Creation Model of Sustainable Competitive Advantage for Puger Shrimp Paste, Jember (Empiric Study on Small Paste Industry, Puger, Jember)

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Submission date: 02-Jun-2022 08:48AM (UTC+0700)
Submission ID: 1848802793
File name: Creation_Model_of_Sustainable...pdf (396.7K)
Word count: 2807
Character count: 16531

Creation Model of Sustainable Competitive Advantage for Puger Shrimp Paste, Jember (Empiric Study on Small Paste Industry, Puger, Jember)

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ABSTRACT

Achievement and sustainability of a company's competitive advantage is the fundamental basis of long-term corporate success, therefore, an understanding of resources and corporate behavior that could certainly lead to a sustainable competitive advantage is considered as a key issue in strategic management and marketing strategies. This research is conducted on 21 companies in Jember Puger Shrimp Paste ,East Java Province. This study aims to (1) Examine and analyze the simultaneously influence of innovation and marketing performance as sustainable and competitive in small industries in Jember Puger Shrimp Paste ,East Java Province (2) Examine and analyze the influence of partial innovation to a sustainable competitive advantage in small industrial firms in the district Puger paste Jember regency of East Java (3) Examine and analyze the influence of partially marketing performance to a sustainable competitive advantage of small industries in the district Puger paste Jember regency of East Java. The sampling technique in this study using the census method with a questionnaire as data collecting instruments. The results indicate that simultaneous innovation and marketing performance along with partial innovation, and partial marketing performance are not significant for sustainable competitive advantage in small shrimp paste industries in Puger, Jember, East Java Province.

Keywords: sustainable competitive advantage, small shrimp industries

1. Introduction

The geographical conditions and natural resources of Jember Regency have great potential to be developed into fisheries and fish processing industry centers. One of the areas in Jember Regency which is currently being developed to become a center for the fishing industry is Puger, where the fishing port and Fish Auction Place (TPI) are surrounded by small industries of traditional fishery products such as bloating fish, salted fish, and shrimp paste.

The achievement and sustainability of a company's competitive advantage is the basis for the company's long-term success, therefore understanding of the company's resources and behavior can push the management and marketing strategies

The study is conducted by taking small paste industries in Puger, Jember, East Java Province, totaling 21 companies. The choice of the location of this study is done intentionally for several considerations:

1. Small shrimp paste industries in Puger District, Jember Regency, East Java Province are well organized, thus obtaining data are easier
2. Small shrimp paste industries in Puger District, Jember Regency, East Java Province, are often faced with various problems related to achievement and sustainability of their

competitive advantage, even though in terms of sales performance is quite good (able to achieve sales turnover that continues to increase from year to year)

3. The shrimp paste product market is classified as unique and generally has advantages in each market,
4. In an effort to improve marketing performance and sustainable competitive advantage, shrimp paste companies in Jember Regency, East Java generally deal the situation innovatively (Kurniawan, 2006: 157-159).

Based on the business phenomena that have been proposed, a further empirical study that analyzes and tests the effects of innovation and marketing performance on the sustainable competitive advantage of shrimp paste companies in East Java is needed to examine this controversy.

2. The Scope Research

This study aims to (1) test and analyze the effect of simultaneous innovation and marketing performance on sustainable competitive advantage in small shrimp paste industries in Puger (2) test and analyze the influence of partially innovation to the sustainable competitive advantage of companies in small shrimp paste industries in Puger (3) Test and analyze the effect of partially marketing performance on sustainable competitive advantages in small shrimp paste industries in Puger

3. Theoretical and Empirical Review

Based on the concept of sustainable competitive advantage, it is argued that the only way to achieve maximum performance is through creating superior value for customers. The idea of this concept is that the customer expects greater value of the product compared to the product offered by another company. The utilization of resources owned by the company is used to create superior value for its customers.

3.1 Innovation

Innovation has been used as a focus of attention, due to innovation has occupied a strategic position in society through the birth of innovative organizations, and the decay of traditional organizations (Thompson, 1969: 4).

According to Armstrong and Ford (2002: 1) Innovation is needed both in the public sector and the private sector. Innovation in the public sector is manifested in nine main categories, namely (1) partnership, (3) horizontal integration, (4) good fiscal management, (5) revitalization of public services, (6) decentralization, (7) service improvement, (8) Improvement of processes and systems and (9) changes in rules.

3.2 Marketing Performance

Marketing performance is the ability of an organization or company to transform itself in the face of challenges to create superiority in sustainable competition.

According to Kim and Lim (1988), marketing performance can be measured from the level of sales growth. Marketing performance can also be built using dimensions that are shaped by sales effectiveness and sales growth rates (McKee, 1989); level of sales, market share, ability to capture market share, and sales growth rate (Okoroafo and Russow, 1991); sales growth rate (Carpano, 1994); return on assets (ROA) and sales growth rate (Slater and Narver, 1994); level of sales, market share, and level of sales growth (Adu, 1999); and sales effectiveness, sales growth rates, and market share (Pelham, 1999).

3.3 Framework of Thinking

Based on the above rationale, the conceptual framework serves as a guide for this research. However the framework of thinking is presented to show the process

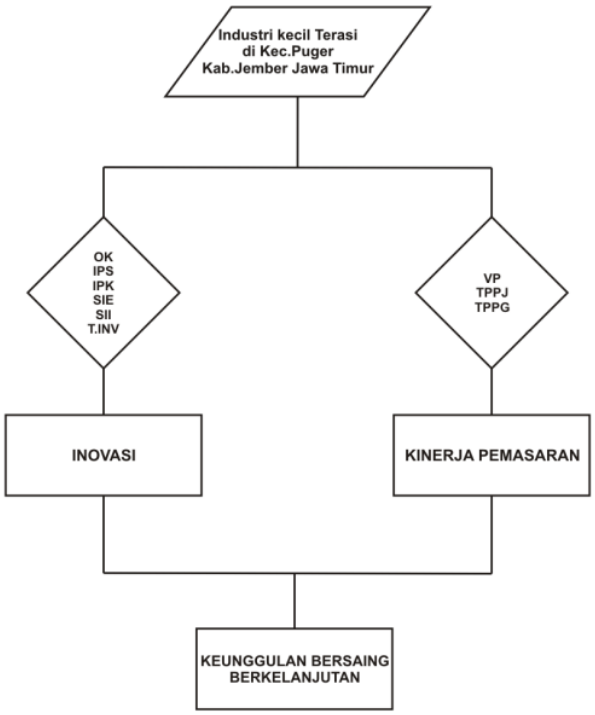

Figure 1. Framework of Thinking

Information :
OK = Leadership Orientation
IPS = Innovation Process
IPK = Product Innovation
SIE = External Innovation Sources
SII = Internal Innovation Source
T.INV = Investment Level
VP = Sales Volume
TPPJ = Sales Growth Rate
TPPG = Customer Growth Rate

3.4 Conceptual Framework

Based on the theoretical foundation and analysis described above, a framework of thought can be formed to carry out the research. Furthermore, the causal relationship among innovation variables (INOV), marketing performance variables (KIPEM) and sustainable competitive advantage (KBB) of shrimp paste companies in East Java Province are schematically presented in the conceptual framework model as shown in Figure 2 below:

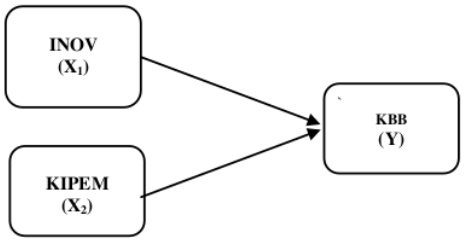

Figure 1. Conceptual Framework

Information :

INOV : Innovation, measured using an instrument developed by Thompson (1969: 66-69) and Ambrosio (1991), namely: (1) leadership orientation; (2) process innovation; (3) product innovation; (4) external sources of innovation; (5) sources of internal innovation; and (6) the level of investment in innovation.

KIPEM : Marketing Performance, measured using instruments developed by Voss and Voss (2000), namely: (1) sales volume; (2) sales growth rate; and (3) customer growth rates.

KBB : Sustainable Competitive Advantage, measured using an instrument developed by Hall (1993) and Hall in Ferdinand (2000b: 117-118), namely: (1) imitability (the level of difficulty to be replicated); (2) durability (the level of duration can keep competitors away); and (3) the level of ease to match strategic assets owned by the company.

⟶ : The hypothesized influence between two variables, where the variable intended by the arrow is an endogenous variable or dependent variable.

3.4 Research Hypothesis

Based on the foundation and analysis of the theory, framework of thinking process and the conceptual framework, the hypotheses proposed in this study are:

1. Innovation and marketing performance simultaneously have a significant effect on the sustainable competitive advantage of small industries in small shrimp paste industries in Puger
2. Innovation is partially significant on sustainable competitive advantage in small shrimp paste industries in Puger
3. Marketing performance is partially significant on sustainable competitive advantage in small shrimp paste industries in Puger

4. Research Method

The population of this study are 21 small shrimp paste industries in the Puger sub-district of Jember Regency, East Java Province, especially in the villages of Puger Kulon and Puger Wetan. The study was conducted for 8 months, starting from April to December 2018 and the sampling method used is census method. The main instruments used in this study are questionnaires addressed to all small industrial leaders in Puger District, Jember Regency, East Java Province. Furthermore, the data obtained are tested and analyzed using multiple linear regression analysis.

5. Research Results and Discussion

Results analysis of research data obtained from 21 respondents in small shrimp paste industries in Puger District, Jember Regency, East Java Province shows the effect of independent variables on the dependent variable. The factors identified as variables in this study are: endogenous variables (dependent variables) are sustainable competitive advantage (Y) and exogenous variables (independent variables) are innovation (X1) and marketing performance (X2). Based on calculations via SPSS 16.00 for windows, the regression equation is obtained as follows:

$$Y = 1{,}279 + 0{,}303X_1 + 0{,}09X_2$$

5.1 F test

The analysis results of variance tests on 21 respondents in small shrimp paste industries in Puger District, Jember Regency, East Java Province show the influence the variables simultaneously on the dependent variable. The results of the analysis can be seen in table 5.1

Table 5.1 F test, Regression Coefficient Test Results

Variety Sources	Sum of Square	Df	Mid Square	F_{count}	F_{table}
Regression	1.147	2	0,574	0,875	3,55
Residual	11.805	18	0,656		
Total	12.952	20			

Information:
1. Significantly different at 95% confidence level
2. Processed Data, attachment 5

5.2 T test

Partial regression coefficient test is used to test whether the regression coefficients of each independent variable, namely innovation (X1) and marketing performance (X2) have a partial effect on sustainable competitive advantage (Y). T test results are presented in table 5.2 as follows:

Table 5.2 T test, Regression Coefficient Test Results

No.	Variable		Regression Coefficient	Beta Coefficient	Test	
	Eksogen	Endogen			F_{count}	F_{table}
1	X_1	Y	0.303	0.295	1.312	2.101
2	X_2		0.009	0.043	0.193	

Information:
3. Significantly different at 95% confidence level
4. Processed Data, attachment 5

5.3 Analysis of Regression Line Variants (R)

Regression variance analysis is used to determine whether or not the influence of components of exogenous variables consists of innovation (X1) and marketing performance (X2) on the endogenous variables of sustainable competitive advantage (Y). The results of regression line analysis (R) are presented in table 5.3. as follows:

Table 5.3 Correlation Coefficient (R) Test Results

Model	R	Std. Error of the Estimate
1	0.298	0.810

Source: data processed, attachment 5

6. Conclusion

The results of the simultaneous test and analysis (F test) with a 95% confidence shows the Fcount value (0.875) <Ftable (3.55) thus the hypothesis which suggests simultaneous innovation and marketing performance have a significant effect on the sustainable competitiveness for small-scale shrimp paste industries in Puger District, Jember Regency, East Java Province is rejected. The test and analysis (t test) of the effect of innovative exogenous variable (X1) in endogenous variables of sustainable competitiveness partially (Y) with a 95% confidence level shows Tcount value (1,312) <Ttable (2,101) which means that innovation (X1) has no significant sustainable effect (Y) then hypothesis which states that partial innovation has a significant effect on sustainable competitiveness of small-scale shrimp paste industries in in Puger, Jember Regency, East Java Province is rejected. The test and analysis (t test) the effect of exogenous variables on partial marketing performance (X2) on endogenous variables on sustainable competitiveness (Y) with a 95% confidence level shows Tcount value (0.193) < Ttable (2.101) which means that marketing performance (X2) has no significant effect to sustainable competitiveness (Y), then a hypothetesis which states that partial marketing performance has a significant effect on sustainable competitiveness for small-scale shrimp paste industries in PugerJember Regency, East Java Province is rejected.

From the results of the testing and analysis, this research concludes that simultaneous innovation and marketing performance has no significant effect on sustainable competitive advantage in small shrimp paste industries in Puger District, Jember Regency, East Java Province. Moreover, not only partially innovation does not affect sustainable competitive advantage in small shrimp paste industries but partial marketing performance also has no significant effect on sustainable competitive advantage in small shrimp paste industries in Puger District, Jember Regency, East Java Province.

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