

## **EFFECT OF SOURCES OF COMPETITIVE ADVANTAGE OF MARKETING ON THE PERFORMANCE OF FISH PROCESSING INDUSTRY IN TAMBAK WEDI, SURABAYA**

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### **ABSTRACT**

*To improve the competitiveness of companies, one way that can be achieved is by developing the capability or competence of the company (Tambunan, 2001). This research attempts to see the impact of competence in marketing of competitive advantage, especially seen from a comparison of the relative market share and market share growth. It is expected that the results of this study can be used as an alternative solution to the company in exploring the sources of competitive advantage, especially in the field of marketing to be able to improve the performance of small scale industries.*

*The population in this study is the overall industry owners and employees Small Pond Village Fish Processing in Wedi. In this study, samples were taken from the Small Fish Processing Industry in the Village Pond Wedi, with a total of 100 people. Hypothesis testing used in this study was multivariate analysis with Structural Equation Modeling (SEM). Assessment of influence on each - each independent variable on the dependent variable using path coefficient. Based on the research that has been done to analyze the influence of the sources of competitive advantage in marketing to the company's performance, showed that these variables have positive and significant influence*

**Keywords:** Sources Of Competitive Advantage And Performance Of Small Industry

### **INTRODUCTION**

Development and environmental changes so quickly and dramatically, including changes in consumer tastes, technological advances and socio-economic changes, has resulted in the emergence of business competition in various industries that are so tight. Developments and changes occurring across geographic. The popular development is

known as globalization. Such a condition requires the company to be able to explore and develop sources of competitive advantage in order to survive. Source of competitive advantage can be found from the ability of management competency in tapping the corporate functional areas: competence in marketing, development and product design and production.

Field of functional competence represents a real knowledge and skills that are specifically reflected in the expertise, capabilities and performance of marketing, innovation, technology use and production. Competence held by the company should not be easily imitated by competitors and sustain the achievement of sustainable competitive advantage. Competitive advantage is not a new idea, but penekanaannya in the field of new marketing is a trend in the decade of the 1980s (Tjiptono, 1997). While the traditional view of marketing place as one of the members of the body corporate. Marketing is generally regarded as a task to create, introduce and deliver goods and services to consumers and companies. Competitive advantage should be viewed as a dynamic process rather than as the final result.

Competency directing patterns of diversification and how the company entered the market (market entry). Special competence is the competitive advantage of companies owned or done that gave him the strength to deal with competitors (Tjiptono, 1997). Marketing competency is the ability and performance level of marketing that supports the achievement of corporate strategic objectives. The amount of marketing competence is calculated by knowing the total value of the performance factors of competitive advantage is multiplied by the relative importance of these factors and the percentage of responsibility in marketing. (Purnama, 2003: 111)

Corporate performance is the level of achievement as measured company in the form of employment outcomes or performance outcomes (Rue & Byard, 1997). Based on research results Szimansky, et al. (1993) indicators of performance measurement and competitive advantage of the most frequently used is the market share and profitability. Market share is a measurement of marketing performance or operational performance that can distinguish between winners and losers. Volume sales of the company did not disclose how well the company's performance compared to its competitors. If the company increased market share means the company can outperform its competitors, if the models share the company declined, saying the company could lose to competitors. The definition of market share here is the relative market share, the company's total sales expressed as a percentage of sales to major competitors. Measurements with the overall market share is widely used because it only requires information on total sales (Kotler, 1997)

Surabaya as a maritime city has a natural resource that is very supportive. Territory coupled with the Java Sea and the Strait of Madura makes Surabaya has a strategic position in the field of maritime. To enhance the role kemaritimannya, Surabaya should facilitate traffic to and from the Port of Tanjung Perak. Therefore, continued to pursue

Surabaya building of railroads and highways that are biased closer to Tanjung Perak with the hinterland. Support land transport system is really a big role in the development of Surabaya as a maritime city.

Fisheries sector as one of supporting the economic sector has a role in national economic development, which provide added value and strategic value, and may provide financial or economic benefits, particularly in the provision of protein food, foreign exchange earnings and providing employment. So far, the development of fisheries conducted has shown real results and positive impact on national development. This can be seen from the contribution of Gross Domestic Product (GDP) National fisheries sector to GDP continues to increase. The contribution of fisheries and marine sector to the national GDP reached about 12.4%. Even the fishing industry to absorb more than 16 million workers directly (Dahuri, 2009).

Fish processing activities in the Village Pond Wedi, Surabaya mostly still done the traditional form of domestic industry (home industry), such as fresh fish processing (cooling), salted (salting), fish pindang (pemindangan), fish fillets, smoked fish (fumigation), crackers, fish / shrimp, and shrimp paste.

Based on data from Directorate General of Capture Fisheries (2009), judging from the way of treatment include marketed fresh (31.37%), drying / salting (46.41%), pemindangan (15.52%), shrimp paste (0.41%), bike (0.002%), smoking (2.88%), freezing (0.82%), fish meal (0.08%), and others (2.45%), in the region of Central Java Province, dominated by the marketing of fishery products in the form of drying / salting. Fish processing performed by the coastal communities in the Village Pond Wedi to circumvent their income that is formed through SMEs continued to decline, fishing village looking ponds Wedi largely a side income by empowering the processing of fish, because of the many tourists who come to the Bridge tour, therefore, in empower coastal fishermen are to be utilized in an optimal and sustainable (Sustainability), for fisheries and marine resources, especially fish is a source of nutrition for the community. Revenue of SMEs in the Village Pond Fish Processing Wedi fluctuated from year 2008 up to 2010. In 2008 the average income of Rp. 11,900,000 whereas 2009 decreased by USD. 6,828,900, and in 2010 also returned a decrease of Rp. 5,237,766. This indicates a decline in the performance of the alleged lack of precision implement strategies that made by the central office that less can be applied into practice by the employee because the competitive advantage associated with how the company chooses and is really a generic strategy to implement in practice.

Many research scientists who have proved that superior skills or expertise (superior skills) will produce superior performance (superior performance). Superior skills are unique competence (distinctive competence), which supports the company to achieve positional advantage (positional advantage). Positional advantages the company stated with performance outcomes (performance outcomes). While the indicator most often used to evaluate or measure the results of performance is market share (market share)

and profitability (Szimansky, et al, 1993). Some research in the field of marketing has also been proved that marketing competence has a positive influence on the results of the company's performance. So if the marketing competence increases, the results of the company's performance will also increase, and vice versa. This research attempts to examine the concept of relationship in manufacturing firms in Indonesia.

To improve the competitiveness of companies, one way that can be achieved is by developing the capability or competence of the company (Tambunan, 2001). This research attempts to see the impact of competence in marketing of competitive advantage, especially seen from a comparison of the relative market share and market share growth. It is expected that the results of this study can be used as an alternative solution to the company in exploring the sources of competitive advantage, especially in the field of marketing to be able to improve industrial performance.

### **Literatur Review**

The concept of Competitive Advantage (Competitive Advantage) Competitive advantage relates to the way how the company memilihan really can implement a generic strategy into practice (Porter, 1994). All parts are there in the organization, either in the form of resources and activities, can be a competitive advantage through three alternative strategies: Cost leadership, differentiation, or focus. By introducing a tool known as value chain analysis, management is able to separate the basic activities undertaken by the company, ranging from the activities of design, production processes, marketing to after sales service and all supporting activities ranging from human resource management, infrastructure , purchasing and technology development. Porter gives a new perspective on competitive strategy and practical by showing how all the basic activities and support activities can be combined to form a synergy which in turn will bring a competitive advantage.

By using this value chain analysis, management can do the following activities:

- Understanding the behavior of costs
- Identify what is creating value for buyers
- Selecting a technology strategy that reflects the significance of corporate technology for competitive advantage

Cravens (1996) argued that competitive advantage should be viewed as a dynamic process rather than seen as the final result. Competitive advantage has stage process consisting of a source of excellence, excellence and achievement of final results position as well as investment income to sustain excellence. Competitive advantage analysis showed the differences and uniqueness among its competitors. Source of competitive advantage is skill, resources and superior control. Superior skills that allow organizations to select and implement strategies that will differentiate the organization from the competition. Skills include technical capabilities,

managerial and operational. For example, knowledge about the wishes and demands of consumers helps firms to use its ability to satisfy consumers.

Meanwhile, the superior resources that enable the formation of the dimensions of excellence. For example, a strong distribution network, manufacturing capabilities, marketing strength (an experienced sales force), technology and natural resources. Superior control includes the ability to monitor and analyze processes and business results. For example, the superior cost control costs and inhibit the introduction of the field where the assessment and management action is required. The control system also provides the performance stakes guess (bench mark).

Monitoring efforts should be more than just internal operations, but also includes consumers, competitors and distribution networks. Advantages position is the result of production with low cost (cost leadership) or differentiation that delivers superior value for consumers. Lower costs enable the company to provide superior value by providing a lower price than its competitors for the same product. Differences appearance products that comply with buyer preferences to produce unique benefits that can cover the high price. Important factor in seeking excellence is how to make a decision to compete.

### **Definition of Small Industry Performance**

Orally and in writing, many sides use different terms to discuss this small industry. In addition to use the term small scale industries (small industry), there are a number of other terms that mean the same, such as: small business (small business), small companies (small enterprise or a small firm), small-scale enterprises (small scale busines) and others . Some claimed the small industry is the sector, while small industry is the sub-sector. This assumption should be ignored just because of all the terms it basically has the same content.

Based on research results Szimansky, et al. (1993) indicators of performance measurement and competitive advantage of the most frequently used is the market share and profitability. In this study the researcher only uses market share (market share) as indicators of company performance measurement which is then fitted with the growth of market share (market share growth). Market share is a measurement of marketing performance or operational performance that can distinguish between winners and losers. Volume sales of the company did not disclose how well the company's performance compared to its competitors. If the company increased market share means the company can outperform its competitors, if the models share the company declined, saying the company could lose to competitors. The definition of market share here is the relative market share, the company's total sales expressed as a percentage of sales to major competitors. Measurements with the overall market share is widely used because it only requires information on total sales (Kotler, 1997). This study also uses a

measurement relative market share by asking the comparison market share of respondents with their main competitors.

**Effect of Sources of Competitive Advantage The Performance Company**  
To improve the competitiveness of companies, one way this can be achieved is by developing capabilities in order to improve company performance (Tambunan, 2001). Competency directing patterns of diversification and how the company entered the market (market entry). Special competence is the competitive advantage of companies owned or done that gave him the strength to deal with competitors (Tjiptono, 1997). Marketing competency is the ability and performance level of marketing that supports the achievement of corporate strategic objectives. The amount of marketing competence is calculated by knowing the total value of the performance factors of competitive advantage is multiplied by the relative importance of these factors and the percentage of responsibility in marketing. (Purnama, 2003: 11).

## **RESEARCH METHOD**

### **Measurement Variables**

#### **Sources of Competitive Advantage (X)**

Is the ability and performance level of marketing that supports the achievement of strategic objectives with indicators (Sukarno, 2009, 568)

- 1) Advertising Campaign
- 2) Ability Meets Target Market Demands
- 3) Pricing
- 4) The extent of Product Line
- 5) The extent of Distribution Coverage
- 6) Selective Distribution
- 7) Sales Mastery

#### **Bound variables:**

#### **Performance of Small Industries (Y)**

Is the level of achievement Small Fish Processing Industries is measured in terms of work with the indicator (Muljaningsih and Sukarno, 2011:148):

- a) Sales Growth
- b) Profitability

#### **Population**

The population in this study is the overall industry owners and employees Fish Processing in Tambak Wedi.

#### **Sample**

In this study, samples were taken from the Small Fish Processing Industry in the Village Pond Wedi, with a number of indicators at least  $9 \times 10 = 90$  customers. And to meet the

requirements of the SEM test which requires a sample of 100-200, then the sample in this study of 100 people.

### **Technical Analysis**

Hypothesis testing used in this study was multi variate analysis with Structural Equation Modeling (SEM). Assessment of influence on each-independent variable on the dependent variable using path coefficient.

## **RESULTS AND DISCUSSION**

### **Evaluation Model One-Step Approach to SEM**

In the SEM model, measurement model and structural model parameters estimated jointly. This method is somewhat experienced difficulty in meeting the demands of the model fit. Most likely caused by the interaction between measurement models and structural models are estimated jointly (one-step approach to SEM).

One-step approach to SEM is used when the model is believed that based on strong theory and the validity and reliability data is very good. (Hair et al, 1998).

**Table 1.** Evaluation Criteria for Goodness of Fit Indices

Criteria	Results	Critical Value	Evaluation Model
Cmin/DF	0.810	$\leq 2,00$	good
Probability	0,594	$\geq 0,05$	good
RMSEA	0.000	$\leq 0,08$	good
GFI	0.982	$\geq 0,90$	good
AGFI	0.953	$\geq 0,90$	good
TLI	1.054	$\geq 0,95$	good
CFI	1.000	$\geq 0,94$	good

From the results of evaluation of the model was one step elimination of all goodness of fit criteria are used, all showing good results of the evaluation model, the model is consistent with the data. That is, the conceptual model was developed and its based theories have been fully supported by facts.

### **Causality Test**

Judging from the number determinant of the sample covariance matrix:  $2532933763 > 0$  indicates there is no multicollinearity or singularity in this data so that assumptions are met. Thus the regression coefficient of each factor can be trusted as seen in the causality test below.

**Table2.** EvaluationCriteria forGoodnessofFitIndices

			Ustd	Std	Prob.
Faktor	↔	Faktor	Estimate	Estimate	
Sources of Competitive Advantage	↔	Performance of Small Industries	0.029	0.150	0.028
limit of significance	↔				≤ 0,10

Judging from the level of Prob. direction of causal relationship, then the hypothesis which states that: Factors Resources Competitive Advantage positive effect on company performance, can be accepted [Prob. kausalnya  $0.028 < 0.10$  [significant [positive].

Based on the results of research that has been done to analyze the influence of the sources of competitive advantage in marketing to the company's performance, it is known that these variables have positive and significant. This means increased competence will enhance the performance of companies and enterprises with high competence will achieve results better performance than the company's incompetent. This finding is consistent with the results of previous studies that have shown a positive relationship marketing competence of the products of the company's performance. The study also found that when viewed from the level of importance of sources of competitive advantage, brand image and reputation of the company is considered as a source of competitive advantage is most important. Thus we can conclude that the sources of advantage in marketing that are considered most important was indeed a primary responsibility of the marketing function (percentage of major responsibilities.)

## CONCLUSIONS

### Conclusion

Based on the research that has been done to analyze the influence of the sources of competitive advantage in marketing to the company's performance, showed that these variables have positive and significant influence

### Suggestion

By considering the limited-keterbatasam this research, this study's findings are expected to remain useful for the manufacturing industry in Indonesia as well as for the academics. Marketing competence can be used as a source of competitive advantage that can improve corporate performance results. Thus the company can continue to explore and develop competencies in marketing to survive in an era of increasing competition this. The sources of competitive advantage that are considered less important to be reconsidered. Because of the importance of the source of this advantage was also affect both the poor performance. For example, the results of this research resource advantages related to distribution, pricing, service before and after the sale of

the lowest ranks (considered less important). As a result the performance of resource-advantage Sumner tersebutpun less good than the sources of other advantages.

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