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Ideal Integration Approaches for Enhancing ASDP Group's Performance Post-Subsidiary Acquisition

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ABSTRACT: Transportation plays a crucial role in the development of civilizations by enabling the movement of people, goods, and cultural exchanges. Among various transportation modes, water-based transport, especially ferries, is vital for linking communities, boosting trade, and promoting tourism in regions that land or air transport cannot reach. PT ASDP Indonesia Ferry (Persero), the sole state-owned enterprise managing ferry services in Indonesia, holds a leading position in the national ferry industry. To sustain its dominance, ASDP undertook a corporate action by acquiring a competitor. The acquisition process, dating back to the 1970s, involves stages of strategy formulation, investigation and selection, negotiation, and integration. According to Mroczynski, integration involves merging operations, cultures, and systems to achieve synergies and strategic goals. This study examines the optimal integration approach used by ASDP to enhance group performance post-acquisition. Utilizing a qualitative research method, focus group discussions were conducted with stakeholders from both ASDP and the acquired company. The study applies Pitkethly's integration framework, which categorizes integration levels from minimal to extensive. Results show that ASDP has established significant financial management control over the acquired company, but gaps still exist between the desired and current conditions. Therefore, a detailed analysis of the targets ASDP needs to achieve to optimize the integration process is crucial for meeting post-acquisition requirements.

KEYWORDS: Integration Framework, Post-Acquisition, Synergies, Strategic Planning, Transportation.

I. INTRODUCTION

The global ferry industry plays a crucial role in supporting international economies, enhancing access to essential services, and contributing to the global supply chain. In 2019, ferry transportation facilitated the movement of over 4.27 billion passengers and 373 million vehicles worldwide, highlighting its importance in global mobility and interconnectivity (Interferry, 2021). In Asia, Indonesia stands out as a significant player due to its strategic location between the Indian and Pacific Oceans and its oversight of the Strait of Malacca, one of the world's most vital maritime routes. This archipelagic nation's strategic significance is further underscored by its geographical composition. PT ASDP Indonesia Ferry (Persero), known as ASDP, is the sole state-owned enterprise managing ferry services across Indonesia, establishing a dominant presence in the national ferry landscape and emphasizing its importance in the maritime sector. ASDP is crucial in enhancing connectivity across Indonesia's vast archipelago. Committed to improving its services, ASDP aims to become the preferred choice for passengers and maintain its leadership in the national industry. The strategic development plan for 2020-2024 is designed to address future business challenges and aligns with the National Medium-Term Development Plan (RPJMN), the Ministry of State-Owned Enterprises' Strategic Plan, and the Ministry of Transportation's Strategic Plan. These plans mandate contributions to economic growth, competitiveness, and value addition in the real sector, particularly in logistics and maritime tourism, through indicators like the travel and tourism competitiveness index and the logistics performance index score.

ASDP plans to expand its fleet over the next five years, targeting regular commercial routes, executive routes, Long Distance Ferry (LDF) routes, and international routes. In addition to fleet expansion, ASDP is pursuing inorganic growth through Business Operation Partnerships and acquiring ferry companies in 2022. This acquisition strategy aims to expand ASDP's operational scale, align with previous research emphasizing long-term value addition, and bolster economies of scale, scope, and financial strength. The acquisition is intended to enhance ASDP's market share, including increased revenue, cost efficiency, and productivity, consolidating the performance of the acquired company into the overall group performance. Since 2019, ASDP Group has shown an average growth of 12.04%, particularly notable in the ferry segment due to market optimization strategies, fare price increases, and strategic corporate actions like the acquisition. Despite positive growth, ASDP faced a 10% overall production decline due to reduced operational routes, strong competitor growth, and bridge constructions on several ferry routes served by ASDP. In the year of the acquisition, the acquired company contributed 12% to the group's consolidated revenue but also accounted for a 12% loss in the group's total profit and loss. This underscores the need to re-evaluate the acquired company's contribution to the group's performance post-acquisition. Although limited-period comparisons of pre- and post-acquisition results may not provide a comprehensive picture, evaluating the year following the acquisition is essential to determine ASDP's strategic directions for mitigating future risks.

The earliest acquisition frameworks from the 1970s outline four primary stages: strategy formulation, investigation and selection, negotiation, and integration. The post-acquisition integration process is extensive and ongoing, starting at the point of acquisition and continuing for several years. This process involves activities aimed at effectively and efficiently managing organizational functions and resources to achieve unified organizational goals (Savovic, 2012). Mroczynski highlights the importance of integration as the process of merging operations, cultures, and systems to achieve expected synergies and strategic goals. This indicates that the post-acquisition integration phase is crucial for achieving the desired added value and meeting management expectations throughout the acquisition process. In conclusion, the strategic acquisition and integration efforts by PT ASDP Indonesia Ferry (Persero) underscore the company's commitment to enhancing connectivity and operational efficiency across Indonesia's maritime landscape. By addressing post-acquisition challenges and leveraging strategic frameworks, ASDP aims to solidify its leadership position and drive long-term value and growth in the national ferry industry.

II. LITERATURE REVIEW

A. Strategic Planning

Strategic planning is an organizational management activity used to set priorities, focus energy and resources, strengthen operations, ensure that members and stakeholders are working toward common goals, establish agreement around intended outcomes, and assess and adjust the organization’s direction in response to a changing environment (ELSA, 2022). It involves aligning a company's strengths with available opportunities in its chosen business environment (Gutterman, 2023).

The widely accepted theory of corporate strategic planning involves top management reassessing the current strategy over a period of several years, identifying opportunities and threats in the environment, and analyzing the company's resources to pinpoint strengths and weaknesses. Management may then develop and evaluate several alternative strategic scenarios against the organization's long-term objectives (Vancil & Lorange, 1975). Strategic planning is also influenced by strategic leadership, which focuses on managing a company’s strategy-making process to create a competitive advantage (Hill & Jones, 2008).

In practice, strategic plans are rarely executed exactly as intended. Unknown factors and unforeseen events often arise despite careful planning (Witzel, 2004). The essence of strategic planning is to create advantage and value for key stakeholders, which, in turn, generates a competitive advantage (Kenny, 2022). Modern-day strategist Michael Porter emphasized organizational and governmental competence and competitiveness, developing widely-used tools and techniques such as the "five forces" and "value chain" models (Schmidt & Laycock, 2017).

B. Merger & Acquisition (M&A)

Corporate actions are events initiated by companies to enhance their performance and influence stakeholders. The primary objective of these actions is to improve the company's performance, which often results in a positive market reaction. Companies looking to grow typically engage in various corporate actions (Narendra, 2021). These actions include activities such as mergers and acquisitions (M&A), dividend distributions, stock splits, reverse stock splits, bonus issues, rights issues, and share buybacks. Over the past few decades, M&A has become particularly popular and widely executed by many companies (Hutomo & Stefani, 2021).

Mergers and acquisitions (M&A) are strategic initiatives that often signal growth opportunities and can generate value, reflecting positively on the company's overall performance. In addition to M&A, many financial institutions engage in corporate actions by making investments within the same industry or in different sectors. Acquiring stakes in other companies typically leads to an increase in the stock prices of both the target and acquiring companies (Juniarti, Angelica, & Cahyadi, 2021). Companies increasingly rely on M&A for various reasons, such as consolidating market share, expanding knowledge bases, building market power, achieving economies of scale and scope, mitigating market risks and

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uncertainties, enhancing learning capabilities, acquiring complementary assets, and leveraging internal financial capital (Anand & Lee, 2016).

An acquisition is the process by which one company takes over part or all of another company, clearly establishing itself as the new owner (Rompotis, 2015). Typically, the acquirer gains control of the target company by purchasing its shares from the target's shareholders until it secures ownership, which may require acquiring either all or a majority of the shares (Roberts, Wallace, & Moles, 2016). Legally, according to Law No. 40/2007 concerning Limited Companies, an acquisition involves a legal entity or individual taking over company shares, leading to a transfer of control. To qualify as a share acquisition or takeover, at least 51% of all shares of the target company must be acquired (Febrina, 2014).

The earliest acquisition frameworks, dating back to 1970, outline four primary stages of the acquisition process: strategy formulation, investigation and selection, negotiation, and integration. Strategy formulation involves defining the strategic objectives and goals of the acquisition and identifying why the acquiring company is pursuing it. Investigation and selection entail finding potential target companies that fit the acquisition strategy. Negotiation focuses on agreeing with the target company on the terms and conditions of the acquisition. Integration involves merging the operations, cultures, and systems of both companies to achieve the expected synergies and strategic goals (Mroczyński, 2022).

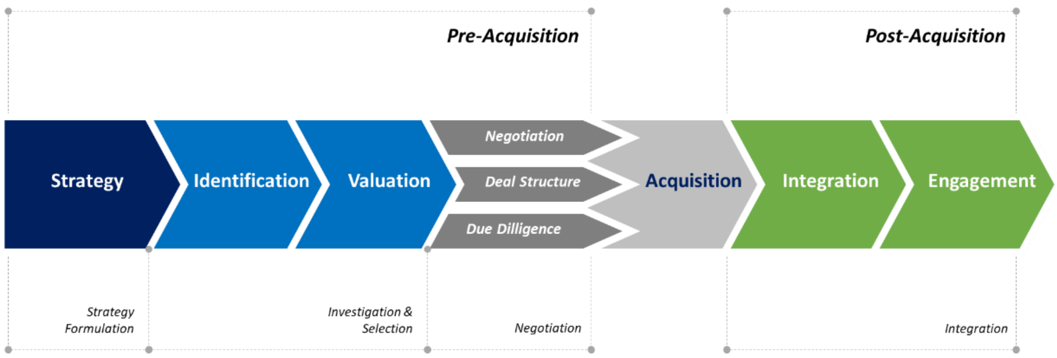

Figure 1. The Acquisition Process (Source : Mroczynski, 2022)

C. Integration (Post Acquisition Phase)

The post-acquisition integration process is typically regarded as an extensive and ongoing endeavour, commencing at the formalization of the agreement and continuing for several years thereafter. This process encompasses a range of activities aimed at the effective and efficient management of organizational functions and resources, with the objective of achieving a unified set of organizational goals (Savovic, 2012). According to Shrivastava (1986), the principal challenge in managing an acquisition lies in the amalgamation of two distinct corporations into a singular entity. The post-acquisition integration process is delineated across three distinct levels, contingent upon the specific circumstances of the acquisition. The first level is procedural, involving aspects of legal and accounting consolidation. The second level is physical, focusing on the merging of production facilities and technological assets. The final level pertains to the integration of management and socio-cultural dimensions, which includes changes in organizational structure, the development of a unified corporate culture, and the strategic appointment of leadership personnel.

Pitkethly et al. (2003) assert that the degree of success in business integration is less important than the adequacy of the integration's execution. They propose a hierarchy of integration levels, ranging from minimal to extensive. At the lower end, the acquired entity may continue to operate autonomously post-acquisition, characterizing non-integrated firms. At an intermediate level, the acquirer may adopt certain practices or aspects of the acquired firm, defining partially integrated companies. At the highest level of integration, the entities fully consolidate, culminating in a single, unified organization, representing fully integrated companies..

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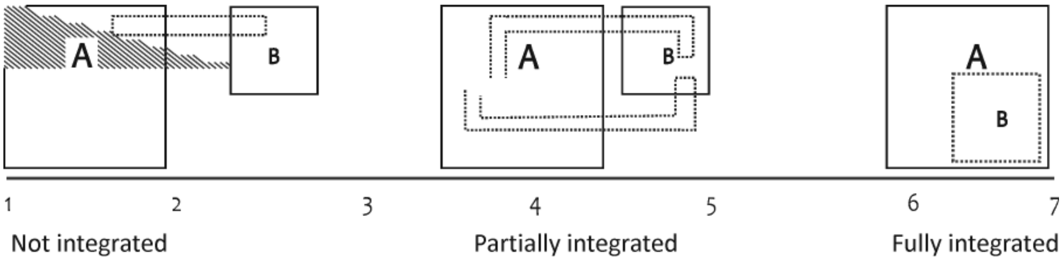

Figure 2. Spectrum of Integration (Source : Pitkethly, 2003)

Pitkethly, et al (Pitkethly, Faulkner, & Child, 2003) explain the integration approaches as follow :

1) Low Level Integration (1-2) The parent company will require regular financial and operational reports to monitor the subsidiary's performance. There may be some changes in top management and restrictions on capital expenditures. Despite these adjustments, the subsidiary will continue to operate and present itself to the market similarly to how it did prior to the acquisition.
2) Higher Level of Integration (3-5) The parent company will likely assume control of several key activities centrally. This could encompass strategy, finance, personnel policies and systems, procurement, product development, IT systems, and potentially the entire area of branding and company image management. The decision to continue using the subsidiary's name and trademarks will depend on their perceived value. At these levels of partial integration, the parent company recognizes the potential to learn from the acquired company but will centralize functions only if it is beneficial to the corporation as a whole.
3) Highest Integration Levels (6-7) This involves complete integration into the parent company. While strong brand names might be retained, in service organizations, they may be phased out after a transition period.

D. Conceptual Framework

This study necessitates the formulation of a strategic integration approach aimed at enhancing ASDP's performance, based on a comparative analysis of the current integration pattern and the anticipated outcomes post-acquisition. A conceptual framework serves as a graphical or textual representation that outlines the primary subject of inquiry, encompassing key concepts, components, or variables, and proposing the assumed interrelationships among them, either depicted graphically or described narratively (Miles & Huberman, 1994).

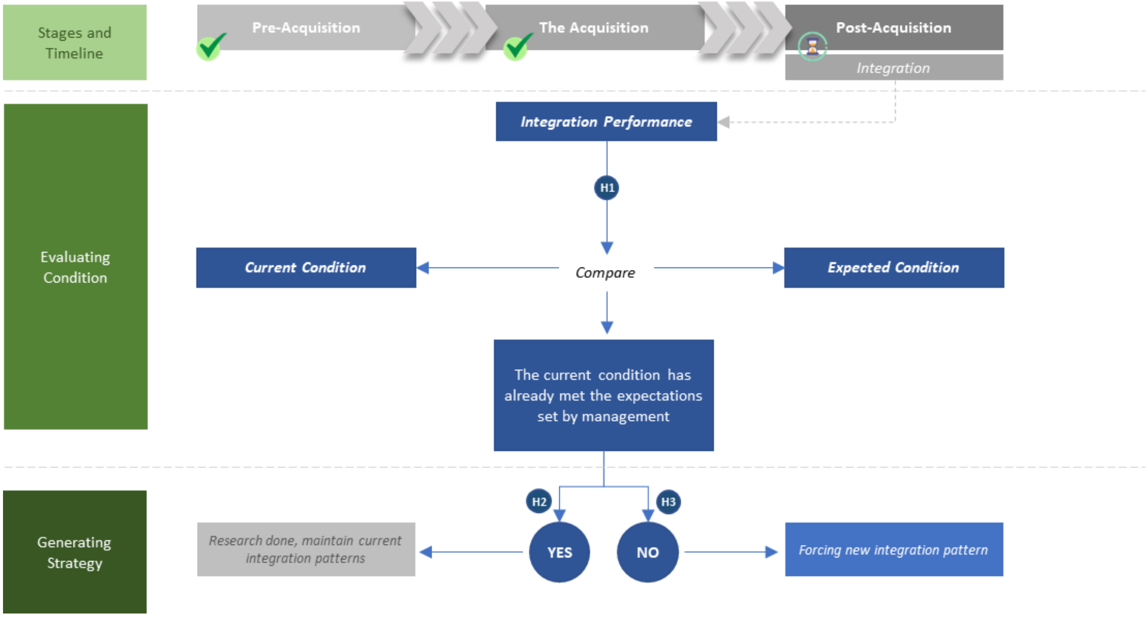

Figure 3. Research's Conceptual Framework (Source : Author, 2024)

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This study also focuses on the stages of integration in the post-acquisition phase. It involves evaluating the current integration pattern and comparing it with the expected or ideal condition anticipated by management. This comparison aims to assess the gap between the current and expected conditions and propose an ideal integration pattern for implementation by both ASDP and the acquired company. Concerning the mutual influence between the current and expected conditions, the following hypotheses were formulated: H1 - the integration performance in the post-acquisition phase can be described through the current integration pattern; H2 - if the current condition meets the management's expectations, the current integration patterns should be maintained; and H3 - if the current condition does not meet management's expectations, new integration patterns should be enforced to align with the expected conditions.

III. METHODOLOGY

A. Research Design

The research commences by gathering relevant data and evaluating the current post-acquisition integration between ASDP and the acquired company. This assessment employs a qualitative descriptive method, primarily sourcing data from focus group discussions with representatives from both companies. Additionally, secondary sources, including previous research on post-acquisition integration, external reports, and company profiles of both firms, are utilized to enhance the analysis and assessment.

The analysis proceeds by comparing the current integration condition with the expected condition anticipated by management. This involves first defining the score index and main indicators according to Pithkely's spectrum of the integration framework. In the focus group discussion forum, the researcher and representatives from both parties further refine the sub-indicators to broaden the assessment scope, applying the ideal criteria to be achieved and identifying the current position.

The analysis results will determine if the current condition meets the ideal target set by management. If the current condition meets management's expectations, the current integration patterns should be maintained. Conversely, if the current condition does not meet management's expectations, new integration patterns should be implemented to align with the expected conditions. The expected outcome of this research is to ascertain the urgency of integrating the acquired company with ASDP to optimize the performance of the ASDP Group.

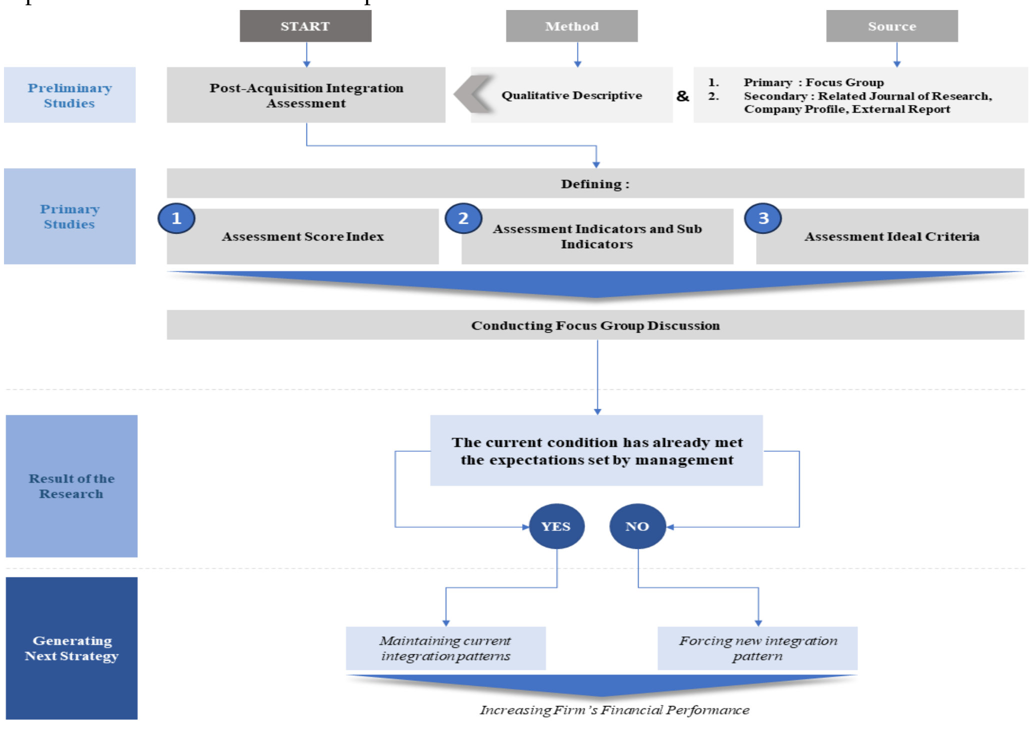

Figure 4. Research Design Framework (Source : Author, 2024)

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B. Data Collection

Data can be sourced from primary or secondary origins. Primary data involves the researcher directly collecting new data, while secondary data involves using pre-existing data collected by others, such as information found in scientific journals (Ajayi, 2023). Primary data collection methods include surveys, observations, questionnaires, focus groups, case studies, and interviews. Secondary data can be obtained from sources such as government websites, books, journal articles, and internal company records. This study will utilize both primary and secondary sources. The primary data will be derived from the results of a focus group discussion assessing the current state of post-acquisition integration. Secondary data will include the company's profile information obtained from the official website, asdp.id.

The primary data findings will encompass all functional, strategic, and technical areas within both companies, providing a thorough understanding of the integration objective. By involving participants from both companies, the study aims to assess the individual and collective impacts of each organization on the overall effectiveness of the group. This approach takes into account the diversity within the conglomerate and enables an analysis of how the interactions between different entities influence overall performance and strategic alignment. The secondary data will provide a solid foundation of current information and theories related to the topic. Additionally, keywords and phrases relevant to the study will be used to ensure a comprehensive and pertinent data collection.

C. Data Analysis

The initial step in this research is to examine the current post-acquisition integration strategy implemented between ASDP and the acquired company to assess the present integration level. This phase of maximizing post-acquisition integration will be analyzed using qualitative methods. The data utilized will be sourced from the assessment of existing conditions and the outcomes of focus group discussions. According to Savovic, the post-acquisition integration process is typically seen as a prolonged and ongoing effort, beginning at the point of acquisition (the formalization of the agreement) and continuing for several years afterward. This involves a series of activities aimed at the effective and efficient management of organizational functions and resources to achieve a unified set of organizational goals (Savovic, 2012). The researcher will evaluate the current state of post-acquisition integration using the integration level assessment framework, considering the following factors:

Table 1. Table of Integration Level Assessment Framework (Source : Pitkethly, Faulkner & Child, 2003)

Low-Level Integration (Lvl 1-2)	Higher Level of Integration (Lvl 3-5)	Highest Integration (Lvl 6-7)
Definition		
The integration between ASDP Group and the acquired company is minimal. The parent company (ASDP Group) maintains a hans-off approach, allowing the acquired company to operate with high degree of autonomy	ASDP Group takes a more active role in managing key functions of the acquired company, but still allows for some level of autonomy	The integration is complete and the acquired company becomes fully absorbed into ASDP Group (as one single entity)
Key Factor to Assess according to Pitkethly, et al (Pitkethly, Faulkner, & Child, 2003)		
1. Financial and Operating Reporting 2. Top Management Changes 3. Capital Spending Restrictions	4. Centralized Management of Key Activities 5. Learning and Knowledge Sharing 6. Branding and Trademarks	7. Complete Integration 8. Brand Strategy

The eight key factors mentioned above, according to Pitkethly et al., will be used as the main indicators in assessing ASDP and the acquired company. The explanation of these indicators includes:

a) Financial and Operational Reporting, The main assessment includes evaluating whether ASDP requires regular financial and operational reports from the acquired company. The focus is on monitoring performance rather than managing day-to-day operations.
b) Top Management Changes, The main assessment includes identifying any changes in the top management of the acquired company. Typically, this involves some replacements or additions to align with ASDP's strategy.
c) Capital Spending Restrictions, The main assessment includes determining if there are any restrictions placed by ASDP on the acquired company's capital spending, ensuring that major expenditures are controlled.
d) Centralized Management of Key Activities, The main assessment includes evaluating whether ASDP has centralized control over strategy, finance, personnel policies, procurement, product development, IT systems, and branding for the acquired company.
e) Learning and Knowledge Sharing, The main assessment includes evaluating how ASDP is leveraging the knowledge, expertise, and practices from the acquired company. This involves learning from the acquired company's market experience and integrating best practices.
f) Branding and Trademarks, The main assessment includes examining whether ASDP continues to use the acquired company's existing brand names and trademarks or if there is a move towards rebranding.
g) Complete integration, The main assessment includes determining if the acquired company is fully integrated into ASDP. This means that the acquired company no longer operates independently, and its processes, systems, and organizational structure are fully aligned with ASDP.
h) Brand Strategy, the main assessment includes analysing the approach to branding. In a service-oriented business, the acquired company's brand may be phased out after a transition period, fully adopting ASDP's branding.

IV. RESULTS AND DISCUSSION

A. Analysis

1. The score index

The score from 1 to 5 in this explanation represents a spectrum of integration levels, indicating the degree of integration achieved in various aspects of the process. Here's a detailed explanation of each score:

a) Score 1 (Minimal Integration): This level indicates the lowest degree of integration. At this stage, the operations, cultures, and systems of the two companies remain largely separate. There is minimal sharing of resources or processes, and the companies operate almost independently. This level might be chosen to maintain the autonomy of the acquired company or due to the complexities involved in integration
b) Score 2 (Basic Integration): At this level, there is a basic level of integration where some resources and processes are shared between the two companies. There may be initial efforts to align certain operational aspects or systems, but the integration is still in the early stages. Basic integration often involves aligning fundamental processes while maintaining significant independence in other areas
c) Score 3 (Moderate Integration): This score represents a moderate level of integration. At this stage, there is a more substantial effort to merge operations, cultures, and systems. The companies begin to operate more cohesively, with shared resources and aligned processes in key areas. This level aims to achieve more significant synergies while still allowing for some degree of operational independence
d) Score 4 (High Integration): High integration indicates a thorough merging of operations, cultures, and systems. At this level, the companies function as a unified entity in most aspects, with closely aligned processes and shared resources. The focus is on achieving maximum synergies and strategic goals, with a strong emphasis on seamless cooperation and efficiency
e) Score 5 (Extensive Integration): This level represents the highest degree of integration. The operations, cultures, and systems of the two companies are fully merged, functioning as a single, cohesive entity. Extensive integration involves comprehensive alignment across all areas, including strategic objectives, operational processes, and organizational culture. This level aims to maximize the value added through the acquisition, ensuring complete unity and optimal performance

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These scores help evaluate and guide the integration process, ensuring that the appropriate level of integration is achieved to meet strategic objectives and realize the expected benefits of the acquisition.

2. The indicators and sub-indicators

Table 2. Table of assesment indicators and sub-indicators (Source: Author, 2024)

Indicators	Code	Sub-Indicator
Financial and Operational Reporting	A1	Frequency of Reports
	A2	Detail and Comprehensiveness
	A3	Compliance and Timeliness
Top Management Changes	B1	Leadership Changes
	B2	Alignment with ASDP Strategy
	B3	Management Integration
Capital Spending Restrictions	C1	Approval processes
	C2	Spending limits
	C3	Investment control
Centralized Management of Key Activities	D1	Strategy and finance
	D2	Personnel policies and procurement
	D3	Product development, IT systems and branding
Learning and Knowledge Sharing	E1	Best practices integration
	E2	Market experience utilization
	E3	Training and development
Branding and Trademarks	F1	Brand retention
	F2	Rebranding initiatives
	F3	Market perception
Complete integration	G1	Operational alignment
	G2	System and processes integration
	G3	Organizational structure
Brand strategy	H1	Transition period management
	H2	Adoption of ASDP's Branding
	H3	Brand Equity Transfer

The table provided utilizes the spectrum of integration framework by Pitkethly, which is a structured approach to assess the level of integration post-acquisition across various dimensions. This framework is divided into several key indicators and sub-indicators representing the depth and effectiveness of integration.

3. The ideal criteria

After defining the score index, the indicators, and the sub-indicators, the researcher and the forum of group discussions proceeded to establish the ideal criteria for each score index and indicator. This step ensures a clear understanding of what constitutes each level of integration and provides a concrete basis for evaluating the progress and effectiveness of the integration process. The following outlines the ideal criteria for each score index and indicator:

Table 3. Table of Assessment Criteria

Indicators	1	2	3	4	5
Financial and Operational Reporting	Reports are not prepared or submitted on a regular basis, leading to significant delays and incomplete data.	Reports are prepared but lack detail and comprehensiveness, often missing critical financial and operational information.	Frequency of Reports: The acquired company is still required to provide financial and operational reports to ASDP monthly.	Compliance and Timeliness: The report submitted must comply with ASDP's reporting standards.	Detail and Comprehensiveness: Reports submitted to ASDP by the acquired company are detailed and comprehensive.
Top Management Changes	No changes in leadership post-acquisition; the old management remains, leading to misalignment with new strategic goals.	Alignment with ASDP Strategy: The new management aligns with ASDP's strategic goals but also continues the current strategy of the acquired company.	Management Integration: Management integration has not been fully implemented.	Leadership changes are partially implemented, with some key positions filled by ASDP personnel but not all.	Leadership Changes: Top management of the acquired company is occupied by candidates and talents from ASDP.
Capital Spending Restrictions	Capital spending decisions are entirely independent, with no oversight or approval required from ASDP.	Spending decisions are made with some reference to ASDP guidelines but often without formal approval.	Spending limits are occasionally adhered to, but with frequent exceptions leading to budget overruns.	Approval processes: Capital expenditures require approval from ASDP.	Investment control is fully centralized, with all major spending decisions requiring ASDP approval.
Centralized Management of Key Activities	No integration of key activities; each entity operates entirely independently.	Minimal integration with occasional coordination but no formal processes in place.	Personnel policies and procurement: Procurement processes are still carried out separately between ASDP and the acquired company.	Strategy and finance: Integration of strategic planning between ASDP and the acquired company is already in place.	Key activities are fully centralized, with unified systems and processes across ASDP and the acquired company.
Learning and Knowledge Sharing	No initiatives for knowledge sharing or best	Limited initiatives for knowledge	Best practices integration: The acquired	Training and development: ASDP has	Full integration of learning programs, with

Indicators	1	2	3	4	5
	practices integration between ASDP and the acquired company.	sharing with minimal impact on daily operations.	company has started adopting some of ASDP's best practices.	facilitated several initiatives for knowledge sharing and skill development.	seamless knowledge transfer and shared best practices.
Branding and Trademarks	Rebranding initiatives: There's no future action for ASDP to change the acquired company's brand to reflect ASDP's identity.	Market perception: Consumers are not influenced by whether the acquired company is a subsidiary of ASDP or not.	Brand retention: The acquired company's brand names and trademarks still continue to be used after the acquisition.	Minor adjustments to branding to reflect the relationship with ASDP but no major changes.	Comprehensive rebranding to clearly align the acquired company's identity with ASDP, including visual and strategic elements.
Complete Integration	No efforts towards integration, with both entities operating entirely separately.	Basic alignment of some processes but significant gaps remain.	Operational alignment: The acquired company's way of working is being adjusted to match ASDP's standards.	Significant progress in aligning operations, but some key areas remain independently managed.	Full integration with unified systems and processes ensuring consistent quality and service across entities.
Brand Strategy	Transition period management: ASDP and the acquired company have not yet merged their business operations, systems, and processes.	Adoption of ASDP's Branding: There is some level of integration, but the acquired company maintains significant autonomy.	Brand Equity Transfer: ASDP is clearly conveying to customers and stakeholders that the acquired company is now part of ASDP.	Minor steps taken to integrate branding elements, but major components remain separate.	Complete integration of brand strategies, with a unified market presence and cohesive brand messaging.

4. The result

Based on the eight variables established in accordance with the Key Factors to Assess as per Pitkethly et al., two variables received the highest assessment justification: financial and operational reporting, and capital spending restriction. This is attributed to ASDP's complete control over the acquired company's finances post-acquisition. All financial strategies involving the acquired company must receive prior approval, adhering to thresholds set by ASDP, the parent company and majority shareholder. Additionally, ASDP conducts regular oversight of the acquired company's finances through monthly performance reports.

The acquired company continues to use its own brand names and trademarks, with no rebranding to ASDP's identity, thus maintaining customer perception. The operations of the acquired company are being aligned with ASDP's

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standards to ensure consistent quality and service. While there is significant integration in business operations, IT systems and workflows are not fully standardized. ASDP is reorganizing to enhance coordination, yet key functions retain some level of autonomy.

Overall, ASDP and the acquired company maintain separate business operations and branding, with only minor changes to reflect their connection. According to the standards of Pitkethly et al., the integration pattern between ASDP and the acquired company is considered moderate to low. The average assessment rating of ASDP-the acquired company integration post-acquisition is 3.08, indicating a higher level of partial integration, with the highest scores in the financial-related variables mentioned above. ASDP Group actively manages key functions of the acquired company while allowing some degree of autonomy in other areas.

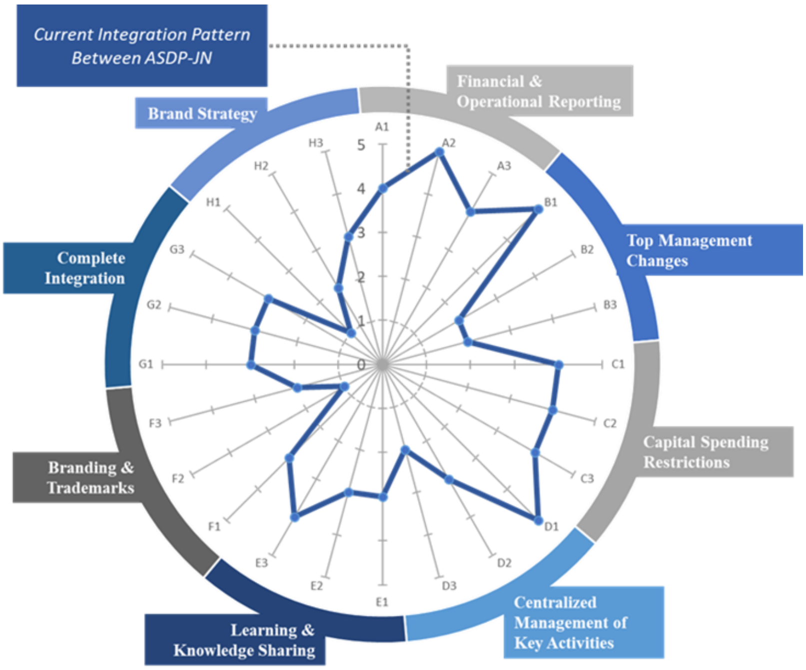

Figure 5. Spider Diagram of Current Integration between ASDP and the acquired company (Source : Author, 2024)

B. Solution and Proposed Implementation Plan

The post-acquisition integration, as outlined by Savovic, is identified as an extensive and ongoing process that begins at the point of acquisition (the formalization of an agreement) and continues for several years thereafter (Savovic, 2012). The success or failure of this phase can also be assessed by examining the company's financial performance post-acquisition. This step reflects ASDP's financial health over a specific period, serving as a measure of the company's achievement (Erlene, 2019).

Based on a detailed analysis of the current integration pattern between ASDP and the acquired company, it is evident that the integration is at a higher level of partial integration. ASDP exercises significant control over financial aspects and strategic management while allowing operational autonomy in other areas. There are substantial opportunities to enhance integration and foster more cohesive collaboration between the two entities to boost ASDP's financial performance. Although several integration steps have been implemented, including the consolidation of financial and operational reporting and the alignment of some strategic and operational activities, significant areas remain where further integration could yield considerable benefits.

Given the potential for increased integration, it is imperative that both entities focus on these key areas of improvement. Below is a comprehensive summary table of the areas for improvement identified in the analysis of the integration between ASDP and the acquired company.:

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Table 4. Table of The Areas for Integration Improvement

Indicator	Current State	Room for Improvement	Key Drivers	Expected Impact
Branding & Trademarks	Low integration, minor changes to the acquired company's brand	Develop a unified branding strategy, enhance market perception through targeted communication	Customer perception, market presence, communication	An increase in brand and trademark can influence market perception, thereby boosting sales and impacting the bottom line (profit).
Capital Spending Restrictions	Minimal control, all expenditures need ASDP approval	Implement stricter capital controls, establish a structured investment review process	Financial control, strategic alignment, risk management	Tighter expenditure control by ASDP over the acquired company can enhance cost efficiency and have a positive impact on the company's liquidity.
Complete integration	Partial alignment of processes and systems	Standardize operational processes, integrate IT system	Operational efficiency, data consistency, process standardization	Standardization and integration of IT systems can improve the efficiency of asset utilization, thereby impacting the total asset turnover.
Centralized management	Partial centralization, key functions managed separately	Increase centralization of key function, hold integrated planning sessions	Coordination, strategic planning, activity efficiency	Centralized management can improve operational efficiency, thereby impacting liquidity.
Learning & Knowledge Sharing	Initial adoption of best practices, not fully implemented	Expand knowledge sharing initiatives, ensure full implementation of best practices	Continuous improvement, employee development, best practices	Enhanced learning and cultural adjustment between ASDP and the acquired company can trigger an innovation culture that is indirectly oriented towards efficiency and profit improvement.
Financial & operational reporting	Strong integration, detailed reporting	Implement advanced reporting systems, automate the reporting process	Informed decision-making, accuracy, strategic insights	Accurate reporting can improve decision-making, ensuring the stability of financial performance and future planning.
Top Management Changes	100% from ASDP, partial strategic alignment	Strengthen management integration through development programs, conduct regular performance reviews	Leadership alignment, management effectiveness, strategic coherence	Strengthening management at the acquired company in alignment with ASDP's vision and mission is necessary to ensure that strategic actions are coherent for both companies, thereby enhancing management effectiveness and profitability.

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C. Justification of Implementation Plan

After conducting an in-depth analysis, including the integration pattern analysis of ASDP-The acquired company, the researcher identified several areas for improvement as explained in the previous subsections. To follow up on the proposed implementations, the researcher revalidated the initial hypothesis, which is: "If the current condition still not yet met the expectation set by management, then the management should force new integration patterns regarding to expected conditions." . A focus group discussion was conducted, and the assessment results are as follows:

The diagram and corresponding table provide a detailed analysis of the integration level assessment and proposed enhancements between ASDP and the acquired company across several key dimensions. The spider chart visually represents the current and proposed integration levels for each dimension, offering a clear comparison and highlighting areas for improvement. The proposed integration pattern, depicted by the green dotted line, shows targeted improvements to achieve a higher level of integration across these dimensions, ensuring strategic alignment and operational efficiency.

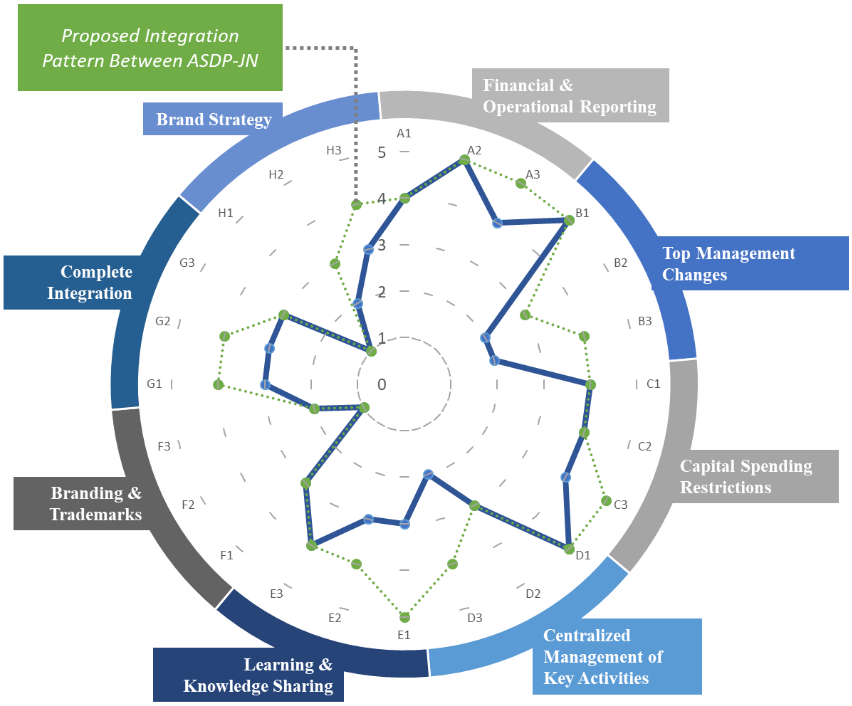

Figure 6. Spider Diagram of Proposed Integration between ASDP & The acquired company (Source : Author, 2024)

1) Brand Strategy

   Current Level : The current integration level for Brand Strategy is moderate, indicating that some efforts have been made to align marketing and branding strategies, but significant gaps remain.

   Proposed Level : The proposed integration level is high (level 4), suggesting that a unified brand identity and cohesive branding strategies are crucial for the successful integration of ASDP and the acquired company. Improving this indicator will ensure consistent messaging, enhance brand recognition, and leverage the strengths of both entities to create a stronger market presence.

2) Financial & Operational Reporting

   Current Level: The current integration level is low to moderate, reflecting disparate financial and operational reporting systems that hinder effective decision-making and transparency.

   Proposed Level: The proposed level is moderate (level 3), emphasizing the need for harmonized accounting practices and integrated financial reporting systems. Improving this indicator will provide accurate, timely financial information, facilitate better resource allocation, and enhance overall financial management.

3) Top Management Changes
Current Level: The current integration level for Top Management Changes is low, indicating minimal alignment in leadership roles and management practices between the two entities.
Proposed Level: The proposed level is high (level 4), highlighting the importance of significant adjustments in top management roles to ensure cohesive leadership. Improving this indicator will foster a unified vision, streamline decision-making processes, and enhance strategic alignment, ultimately driving the integration forward.
4) Capital Spending Restrictions
Current Level: The current integration level is low, suggesting a lack of coordination in capital expenditure policies and investment strategies.
Proposed Level: The proposed level is moderate (level 3), indicating the need to align capital spending policies to ensure efficient use of resources. Improving this indicator will optimize investment decisions, prevent resource wastage, and support strategic projects that benefit both entities.
5) Centralized Management of Key Activities
Current Level: The current integration level is low to moderate, reflecting decentralized management practices that result in inefficiencies and inconsistencies in key activities.
Proposed Level: The proposed level is moderate (level 3), emphasizing the need to centralize management for critical operational activities. Improving this indicator will streamline processes, enhance coordination, and ensure consistent implementation of strategies across both entities.
6) Learning & Knowledge Sharing
Current Level: The current integration level is low, indicating limited integration of training programs and knowledge-sharing initiatives.
Proposed Level: The proposed level is high (level 4), underscoring the importance of unified learning and knowledge-sharing efforts. Improving this indicator will facilitate the exchange of best practices, enhance employee skills, and drive innovation, ultimately contributing to the successful integration of ASDP and the acquired company.
7) Branding & Trademarks
Current Level: The current integration level is low, suggesting that branding and trademark strategies are not well-aligned.
Proposed Level: The proposed level is low to moderate (level 2), indicating initial steps towards alignment with room for further improvement. Enhancing this indicator will protect intellectual property, create a cohesive brand identity, and prevent legal conflicts, supporting the overall integration process.
8) Complete IT Integration
Current Level: The current integration level for Complete Integration is low to moderate, reflecting fragmented integration efforts across various dimensions.
Proposed Level: The proposed level is high (near level 4), indicating a comprehensive approach to achieving full integration across all facets. Improving this indicator will ensure a seamless partnership, enhance operational efficiency, and create greater value for both entities.

The proposed improvements across these dimensions are essential for addressing existing gaps, fostering strategic alignment, and enhancing operational efficiency. By focusing on these key areas, ASDP and the acquired company can achieve a higher level of integration, leading to improved performance, greater value creation, and a stronger, unified presence in the market. The detailed analysis provided by the spider chart allows decision-makers to prioritize initiatives, allocate resources effectively, and make informed decisions to hopefully support the successful integration of ASDP and the acquired company.

CONCLUSION

The strategic acquisition and integration initiatives undertaken by PT ASDP Indonesia Ferry (Persero) underscore the company's dedication to enhancing connectivity and operational efficiency within Indonesia's maritime sector. The acquisition process, encompassing strategy formulation, investigation and selection, negotiation, and integration stages, is critical for achieving synergies and strategic objectives. The post-acquisition integration phase is extensive, involving activities aimed at efficiently managing organizational functions and resources to achieve unified goals. ASDP's integration with the acquired company has focused on several key dimensions, including financial and operational reporting, changes in top management, capital spending restrictions, centralized management of key activities, learning and knowledge sharing, branding and trademarks, and complete IT integration.

The analysis reveals that although ASDP has established significant control over financial aspects and strategic management, gaps remain between the desired and current conditions. Key findings emphasize the need to improve branding strategies, enhance financial reporting systems, align top management roles, and centralize key operational activities. Additionally, fostering a culture of learning and knowledge sharing is essential for driving innovation and ensuring the consistent implementation of best practices. The proposed improvements in these areas are crucial for addressing existing gaps, fostering strategic alignment, and enhancing operational efficiency. By focusing on these key areas, ASDP and the acquired company can achieve a higher level of integration, leading to improved performance, greater value creation, and a stronger, unified market presence. The detailed analysis provided by the spider chart enables decision-makers to prioritize initiatives, allocate resources effectively, and make informed decisions to support the successful integration of ASDP and the acquired company.

In conclusion, the strategic acquisition and integration efforts highlight ASDP's commitment to reinforcing its leadership position and driving long-term value and growth in the national ferry industry. Addressing post-acquisition challenges and leveraging strategic frameworks are essential for achieving the desired outcomes and ensuring the sustainability and competitiveness of ASDP in Indonesia's maritime sector.

RECOMMENDATIONS

Based on the findings of the research, it is recommended that PT ASDP Indonesia Ferry (Persero) intensifies its integration efforts with the acquired company to fully leverage potential synergies. This can be achieved by implementing a unified branding strategy to enhance market perception and customer loyalty. Additionally, ASDP should streamline financial reporting systems and enforce stricter capital spending controls to ensure efficient resource allocation and improved financial performance. Centralizing key operational activities and fostering a culture of learning and knowledge sharing will further enhance operational efficiency and drive innovation. Aligning top management roles with ASDP’s strategic objectives will ensure cohesive leadership and streamlined decision-making. By focusing on these critical areas, ASDP can optimize the integration process, achieve its strategic goals, and reinforce its leadership position in Indonesia’s maritime sector, ultimately driving long-term value and growth.

For the acquired company, it is recommended to actively engage in the integration process with PT ASDP Indonesia Ferry (Persero) to fully realize the benefits of the acquisition. This involves adopting ASDP's best practices and aligning with its strategic goals, particularly in financial reporting and operational management. The acquired company should embrace the unified branding strategy to enhance market perception and contribute to a cohesive corporate identity. Additionally, participation in centralized management initiatives and the integration of key operational processes are crucial for ensuring consistency and efficiency. The acquired company should also foster a culture of continuous learning and knowledge sharing, leveraging ASDP's expertise to drive innovation and improve performance. By aligning its management practices and operations with ASDP, the acquired company can enhance its capabilities, optimize resource utilization, and significantly contribute to the overall success of the integrated entity.

For future research, it is recommended to explore the long-term impacts of post-acquisition integration on organizational performance, focusing on both financial and non-financial metrics. Future studies could examine the specific effects of integration strategies on customer satisfaction, employee morale, and innovation within the newly formed entity. Comparative analyses of similar acquisitions in the maritime sector or other industries could provide deeper insights into best practices and common pitfalls in post-acquisition integration. Another area worth investigating is the role of technology and digital transformation in enhancing integration processes, particularly how advanced IT systems and data analytics can streamline operations and improve decision-making. Lastly, longitudinal studies tracking the integration progress and performance outcomes over an extended period would be valuable in understanding the full impact of acquisition strategies and refining integration frameworks for better outcomes.

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