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The Competitiveness Advantage of Enterprises : A Decision Strategy

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Abstract

In today's globalized world, trade has become increasingly complex. The dependence that grows between markets and increasing competition makes it increasingly difficult to defend a company's market position. It is increasingly difficult for companies to maintain their competitive advantage. Therefore, companies need to make a strategy for their position and build a competitive advantage (Competitive Advantage). The company must be able to make the best use of its strengths and must meet customer needs to achieve a competitive advantage that will facilitate the elimination of competition and gain large profits. SWOT analysis can be used to find the competitive advantage of a company. The method used in this study is a SWOT analysis. The result of this research shows that companies in quadrant I can implement aggressive or SO strategies. This strategy is in the form of utilizing the abilities and skills of good employees to create unique new products, improve company facilities that are in strategic places, and improve service to customers so that they are more familiar.

INTRODUCTION

In today's globalized world, trade has become increasingly complex. The dependence that grows between markets and increasing competition makes it increasingly difficult to defend a company's market position. It is increasingly difficult for companies to maintain their competitive advantage. Companies are penetrating new markets and competition is becoming increasingly fierce (Švárová & Vrchota, 2014). In the market, a company does not just stand-alone. Some so many competitors are looking for other company weaknesses so that they can dominate the market position. One way to increase competitiveness is through a competitive advantage determined by the company (Svarova & Vrchota, 2014).

Mukerjee (2016) in his research suggests that company-level scope and strategy, diversification decisions, resource deployment decisions, and company strategic reforms need to be managed for competitive advantage. Factors such as customer orientation, value chain, and culture, change management approaches contribute to the company's competitive advantage. Mukerjee (2016) said that one factor does not produce a competitive advantage but a combination of various factors affects a competitive advantage. Companies need to focus on all factors and ignore one or more of the factors that damage the company's competitive advantage.

In competing, every company must have good competence and performance. Ma (2000), related the relationship between competitive advantage and performance. There are three categories according to Ma (2000). The first category is competitive advantage leads to superior performance. The second category is a competitive advantage without superior performance. And the third category is superior performance without a competitive advantage. Ma (2000) divides

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competitive advantage into two types, compound competitive advantage (Compound Competitive Advantage) and discrete competitive advantage (Discrete Competitive Advantage). Multiple competitive advantages consist of price, differentiation, speed of response, flexibility, and innovation. The discrete competitive advantage consists of location, cash, exclusive offers, distribution monopoly, and managerial talent.

A company needs to anticipate and respond to environmental changes to ensure competitiveness and survival (Goll et al., 2007). According to Kruehler et al. (2012), a company must be the best owner in its business portfolio and the characteristics of the parent company must match the determinants of business success and their needs. To gain and maintain a competitive advantage, companies need to focus on the factors highlighted in the proportion of research and take a proactive approach to ensure survival in a highly competitive market.

Research conducted by Salisu and Bakar (2019) suggested that the factors that affect a company's ability to increase competitive advantage are innovation capability, learning capability, management capability, marketing capability, relational capability, and technological capabilities (Technological Capability).

Entrepreneurial Competencies have been identified as certain groups of competencies that are relevant to the successful implementation of entrepreneurship (Siwan Mitchelmore and Jennifer Rowley, 2010). Entrepreneurship like that is often associated with small and new business developments (Nuthall, 2006). Bird (1995) suggests that competencies are needed to launch a new business or plan a new business. In a study conducted by Bartlett and Goshal (1997) three categories of competence include attitudes, knowledge, and skills. Stuart and Lindsay (1997) define similar things as skills, knowledge, and personal characteristics of a person. Entrepreneurial competencies consist of opportunity recognizing competencies, strategic competencies, organizing competencies, relationship competencies, conceptual competencies, and commitment competencies).

Therefore, companies need to make a strategy for their position and build a competitive advantage (Competitive Advantage). The company must be able to make the best use of its strengths and must meet customer needs to achieve a competitive advantage which will facilitate the elimination of competition and obtain large profits (Dedouchova, 2001).

Because of the importance of competitive advantage for a company, it is necessary to find out how a company determines its competitive advantage. SWOT analysis can be used to find the competitive advantage of a company. From the explanation above, this research is aimed at identifying and identifying the competitive advantage of a company by relying on organizational strengths by interacting with strategic options to take advantage of opportunities and avoid threats or override weaknesses or both where all this is found in the SWOT analysis.

In the SWOT analysis, there are four strategy quadrants. Not all companies are in quadrants one or two. There are times when a company is in quadrant three or four. So the strategy for determining competitive advantage in each company is different. Research conducted by Susyenni Wanti et al. (2014), resulted in a strategy to determine competitive advantage in quadrant three. Where in quadrant three a company faces market opportunities but also faces internal weaknesses so that in quadrant three the strategy implemented is the Turn Around strategy. It is different with the research conducted by Nyoman (2017), in his research it produces a competitive advantage strategy in quadrant two, where in quadrant two companies have internal strength but also has external threats. So far, studies on competitiveness have been mostly used to see the position of companies and map the potential and competitive advantages. So novelty in this study is in accordance with the focus of research, which focuses on using information about the competitiveness of the company as a strategic basis in making business decisions.

METHOD

This research is quantitative descriptive. The purpose of this study is to examine the possibility of decision-making strategies based on information about the competitiveness of the company. the data used is secondary data. The method used in this study is a SWOT analysis. According to Helms and Nixon (2010), SWOT is a general tool designed to be used in the early stages of decision making and as a precursor to strategic planning in various types of applications. The SWOT analysis has two parts, namely the internal environment and the external environment.

The internal environment is an internal factor in a field such as management, staff, finance, research and development, and organizational structure. The internal environment consists of the strengths and weaknesses of the company which is seen as a result of factors and variables that can be controlled within the company. Strength represents the internal strength of the company and the strong field that the organization has against its competitors. Strength can also be defined as the skills and abilities that allow the company to set a strategy to work better than its competitors. Weakness indicates the negative impact the company has on the value of products and services related to customers or the competitive environment.

The external environment contains all changes that occur outside the boundaries of the company such as customers, suppliers, economic, political, and technological changes. The environment consists of company opportunities and threats. Opportunity is defined as a set of conditions suitable for achieving a goal at the right time. Threats can be interpreted as challenges caused by negative attitudes that are not following the general norms of the company.

According to Rangkuti (2004), SWOT analysis has four strategic principles in its analysis. Quadrant one is a condition where the company has the strength and opportunity so that it can implement an aggressive strategy. Quadrant two is a condition where the company has internal strength but has external threats so it must implement a diversification strategy. Quadrant three is a condition where the company faces opportunities but has internal weaknesses so that the strategy implemented is a turnaround strategy. And the last is quadrant four, which is a very unfavorable condition for the company. In this condition, the company has internal weaknesses and external threats, so it must implement a defensive strategy

RESULT AND DISCUSSION

As in theory, the SWOT analysis will be divided into two parts, namely internal and external. On the internal part, it is divided into several indicators and their calculations are as presented in Table 1.

Table 1. Internal Corporate Strategy Factors

Internal Strategy Factors		**Weight**	**Rating**	**Score**
Strengths				
A	Good Employee Skills	0.07	4.0	0.28
B	Great Company Building	0.07	3.8	0.26
C	Good Relationships With Customers	0.08	3.5	0.28
D	The Types Of Products Offered Are Very Quality	0.08	3.2	0.25
E	Company Strategic Location	0.07	3.2	0.22
Total Score Of Strengths			1.29	
Weakness				
F	Parking Less Area	0.08	1.2	0.096
G	Less Promotion	0.07	1.0	0.07
H	Less Convenient Company Service Facilities	0.06	1.3	0.078
I	The Skills Of Employees Are Still Less	0.07	1.2	0.084
J	Low Managerial Abilities Of The Company	0.06	1.4	0.084
K	The Products Are Less Attended By The Consumer	0.07	1.0	0.07
	Total Score Of Weakness		0.48	

The recapitulation results show the value of the company's internal strategy factor is positive. This shows that the strength factor (Strengths) which is worth 1.29 is greater than the weakness value (Weakness). This indicates that the internal strategy strength factor is still dominant compared to the weakness factor (Weakness).

The same thing happened to the external strategy factor, where the opportunity factor which was worth 1.17 was greater than the challenge factor which was valued at 0.35. This shows that the opportunity factor is more dominant than the challenge factor. The results of the calculation of external strategic factors can be seen in table 2.

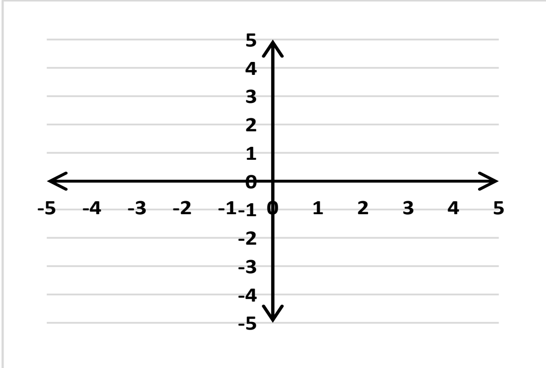

Figure 1. The Company's Grand Strategy Matrix

Table 2. The Company's External Strategy Factors

	External Strategy Factors	Weight	Rating	Score
	Opportunities			
L	Cooperation Of The Company With Government Institutions	0.08	4	0.32
M	Cooperation Of The Company With The Bank	0.07	3.5	0.024
N	Add Types Of Products	0.08	3.8	0.304
O	Customer Friendly Relationship	0.08	3.9	0.312
P	Harmonic Relationships With Suppliers	0.06	3.5	0.21
	Total Score Of Opportunities		**1.17**	
	Threats			
R	Growth Of Its Slows	0.05	1.1	0.055
S	Technology Development And Changes That The Company Does Not Know Yet	0.06	1.2	0.072
T	Entry Of Companies Of A Kind In The Market	0.05	1.1	0.055
U	A Business Strategy That Is Easy To Imitate Competitors	0.07	1.3	0.091
V	Restrictive Changes To The Regulation	0.06	1.2	0.072
	Total Score Of Threats		**0.35**	

The final value of these internal and external factors will then be used to determine the position of the quadrant through the Grand Strategy Matrix as shown in Figure 1.

Based on the results of the SWOT matrix, the Development Economics Department is in quadrant 1 of the Grand Strategy Matrix or known as the Aggressive Strategy quadrant.

Overall, the realization of the aggressive strategy for identifying the IFAS and EFAS matrices is as follows:

SO Strategy (Strength-Opportunities)

Based on the results of the SWOT matrix, the Development Economics Department is in quadrant 1 of the Grand Strategy Matrix or known as the Aggressive Strategy quadrant. Overall, the realization of the aggressive strategy for identifying the IFAS and EFAS matrices is as follows: Leveraging the abilities and skills of good employees to create new, unique products; Improve company facilities that are in strategic places; Improve service to customers so that they are more familiar

WO Strategy (Weakness-Opportunities)

This strategy is a strategy to determine competitive advantage by overcoming weaknesses by taking advantage of opportunities. The WO strategy can be: Promote products intensively to parties who have collaborated with the company; Adding types of products that are of interest to consumers; Leveraging harmonious relationships with suppliers to create new, unique and quality products.

ST Strategy (Strength-Threats)

Strengths and Challenges Strategy is a strategy that leverages the strengths of a company to overcome threats. ST strategy can be: Creating new business strategies; Take advantage of employees' ability to master technology.

WT Strategy (Weakness-Threats)

The WT strategy is a strategy of minimizing weaknesses and overcoming threats to determine competitive advantage: Increase promotion through social media; Increase the company's business growth by creating products that consumers are interested in.

Based on the calculation of the SWOT analysis above, a company that has a position in quadrant one can implement an aggressive strategy or SO (Strength-Opportunities) strategy in determining its competitive advantage.

Companies that are in quadrant one are fortunate enough. In this position, the company has internal opportunities and strengths, so that with its strengths it can take advantage of the opportunities that exist for the company. The strategy that must be applied in this condition is to support an aggressive growth policy (growth-oriented strategy).

Research conducted by Zuhrotun Nisak (2013) also produced the same results. To determine competitive advantage, the company is in quadrant one applying aggressive strategies (Strength-Opportunities). Strategies that Zurotun offers include improving the quality of shuttle services and expanding coverage outside the city / Java with internet promotions and services, implementing a paper stock strategy to anticipate rising prices for paper raw materials, increasing promos with the principle of low-quality prices.

In this study, the strategies offered include utilizing the abilities and skills of good employees to create unique new products, improve company facilities that are in strategic places, and improve service to customers to make them more familiar.

Good employee skills in a company can be a competitive advantage of the company. With good employee skills, it will create unique products and good services. Therefore, the skills of employees must continue to be sharpened because the output produced will bring benefits to the company.

A strategic place for the company is a competitive advantage too. However, the strategic location is not enough. Must be added by complete facilities. Complete facilities in a company will maximize the company's performance. More than that, customers will also be more comfortable.

Good service to customers is one of the company's competitive advantages. Good service will provide a sense of comfort and familiarity to customers so that customers will always transact faithfully with the company and are not tempted to move to company competitors.

The position of a company that is in quadrant one is indeed very profitable to create a competitive advantage. so that companies in this position must continue to develop and maintain their competitive advantage to have a position in the market and get maximum profit.

CONCLUSION AND RECOMMENDATION

In the results of this study, strengths have a value of 1.29 compared to weaknesses which have a value of 0.48. The company's position in the external environment also has a strong position where the company opportunity has a value of 1.17 and a threat of 0.35. Strength has a dominant value than weakness and opportunity has a dominant value than a threat, so in this case, the company is in quadrant I that can implement aggressive or SO strategies. This strategy is in the form of utilizing the abilities and skills of good employees to create unique new products, improve company facilities that are in strategic places, and improve service to customers so that they are more familiar.

Based on the researcher's experience in this research process, there are several limitations experienced and can be a number of factors that can be considered for future researchers.

in further refining further research. Some of the limitations in this study include 1) The amount of data processed is still limited. The limited amount of data processed may have an impact on the results of the research that is not representative of the population so that in future studies it is hoped that the processed data will be expanded so that it can approach the population. 2) Sources are still limited to secondary data. the use of secondary data certainly has several shortcomings such as the possibility of errors, therefore in future studies it is hoped that it can involve primary data so that these deficiencies can be minimized

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