

Diversification Strategy: Theory and Practice in Gojek Indonesia

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ABSTRACT

This study is analyzing successful diversification of the application-based transport company PT. Gojek Indonesia, by examining theory and practice in order to strengthen understanding of diversification strategies in business. This is a descriptive study that was conducted using observations, literature studies and an analysis of social media. The researcher first determined Gojek's diversification strategy, then analyzed the community's response in order to assess the success of this approach. This case study was then used to examine theories of diversification. Finding: Gojek is one of the two leading application-based transport companies in Indonesia and its diversification was successful because it built on the company's foundation in technology and application-based services. The company prioritized three core values in its diversification strategy: speed, innovation, and social impact. This approach was successful because it was carefully considered, based on the company's core business, and supported by diversification theory.

ABSTRAK

Penelitian ini menganalisis kesuksesan diversifikasi atas perusahaan berbasis aplikasi, PT. Gojek Indonesia, dengan memanfaatkan teori dan praktek untuk menguatkan pemahaman strategi diversifikasi dalam bisnis. Penelitian ini adalah studi deskriptif yang dilakukan melalui observasi, studi literature dan analisa media social. Pertama-tama peneliti menentukan strategi diversifikasi Gojek, kemudian menganalisa respon masyarakat untuk menilai keberhasilan pendekatan ini. Studi kasus ini kemudian digunakan untuk membahas teori diversifikasi. Temuan, Gojek adalah salah satu perusahaan berbasis aplikasi di Indonesia dan diversifikasinya sukses, karena dibangun berbasis teknologi dan layanan berbasis aplikasi yang merupakan kompetensi utama perusahaan. Perusahaan memprioritaskan tiga nilai inti dari perusahaan yakni kecepatan, inovasi dan dampak social. Pendekatan ini dapat dikatakan berhasil dikarenakan pertimbangan yang sangat hati-hati, berbasis bisnis inti perusahaan, dan didukung oleh teori diversifikasi.



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INTRODUCTION

Diversification is one of the strategies utilized to stay in any business, especially in times of economic downturn, uncertainty, or increased competition. Diversification strategies are varied and can be best divided into related and unrelated diversification, which refers to how closely the diversification is aligned to the original business. This article focuses on horizontal diversification, which is a type of related diversification. Vertical diversification is another type of related diversification that is not discussed in this article. Furthermore, diversification is more likely to succeed if it is implemented after careful consideration and calculation (Anil & Yiğit, 2011). This study analyzes business diversification in Indonesia and evaluates the

diversification strategy undertaken by the application-based transportation company PT. Aplikasi Karya Anak Bangsa, commonly known as PT. Gojek Indonesia, hereafter referred to as Gojek.

Gojek was established in 2010 on the initiative of Nadiem Makarim and the company has a mission to improve social welfare through ensuring market efficiency. This company was chosen for evaluation because it is Indonesia's first and only Decacorn Company (valued at over \$10 billion USD) and succeeded in widening its business founded on information technology. Gojek applied a related, horizontal diversification strategy, taking full cognizance of its responsibility to its environment, both human and material. The company diversified its business similarly to its core business of online services, but considerably and successfully expanded its marketing and production initiatives. This is impressive because Gojek successfully diversified and remained in business at a time when other Indonesian companies could not.

One example of failed business diversification in this context is PT. Amanah Bersama Umat (Abu Tours), a travel company based in Makassar who had their license revoked after an unsuccessful attempt at diversification (Fajar.co.id 2018). Along with three other suspect travel agents, Abu Tours was the organizer of Umrah Worship Travel, a company that ran pilgrimage tours. Business Management Observer, Andi Nur Bau Massepe, revealed that the management of Abu Tours used pilgrims' money to diversify their business, but unlike Gojek, they used the funds received to expand into different, unrelated businesses. There were at least seven business lines in their diversification attempt, namely, travel agencies, media, culinary, printing, production houses, educational institutions, and cooperatives. This unrelated, rushed diversification strategy was unsuccessful, and finally the government decided that this travel company should be closed.

The aim of this descriptive study is to analyze the theoretical discourse on diversification strategies and their application in business diversification within Indonesia. The case study of Gojek will serve as a focal point for this analysis. This approach validates theory with practice and offers readers insight into successful business diversification based on a market need for affordable and reliable online transportation. This is a growing market in Indonesia and both Gojek and its main competitor, the Malaysian-based Grab Holdings Inc. (Grab), are moving from strength to strength, demonstrated by their ongoing expansion of services throughout Indonesia and the Asia Pacific region. As a result of successful diversification, Gojek has now infiltrated Indonesian society and the name has become synonymous with online transportation and food delivery services, making this company's business strategy worthy of further analysis.

There is a significant body of literature surrounding diversification theory and strategy, such as (Anil & Yiğit, 2011), (Eukeria & Favourate, 2014) (Kannan & Saravanan, 2012), (Kang & Lee, 2015), (Oladimeji & Itohowo, 2019), (Tipuric & Darabos, 2012), (Wegwu, 2020); that is relevant to consider because it all points to the core themes of being prepared and adapting to the changing environment in order to achieve a successful business outcome. This literature review first unpacks the concept of organization strategy, then narrows in on diversification strategies, discussing the merits of related and unrelated diversification in various contexts, before moving discussion to the practical application of diversification strategy in Gojek. This

approach provides readers with a deeper understanding of diversification strategy in business, with the aim of this knowledge then being used inform and formulate their own business strategies.

a. Organization Strategy

According to Johnson and Whittington (2008), organizational strategy refers to the long-term direction of an organization that enables it to use its resources effectively in a challenging environment to meet market demands and satisfy stakeholder expectations. Bartol and Martin (1993) define strategies as comprehensive plans of action that guide an organization's interaction with the environment to achieve long-term objectives. Similarly, Bateman and Zeithamai (1990) describe strategies as a set of actions and resource allocations that are designed to achieve an organization's goals (Ajagbe et al., 2016). (Kavale, 2012) also in (Ajagbe et al., 2016) Strategy involves setting long-term goals, devising a plan of action, and allocating resources to achieve those goals. It is the organization's plan for achieving benefits in a dynamic environment by configuring resources and capabilities to meet stakeholder expectations. Jones (2010) in (Ajagbe et al., 2016) viewed strategy is a crucial aspect that can lead to an organization's success. It enables companies to shape the future proactively instead of being reactive. This helps organizations to take control of their future by initiating and affecting activities.

Gareth Jones (2013) An organization's strategy involves the decisions and actions taken by its managers to effectively use their valuable skills and abilities in activities that create value, such as manufacturing, marketing, or research & development. These competences allow a company to achieve ultimate productivity, quality, innovation, or customer receptivity, and help them surpass their competitors. By leveraging existing core competencies and developing new ones, organizations can strengthen their competitive position. For example, McDonald's utilized its core competencies in fast food production to supply breakfast food to the fast-food market by investing in food-testing facilities and developing new breakfast items such as the Egg McMuffin, burritos, and various coffees and fruit drinks. Similarly, Google expanded its software engineering expertise in search engine technology to include email, document management, and mobile applications, and introduced capabilities for purchasing payment by smartphone in June 2011 (Jones, 2013). All the change around organization, needs to be faced strategically to gain competitive advantages for wider environments.

Responding to changes and developments that occur inside and outside the organization, requires managers to determine plans for actions to be taken in order to survive and even surpass competitors by leveraging the core competencies of the organization. The response to these changes and developments can be termed a strategy.

b. Diversification Strategies

Porter concluded that an organization that do not have ability to create more value in its current domain often attempts to find new domains competing for resources. Corporate-level strategy involves leveraging the organization's ability to add value through low-cost or differentiated core competencies and finding new areas that can be defended. An organization can enhance their marketing skills in one domain and implement them in another, thus improving the value of the new area. A related diversification strategy involves an organization

infiltrating a new area and leveraging one or more of its existing core competencies to create a cost-effective or differentiated competitive advantage in that new area. includes producing. For example, Honda has entered the market for compact cars and lawn mowers and has entered a new field where it can realize a differentiating advantage by leveraging its high functionality in engine design and manufacturing cultivated through its mainstay motorcycles and automobiles (Jones, 2013). Every established organization, for sure, has a core competence that distinguishes it from other companies, in the form of skills possessed by managers in various fields – upstream to downstream - which allows companies to produce better products or produce products whose quality and price are below their premium products. For example, Toyota, which usually produces Multi-Purpose Vehicles (MPV) like Avansa, with existing developments both in terms of community needs supported by existing policies in Indonesia, Toyota manufactures type cars *Low Cost Green Car* (LCGC) Toyota Agya. Daihatsu also did the same, sell the same type, named Daihatsu Ayla.

Diversification that is related has multiple strategic benefits. It enables companies to benefit from skill transfer, lower costs, a common brand, and a stronger competitive advantage across a wider range of business sectors. It also helps to maintain a focused management approach and ensures a useful level of strategic cohesion across all of the company's business operations (Kannan & Saravanan, 2012). The concept of creating value through related diversification occurs when an organization enters a new domain by utilizing its core competency to reduce costs or create uniqueness. On the other hand, unrelated diversification involves venturing into a completely different domain from the organization's core domain. In such cases, the value created comes from utilizing a specific core competency instead of relying on separate teams of top management to operate a set of organizations in parallel mode, as suggested by Jones and Hills (Jones, 2013).

The idea is that by creating and managing the organizational structure, a retail company's leadership team develops unique skills for saving on administrative costs. When a team notices that an organization is struggling in certain areas, such as an inefficient fast food restaurant, they can take advantage of the opportunity to expand their organization and bring value to those new areas. If upper management takes control of an underperforming organization, streamlines operations, reduces administrative expenses, and improves profitability, they create value that was not previously present in the fast food industry. A strategy of unrelated diversification is being pursued by an organisation, which acquire inefficient companies and reorganises them to increase their value. For example, when companies such as GE and U.S. Technologies are seeking to restructure underperformers they sell off their failing divisions in order to maintain those which can be reorganized into profitable undertakings. It is an essential part of unrelated diversification to design efficient organizational structures, as companies that perform below par tend to do so because they are burdened by high administrative costs (Jones, 2013).

Diversification is a growth marketing tactic that involves creating new products and finding new markets to increase profits by selling more. Unlike other strategies like mergers, acquisitions, joint ventures, and internal start-ups, diversification requires a company to acquire new skills, techniques, and facilities, making it the riskiest of these strategies (Kannan & Saravanan, 2012). That said, business diversification is often employed in times of economic downturn, uncertainty, or increased competition, and it is most likely to be successful if it is

implemented after careful consideration and calculation (Anil & Yiğit, 2011). As Thompson and colleagues (2006) Companies can expand their reach by diversifying into various businesses, whether or not they are connected. This approach is becoming increasingly popular in countries like Zimbabwe, despite conflicting opinions on related versus corporate diversification. Finance experts argue that diversification is more cost-effective for shareholders than for corporations" (Eukeria & Favourate, 2014).

Rumelt classified diversification strategy further as related and unrelated (Anil & Yiğit, 2011). Related diversification refers to the expansion of a company's market into a new field within the same business sector. This type of diversification can be categorized into two subcategories: horizontal and vertical diversification. Horizontal diversification involves expanding beyond the company's current production and marketing scope, while still being related to its core business. Vertical diversification describes cases where production processes introduce diversification step-by-step, implementing each step with its own facilities. Unrelated diversification is defined as entering new markets, production lines or businesses that are not affiliated with a company's existing ones. Businesses can expand and reduce risks by diversifying into different areas, while also being cost-effective by sharing services such as public relations, legal services, finance, and management expertise. This can also lead to lower transaction costs and improved internal reporting (Anil & Yiğit, 2011)

Uncertainty inside and outside organizations have pushed them to be more creative and innovative, and diversification considered as one of growth marketing strategy. This strategy is implemented in many spectrums. Related diversification confirmed that the company still in their existing domain and core competence. Meanwhile, entering new domain with their core competence identified as unrelated diversification. Unrelated diversification also formed in taking over a company, restructuring and create new value over them.

c. Diversification Literature

Case studies of diversification have long been the focus of experts, including among them Ibrahim Anil and Ihsan Yigit with their 2011 case study "Organizational Performance: A Research on Companies Registered to the Istanbul Stock Exchange Market." The aim of this investigation was to explore the correlation between the implementation of diversification tactics and organizational success. Anil and Yigit employed Rumelt's categorization of diversification strategies, which included core business-based diversification, concentric diversification, related diversification, and unrelated diversification. The connection between diversification strategy and organizational accomplishment seems to vary depending on the country's level of development. Studies indicate that in developed countries, the relationship between diversification strategies and organizational accomplishment increases up to a certain point, but then there is a decrease in performance. Overall, the level of correlation between diversification strategies and organizational achievement is contingent on the country's level of development, ranging from the least developed to the most developed countries (Anil & Yiğit, 2011).

A further example of research focusing on diversification strategies is "The Frequency of Implementing Diversification Strategy in Croatia" by Darko Tipuric and Maja Darabos. Diversification, in this research, is defined as a corporate strategy introduced by companies to diversify businesses under the supervision of their managers. The main purpose of this study

was to determine whether firms in Croatia practiced more related or unrelated diversification and whether there was a correlation depending on which industry the company operated within. The sample for this research was 78 companies in Croatia. The results showed that in large Croatian companies there was a difference in the frequency in the implementation of diversification strategies in addition to the types of diversification strategies applied, depending on the industry in which the firm operates (Tipuric & Darabos, 2012).

Seoki Lee and Kyung Ho Kang studied "The Effects of Diversification Strategies on US Restaurant Firms' Performance". They found that Although the restaurant industry in the United States focuses on diversification strategies, there is little research on how it affects the value of a business. This study explores how different types of diversification, such as geographic and brand diversification, impact the value of restaurants in the US. Additionally, the study investigates whether brand diversification can moderate the relationship between geographic diversification and firm value. The results show that geographic diversification has no significant impact on firm performance, while brand diversification has a negative effect on performance achievement. The study also found that geographic diversification has a negative moderating effect on the relationship between geographic diversification and firm performance. (Kang & Lee, 2015).

Moruff Sanjo Oladimeji, Itohowo Udosen in "The Effect of Diversification Strategy On Organizational Performance" explained that diversification is now a powerful instrument to achieve competitiveness advantages and the creation of synergies between market operations in an ever evolving and volatile business environment. In a highly competitive manufacturing industry, companies must use strategies to achieve success. This research examines the impact of diversification on a company's performance. The study used a quasi-experimental design and analyzed 31 organizations listed on the Nigerian Stock Exchange between 1997-2017, selecting six based on their longevity and level of diversification. Three hypotheses were formed and proven through ratio analysis measuring performance in terms of ROA, ROI, ROE, organization scope, value, growth, leverage, and liquidity. Financial statements provided the data for analysis using version 9 of E.View. According to the study, diversified organizations tend to perform better than undiversified ones in terms of ROA and return on investment. The research found that related diversified companies had a positive ROA of 26.8%, while unrelated and hybrid diversified undertakings achieved ROEs of 81.7% and 20.1% respectively. A diversification strategy can lead to growth and profitability (20%) and a strong capital structure to cover liabilities (26%). The study concluded that diversification is a strategic tool for achieving strategic relevance and spontaneous performance. (Oladimeji & Itohowo, 2019).

Macaulay Enyindah Wegwu discussed in "Diversification Strategies and Business Performance in A Competitive Industry" that the purpose of this paper was to establish a causal relationship between diversification strategies and food and drink enterprises' business performance. The study selected 177 employees from 10 of the firms. There were two research questions, also two hypotheses were asked and formulated subsequently. Sampling method using the nonprobability for easiness purposes. Thus, the census of the population was studied. Using the Spearman Rank Order Correlation Coefficient in accordance with the SPSS version, the study data were obtained from structured questionnaires and personal interviews and analysed. The analysis has shown that diversification strategies have a favourable and substantial impact on the commercial performance of food and beverage companies. This Study

recommends food and beverage enterprises to pursue diversification strategies with the aim of achieving growth and profitability, as well as some measures for business performance, in light of changes in environmental conditions and industry competitiveness (Wegwu, 2020).

D. Conclusion to the Theoretical Discussion

It is clear from the theoretical and applied literature discussed above that diversification, as theory and strategy, has several approaches, each with its own challenges, if successful diversification is to eventuate. Organization and contingency are two inseparable things. An organization's starting point will not determine their results, because the environment and an organization's response to the environment lead to different business outcomes. Gojek is an open system organization that is always influenced by and in turn influences its environment. Every organization must be strategic and read the developments that occur in their environment so that the organization can adapt. Organizations with low formality, but high information sharing and decentralization will easily adjust to their environment. This is demonstrated by Gojek, who was quickly able to build better relationships with its customers through the various services they provided.

This case study analyses Gojek, an Indonesian company that has diversified considerably, to assess where its diversification fits in the context of diversification theory and strategy. Gojek, like any other company, is part of an environment that is influenced by it and vice versa. In order to survive in the transportation business Gojek had to adapt to its environment by fulfilling its customers' needs while simultaneously generating new customers with its products. Diversification strategy was chosen as the strategy to maintain and grow its position in this field and Gojek has created many services that have succeeded in this market. The diversification strategy was chosen because by increasing the type of services they provided, it was proven that their customers became more varied and they saw an increase in numbers.

RESEARCH METHOD

This research focuses on the diversification undertaken by Gojek Indonesia. In order to accomplish the objective of this descriptive study, the researcher carried out observations and reviewed literature to identify the kind of diversification that was pursued. Social media, especially Instagram, was very important when carrying out this research, as it contained information about various user experiences of Gojek's services, whether interesting, moving, positive or negative, and provided access to data and information about the company. In Indonesia, a large amount of business is conducted via social media, therefore particular attention was paid to this resource when analyzing Gojek's diversification strategy. The researcher then explained the diversification process based on the classification of Gojek's services.

RESULTS and DISCUSSION

The related, horizontal diversification strategy employed by Gojek was based on a careful consideration of the needs of the market and rates of smart phone ownership in Indonesia. Gojek was founded as an online, application-based transportation company in response to Indonesian society's need for cheap and efficient transportation that was technologically accessible. Subsequently, their diversification strategy was based on this same

approach, with the aim of providing customers with cheap and efficient online services in all areas of their lives.

a. History of Gojek

Gojek began as a transportation service that utilized motorcycles in order to prioritize convenience and keep costs down. Gojek was founded in October 2010 by Nadiem Makarim, Michaelangelo Moran, and Kevin Aluwi with a call center and a fleet of twenty riders. As of 2020, Gojek now provides twenty services, has over 2 million registered drivers, more than 900.000 food merchant partners and processes over 100 million orders per day (*Gojek*, 2022). It became the first Decacorn Company based in Indonesia in April 2019 when the company was valued at 10 billion US dollars (The Jakarta Post, 2019). A 2018 survey by ecommerce IQ concluded that Gojek was the most popular motor vehicle application service in Indonesia, with more than 130 million downloads (The Jakarta Post, 2018), demonstrating how the company has gone from strength to strength over the past decade. Gojek's flagship services have played an important role in reducing congestion in densely populated cities such as Jakarta and other major cities. Most cities in Indonesia nowadays deal with intense traffic, thus using motorbikes is one alternative to use to combat congestion. Communities in 207 cities in five different countries are now also able to enjoy this type of transportation, including leading provincial cities such as Bali, Balikpapan, Bandung, Makassar, Malang, Manado, Medan, Palembang, Samarinda, Semarang, Solo, Surabaya, and Yogyakarta, with further expansion planned for the future (*Gojek*, 2022).

b. The Potential Market

Internet users in Indonesia in 2007 numbered 20 million people and over the next 15 years this number increased to 210 million in 2022 or 76.3 percent of the Indonesian population. From this, it can be deduced that Internet users comprise a very large potential market for an online-based business in Indonesia. Online shopping figures also show increasing numbers year on year. If this market can be optimized by a company, it will return benefits of no mean proportions. Today, almost all online business networks are trying to maximize social media to their advantage. For example, Instagram is effectively utilized by Gojek Indonesia to engage the potential market and now has as many as 1.1M followers (September 2022). With this medium, they have promoted their services, as well as received community responses to their services, enabling them to improve based on this feedback.

Based on World Bank data (*Kelas Menengah Indonesia Penting Bagi Masa Depan Negara*, n.d.) at least 52 million people make up the middle class in Indonesia, which contributes 43 percent of the total household consumption. This large and growing middle class has accelerated consumption growth. It is also a strong supporter of better governance, provides the taxable income necessary to provide public services such as infrastructure, health and education, and is instrumental in developing the small-business sector of commerce that creates jobs. Middle-class people are profiled as people who live in cities, have above-average earnings, and are very concerned with personal comforts. They have at least one vehicle but given the congestion, they generally choose to use application-based transport for commerce due to the convenience it provides. Hence, the growing market potential for Gojek in Indonesia.

However, Gojek is not the only player competing in Indonesia's online transportation business market. Grab from Malaysia and Uber from the United States, also fill the niche of the online transportation market. Grab was established in 2011 in six Southeast Asian countries and

now operates in over 100 cities in Indonesia. Grab provides motorbike, car and food purchasing services. When Uber Indonesia was acquired by Grab in March 2018 (*Grab Merger Dengan Uber Di Asia Tenggara* | *Grab ID*, 2018), all of its partners and customers became partners and customers of Grab. Now, Grab and Gojek are the main players in this industry. A variety of phenomena ranging from the increasing number of Internet subscribers, to the need for comfort and speed, and fairly tight competition have encouraged Gojek to make improvements and changes in its strategies to respond to existing challenges and opportunities and, above all, to diversify.

From a competitive aspect, Gojek has been aggressive in the online market place, as its transportation and logistics; payment; food and shop; business; and entertainment services outstripped those of its competitors. It is apparent that Gojek has been more dynamic than its competitors in the online business sphere as Gojek provides more services than Grab. Gojek sought to discover and exploit new products and markets, while still relying on its basic approach namely, using the Internet network.

Gojek diversified its business based on its founding business in online applications by creating a variety of additional online services under five main headings:

- a) Transportation and Logistic (goride, gocar, gobluebird, gosend, gobox);
- b) Payment (gopay, gotagihan, gopaylater, gosure);
- c) Food and Shop (gofood, gomed, gomart, goshop);
- d) Business (gobiz, midtrans, moka, gostore, selly);
- e) Entertainment (goplay, gotix).

Its diversification, therefore, fits the horizontally related diversification sub-category identified in the theoretical discussion above.

In diversifying, Gojek also aimed to spread a positive social impact through the use of online technology, ensuring a better standard of living for its drivers and their families, and also offering benefits to its customers (Gojek Instagram 2020). As a technology-based company with a social mission to improve the welfare and life of workers from various sectors of Indonesian society, Gojek prioritized three core values: speed, innovation, and social impact in its diversification strategy, with associated claims as follows (*Gojek*, 2022): (a) Speed: Our services are fast, and continuously learn and grow from experience. GoFood is the most User-Friendly service during a pandemic. Research institutes – Global UXAlliance, Usaria and Somia CX; (b) Innovation: We continuously offer new technology to make your life easier. Ranked 11th in the Fortune to 50 as a company that changed the world. One of the companies from Southeast Asia that won the award 2 times; (c) Social Impact: We work to create much positive social impact for Indonesia. (1) One of the Top 10 Most Powerful Brands in Indonesia in Asia Brand Awards. Measured from corporate social responsibility (CSR), brand loyalty and media involvement; (2) Winner of UN Woman 2020 Asia Pacific Woman Empowerment Principles in the community and industry engagement category.

With Gojek's focus on customers and customers' needs, it diversified its services in order to make them more proximate to customers' needs and locations. The diversification came in the form of opening new services extending beyond the field of transportation, but still based on online technology and application-based services. The history of Gojek's diversification is both imposing and impressive. In January 2015, the company launched Android and IOS apps with transport, courier and shopping services for Jakarta and satellite cities, using 800 riders. In March 2015 the company arrived in Bali with 300 riders. In April 2015 Gojek launched Go-Food and expanded into Bandung. In June 2015 services were extended to Surabaya. In August 2015 with an increased fleet of 30,000 riders, it expanded into Makassar and in the following month, Go-

Mart shopping assistance services were launched.

In October 2015, with increased funding from Sequoia Capital and other investors, Gojek launched Go-Massage, Go-Glam, and Go-Clean services. In December 2015, online transport was prohibited by the Ministry of Communications but the ban was lifted a day later, so did not interfere with Gojek's diversification planning. Gojek extended its wings to Balikpapan, Medan, Palembang, Semarang, Yogyakarta and launched Go-Tix, the ticket purchasing service for stage and other shows. In January 2016, the online ordering app was introduced. The following month, Gojek announced the acquisition of C42 Engineering and Code Ignition, two India-based engineering start-up companies, with a fleet of 200,000 riders. In April 2016 Gojek introduced cars into its operations and launched Go-Car, similar to Uber's car driving service. When introducing car maintenance services, Go-Auto provided mechanics as needed. In May 2016 the company expanded to Malang, Samarinda and Solo and announced it was going into collaboration with Bluebird, Indonesia's premier taxi company. In the year that followed, Gojek achieved unicorn status in Indonesia, with a remarkable increase in daily orders of 300,000. Moreover, Gojek has welcomed 30,000 friends with disabilities who receive training tailored to their interests and abilities (Gojek, 2022). In addition to the increase in motorcycle rider partners, Gojek expands its customers by launching Go-Car which provides four-wheeled vehicles with the same purpose, move people and goods from one point to another as quickly as possible, one of the initial forms of diversification carried out by Gojek. The addition of service areas in Indonesia goes side by side with the collaboration with the taxi company Bluebird, all of these efforts have rewarded Gojek with Unicorn, a start-up that has a valuation of US\$ 1 billion.

In August 2016, Gojek officially became an Indonesian online transportation system, after obtaining an investment of 550 million US dollars from KKR & Co. and Warburg Pincus LLC. Other companies that invested in Gojek included Farallon Capital Management LLC and Capital Group Cos. In the same month, applications for Gojek's services were downloaded more than 20 million times. In addition to diversifying its services, Gojek is also diversifying in the form of expanding service areas outside Indonesia. In May 2017 Gojek India officially announced commencement of its operations. According Nadiem Makarim, founder of Gojek, the opening of the Go-Jek office in Hindustan is closely related to the development of its services. The reason is that most of Go-Jek's programmers are Indians. On the other hand, Go-Jek's Chief Technology Officer (CTO) also frequently establishes communication with Indian developers. So with the establishment of the Go-Jek office in Bengaluru, India, the development of this ride-sharing service is expected to be carried out more quickly. Go-Jek's goal of opening an office in India is also to look for new developers. The office was used as a training center for hundreds of Go-Jek engineers from both India and Indonesia. Meanwhile in India, Go-Jek is registered as GoProducts Engineering India LLC. "We have seen the collaboration and knowledge sharing between our engineers in Indonesia and India. This has helped accelerate product innovation, data mining and enhance the consumer experience at Go-Jek," said Nadiem. But this is not the first time Go-Jek has set foot in India. In September 2016, Go-Jek was reported to have proposed to Pianta, a company engaged in home healthcare. This acquisition is to smooth Go-Jek's plan to present Go-Med services. Subsequent acquisitions were made to C42 and CodeIgnition. The acquisition is believed to be aimed at overcoming technical problems that often plague the Go-Jek application. Apart from that, it is also an effort to further strengthen the Go-Jek system as more and more services are presented. The most recent is his proposal to Leftshift Technologies Pvt. Ltd (Go-Jek Opens Office in India, Karya Anak Bangsa or Bangalore? 2106). Following this, Gojek has continued to go from strength to strength and is continuously expanding its network in Indonesia

and the Asia Pacific region. Ranked 17th among the 20 companies that changed the world version of Fortune. Growing 3,600 times in 18 months. One of the fastest growing in the world (Gojek, 2022).

In 2018 Gojek expanded to Vietnam and Thailand. GO-VIET service provider based on applications that provides a variety of services aimed to make easier life for Vietnamese. GO-VIET is managed by a local Vietnamese management team, supported by world-class technology, knowledge, expertise and investment from GO-JEK. The services offered by GO-VIET are transportation, logistics, food delivery services, and payments (*GO-VIET Siap Ekspansi Di Kota Ho Chi Minh, Vietnam* | Gojek, 2018). Vietnam's leading super app and fintech, MoMo and Gojek, the leading mobile on-demand service platform in Southeast Asia, officially announced a strategic partnership, which will make MoMo the first e-wallet (digital wallet) integrated into the Gojek application in Vietnam. With this strategic partnership, Gojek users in Vietnam can now use their MoMo wallet to pay for Gojek services. Gojek and MoMo will combine the technological privileges and vast ecosystems of the two platforms to quicken the use of cashless payments and provide a safe, fast and appropriate payment comprehension for consumers. Through this cooperation, MoMo will support millions of Gojek users through two and four-wheeled vehicle services (GoRide and GoCar), online food shipment (GoFood) and logistics (GoSend), provided the option of using the MoMo e-wallet to pay for Gojek services, along with to payment methods by bank cards and cash (cash) (Bisnis.com, 2022). Gojek always tries to stick to the principle of solving problems for as many people as possible, with all accessibility. Maximization of their competitive abilities in technology to create what Gareth Jones termed (2013) as a core competence, to a new location or field.

In Thailand, Gojek (previously named GO-JEK), began expanding to Thailand in 2018 and officially operating in 2019, simultaneously with penetration into the Vietnam market. This began with the launch of two companies, namely Go-Viet (Vietnam) and GET (Thailand). According to Gojek's official release, this international expansion was carried out after the last GO-JEK investment round which was backed by big-name investors such as PT Astra International Tbk (ASII), Warburg Pincus, KKR, Meituan, Tencent, Google, Temasek, and others. At that time, there were more than 640 million consumers in the region who had changed their lifestyles in traveling, shopping and making payments, all of which were done via smartphone/smartphone. According to information on Gojek's official website in Thailand, the Gojek superapp connects more than 50,000 drivers and 33,000 merchants to millions of Thai consumers with access to ride-hailing services (GoRide), food delivery (GoFood), couriers (GoSend), and e-wallet (GoPay). GrabFood controls 50% of the Thai food delivery market with a gross merchandise value (GMV) of US \$ 2.8 billion or Rp. 40 trillion in 2020, while Foodpanda belongs to the Delivery Hero Group which takes the floor in Frankfurt and Lineman respectively earn 23% and 20% respectively (Fernando, 2021). The Gojek app will disappear in Thailand. This is because Gojek's business operations there will be annexed by Airasia Digital. This was announced by Airasia Group CEO Tony Fernandes in a virtual press conference. He said this action was expected to accelerate the expansion of the Airasia super app in ASEAN. Gojek will focus on developing in Vietnam and Singapore. From this partnership, Gojek will pocket US\$ 1 billion in shares (Launcereno, 2021). Investors are one of the most important factors of diversification, development requires a lot of funds, transfer of technology and skills ultimately requires trained workers, who generally have to be given training from scratch, which requires coordination and integration (Jones, 2013).

Lien Choong Luen revealed that currently Gojek's market share in Singapore has increased. The indicator is a 48% year-on-year increase in the number of drivers from September 2020 to this year. The expansion in Singapore is part of Gojek's US\$500 million regional expansion following Uber's exit from Southeast Asia. Gojek's operations in Singapore began with the opening of a data science office in 2017 (Bestari, 2021). Resources at the headquarter resolve its accomplishment in different locations. The strength and depth of technology, coordination, and communication of Gojek Indonesia, have a positive consequence on Gojek in other countries, together with maximum transmission of values, work ethic and also skills.

The number of daily orders for Gojek has increased to 100 million, with transactions growing up to 1,100 times. Gojek has received multiple awards, including another Fortune's Favorite award in 2019. The company now offers over 20 products and has over 2 million driver partners. It also received Series F funding from major companies such as Google, Tencent, JD.com, and Mitsubishi. In 2020, the Gojek application was unified across Indonesia, Singapore, Thailand, and Vietnam. GoFood has been particularly useful during the pandemic, making it one of the most practical applications in the world. The Gojek application has been downloaded more than 190 million times. Recently, Gojek merged with Tokopedia to form GoTo, which is now the largest technology company in Indonesia and a one-stop-shop for all daily needs. (Gojek, 2022). In April 2021 Gojek Pledges to Achieve Zero Emissions, Zero Waste & Zero Barriers by 2030 in First Annual Sustainability Report, while in May 2021 Telkomsel Invests an Additional US\$300 Million in Gojek; Strengthens Synergies to Grow Indonesia's Digital Economy. This data affirmed by Gareth Jones (Jones, 2013) that in order to unlock the value of any associated diversification, much more coordination and communication is necessary than from competing strategies at company level. Bureaucratic costs will rise as the number of staff increases and there's a growing amount of time spent by divisions and management teams communicating with another division.

In order to support a variety of transportation services, the Indonesian government introduced a new regulation that not only regulated online transportation, but also shuttle transportation, residential transit, employee transportation, and charter transport (Ministerial Regulation No. 108 of 2017 on the Implementation of Transport of People with Motor Vehicles Not On Route (PM 108)). This regulation was made after communicating with stakeholders ranging from organizations of regional transportation and online transport drivers, as well as their service providers. PM 108, among other things, set the lower limit and upper limits on online freight rates, stickers, quotas, operating areas and also set the Certification Registration Type Test. Thus Gojek and its competitors gained legal recognition. Diversification formally accomplished!

This success story has given us the lesson that in this era of technology and instant gratification, the online transportation business not only delivers customers to their destination, but also provides them with a variety of services designed to add convenience to all aspects of daily life. Gojek was able to diversify so successfully because they recognised this potential in the growing middle-class as online consumers and diversified accordingly.

Every company sees and applies organization strategy from a variety of approaches. Gojek as an internet-based service was originally just a transportation service that brought people or goods from one place to another at a fixed price. However, Gojek capitalized on the traffic jams and congestion in big cities, exploiting peoples' willingness to hire a driver or order food in order to avoid navigating the traffic. This then became the 'Gojek victory point' with a variety of services, which meet the needs of the urban community without them having to leave their homes or offices. When people need to eat, they just open the app and choose food from Gojek's

partners. Now people can choose from over 900,000 food providers with varying price points, they have drivers to navigate traffic for them, and contributed to 7.1 trillion to Indonesia. Here we see a successful example of a diversified business model and a thriving Indonesian company.

CONCLUSIONS

Diversification is a strategy that can be utilized for organizational growth. Diversification is based on diverse backgrounds, increasing market heterogeneity, developing new markets and selling new products, organizational development both vertically and horizontally, and most importantly increasing profits for organizations. This study has examined theory and practice in strategic diversification in business management. The theoretical analysis provides a number of approaches to diversification, while the practice provides a case study of successful diversification. This pairing provides validation of aspects of theory from a practical perspective. The theory needs no further discussion, except to note that, given its breadth of alternatives, no single practice will ever validate all theoretical positions claimed.

Gojek was born as the answer to society's need for cheap, easy, and technologically accessible transportation for almost all commodities. After carefully examining the needs of the market and rates of smart phone ownership, Gojek took the initiative to diversify its business. The findings of this study indicate that Gojek successfully diversified horizontally, as its diversification was very closely aligned to the founding core business of the company, expanding from that market and its existing single-product base. Gojek was initially a startup company that utilized the internet for transportation by motorcycle. Along with technological developments, increasing numbers of smart phone users, and market needs, Gojek expanded its business to other fixed-line services. This business that initially engaged in transportation of people from one point to another, eventually penetrated into the inter-food service market, and daily grocery shopping, massage services, ticket sales for performances, laundry services, and vehicle repairs. Gojek expanded to meet the needs of society and met these needs at an affordable cost and, to date, operates in almost every major city in Indonesia.

Finally, Gojek's diversification can also be said to have been successful, given the community's response in continuing to seek out its various services. They met the various needs of the community from transportation and daily necessities, to entertainment, while maintaining speed, accuracy, convenience and affordability. In addition to providing satisfaction to its customers through material benefits, Gojek also remained true to its mission to improve the social welfare of its workers, as evidenced by statements from the latter that, after joining Gojek, that their earnings increased significantly (Kristo, 2017). Flexibility and adaptability are the key words of organizational growth as uncertain environmental situations require organizations to always be flexible in their developments. Flexibility is demonstrated by the ability to adapt to changing environments. However, within this, organizations need to have a strategy in place that utilizes the resources they have and allow for flexibility and adaptability. In addition to careful planning, the purpose of this strategy must also be clear and directed, namely in relation to the organization's growth and development. This research, like any other research, has its limitation. This research had not given any comparison of online transportation provider's diversification strategy, such as Grab, so the reader would see the differences.

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