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## The Detection of Corruption and The Role of Accountant in Achieving Good Public Governance

**Rozmita Dewi YR**

The Government of Indonesia has been conducting various corruption eradication efforts; however, these have not been able to effectively prevent corruption in Indonesia. Indonesian Corruption Eradication Commission (KPK) has managed to unravel corruption cases through a thorough detection and investigation....

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## The Effect of Corporate Tax Governance, Audit Quality and Tax Exposure on Audit Fee for Companies Enlisted in Indonesia Stock Exchange

**R. Nelly Nur Apandi, Sidharta Utama, Hilda Rosieta**

an important issue in the audit process is closely related to the amount of fees set out in an audit engagement. One of the determinants of audit fees based on the characteristics of the audited is related to the corporate governance. The purpose of this study is to determine the effect of corporate...

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## Internal Control and Quality of Financial Reporting in Zakat Management Organization

**Elis Mediawati**

Zakat is the third pillar of Islam, it must be fulfilled by a muzaki (the person who is obliged to issue zakat), because the rights of others are in the assets which are owned. Zakat in Islam is the worship contains two dimensions they are hablum minallah or vertical dimension and hablum minannas or...

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## The Effect of Employee Competence on the Reliability of Financial Statements

**R. Ait Novatiani, R. Roosaleh Laksono**

Often we find that the financial statement presented by a company occurred inaccuracy of time in preparing financial statements, causing delays in decision making. Financial statements is financial information used by the company as a means of decision making, the financial statements should be reliable...

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## The Opportunities and Challenges of Islamic Accounting Learning for Vocational Students and Its Application in Islamic Microfinance Institutions

**Arim Nasim, Agus Widarsono, Ellinna Riennovita**

HR needs in the field of Islamic Economy by 2017 is 20,838 people per year. Nevertheless, the average number of S1 and S2 graduates of Islamic Economy Study Program is 6,542 per year. Hence, there's a gap of 14,296 per year. Most of the needs, especially for BMT and Sharia Cooperative, can be fulfilled...

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## The Impact of Delegated Authority and Organizational Commitment toward Budget Participation

**Ernawaty Usman, Nurhayati Haris, Sugianto Sugianto**

This study aimed to determine (1) the impact of participative budgeting towards local government performance, (2) the impact of delegation of authority towards local government performance, (3) the impact of organization commitment towards local government performance, (4) delegation of authority as...

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## Reorientation and Renewal of Indonesia Economy Education Curriculum Paradigm based on Creative Economy, Character Education and Local Cultural Values

**Moch Noviadi Nugroho**

The shift of development paradigm, which initially rests on the power of natural resources based, then changed to rely on the strength of human resources based or commonly also called knowledge-based economy. Creative economy is an economic era that intensifies information and creativity by relying on...

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## The Effect of Return on Assets and Return on Equity to the Stock Price

**Fitri Sukmawati, Innes Garsela**

This study aims to determine how the "Effect of return on assets and return on equity to the stock price on PT.Indocement Tunggul Prakarsa Tbk". This study uses descriptive-quantitative analysis using classical assumption test. Collecting data using secondary data in the financial statements. The statistical...

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## Stock Valuation of Indonesian Natural Gas Company in the Middle of Global Economic Slowdown

**Felix Terahadi, Subiakto Soekarno**

2015 is a difficult year as the economic slowed down has made most industries suffer in their core business activities. Nevertheless, Indonesian stated-owned company, PT. Perusahaan Gas Negara (Persero) Tbk (PGN), announced their infrastructure project plan. The project consist of 12 pipelines infrastructure...

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## Developing Students' Financial Literacy and Financial Behaviour by Students' Emotional Quotient

**Azizah Fauziyah, Siti Aty Ruhayati**

Indonesian financial level exists at the middle level to demand efforts to improve financial literacy and financial behaviour. This study aims to determine the effect of emotional capability to financial literacy and its implications for financial behaviour. This research is a descriptive study using...

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## Valuation of Upstream Oil and Gas Projects using Discounted Cash Flow Methods

**Zarpani Zarpani**

The objectives of this study are to valuing the interest in the project development of the "AAX" oil field, "NW NTX" working area which is currently held by "AX" limited and "STX" Limited as contractor under the terms of Production Sharing Contract (PSC) with the Indonesian government, represented by...

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## The Analyses of Auditors' Personal Characteristic and its Impact on the Public Accountants' Ethics

**Amilin Amilin**

The aim of this study is to examine the differences in auditors personal characteristic and their impact on the implementation of the public accountants ethics. The respondents are the auditors who work in the public accounting firm in Jakarta, Indonesia. The sample selection using purposive sampling...

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## Islamic Monetary Policy and its Impact on the Growth of Islamic Banking (Case Study in Indonesia)



## ISLAMIC BANKING (Case Study in Indonesia)

**Yoghi Citra Pratama**

Islamic economics as a new eld in the modern economic science recognizes not only the principles and operations of Islamic commercial banks but also central bank as the monetary and economic authority. Amongst all, the main functions of a central bank in Islam are to maintain price stability and prosperity...

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## Budget Implementation in Higher Education

**Asep Kurniawan, Tjutju Yuniarsih, Sumarto Sumarto**

This study analyzed the implementation of the budget in universities. Implementation of the budget in question is how the budget preparation and how the implementation of the budget in universities. The method used in this research is a case study method with qualitative approach. The object of research...

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## Executives Characters, Gender and Tax Avoidance: A Study on Manufacturing Companies in Indonesia

**Nova Novita**

This paper investigates the effect of executives character and gender on corporate tax avoidance. Gender in this research is measured by dummy variable, executives character is measured by the company risk, while tax avoidance is measured by the cash effective tax rate. Data analyzed consisted of 20...

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## Real Activities Manipulation (RAM) and Accrual-based Earning Management Pre and Post IFRS Adoption in Indonesia

**Dyah Purwanti**

The purpose of this study is to investigate the impact of the adoption of International Financial Reporting Standards (IFRS) on accrual-based earnings management (EM) and real activities manipulations (RAM). The research is motivated by the fact that past studies have indicated the

existence of no significance...

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## Creative Thinking Skills within Accounting in College Curriculum of Indonesia

**Gayatria Oktalina, Erika Feronika Br. Simanungkalit**

Merger of Indonesia to the MEA demanding college graduates have high competitiveness, so that the curriculum should encourage students to have a high-level thinking skill. One of them is creative thinking. So, this research examines the content and chances of implementing creative thinking skills across...

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## Performance Evaluation of Indonesian Banks and Foreign Banks Operating in Indonesia Related to Classification of Capital

**Sugiarto Sugiarto**

This study was undertaken to prove the public perception that bigger banks are more difficult to bankrupt than smaller banks through performance evaluation of Indonesian banks and foreign banks operating in Indonesia related to classification of capital. The study was conducted using secondary data obtained...

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## Financial and Non Financial Factors that Influence the Implementation of IFRS

**Icih Icih, Siti Rodiah Qolbiah**

Benefits of IFRS adoption by Indonesia has increased credibility, usefulness and comparability of financial reporting. In fact, the adoption of IFRS, many obstacles. This research aims to determine the financial and non financial factors that affect the implementation of IFRS on 8 companies in Property...

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## Smart Business Strategy: Optimize the Role of Management Accounting

**Yoga Tantular Rachman, Sendi Gusnandar Aman, Yogo Heru Prayitno**

this research purpose is to remind the role of management accounting for the business success. This research is using descriptive qualitative by studying literature method. The strategy is a key determinant of the success of a company in the long term that will ultimately make the company become winners...

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## Feasibility Analysis of Breeding Sheep Garut

**Ina Ratnasari, Dian Haki nurdiansyah**

Karawang District as one of the agricultural areas in West Java province have large farms, allowing one to open a sheep breeding business. The availability of sufficient land to provide food make Karawang area deserves to be one of the region for breeding sheep or goats. This study aims to examine the...

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## The Role of the Rate of Profit Concept in Creating Islamic Financial Market Stability

**Trisiladi Supriyanto**

This study aims to establish a concept of rate of profit on Islamic banking that can create economic justice and stability in the Islamic Financial Market. To determine the role of the rate of profit as the basis of the profit sharing system implemented in the Islamic financial system, we can see the...

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## Cognitive Bias and Risk Preferences Analysis of Ponzi Scheme Investors

**Maya Sari, Nugraha Nugraha**

The form of Ponzi scheme has evolved over many years and continues to change shape. The interesting phenomenon from such as Ponzi Scheme is that although many investors have lost their money, as publicized in the mass media, the case still continued until now. This study aims to gain an overview of cognitive

Overview of Cognitive...

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## Determinant Factor of Firm's Value on Manufacturing Company in Indonesian Stock Exchange

**Suparno Suparno, Djoko Pitoyo**

This study aims to analyze and provide empirical evidence that the independent variable Dividend Policy, Manager Share-Owned, Board Size and Profitability, both partially and simultaneously influence the Value of the Firm. Based on agency theory and the theory of dividend policy, in line with the phenomenon...

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## A Risk Analysis of the Customer for Deposit Products in Islamic and Conventional Banking

**Badria Muntashofi, Faris Azka**

There are currently two types of deposits in the banking world. Ie deposit products of two different banking systems; conventional banking and Islamic banking. From the years 2011-2013 phenomenon decline in deposits (deposits) on Islamic banking and conventional, as well as the fact there is a deposit...

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## An Analysis of Efficiency Technique Level of Rural Bank by using Data Envelopment Analysis (DEA)

**Wini Welani, Nugraha Nugraha, Heraeni Tanuatmodjo**

Purpose - The purpose of this research is to measure the efficiency technique level of Rural Banks in 2013-2014 by using a Data Envelopment Analysis (DEA) method, by BANXIA software. Design/methodology/approach - The approach used to choose the input and output is intermediation approach. ...

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## The Influence of Financial Performance on Stock Price in Indonesian Oil and Gas Companies



**Nurul Eka Putri Purnamasari, Imas Purnamasari, Budhi Pamungkas Gautama**

Oil and gas industry showed a declining financial performance caused by the collapse in world oil prices. The purpose of this research to know the effect of profitability and solvency on the stock price of Oil and Gas Company listed on the Stock Exchange in The Period of 2010-2015. This research applied...

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## Sharia Compliance on Murabaha Financing

**Elis Mediawati, Silviana Agustami**

This research aims to find out how the sharia compliance supervision on murabaha financing, as well as things become supporters and obstacles in fulfillment of sharia principles on murabaha financing at BMT. This study used a qualitative descriptive method. The data used is Primary data were obtained...

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## The Relationship of Local Own Revenues and General Fund Allocation on Capital Expenditure of Local Government

**Heni Mulyani**

The percentage of personnel expenditure, spending on goods and services, and other (routine) expenditures in all provinces in Indonesia has been increasing every year with a relatively constant value. This study aims to determine the relationship of local own revenue and general fund allocation on capital...

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## The Effect of Operating Cash Flow on the Profit Growth

**Agus Widarsono, Mega Rahmawati**

This study aims to investigate the effect of operating cash flow to the profit growth. This study employs associative approach. The objective of the study is to obtain the picture concerning operating cash flow, and to depict the mechanism regarding profit growth in State-Owned Enterprise (SOE) bank,...

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## The Impact of Tourists' Visit Number on the Regional Own Revenue

**Imas Purnamasari, Gita Dwi Rahmi**

The main aim of this research is to determine the impact of tourists' visit number on the regional own revenue in West Java Province. This research used descriptive and verivicative method. The data was collected by using documentation study technique. The research used the annual data that is published...

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## SRI Rice Organic Farmers' Dilemma : Between Economic Aspects and Sustainable Agriculture

**D.Yadi Heryadi, Trisna Insan Noor**

Organic Farming is the future agriculture to achieve sustainable agriculture which considers social, economic and environmental aspects. Nowadays, the performance of its development has not met expectations, particularly organic SRI rice farming in Tasikmalaya Regency. Factors that cause less encouraging...

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## The Influence of Green Marketing on Perceived Value of Pertamina Purchasing Decision

**Rennyta Yusiana, Arry Widodo**

Environmental degradation intensifies in Indonesia and in the world giving direct impact on human life. The issue of care for the environment and as a form of social responsibility, prompting many companies to create and offer environmentally friendly products (green product). This study aims to determine...

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## Marketing Artificial Reef as Recreational SCUBA Diving Resources: Feasibility Study for Sustainable Tourism

**Harriman Samuel Saragih**

Indonesia is known as a coastal country which has rich natural resources.

Indonesia's islands have attracted scuba divers globally to dive and experience the sensation of Indonesia's maritime ecosystem. Previous studies have shown that scuba diving as an ecotourism object is able to contribute both positive...

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## The Effect of Environmental Corporate Social Responsibility (CSR) Disclosure to Investor Behavior: Empirical Study from Indonesia Capital Market

**Marsdenia Marsdenia**

The purpose of this study is to investigate the effect of environmental CSR Disclosure to investor behavior. Proxy of investor behavior is Cumulative Abnormal Returns (CAR). Motivation of study is inconclusive result of effect of environmental CSR disclosure to investor behavior. Main contribution...

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## Strategy of Product Development and Process of Creative Industries in Indonesia

**Ryan Kurniawan, Andhi Sukma, Evo Sampetua Hariandja**

Creative industries in Indonesia are confronting the globalization pressures that is profoundly focused and to maintain their prosperity by new product development. The target of this study was investigating the activity of product development by including strategy, process, organization, the performance...

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## Overall Equipment Effectiveness Improvement with Total Productive Maintenance Method

**Claudia Febianny Susilo, Aditya Andika**

This paper discusses the results of a research conducted on the production process of a pharmaceutical product. The product is made by an Indonesian Pharmaceutical company. At the production process, there is a process that is considered not optimal and requires improvement. The process is the packaging...

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## Customer's Perception and Expectation for Reverse Logistics Implementation

**Farida Pulansari, Dwi Sukma Donoriyanto, Nisa Masrurroh**

Good communication between buyers and sellers are important strategy for company to maintain the customer satisfaction, loyalty, and enhance financial performance. Complaint is a signal that indicates important information that needs quick response. On the other hand, environmental problems (i.e. waste,...

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## Supply Chain Operational Capability Affecting Business Performance of Creative Industries

**Suryadi Hadi, Benyamin Parubak**

The creative industries can be used as a potential sector in order to reduce social problems and contribute to improve economy. The sustainability of this industry operation can be overcome by increasing the supply chain operational capability, such as, structural capabilities, logistics and technology....

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## Patent Investigation on Pellet Biomass from Empty Fruit Bunch to Enhance Innovation Development of Renewable Energy

**Tommy Hendrix, Adityo Wicaksono, Firman Tri Ajie**

Sustainability of renewable energy development has become big issue. Government has set its target to replace fossil fuel based energy into new and renewable energy. For this, research and development (RnD) in renewable energy sector must be massively done and should be well planned. On the contrary,...

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## Food Supply Chain: Consumer Preferences

**Jessy Safitri Sitorus, Agus Rahayu**



Aim of this study was to determine the effect method of guided discovery learning and method of problem solving for student's critical thinking skills. The reason for this study is the low level of critical thinking skills. Guided discovery learning method emphasizes constructing knowledge through discovery....

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## Food Supply Chain: Consumer Preferences

**Imanuella Romaputri Andilolo, Ikma Citra Ranteallo**

There are many papers that independently argue either for or against short or long food supply chain management. This paper attempts to combine both sides of arguments for short and long food supply chain through literature research. The arguments for short supply chain referred to in this paper as altruistic...

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## Traditional Food for Small and Medium Enterprises (SMEs)

**Asep Nurhikmat, Tommy Hendrix**

Studies have been conducted on gudeg canned to increase shelf life. Gudeg is a traditional food based young jackfruit from Yogyakarta Province - Republic of Indonesia with a shelf life of 2 to 3 days. Techniques processing adapted to small and medium industries (SMEs) scale with a capacity of 1000 cans...

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## Analysis of Economic Transformation and Determination of Main Economic Sectors in the Future

**Sri Lestari, Samsul Arifin**

The objectives of this study are: the first, to demonstrate the economic relations between Jakarta-Banten and also National-Banten. The second is to identifying the main sector of economy in determining the future. Research methods were used to answer the first objective was the correlation of the product...

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## An Examination of Organizational Determinants Influencing Green Production Adoption by SMEs in Malaysia

**Mohd Firdaus Ruslan, Marlina Muhamad, Mohd Fazil Jamaludin**

Small and Medium Enterprise (SME) is an important economic entity in most country including Malaysia. Statistic from SME Corporation Malaysia shows that currently, there are 645, 136 SMEs and they contribute 32.7% of Malaysia's Gross Domestic Product (GDP) and the forecast will be 41% by 2020. Statistics...

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## Blogspot-Based Learning Model to Improve Economic Self Directed Learning

**Zul Afdal, Disman Disman, Munir Munir**

Material complexity of the subject matter can be about problem meaning for participant is taught in studying. Of advance research result is concluded indeed besides college material complexity, about problem learned happening also since palls it media approaching that utilized by educator at deep pass...

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## The Analysis of Quality Control in Garment Company Using Statistic in Controlling Product

**N. Mayang, T.A. Koeswandi, S. Yulianti**

Garment Company is a company engaged in the manufacture of garments such as pants, t-shirts, shirts and others. In order to maintain consumer confidence to produce a quality product, the company used a sampling technique with International standards by suppressing high defect products. In fact, the average...

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## Quality Control of Product: Statistical Process Control

**Solehatin Ika Putri, Chandra Budhi Septyandi, Dwi Phayana Rohandani**

the problems faced by PT. Wahana Java Semesta Intermedia are still the emergence of defect products in every production and it escaped from quality control checked thus it reaches the consumer. This study aimed to analyze

the application of products quality control system applied in PT. Wahana Java Semesta...

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## Analysis Factors Affecting Students' Satisfaction with Academic Services Based on Servqual

**Girang Razati, Sumiyati Sumiyati, Masharyono Masharyono**

Colleges are required to continue to improve in the satisfaction of students in the service provided. The purpose of this research to understand factors that which influences student satisfaction seen from servqual. Methods used explanatory survey. The subject in this study was 201 students. Data analysis...

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## Quo Vadis Product Development Strategy of Indonesia Manufacturing Companies

**Evo Sampetua Hariandja**

Globalization weights have started to majorly affect the act of product development over an extensive variety of business. Another worldview has risen whereby organizations are using gifted building groups scattered far and wide to create items in a shared way. Manufacturing companies in Indonesia are...

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# Influence of Competitive Advantage Strategy for Business Success

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**Abstract—** The strategy is a very important tool for achieving a competitive advantage, to face the competition by creating product diversification and competitiveness. The purpose of this study was to examine the effect of competitive advantage in terms of low cost and differentiation to business success, as well as test variable combination of competitive advantages (low cost and differentiation of products) to business success Kartika Sari. Analysis to test the hypothesis, the which uses Multiple Linear Regression Analysis. The results showed that the application of the differentiation strategy has a significant impact on the success of Kartika sari. But the application of competitive advantage strategies Low Cost no effect on business success, as well as the application of competitive advantage strategy combination of Low Cost and differentiation has no effect on business success or performance of the Company. The decision makers of companies, especially in the culinary industry in the application of competitive advantage generic strategies need to focus on a strategy for sustainable competitive differentiation in the creative industry in general.

**Keywords—** business success, competitive advantage, differentiation, low cost

## I. INTRODUCTION

The impact of the development of business and market opportunities to make creative industries more widely. The competition will increasingly steer the company towards market positioning culinary industry to constantly develop and capture market share. These conditions resulted in the company is required to always create competitive advantage businesses to survive in the market on an ongoing basis by providing a product or service quality and excellent service to customers, which is always evolving and changing so that consumers are loyal, not least culinary business Kartika Sari, patisserie which a trade mark or icon of Bandung.

Need a strategy to compete in this creative industry, because of the success of the culinary industry in market share can not be separated from business strategy plan that has been and will be implemented by each offender culinary industry. For the culinary industry, strategies generic strategies can be used as a reference for dealing culinary competition among industry players amid the dynamics of changes in consumer tastes and a variety of another creative industry is emerging as a competitor. According [1] basic purpose of strategic

management is to create a competitive advantage as the most important condition for business success. All potential of the company aimed to achieve this goal with the daily operational decisions based on the long-term strategy.

According [2] the company's strategy broadly classified into three levels, namely corporate level strategy, strategic business level and functional level strategies. Corporate-level strategy with regard to the selection of domain, scope vertically, horizontally, and market linkages with the level of integration between the different businesses. Business level strategy with regard to domain selection, how companies compete effectively in an industry [3]. Functional level strategies focused on maximizing the productivity of resources in any particular function and is generally derived from the business strategy [4].

Application of generic strategies according to Porter's still relevant in the competitive industry. There are three generic strategies are cost leadership (cost leadership), differentiation and focus. The focus strategy has two variants, the focus on cost or differentiation focus on a particular segment. According to Porter generic strategy is to seek power to compete in an industry that is profitable. Competitive strategy aims to build a profitable and sustainable position against the forces that determine the competitive industry. Therefore in order to win the competition of creative industries need to have a generic strategy is clear and precise in order to have a better performance in the face of increasingly fierce competition. Implementation of business-level strategy is essential in an increasingly competitive anticipating competition. According [5] there are two basic types of competitive advantage a company can have is a low cost strategy (cost leadership) and differentiation strategy. The significance of any strengths or weaknesses of a company is ultimately a function of the relative cost or differentiation.

From the results of previous studies, there is a gap that is according to research [6] as well as [7] indicated positive overall generic strategy and significantly improve the performance of the company. According to research [8], the company gives emphasis to both strategies are cost leadership and differentiation strategies are classified into groups of integrated strategies. [9] stated that the company is implementing an integrated strategy has a lower performance

compared to the cost leadership strategy and differentiation strategy.

This study fills some of the gaps with a focus on creative industries, especially the culinary industry. The reason the development of the research is to bridge the gap small and medium enterprises in developing its business strategy in terms of competitive advantage that is constituted by: Efforts to empower SMEs is becoming increasingly critical associated with changes in the global business environment dramatically, so that SMEs are required to achieve a competitive advantage and were able to maintain existence [10]. Meanwhile, it was realized the competitiveness of SMEs in Indonesia are still relatively low and are vulnerable to changes in the business environment that are increasingly turbulent and uncertain. This condition affects the resulting low productivity and not least SMEs experienced a business [11]. This is because SMEs are less able to adapt and be responsive to the business environment faced due to lack of internal capacity owned [12]. In addition, customers who are very intelligent, dramatic changes in technology, the rise of many competitors offer similar products and more innovative and more different with more competitive prices. This phenomenon is a challenge SMEs, to find a business strategy that is relevant in terms of competitive advantage which is expected to have an impact on its business success.

This study will provide some important contributions to fill the gap by identifying how much influence the competitive advantage in terms of lower costs and product differentiation to business success, as well as test variable combination of competitive advantages (low cost and differentiation of products) to business success. This will broaden understanding of the competitive advantage for SMEs. The empirical findings of this study are expected to be valuable information for improving the success of the SMEs, which is based on previous empirical findings are quite diverse, from research [13]; [14]; [15]; [16]; research [17]; [18]; [19].

## II. EFFECT OF COMPETITIVE ADVANTAGE OF LOW COST AND DIFFERENTIATION TO BUSINESS SUCCESS

In general, small businesses Medium has limitations in controlling strategic resources, as well as the level of market research and formal planning is still relatively low. These conditions encourage the importance of investment to develop strategic resources in line with the implementation of strategies in order to create competitive advantage and results in improved corporate performance [20]. [21] suggested that a competitive advantage can be gained from strategic resources created or acquired, maintained and developed by the company as a base the selection of competitive strategy, so that later could act as "strategic weapon" to maneuver to face market competition.

Thus, the success of SMEs in enhancing the business success is not only derived from the mastery, control, and development of strategic resources, but the application of competitive strategy according to strategic resources, is able to give an edge to compete, to succeed better business in the long term, Resource-based view to formulating some fundamental

differences needed to understand the process of creating a competitive advantage SMEs better. The general distinction is made between resources and competence. Resources owned SMEs are all physical, human, and financial assets that contribute in different ways in the process of production output input. These resources utilized, in part or in whole, thus enabling the development of a number of knowledge and capabilities that generate competence.

Competitive advantage in view [5] can mean having a low cost, differentiation advantage, or focus on successful strategies. Porter believes that the competitive advantage grows fundamentally from the company's value can be created for buyers who exceed the cost of creating it. Value is what a buyer is willing to pay, and superior value derived from bid prices lower than competitors for equivalent benefits or providing unique benefits that more than offset a higher price.

Meanwhile, [22] defines as a competitive advantage over normal reception sustainable. [23] states that competitive advantage can appear on the company when their actions in the industries or markets create economic value and when a bit of the company's competitors to do the same.

According to [24], the notion of competitive advantage is an edge over competitors gained by delivering greater customer value, through lower prices or by providing more benefits that correspond with higher pricing. Some of the indicators used to measure competitive advantage is unique, rare, not easily imitated, not easily replaced, and competitively priced. [25] Stated that a competitive advantage is a collection of strategies to determine the benefits of a company from the competition between other companies. The competitive strategy includes low cost and differentiation. Furthermore, the combination of both strategies is called the focus. Basically every company competing in an industry environment has a desire to be more superior than its competitors. Competitive advantage is the relative advantage of an organization that may exceed its competitors.

Competitive advantage is basically growing from a value or benefit that the company could be created for the customer. If the company is able to create excellence through one of the three generic strategies proposed by Porter, it will obtain competitive advantage [21]. [26] States that competitive advantages are the kinds of strategies to help the company maintain its viability. The opinion was supported by [27] which states that in a competitive market, the company's ability to produce the performance, especially the financial performance, highly dependent on the degree of competitive advantage.

The success of the business is also affected by the company's specific position in the occupied industrial environments. Companies operating in the same industry may decide to adopt a different strategy, in the analysis of competitive strategy (competitive strategy also called Porter's Five Forces) of a company, Michael A. Porter introduces three types of generic strategies, which can be selected are: 1. Cost leadership, when the companies offering the same product at a lower price than its competitors. 2. Differentiation, when companies offer different products (higher quality and more functions more) at a higher price. In this case, the company

must set prices at a level sufficient to cover the higher costs in producing differentiation. If this is not done, the differentiation strategy will lead to high costs that are not covered by the company's revenue.

In a differentiation strategy, the main focus is to distinguish between products of the business unit by creating something unique for the customer (customer). 3. Focus, when companies follow one of two strategies before, but focusing on a limited segment of the market. We will have the focus on cost when the company decides to pursue cost leadership in a limited market segment and focus differentiation when it acts in accordance with the differentiation strategy.

From the research [7]; [6] generic strategy indicates overall positive and significant impact on company performance, [9] stated that the company is implementing an integrated strategy has a lower performance compared to the cost leadership strategy and differentiation strategy. According to research [8], the Company gives emphasis to both strategies are cost leadership and differentiation strategy, both generic strategies are classified into groups of integrated strategies. [14] conducted a study on the bank with the conclusion that the bank is implementing more than one strategy is superior to implement the strategy, while [28] state differentiator has a much stronger market than the cost leadership and has a positive influence on the success of business or corporate performance.

The success of the business or the company's performance by [29] is a successful company in terms of new products, as measured through the development of new products, and market development, growth share as measured through sales growth and market share, profitability measured by operating profits, profit to sales ratio, cash flow operation, return on investment, return on assets, and the product quality. Empirical support has been shown by many researchers in the use of indicators of performance of small companies[30], [31] sales growth rate, employment growth, return on assets (ROA), market share profitability, and size as an indicator in measuring the company's performance. The success of the business or the company's performance in this study was measured using the size of the sales growth, revenue growth, market share changes, and the position of competitors. The measurement scale for the fulfillment of the objectives and the relative competitive performance adapted from [18].

They then develop a hypothesis:

H1: low- cost strategies affects the success of the business.

H2: Differential strategy affect the success of the business.

H3: Strategies combination of low cost and differentiation affect the success of the business.

### III. RESEARCH METHOD

The study population was Kartika sari businesses in which the owner and employees are considered to know and be able to analyze industry environment influenced by considering strategies for the establishment of low cost and differentiation. The sampling technique using saturation sampling where all members of the population used as a sample. Methods of data

collection using questionnaires, interviews, and observations. Measurement of the validity of using the confirmatory factor analysis (CFA), Test reliability was calculated using Cronbach Alpha. Analysis to test the hypothesis of the influence of competitive advantages (low cost and differentiation), and combinations thereof to business success, the which uses Multiple Linear Regression Analysis. This type of research is done in this paper is to use descriptive research and verification. In this study, quantitative analysis of data used is Likert scale, on a five (5) from a one-point (1) - Strongly to five (5) - Strongly Agree.

Furthermore, the selected indicators to measure strategy competitive advantage in this research refers to research [17] and[18], and has been adapted where indicators of differentiation is its emphasis on new products or products that are available in order to serve customers better well, the uniqueness of the product, the quality of products, the introduction of new products into the market, the number of new products offered, the intensity of the promotion, development of the sales force and the development of the brand strong, while indicators of cost leadership is the emphasis on efficiency costs, cost reduction, efficiency of operational, sales capacity, competence prices and general cost control. The success of the business or the company's performance in this study was measured using the size of the sales growth, revenue growth, market share changes, and the position of competitors.

### IV. FINDINGS AND DISCUSSIONS

Testing of the study instrument is conducted by looking at the Validity Test, and the Reliability Test.

The measurement of quantitative validity uses Confirmatory Factor Analysis (CFA), performed by using SPSS 11 software for Windows. The results are as follows: it can be concluded that the level of intercorrelation between variables already qualified and factor analysis can be continued as the value of KMO generated amounts to 0.769 with 0.001 significant level ( $< 0.05$ ).

Based on the Rotated Component Matrix, it can be concluded that indicators of competitive advantages (low cost strategy of X1 and differentiation X2) and the combination of low cost and differentiation strategies (X3) as well as that indicator of business success (Y) is valid.

Reliability test results with test Cronbach alpha ( $\alpha$ ) in this study indicate that all variables of the study are reliable, since the entire value of the alpha coefficient of each study variable is greater than the standardized (0.6), so that each item on the question measurement instruments can be used.

The coefficient of determination on the model summary, showed that the value of Adjusted R Square of 0.663. This shows that the percentage contribution that independent variable influence competitive advantage (Low Cost, Differentiation) and a combination of Low Cost and Differentiation on the dependent variable Enterprises business success or performance of 66.3% the remaining 33.7% influenced by other factors not included in the model this research.



Simultaneous significance test (Test F) shows that the significant value indicates a yield of 0,040 (<0,05) so it can be concluded that the independent variable Competitive advantage (Low Cost, Differentiation), and combination strategies with the same effect on business success or Performance Company.

Partial regression coefficient test (t test) This test is used to determine whether the independent variables in the regression model X (Low Cost; Differentiation; Combination of Low Cost and differentiation) is partially significant effect on the variable Business Success (Y).

From the results of multiple regression analysis output can be presented as follows, shows table 1.

Significance Tests Effect of Partial (Test T), shows that the dimensions of the Low Cost showed insignificant value of 0.633 for > 0.05; Differentiation dimension shows significant value of 0.03; and the combination of dimensions Low Cost and Differentiation showed insignificant value 0.372 for > 0.05.

#### Equation of Regression Line

Multiple regression equations between Competitive advantage (Low- Cost and Differentiation) and combination strategies to Business Success which produce:  $Y = 39,0 - 0,57X_1 + 0,368X_2 + 0,825X_3$

TABLE I. RESULTS OF MULTIPLE LINEAR REGRESSION ANALYSIS

Coefficients <sup>a</sup>					
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t
1	(Constant)	39.0	26.168		1.6187
	Low Cost	-0.462	.078	-0.57	-4.37
	Differentiation	.173	.048	.368	3.165
	Low Cost and differentiation	.706	.737	.825	.827
a. Dependent Variable: Business Success					

<sup>a</sup>. Source: Researcher 2016

#### Interpretation Results Analysis

From the analysis that has been done has proved there is the influence of variables Competitive advantage (Low Cost, Differentiation) and combination strategies to Business Success.

Coefficient Determination Adjusted R Square value is equal to 0.663. This calls shows Competitive advantages variation of independent variables (Low Cost, Differentiation) and combination strategies used in the model is able to explain the variation of 66.3% Business Success dependent variable. While the remaining 33.7% influenced or explained by other variables not included in this research model.

The degree of influence and magnitude described by the parameters of influence, b, of magnitude 39.0. This figure implies that increasing Competitive advantage (Low Cost,

Differentiation) and combination strategies by 1% can be expected to affect the business success rise by 39%.

#### Effect of Competitive advantage (Low Cost) to Business Success

Testing individually, showed there is a significant influence of the variables Competitive advantage (Low Cost and Differentiation) with the degree of influence and different magnitudes. Direction of the relationship and the magnitude of each effect can be explained as follows: Effect of changes in Competitive advantage (Low Cost) to negative for Business Success (-0.57), Which means that with the addition of 1% in Competitive advantage (Low Cost) will be followed by a decline in business success by 57% if other variables remain presupposed; And conversely, if the Competitive advantage (Low Cost) can be saved by 1%, then the increase in business success increased 57%. Competitive advantage (Low- Cost) partially have no significant relationship with the variable business success and H1 rejected.

The argument can be explained as follows Competitive advantage (Low- Cost) consists of six (6) indicator is the cost efficiency of production, finding ways to reduce costs, operational efficiency, optimizing sales capacity, offering competitive prices, and general cost control. Low Cost strategy (cost leadership) emphasis on producing standard products (equal in every aspect) with the cost per unit is very low. This product (goods and services) are usually aimed at consumers who are relatively easily influenced by a shift in the price (price sensitive), or using price as a determining factor purchase decision. In terms of customer behavior, a strategy of this type is in accordance with the needs of customers who are included in the category of conduct low-involvement, when consumers are not (too) care about the differences between different brands, (relative) does not require product differentiation, or if there are a large number of consumers have bargaining power bargain significant.

Mainly in the commodities markets, this strategy does not only enable the company to withstand the price competition going on but also can be a market leader (market leader) to determine prices and ensure market profit rate is high (above average) and through the ways-stable aggressive way in efficiency and cost effectiveness. Sources of cost effectiveness are varied. These include the utilization of economies of scale (economies of scale), investment in the best technology, sharing cost and knowledge in the internal organization, the impact of the learning curve and experience (learning and experience curve), capacity optimization utilities, and good access to raw materials or distribution channels. In principle, the main reason for the implementation of the strategy of upstream integration (backward integration), downstream (forward integration), as well as sideways (horizontal integration) is to obtain the benefits of this low-cost strategy. To be able to run a low-cost strategy, Kartikasari should be able to meet the requirements in two areas: resources (resources) and organizations. This strategy can only be run if it has several advantages in the field of corporate resources, namely: strong capital resources, skilled in process engineering (process engineering), close supervision, easily manufactured,



as well as distribution and promotion costs low. While the field of organization, companies must have: the ability to control costs tightly, good control of information, incentives based on a target (results-based incentive allocations).

#### Effect of Competitive advantage (Differentiation) to Business Success

Effect of competitive advantage (Differentiation) the success of the business or the company's performance has a positive relationship amounted to 0.368%, When other variables held constant, the figure is above implies that with increasing competitive advantage (Differentiation) by 1% will increase the success of the business or the company's performance by 36, 8%. Differentiation partially variable has a significant relationship with the variable success of the business or the company's performance so that H2 is acceptable. Differentiation is a generic strategy that emphasizes the advantages of product innovation to maintain customer loyalty. In this study consisted of six indicators, namely: Development of new products or products that are available, the introduction of new products into the market, the number of new products on offer, promotion, sales force development and efforts to build a strong brand. Product Differentiation Strategy (differentiation), prompting the company to be able to find unique in its target markets.

The uniqueness of the products (goods or services) put forward allows a company trying to attract maximum interest from potential customers. How differentiation of products vary from market to market, but due to the nature and the physical attributes of a product or experience the satisfaction of (real or psychological) are perceived by consumers from consuming the products offered. A variety of different variants of shape, taste, delicacy, hygienic, does not contain preservatives, packing and ease of maintenance, a flexibility of size, convenience to shopping, and various other things that are difficult to imitate opponents just a few examples of differentiation in the culinary field. This type of regular strategy targeted at potential customers who are relatively not put the price for making the decisions (price insensitive).

It should be noted that there are various levels of differentiation. Differentiation does not provide a guarantee of competitive advantage, especially if the products are standard in circulation has been (relatively) meet consumers' needs or if competitors are able to do a quick impersonation. Examples of using this strategy right is the product that is both durable goods (durable) and difficult to imitate by competitors. Another risk of this strategy is that if the difference or uniqueness of the product offered was not appreciated (considered normal) by consumers. If this is the case, then the competitor that offers standard products with low-cost strategy will be very easy to seize the market. Therefore, the differentiation strategy, intelligence Research and Development department is very important.

The study of SMEs Kartikasari shows differentiation strategy implementation an important influence on the success of the business or the company's performance. The empirical findings of this study support previous research conducted by [15], [16], [28] and [32] that the strategy of differentiation effect on the company's performance. The findings of this

research shows that the differentiation variables significantly influence the variable success of the business or the company's performance. the average value differentiation strategy smallest average indicator is 3.90, while 5 other indicators in the top four so the overall respondents rated well for the entire indicator variable of differentiation. the factor analysis of the indicators of differentiation strategy which has the highest weight is an indicator of the number 1 followed by the number 2, 5, 4, 6, and 3 so that implementation of the strategy of differentiation indicators that need attention is on the development of the diversity of innovation of new products with variants of new flavors and product availability in the market, sales force development, promotion and the rate of new product introduction to the market.

#### Effect of Combination Strategy Competitive advantage (Low Cost and Differentiation) to Business Success

Combination strategy is to combine elements of Competitive advantage (Low Cost and Differentiation). The indicator is the merger of the two strategies Competitive advantage Low Cost and Differentiation. The study of SMEs Kartika sari showed that the combination of strategy implementation does not significantly influence the success of the business or the company's performance. The results of this study support previous research conducted by [9]; [19] Of the average indicator value combination strategy under four (4) so that the overall respondents rated not good enough for the entire indicator variable combination strategies. Empirical findings support the hypothesis that the results of test results are not significant.

Combination strategy is a combination of two or more strategies are applied simultaneously. However, it should be noted that a combination of strategies must be operated very carefully because if too in bringing more complex risks. There is no company that can implement all strategies simultaneously despite all intended to provide a profit to the company. Therefore, amid the difficulty of the decision taken, the scale of good and proper priorities need to be built. This is needed because the resources owned company certainly has its limitations. Priority is needed, because the combination of strategy implementation will mean the deployment of resources and organizational capabilities that may be read by competitors, so they can take the steps that it is jeopardizing the company's position. In a highly diversified company, the strategy is often implemented as a combination of the divisions that exist to apply different strategies. Likewise, companies that are attempting to maintain its operations (struggle for survival) usually apply a combination strategies of some defensive strategies simultaneously.

## V. CONCLUSION AND SUGGESTIONS

From this study it can be concluded that the application of the differentiation strategy has an influence which is essential to the success of SMEs Kartika sari, mainly for the following indicators: the development of products with new flavors, sales force development and promotion of the introduction of new products into the market. But the application of competitive advantage strategies Low Cost no effect on business success or performance of the Company, as

well as the application of competitive advantage strategy combination of Low Cost and differentiation has no effect on business success or performance of the company.

Further research is needed in other industries to determine the effect of competitive advantage in a generic strategy, especially in sectors other creative industry as a comparison with the culinary industry. The decision makers of companies, especially in the culinary industry for the application of competitive advantage in the generic strategies need to focus on the strategy of differentiation in order to compete sustainably in the creative industries generally.

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