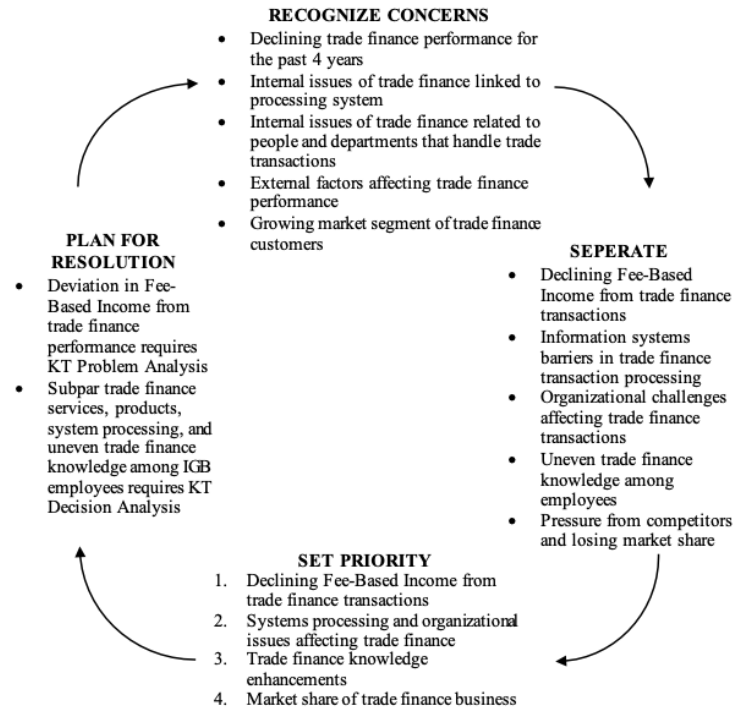
Kepner-Tregoe's Situation Appraisal consists of *evaluative techniques* that will dictate the next rational *analytical techniques* to be done in the Kepner-Tregoe process. The raw qualitative data extracted from interviews and questionnaires are logged and coded based on recurring themes and the number of times that a specific idea is mentioned by the respondents, who consist of internal stakeholders of PT. Indonesia Global Bank has been affected by trade finance transactions at the company for the past 4 years.

#### Concerns

Declining Fee-Based Income (FBI) generated from trade finance transactions	Internal issues linked to the trade finance processing system	Organizational challenges affecting trade finance	Uneven trade finance knowledge among employees	External factors affecting trade finance performance	Growing market segment of trade finance customers
High # of mentions					Low # of mentions

**Table 1. KT Situation Appraisal Coding Results (Author, 2025)**

Only after recognizing the above concerns, separating and prioritized them according to the seriousness of impact towards IGB's business issue, can the situation become clear as to what IGB needs to address first and what the next rational analytical step would be. The stages of situational appraisal can be seen below.



**Figure 6. Situation Appraisal for IGB (Author, 2025)**

## b. Problem Analysis

As mentioned by Kepner and Tregoe (1981), the Problem Analysis provides what is needed to explain any situation in which an expected level of performance is not being achieved and in which the cause of the unacceptable performance is unknown—in this case, PT. Indonesia Global Bank's continuous decline in fee-based income from trade finance for the past 4 years. The information gathered regarding IGB's trade finance business conditions is used to identify deviations in IGB's trade finance performance. These deviations may appear in the performance of people, or the performance of systems, policies, equipment or supporting systems—basically anything in the trade finance work environment that may deviate from expected performance with no known cause. From the data gathered through the questions related to the problem analysis, the description and details of the problem can be divided into the following four dimensions.

Qualitative Results	Dimensions
Internal rigid process lacking flexibility	IDENTITY
Silos between departments are causing inefficiency	
Constant efforts are needed to meet complex compliance requirements	
Issues in trade finance operating procedures	LOCATION
Barriers found in internal communications	
Uneven trade finance knowledge and capabilities among employees	
Limited interconnectedness of the IT support system for trade transactions	

Frequent occurrence of trade finance issues occurrence	TIMING
Issues during system/process updates, and the early stages of implementing a new policy	
Frequent occurrence of issues in trade finance processing involving various units	
FBI from trade transactions is declining -32.4% YoY	MAGNITUDE
Trade finance performance declining 20% QoQ	

**Table 2. The Dimensions of IGB's Problem (Author, 2025)**

Since the definition of the problem has been clarified through the Situation Appraisal, the Deviation Statement for IGB's business issue is clear, and that is "The continuous decline in Fee-Based Income generated from trade finance transactions." The extraction of key information in the problem's four dimensions to generate possible causes can be seen in the problem analysis worksheet below.

<b>Deviation Statement: Continuous Decline in Fee-Based Income from Trade Finance Transactions</b>
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	<b>SPECIFYING QUESTIONS</b>	<b>PERFORMANCE DEVIATION</b>	<b>CLOSEST LOGICAL COMPARISON</b>	<b>WHAT IS DISTINCTIVE ABOUT...</b>	<b>DOES THE DISTINCTION SUGGEST CHANGE?</b>
<b>IDENTITY</b>	WHAT is the unit that indicates a decline in trade finance performance?	IS the business units/departments generating trade transactions	COULD BE but IS NOT Banking Operations	Banking Trade Operations processes trade transactions, SBUs such as Wholesale Dept. generates trade business.	Operations and trade processing currently as a supporting unit with no role in generating business.
	WHAT is declining in trade finance performance?	IS decline of Fee-Based Income (FBI) YoY from Trade Finance	COULD BE but IS NOT Fee-Based Income from Cash Management transactions	Trade finance relates to export-import transactions; the others do not.	Export-Import and trade finance market are growing. However, product specialists (trade finance employees) that previously handled trade transactions only, now must also sell Cash Management products.

<b>LOCATION</b>	WHERE do you see these issues occur that affect trade finance operations?	IS within departments generating trade finance business	COULD BE but IS NOT observed at the same departments handling other types of transactions besides trade	Employees involved in trade finance require certifications to understand international trade practices, others do not.	Knowledge of trade finance transactions concentrated to Head Office employees. Branches and remote areas are not a priority since trade finance transactions processing is centralized.
		IS systems supporting trade finance business	COULD BE but IS NOT systems accounting for trade finance transactions	Trade finance processing system already best in class. Other supporting systems such as limit monitoring is still manually done, trade sanctions review system is also not interconnected.	Trade finance processing and the supporting units involved have been the same for years. Constantly requires coordination efforts between departments. IT system that is able to integrate information related to trade finance processing is needed.
<b>TIMING</b>	WHEN are these issues observed?	IS observed since 2021	COULD BE but IS NOT observed prior to the pandemic (2020)	Before the pandemic, IGB was the market leader in trade finance for State-Owned Banks.	Market shifted and other banks adapted to digital processing while IGB continued business as usual.
	HOW OFTEN do these inefficiencies in trade finance operations occur at our bank?	IS prevalent during system updates, onboarding and implementation of new policy	COULD BE but IS NOT when handling trade financing processing. SLA is still same-day service for Trade Operations and their SLA currently down to 2.25 hours	Trade processing done by Banking Operations uses the best system. Issues of trade finance inefficiencies occur when coordination is needed between different business units (limit monitoring, compliance monitoring, credit line maintenance, etc.)	Silos between different departments/business units still causes inefficiencies and require constant coordination efforts to conduct trade finance business.
<b>MAGNITUDE</b>	WHAT is the extent of the decline in trade finance performance?	IS currently 32.4% YoY decline in FBI from trade transactions And 20% Quarter-over-Quarter in trade finance performance	COULD BE but IS NOT trade finance performance prior to 2020	Previously, Trade Finance Product Specialists focus solely on trade finance transactions, but currently must also handle cash management transactions.	This organizational change was done by moving the trade finance business unit from the International Division to the Wholesale Division.

**Table 3. IGB Problem Analysis Worksheet (Author, 2025)**

From the Problem Analysis Worksheet above, several possible causes of the Deviation Statement are generated. To confirm the true cause, the fishbone (Ishikawa) diagram is used as the final part of the KT Problem Analysis depicted below.



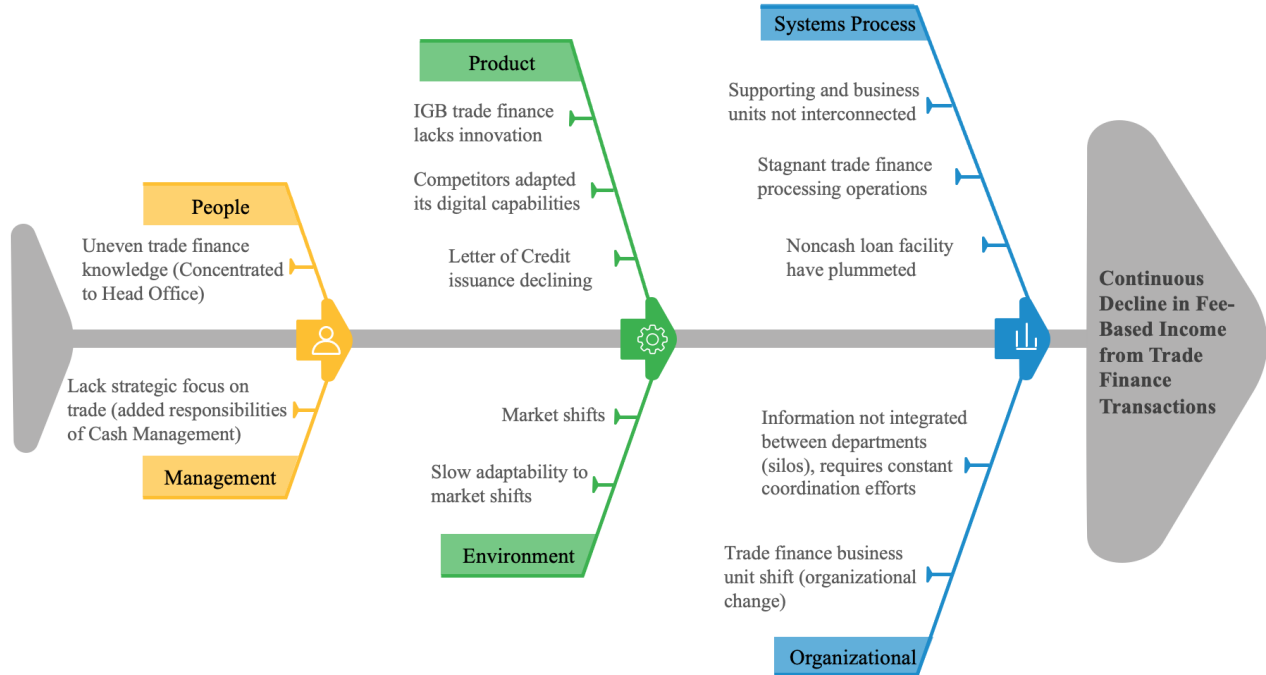


Figure 7. Fishbone (Ishikawa) Diagram (Author, 2025)

Direct Cause	Contributing Cause	Root Cause
<ul style="list-style-type: none"> <li>Letter of Credit (L/C) issuance declining</li> <li>Noncash Loan facility have plummeted</li> <li>Poor transaction volume performance</li> </ul>	<ul style="list-style-type: none"> <li>Stagnant trade finance processing operations</li> <li>Silos between departments that process trade transactions</li> <li>Market shifts and competitors increased digital capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Trade finance supporting and business units are not interconnected (information are not integrated and constant coordination efforts are required)</li> <li>Lack of management's focus on trade finance transactions (added responsibilities of Cash Management)</li> <li>Trade finance lacks innovation and slow adaptability to market shifts</li> <li>Uneven trade finance knowledge among employees (concentrated to Head Office)</li> </ul>

Table 4. IGB's Root Cause (Author, 2025)

### B) Resourced-Based View Analysis

Before understanding the return potential of any one of IGB's resources or capabilities in correcting the declining trend in fee-based income, the VRIO analysis is needed to understand the relationship and impact of these resources related to IGB's ability to sustain competitive advantage before continuing to the next and final step, which is the KT Decision Analysis. From the data gathered through the qualitative questions pertaining to IGB's internal resources, the following resources are highlighted by respondents to be considered valuable, rare, and inimitable.

Valuable	Rare	Inimitable
Strong transactional trade finance process capabilities	Global financial backup and support from the Head Office	Strong international accreditation
Strong capabilities of a handful of	Performance is supported by the	Strong national

people in trade finance	bank's brand resonance	accreditation
Vast trade finance network capabilities	-	Positive brand experience
Strong trade finance brand resonance	-	-
Strong internal compliance and policy adherence measures	-	-

Table 5. VRIO Qualitative Results (Author, 2025)

The impact of the resources and capabilities extracted above towards IGB's sustained competitive advantage is further analyzed to see if such resources are well organized by IGB to capture value and utilized to its full potential:

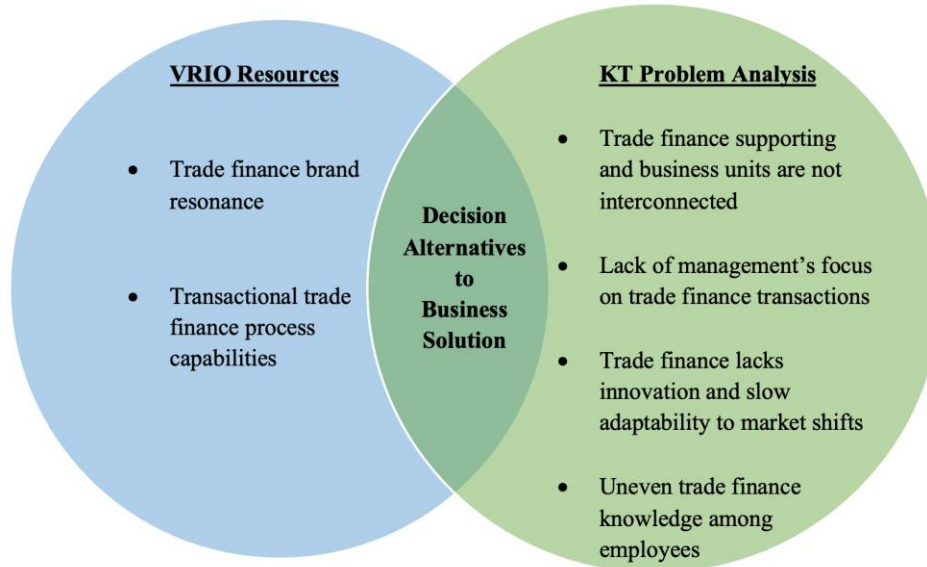
Resources or Capabilities	Valuable	Rare	Inimitable	Organized	Impact on Competitive Advantage
Extensive trade finance products and services	No	-	-	No	Weakness & Competitive Disadvantage
Transactional trade finance process capabilities	Yes	No	-	No	Strength & Competitive Parity
Internal compliance and policy adherence measures	Yes	No	-	Yes	Strength & Competitive Parity
Strong capabilities of a handful of people in trade finance	Yes	Yes	No	Yes	Strength & Temporary Competitive Advantage
Trade finance brand resonance	Yes	Yes	Yes	No	Strength & Unused Competitive Advantage
Vast trade finance network capabilities	Yes	Yes	Yes	Yes	Strength & Sustainable Competitive Advantage

Table 6. IGB's VRIO Framework (Author, 2025)

From the VRIO analysis results above, there are currently two resources of IGB that need to be addressed further, and these are its **transactional trade finance process capabilities** and **trade finance brand resonance**. These valuable resources are currently not organized by IGB and need to be analyzed further to see if it is connected to any contributing or root cause of the business issue identified earlier in the KT Problem Analysis. These resources will also be combined in the final KT Decision Analysis to ensure that the alternatives generated will address any gaps in the organization of these two resources.

### C) Kepner-Tregoe Decision Analysis

All prior work leading up to this point is essential to formulate the best possible strategic decision for PT. Indonesia Global Bank to decide on a course of action. First, from the KT Problem Analysis, there are 4 (four) root causes identified as causing the continuous decline in fee-based income from trade finance transactions. Second, from the VRIO analysis, there are 2 (two) valuable company resources identified that are currently not organized by IGB. This Kepner-Tregoe Decision Analysis stage is aimed at presenting all possible alternatives that can correct the root causes of the underlying business issue of declining trade finance performance and address the misorganization of valuable resources at IGB, while also taking into consideration IGB's resources and capabilities that can create sustainable competitive advantage for IGB in terms of trade finance performance.



**Figure 8. KT-VRIO Relationship (Author, 2025)**

From the KT-VRIO Relationship Venn Diagram above, there are underlying relationships between the unorganized resources from the VRIO Analysis that coincide with the root causes generated from the KT Problem Analysis, and those relationships are:

- a. The inorganization of IGB's trade finance brand resonance is caused by factors relating to the lack of management's focus on trade finance transactions and the lack of innovation surrounding trade finance, caused also by market shifts, which IGB is slow to adapt to.
- b. The inorganization of IGB's transactional trade finance processing capabilities is unorganized due to the unintegrated system between trade supporting and business units, IGB's slow adaptability to market shifts and low innovation, combined with uneven trade finance knowledge among its employees.

These underlying relationships indicate that valuable trade finance resources at IGB are not capturing potential due to the company's weak organization of these resources. Hence, in the KT Decision Analysis, the purpose will be to evaluate different solutions for strengthening the "Organized" aspect of the VRIO framework. This may include improvements made in the SOPs of trade finance processing, improvements in IGB's organizational structure through the use of KPIs, or developments made in its trade finance information systems integration.

Must Objectives	Develop Trade Finance Information Systems Integration	Go / No Go	Organizational Alignment through Trade Finance KPIs	Go / No Go	SOPs Improvements in Trade Finance Business Workflow	Go / No Go
Reverse declining trend in Fee-Based Income from trade finance	Yes	Go	Yes	Go	Yes	Go
Increase trade finance business	Yes	Go	Yes	Go	Yes	Go
Enhance trade finance business productivity	Yes	Go	Yes	Go	Yes	Go
Want Objectives	Develop Trade Finance Information Systems Integration	Score	Organizational Alignment through Trade Finance KPIs	Score	SOPs Improvements in Trade Finance Business Workflow	Score
Immediate implementation	Requires time in development and rollout phases	Medium	Possible	High	Possible	High
Low cost to implement	Very costly	Low	Low cost to implement	High	Low cost to implement	High

**Table 7. Decision Analysis Worksheet (Author, 2025)**

#### D) Business Solution

Results from the Decision Analysis indicate that out of the many alternative strategies that IGB can decide to move forward with to reverse the trend of declining FBI from trade finance transactions, address the inefficiency of its resources and at the same time leverage its resources to boost trade finance performance and provide IGB with a sustained competitive advantage, is through:

Rank 1 <sup>st</sup>	<ul style="list-style-type: none"> <li>Organizational Alignment through the implementation of Trade Finance KPIs across all business units and supporting units, so all departments at IGB involved in trade finance business have the same common goal.</li> <li>Fulfill all “Must Objectives” and can be immediately implemented with a low cost of adoption.</li> </ul>
Rank 2 <sup>nd</sup>	<ul style="list-style-type: none"> <li>Standard Operating Procedures improvements in Trade Finance Business Workflow that can reduce redundancies of multiple tasks involved in trade finance processing.</li> <li>Fulfill all “Must Objectives” and is relatively quick to implement with a low cost of adoption.</li> </ul>
Rank 3 <sup>rd</sup>	<ul style="list-style-type: none"> <li>Develop Trade Finance Information Systems Integrations that can interconnect all business and supporting units under one, sharing knowledge of information related to trade customers, trade facilities, compliance and sanctions monitoring.</li> <li>Fulfill all “Must Objectives” but requires long-term development and a large amount of capital to complete.</li> </ul>

Another additional tool for strategy formulation that takes into consideration the company’s strengths and weaknesses as well as opportunities and threats from external factors is the TOWS Analysis. From the primary data collection, there were additional data that support findings of IGB’s Strengths, Weaknesses, Opportunities and Threats (SWOT) based on the high number of mentions by the respondents.

The following TOWS Matrix strategies formulation is a reflection of the combination of valuable resources from the VRIO Analysis addressed beforehand combined with results from prior KT Analysis so that they encompass all available strategies IGB can best pursue that can address both the internal inorganization affecting resources at IGB and resolve the root cause using resources that enhance IBG’s sustained competitive advantage.

<div style="text-align: center;"> <p><b>Internal</b></p>    <p><b>External</b></p> </div>	<u><b>Strengths (S)</b></u> <i>S1</i> Strong Transactional Capabilities <i>S2</i> Strong Trade Finance Resonance <i>S3</i> Vast Trade Finance Network <i>S4</i> Trade Certified Employees	<u><b>Weaknesses (W)</b></u> <i>W1</i> Unorganized Resources <i>W2</i> Lack of Management's Focus <i>W3</i> Slow Adaptability to Change <i>W4</i> Limitation in information system integration <i>W5</i> Uneven Trade Knowledge
	<u><b>Opportunities (O)</b></u> <i>O1</i> Digital Transformation and Innovation in Trade <i>O2</i> Growing Trade Finance Market in Indonesia <i>O3</i> Business Matching Opportunities	<u><b>WO Strategies</b></u> <i>W1W3W4O1</i> Trade System Integrations Initiative <i>W1W2O1</i> SOPs Enhancements <i>W2W3O2O3</i> Realigning Trade Finance KPIs
<u><b>Threats (T)</b></u> <i>T1</i> Increasing Competition <i>T2</i> Trade Finance Market Volatility <i>T3</i> Regulatory Changes <i>T4</i> Customer Expectation Shifts	<u><b>ST Strategies</b></u> <i>S2S4T1</i> Strengthen Trade Finance Channels <i>S1S4</i> Enhance Regulatory Compliance Efforts <i>S3S4T1T4</i> Innovate Trade Business Models	<u><b>WT Strategies</b></u> <i>W3T1</i> Increase Marketing Efforts <i>W3T3</i> Continuous Compliance Measures Enhancements <i>W3W4T2T4</i> Trade Finance Service Diversification

**Figure 9. IGB's TOWS Matrix (Author, 2025)**

## IV. CONCLUSION

### A) Conclusion

The objective of this research is to understand IGB's resources and capabilities in terms of trade finance service and to uncover possible strategies to implement and rectify the business issue in trade finance performance affecting IGB. Based on the analysis conducted, the following conclusions can be drawn:

- The root cause of declining trade finance performance Year-over-Year for IGB is systemic and a result of trade finance supporting and business units that are not interconnected, resulting in prolonged information and coordination between departments involved in trade finance processing. This includes coordination with business units for trade finance limit monitoring, trade finance compliance reviews, sanctions monitoring, branches dealing with client documentations and other information necessary derived from supporting units that require an integrated trade information system to eliminate the communication barriers between departments involved in these trade finance transactions. This situation is further worsened due to the lack of management's focus on trade finance transactions, which causes trade finance market share to be stagnant and lacking in innovation as a result of slow adaptability to market shifts. And despite IGB having resources of a small number of employees who are certified in trade finance transactions, they are only concentrated at IGB's Head Office, so there is uneven trade finance knowledge among employees companywide at IGB. In Addition to the above root causes, IGB's resources in trade finance transactional capabilities and trade finance brand resonance are also unorganized to capture its full potential in value.
- The resources identified in the VRIO Framework Analysis indicate that the leading resources that are difficult for competitors to imitate are IGB's vast trade finance network capabilities (Overseas Branches and Correspondent Banks) and its strong trade finance brand resonance both domestically and internationally. Establishing branches overseas requires a large amount of capital as well as capabilities relating to the legal permit of establishing a branch and the compliance requirements that differ from one country to another. Although IGB's Overseas Branches and large network of Correspondent Banks are well organized, it should further be used to IGB's advantage to capture potential markets of trade finance business where IGB's branches are located and be given the necessary tools and enablers to do so as opposed to being passive in IGB's trade finance business—waiting on Head Office to feed deals and customers that require trade financing using the low cost of funds available at these Overseas Branches. IGB's strong trade finance brand resonance and strong reputation both internationally and domestically also do not happen overnight, but over a long period of providing excellent trade finance services and maintaining presence through

relationships with clients and stakeholders. Unfortunately, this resource is not organized by IGB to its full potential, along with IGB's resources in trade finance transactional capabilities. Further strategic steps, such as improvements in IGB's organizational structure through the use of trade finance KPIs, enhancing SOPs in trade finance processing, and developments made in IGB's trade finance information systems integration, are necessary for these resources to be organized by IGB to capture value.

- In terms of which strategy IGB needs to implement moving forward, organizational alignment through the implementation of Trade Finance KPIs across all business units and supporting units is necessary for all departments at IGB involved in trade finance business, so they have the same common goal. Its relatively quick implementation and low cost of adoption make it the best option to repair and boost trade finance operations.

The next business-level strategy that IGB ought to implement is to enhance Standard Operating Procedures (SOPs) in Trade Finance Business to improve workflow, which can reduce redundancies of multiple tasks involved in trade finance processing, which is also another low-cost adoption strategy with a relatively quick lead time.

At the functional level, the strategies that IGB should implement to support its day-to-day trade finance transactions and performance are through the integration of a trade finance information system, because this involves IGB's resources in trade finance transactional capabilities that are currently not organized. Although such resources do not generate sustainable competitive advantage for IGB, failure to organize and develop these resources can put IGB at a competitive disadvantage compared to its competitors.

### **B) Recommendation**

For a more impactful effect of the applied strategies, IGB may need to consider the following actions:

- a. Create an implementation plan to ensure the strategies are planned out correctly, timely, and effectively using IGB's resources identified in the VRIO analysis.
- b. IGB also needs to consider its resources of value that have not been organized. Although the inorganization of these resources does not contribute to the cause of the business issue, they will certainly help create a positive business impact in trade finance transactions if they are well-organized by the company.
- c. Continuous VRIO analysis and Kepner Tregoe troubleshooting can create continuous improvement of IGB's resources and should be considered as a recurring practice at all business and supporting departments linked to trade finance, as resources and capabilities can change over time.

### **C. Future Research Suggestions**

Once several strategic initiatives have been implemented at IGB, further analysis may need to be carried out to test each strategy's effectiveness to resolve IGB's business issue and ability to reverse the declining trend of trade finance performance. Another important step for IGB is to start mapping each trade business unit or branch's capabilities as well as balancing IGB's current management goals and interests, because when a decision-making problem has more than one goal to reach, there is always a trade-off between the different goals, advocated by different interest groups or stakeholders (Beria, 2011). This may call for a Multicriteria Analysis (MCA) to be conducted for future research. MCA allows for taking into account several criteria of the stakeholders' opinions in selecting the appropriate strategy implementation at IGB. This MCA method can act as a systematic process of evaluating multiple facets of the decision by weighing its potential benefits and costs. And unlike the cost-benefit analysis that measures financial metrics such as revenue earned or costs saved from pursuing a decision, the MCA will measure the effectiveness of the decisions that were previously generated from the merging of Barney's Resource-Based View and Kepner-Tregoe Analysis based on the set of criteria that IGB's trade finance business stakeholders think are crucial in achieving the objective of reversing the declining trend of Fee-Based Income at IGB. It will also serve as evidence for IGB's management to decide which strategy to pursue further because it will help in the process of scoring, ranking and weighting of a wide range of qualitative impact and criteria since IGB's management must also consider its other limited resources and not solely its resources that promotes sustained competitive advantages, which may force it to make mutually exclusive decisions to resolve other business problems relating to financial performance at PT. Indonesia Global Bank in the future.

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