

# Implementing Competitive Strategy: to develop the resources of Organic Fertilizer Industries in Indonesia and to enhance the Business Performance

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## **Abstract:**

**Background:** The objectives of this study is to analyze the influence of market attractiveness, unique resources and competitive strategy towards the business performance of the organic fertilizer industries in Indonesia. This research is a descriptive and verification research, and the construct of this research is based on concepts and relationships between variables in order to form the conceptual framework.

**Materials and Methods:** This research is performed from the distribution of questionnaires and observations on the organic fertilizer industries which is spread out in Indonesia. The descriptive method is using scoring analysis and the verification method is using quantitative analysis. The determination of sample is done through Simple Random Sampling because the organic fertilizer industry has approximately the same character, and the analysis technique is using Partial Least Square (PLS).

**Results:** The results of this study indicate that unique resources have the most significant influence on competitive strategy compared to market attractiveness that improves the business performance. Competitive strategy also has significant influence on business performance, because market attractiveness and unique resources are required to be enhanced based of the strategic improvement to obtain better performance.

**Conclusion:** Understanding the needs and wants of the consumers and continuing to develop company resources and understanding the market requirement are important in order to improve the business performance of the organic fertilizer industries.

**Key Words:** Market attractiveness, unique resources, competitive strategy, business performance

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## I. Introduction

Indonesia is considered as an agricultural country with most of the population working in the agricultural and farming sectors. Indonesia has a supportive tropical atmosphere and surrounded by the huge area of land. Beside the tropical climate, Indonesia only has two season, such as dry and rainy season. This situation is beneficial as the agricultural and farming can continuously plan for farming throughout the year. (Ramli & Soelton:2018)

According to the data of Central Statistics Agency of Indonesia in 2014 that Indonesian population based on the results of the 2010 Population Census (SP2010) in May 2010 showed that Indonesia's population was around 237.6 million people and 37% of the population are working in the agriculture sector.

And according to the Central Statistics Agency of Indonesia in 2014 that the Agriculture, Livestocks, Forestry and Fisheries sectors have contributed greatly to the Gross Domestic Product (GDP) at around 14.43 percent in 2013 or was ranked the second highest after the Manufacturing Industry sector at around 23.69 percent. One of the sub-sectors of the agricultural sector which has the high potential sector is the plantation sub-sector. Eventhough the contribution of the plantation sub-sector is not as big as the crops and fisheries sub-sector, but the plantation sub-sector has been the sub-sector that provide a large volume of law materials to the industrial sector, employment, and generating foreign exchange.

Agriculture is the activity of utilizing biological resources carried out by human being to produce food, industrial raw materials, or energy resources, as well as to manage their environment. This activity of utilizing biological resources which is included in the agriculture is known as crop cultivation or farming. The agriculture and plantation sectors have been continued growing in Indonesia as a tropical country and this activity has been very meaningful in supporting the economic and social activities in various regions of Indonesia.

Fertilizer is basically part of the history of agriculture, the use of fertilizer is estimated to be used since the beginning of human being starting to know farming, which was about 5,000 (five thousand) years ago. Fertilizer is the material that is added to the planting media or plants to meet the nutrient requirements needed by plants so that they can produce properly. Fertilizer can be classified into two substances known as organic or

inorganic (synthetic). Fertilizers are different from supplements, fertilizers contain raw materials needed for plant growth and development, while supplements such as plant hormones help smooth the metabolic process.

According to Marsono (2010:1) that there are too many types of fertilizers found in the markets, but generally fertilizers are mainly classified into two groups, such as chemical fertilizers and organic fertilizers with the explanation as follows:

1. Chemical fertilizers are produced from synthetic materials such as Urea (N fertilizer), TSP or SP-36 (P fertilizer), KCL (K fertilizer),
2. Organic fertilizers are produced from natural materials such as animal's waste, compost, humus, green manure, industrial waste and others.

Beside chemical fertilizers, the other types of fertilizers is known as the organic fertilizers, which was known and being used for hundreds years ago, because during that time there were no chemical fertilizers such as urea and other chemical fertilizers found in the market. During that time, the soil is still natural and contain many substances of fertilizers inside the soil, that is why no further fertilizers are needed to grow the crops. But as time goes by, instant process of growing crops has been changing the old ways where most farmers need prompt harvest to earn their living, so many types of chemical fertilizers were introduced.

Organic fertilizers are not mostly produced in large factories, as the requirement for organic fertilizers tends to be lower compare to chemical fertilizers. Organic fertilizers are mostly produced in a smaller factories and smaller quantities of volume. Organic fertilizers are made out of natural materials such as weathering of the remained plants, animals and human waste and also from rubbish.

The only way to prevent these effects is to impose organic fertilizers to neutralize the damages soils caused by the excessive use of chemical fertilizers. Currently, some farmers and plantation users have understood the damages of the soils and started to use organic fertilizers to grow their crops. According to Mayrowani (2012) that the research has encounter several constraints such as: (1) Not many farmers are interested in organic farming. The reluctance is because of the unclear market for organic agricultural products. (2) Lack of understanding for the farmers against the organic farming systems. Organic farming is often known as the agricultural practices that do not use chemical fertilizers and chemical pesticides. (3) Organization at the farming level is an important key to promote organic farming cultivation. (4) Partnership between farmers and entrepreneurs, efforts to form partnership relationship between farmers and entrepreneurs have not yet been established.

Due to the organic agriculture campaign and promotion of green crops which is more healthier than the chemical crops to human body, the organic agriculture begin to provide an open business opportunity in Indonesia, this potential can be seen from the table below based on the projected organic fertilizer market opportunities based on the data from Media Research Data in 2017.

Based on the projected opportunities for the organic fertilizer markets from Media Data Research in 2011 mentioned above, the organic fertilizers market has been increasing quite significantly, starting from 2011 which almost reached 8.7 trillion rupiah, then increased to 10.1 trillion rupiah in 2012. In 2013 it increased again to 11.6 trillion rupiah, and in 2014 it touched Rp 13.2 trillion. From the market share analysis, the opportunity of the organic fertilizer market on the private and government sector are widely opened.

### **Research Gap**

Based on several discussions of previous research, which according to Darwis and Rachman (2013) examines the potential development of organic fertilizers by supporting the acceleration of organic agriculture. Mulyani et al (2016) discussed pioneering joint ventures in the field of organic fertilizer production. Saenab et al (2018) explained the utilization of tofu industrial liquid waste as liquid organic fertilizer. Dewanto (2013) examined the effect of inorganic and organic fertilization on the production of corn as a source of feed. Ilyas & Supriyanto (2016) discussed the improvement of the quality of organic P-126 fertilizer production using the Lean Manufacturing method. Ruswandi (2010) explains the assessment of the development of an organic fertilizer manufacturing model. Hasman (2015) examines the design of a screw type granular organic fertilizer making machine. Anastasia et as (2014) examined the effect of the combination of solid organic fertilizer and liquid organic fertilizer on soil porosity and spinach plant growth. Discuss more about the potential and development of organic fertilizer and the organic fertilizer industry, while this research seeks to find problems and provide solutions in overcoming the problems faced by the organic fertilizer industry in order to survive and develop by studying the possibilities of each variable analyzed and the possible solutions that can be derived to overcome these problems.

## **II. Literature Review**

### **Market Attractiveness**

Cravens and Piercy (2013:54) asserted that the most important thing in the attractiveness of a market is an assessment of the size and potential of the market. Then perform an assessment of sales in a market for a

certain time. The three main keys in determining market size are: Market Potential, Sales Forecast and Market Share. Through these three main keys, the attractiveness of a market will be easily measured.

According to Walker, Jr. And Mullins, (2014:151), that the steps involved in developing a market position/competitive position matrix for analyzing current markets and potential target markets. The basis of the matrix is that managers can have an opinion to assess market attractiveness (potential profits) by examining the market, competitive, and environmental factors that can affect profitability.

Meanwhile, according to Best (2013:410) in his book explained that what makes one segment attractive and another not attractive? Although every business in a particular market might answer this question somewhat differently, when we step back and look more broadly at the factors that make a segment attractive, we find that the level of attractiveness is based primarily on three important considerations. Common to most assessments of segment attractiveness are the assessment categorized into three dimensions as follows:

- **Market Forces:** covers market size, growth rate and buyer power.
- **Competitive Environment:** includes the number of competitors, ease of competitors entry and price rivalry.
- **Market Access:** includes customer familiarity, channel access and sales requirement.

### **Unique Resources**

Ireland, Hiskisson & Hitt (2013:70) explain that some of a firm's resources are tangible while others are intangible. Tangible resources are assets that can be observed and quantified. Production equipment, manufacturing facilities, distribution centres, and formal reporting structures are examples of tangible resources. Intangible resources are assets that rooted deeply in the firm's history and have accumulated over time. Because they are embedded in unique patterns of routines, intangible resources are relatively difficult for competitors to analyze and imitate. Knowledge, trust between managers and employees, managerial capabilities, organizational routines, scientific capabilities, the capacity for innovation, brand name, and the firm's reputation for its goods or services and how it interacts with people are intangible resources.

Kurniasih and Heliantono (2016) emphasized that according to Barney's (1991) theory of an organization can succeed if they can achieve and maintain its competitive advantages. This success can be achieved if the company are able to allocate what is not owned by the competitors, and to use the resources efficiently and effectively in order to achieve the competitive advantage and improve the company's performance.

According to David (2015:191) that the resource-based view approach to competitive advantage contends that internal resources are more important for a firm than external factors in achieving and sustaining competitive advantage. Resource-based view theory asserts that resources are actually what helps a firm to exploit opportunities and neutralize threats. Internal resources can be grouped into three all-encompassing categories as follows:

Based on the Resource-Based View factors, the company's internal resources are considered more important than external resource factors in achieving and maintaining competitive advantage. Resources are assets that can help companies exploit business potential and ways to reduce threats. David said that internal resources can be grouped into three categories which include:

- **Physical Resources:** covers all plants and equipment, locations, technology, raw materials, and machines.
- **Human Resources:** includes all employees, training, experience, intelligence, knowledge, skills and abilities.
- **Organizational Resources:** includes firm structure, planning processes, information systems, patents, trademarks, copyrights, and databases.

### **Competitive Strategy**

According to Ireland, Hoskisson and Hitt (2015:4) that strategic competitiveness is achieved when a firm successfully formulates and implements a value-creating strategy. A strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage. When choosing a strategy, firms make choices among competing alternatives as the pathway for deciding how they will pursue strategic competitiveness. In this sense, the chosen strategy indicates what the firm will do as well as what the firm will not do.

Cahyanto & Hilal (2013) expressed in their research that according to Michael Porter's Five Forces, the tool that is used to analyze how a competitive environment will affect the marketing of a product. This tool is simple but very powerful in order to understand the situation of the current business. It also helps to understand the advantages of the current competition position and what will be faced later. So, the companies can increase their strengths and anticipate their weaknesses to avoid making wrong decisions. Conventionally, this tool can

be used to identify whether a new product, service or business generate profit to the company. Besides, this tool is also very helpful to understand the balance of forces that are influential in the business situation being faced.

Wheelen and Hunger (2018:207) mentioned that Michael Porter proposed three “generic” competitive strategies for outperforming other organizations in a particular industry: overall cost leadership, differentiation, and focus. These strategies are called generic because they can be pursued by any type or size of business firm, even by not-for-profit organizations. Porter also proposed that a firm’s competitive advantage in an industry is determined by its competitive scope—that is, the breadth of the company’s or business unit’s target market. Simply put, a company or business unit can choose a broad target (aim at the middle of the mass market) or a narrow target (aim at a market niche). Combining these two types of target market with the three competitive strategies results in four variations of generic strategies, as mentioned follows:

- **Cost Leadership** is the ability of a company or a business unit to design, produce, and market a comparable product or service more efficiently than its competitors.
- **Differentiation** is the ability of a company to provide unique and superior value to the buyer. This may include areas such as product quality, special features, or after sale service.
- **Cost Focus** is the ability of a company to provide low-cost competitive strategy to a particular buyer group or geographic market and attempts to serve only this niche.
- **Differentiation Focus** is the ability of a company to provide unique and superior value to a particular buyer group or geographical market and attempt to serve the special needs of a narrow strategic target more effectively than can its competition.

### **Business Performance**

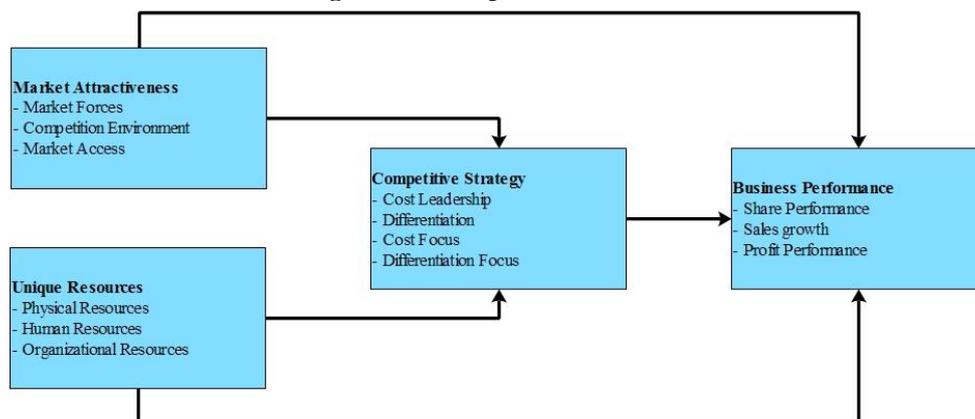
David (2015:378) asserted that another important strategy-evaluation activity is measuring organizational performance. This activity includes comparing expected results to actual results, investigating deviations from plans, evaluating individual performance, and examining progress being made toward meeting stated objectives. Both long-term and annual objectives are commonly used in this process. Criteria for evaluating strategies should be measurable and easily verifiable. Criteria that predict results may be more important than those that reveal what already has happened.

Malhotra and Miller (1998) explain that business performance as “a consequence of the interaction between actions taken in relation to competitive forces that allow the firm to adapt to the external environment, thereby integrating competence and usefulness”. Therefore, measure business performance variously and differently to include service quality, customer satisfaction, gross profit margin, employee satisfaction, increase market share, and return on investment.

According to Best (2013:416) that on the basis of a portfolio analysis and performance objectives, a business selects either an offensive or defensive strategic market plan. Offensive strategic market plans are geared to deliver above-average performance in the areas of sales growth, share position, and long-run profit performance. Defensive strategic market plans, in contrast, are intended to protect important share positions and produce short-run profit performance, while also contributing to long-run profit. Best added that a company's business performance can be measured based on share performance, sales growth and profit performance. The three dimensions of company performance can be explained in more detail below:

- **Share Performance** is an assessment of the number of transactions and share growth in a company.
- **Sales Growth** is the volume/amount and sales growth achieved by the company.
- **Profit Performance** is the ability of a company to get profits in a certain time of period.
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**Figure 1: Conceptual Framework**



### III. Methodology

The research designed in this study is using strategic management approach that includes the operationalization variables, data collection method and information collection, defining the population, calculating the sample size and sampling techniques. The design of the analysis conducted in testing the research hypothesis by conducting the study of the industries of organic fertilizers in Indonesia. This research begins with the observation of several organic fertilizers industries as the preliminary research, and continue with formulating research variables to examine the performance of the organic fertilizers industries.

The formulation and the purpose of this study is to describe and reveal the interrelationship between the research variables explained above. This research is using descriptive and verification method with the type of causal investigation on the relationship and influence between the exogenous and endogenous variables.

The process of observation in this research is using time horizon with cross section/one shot, the collective data is obtained through the research done in 2018, the unit of analysis are the organic fertilizers industries in Indonesia and the observation unit is the management of the industries. The design of analysis used is to test the hypothesis and to examine the relationship between the research variables by using *Partial Least Square (PLS)*, one the alternative method of structural analysis from *Structural Equation Modeling (SEM)* based on Variance concept.

The validity testing was done by using the sample of 51 respondents randomly in the organic fertilizers industries. The attempt of this validity testing is to find out the eligible of the selected items including the overall data collection process. The results of the validity test are as follows:

**Table 1: Validity Test Results**

Variable	Dimension	Item	Correlation	Information
Market Attractiveness	Market Forces	X11	0.825	Valid
		X12	0.567	Valid
		X13	0.688	Valid
	Competitive Environment	X21	0.536	Valid
		X22	0.567	Valid
		X23	0.688	Valid
	Market Access	X31	0.688	Valid
		X32	0.661	Valid
		X32	0.823	Valid
Unique Resources	Physical Resources	X41	0.567	Valid
		X42	0.627	Valid
		X43	0.873	Valid
		X44	0.661	Valid
		X45	0.825	Valid
	Human Resources	X51	0.688	Valid
		X52	0.567	Valid
		X53	0.688	Valid
		X54	0.688	Valid
		X55	0.536	Valid
	Organizational Resources	X61	0.567	Valid
		X62	0.688	Valid
		X63	0.536	Valid
		X64	0.567	Valid
		X65	0.688	Valid
Competitive Strategy	Cost Leadership	Y11	0.567	Valid
		Y12	0.873	Valid
		Y13	0.825	Valid
		Y14	0.688	Valid
		Y15	0.567	Valid
		Y16	0.500	Valid
	Differentiation	Y21	0.627	Valid
		Y22	0.542	Valid
		Y23	0.538	Valid
	Cost Focus	Y31	0.546	Valid
		Y32	0.754	Valid
		Y33	0.556	Valid
	Differentiation Focus	Y41	0.553	Valid
Y42		0.786	Valid	
Y43		0.612	Valid	
Business Performance	Share Performance	Z11	0.735	Valid
		Z12	0.560	Valid
	Sales Growth	Z21	0.612	Valid
		Z22	0.600	Valid
	Profit Performance	Z31	0.612	Valid

		Z32	0.553	Valid
		Z33	0.612	Valid

Source: Processed from various sources (2018)

based on the table 1 above, the calculation of the item score correlation with the total score in the table above show that the validity coefficient is greater than 0.300, so all of the items used to measure the said variables are considered as valid.

The reliability test of this research data is using Cronbach’s Alpha coefficient method. The Cronbach’s Alpha coefficient is the reliability coefficient that are most commonly used because the coefficient will indicate the variance of items with either correct or incorrect format such as Likert scale format. The Cronbach’s Alpha coefficient is mostly used as coefficient to evaluate internal consistency.

The criteria of determining a valid item and having a reliable value that can be accepted are based on the table describe below:

**Table 2: Standard Criteria for Validity and Reliability Research**

Information	Reliability	Validity
Good	0.8	0.5
Acceptable	0.7	0.3
Marginal	0.6	0.2
Poor	0.5	0.1

Sources: Barker, Pistrang and, Elliot (2002:70)

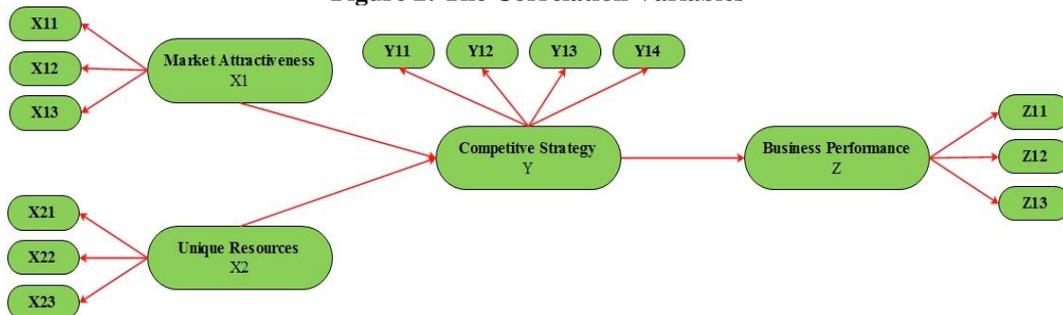
**Table 3: Reliable Testing Result**

Variable	Cronbach’s Alpha	Description
Market Attractiveness	0.835	Reliable
Unique Resources	0.885	Reliable
Competitive Strategy	0.892	Reliable
Business Performance	0.888	Reliable

Source: From Data Processing (2018)

The results can be seen from table 3 above that the values of Cronbach's Alpha for each of the variable are > 0.70 (above 0.70). Thus, it can be concluded that all the variables which were taken into the testing are considered as reliable.

**Figure 2: The Correlation Variables**



Source: From Data Processing (2018)

#### IV. Results and Discussion

##### Results

The measurement model of analysis above shows the link between manifest variables (indicators) and each of the latent variables. The analysis of the measurement model is to test the validity and reliability of each of the dimensions and the indicators utilized to measure each of the variables that were constructed earlier. The analysis of the measurement model describe that the value of discriminant validity is by looking at the value of square root of Average Variance Extracted (AVE) with the suggestion value above 0.5, loading factor (>0.5), and constructed Composite Validity and Reliability (Cronbach’s Alpha >0.70 (Nunnaly,1994). Therefore, the conclusion of the dimensions and indicators stated are classified as reliable in the measurement of the research variables. As showed in the table below.

**Table 4: Goodness of Fit Model (GoF)**

Variable	AVE	Composite Reliability	Cronbach's Alpha	R Square	Q Square
Market Attractiveness	0,534	0,872	0,835	-	0,238
Unique Resources	0,586	0,903	0,885	-	0,279
Competitive Strategy	0,569	0,902	0,884	0,342	0,276
Business Performance	0,602	0,913	0,888	0,554	0,602

Source: From Data Processing (2018)

The outer model of this research can be classified as appropriate (fit). The R Square value on the criteria above is considered as strong, which has the value greater than 0.33. As the value of 0.33 is considered as moderate value, and the value of Q Square on the criteria is moderate, because according to Chin (1998) that the value of R Square is 0.67 (strong), 0.33 (moderate), and 0.19 (weak). Similarly, the value of AVE is above 0.5, which indicate that all variables in the model are estimated to meet the criteria of discriminant validity. The value of both Composite Reliability and Cronbach's Alpha for each of the variables are above 0.70, which means that all researched variables are classified as reliable and the outer model of this research are supported by the empirical research and classified as fit.

**Table 5: Latent-Dimensional Inter-Variable Loading Factor**

Latent-Dimension Variable	Loading Factor ( $\lambda$ )	Standard Error (SE)	T Statistics ( $\lambda$ /SE)	Conclusion
Market Forces → X11	0.736	0.050	14.790	Valid
Market Forces → X12	0.594	0.114	5.212	Valid
Market Forces → X13	0.811	0.059	13.749	Valid
Competitive Environment → X21	0.764	0.062	12.246	Valid
Competitive Environment → X22	0.691	0.064	10.804	Valid
Competitive Environment → X23	0.839	0.033	25.311	Valid
Market Access → X31	0.741	0.061	12.183	Valid
Market Access → X32	0.757	0.044	17.122	Valid
Market Access → X33	0.672	0.089	7.581	Valid
Physical Resources → X41	0.681	0.051	13.334	Valid
Physical Resources → X42	0.768	0.053	14.567	Valid
Physical Resources → X43	0.806	0.044	16.207	Valid
Physical Resources → X44	0.654	0.065	10.000	Valid
Physical Resources → X45	0.619	0.074	8.384	Valid
Human Resources → X51	0.733	0.052	14.043	Valid
Human Resources → X52	0.788	0.046	17.268	Valid
Human Resources → X53	0.687	0.041	16.708	Valid
Human Resources → X54	0.705	0.044	16.207	Valid
Human Resources → X55	0.796	0.041	19.493	Valid
Organizational Resources → X61	0.710	0.046	15.279	Valid
Organizational Resources → X62	0.653	0.064	10.175	Valid
Organizational Resources → X63	0.833	0.031	26.824	Valid
Organizational Resources → X64	0.763	0.050	15.284	Valid
Organizational Resources → X65	0.762	0.041	18.487	Valid
Cost Leadership → Y11	0.640	0.051	12.598	Valid
Cost Leadership → Y12	0.654	0.074	8.783	Valid
Cost Leadership → Y13	0.768	0.040	19.241	Valid
Cost Leadership → Y14	0.769	0.047	16.504	Valid
Cost Leadership → Y15	0.730	0.047	15.448	Valid
Cost Leadership → Y16	0.580	0.092	6.281	Valid
Differentiation → Y21	0.846	0.041	20.616	Valid
Differentiation → Y22	0.752	0.040	18.907	Valid
Differentiation → Y23	0.673	0.085	7.898	Valid
Cost Focus → Y31	0.707	0.092	7.684	Valid
Cost Focus → Y32	0.789	0.067	11.742	Valid
Cost Focus → Y33	0.807	0.047	17.197	Valid
Differentiation Focus → Y41	0.814	0.057	14.258	Valid
Differentiation Focus → Y42	0.762	0.061	12.571	Valid
Differentiation Focus → Y43	0.801	0.098	8.162	Valid
Share Performance → Z11	0.852	0.031	27.594	Valid
Share Performance → Z12	0.925	0.009	107.642	Valid
Sales Growth → Z21	0.859	0.023	37.562	Valid
Sales Growth → Z22	0.868	0.018	47.687	Valid
Profit Performance → Z31	0.863	0.027	31.922	Valid
Profit Performance → Z32	0.829	0.034	24.667	Valid

Latent-Dimension Variable	Loading Factor ( $\lambda$ )	Standard Error (SE)	T Statistics ( $\lambda$ /SE)	Conclusion
Profit Performance → Z33	0.888	0.026	34.761	Valid

Source: From Data Processing (2018)

The result of measurement based on the data processing of model analysis on the dimensions indicates that the overall indicator which were processed above are classified as valid where most of the value of loading factors is greater than  $>0.70$  (above 0.70).

The measurement model of latent variables against the dimensions explain that the validity of the dimensions is in order to measure the latent research variables. The following table shown below present the results of the measurement model analysis of each latent variable against the dimensions.

**Table 6: Latent-Dimensional Inter-Variable Loading Factor**

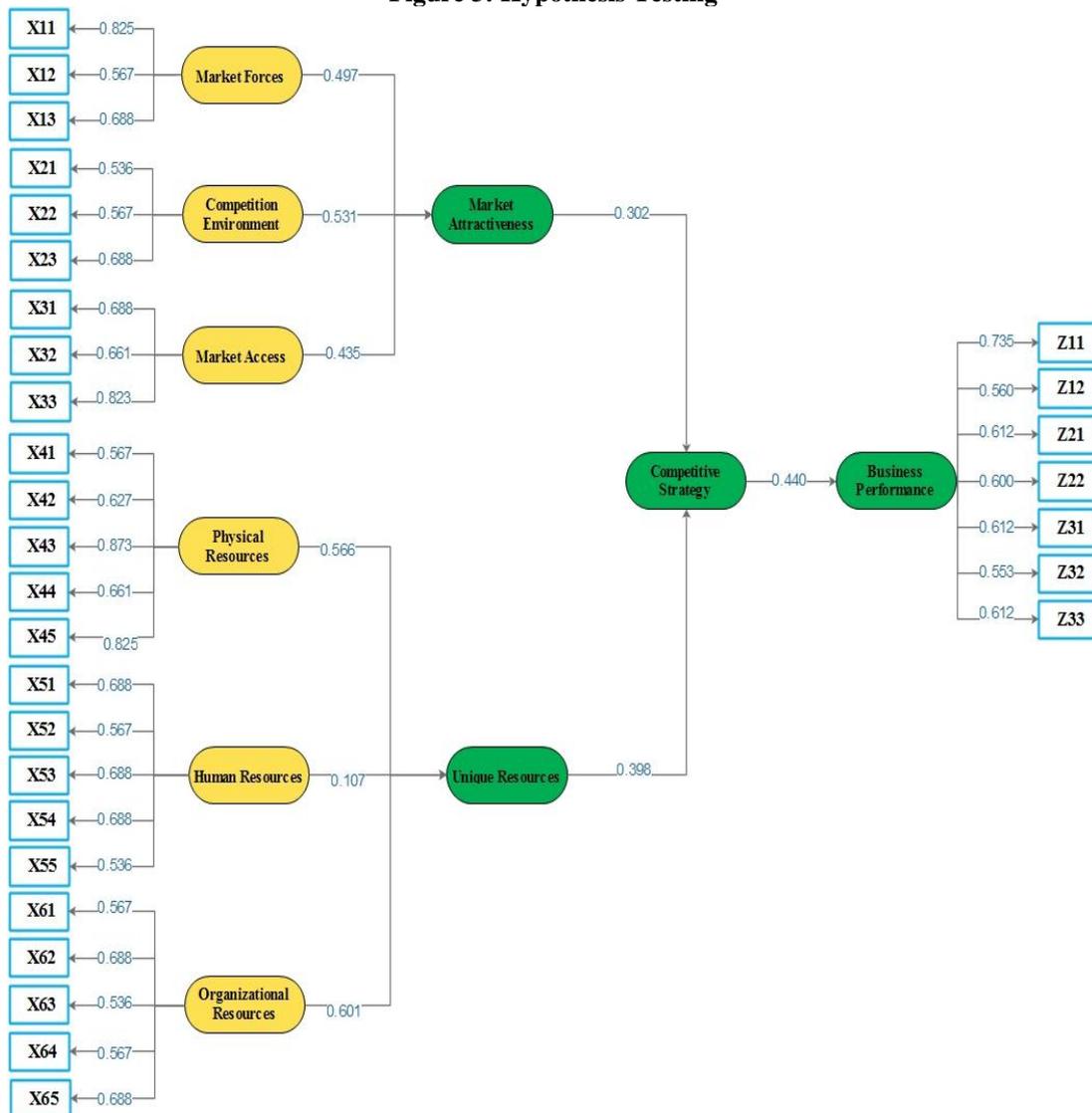
Latent-Dimensional Variables	Loading factor ( $\lambda$ )	Standard Error (SE)	T Statistics ( $\lambda$ /SE)
Market Attractiveness → Market Forces	0.909	0.023	38.820
Market Attractiveness → Competitive Environment	0.904	0.027	33.539
Market Attractiveness → Market Access	0.877	0.023	37.709
Unique Resources → Physical Resources	0.872	0.032	27.077
Unique Resources → Human Resources	0.869	0.028	30.760
Unique Resources → Organizational Resources	0.831	0.037	22.164
Competitive Strategy → Cost Leadership	0.896	0.025	36.055
Competitive Strategy → Differentiation	0.771	0.044	17.520
Competitive Strategy → Cost Focus	0.880	0.027	32.868
Competitive Strategy → Differentiation Focus	0.727	0.064	11.352
Business Performance → Share Performance	0.849	0.031	27.052
Business Performance → Sales Growth	0.902	0.026	34.396
Business Performance → Profit Performance	0.921	0.014	66.120

Source: From Data Processing (2018)

The results of the measurement model analysis of the research variables against the dimensions shows that almost all of the dimensions are valid with the value of t count  $>$  t table (2.01).

Based on the verification analysis, the concerning testing variables are shown as follow:

Figure 3: Hypothesis Testing

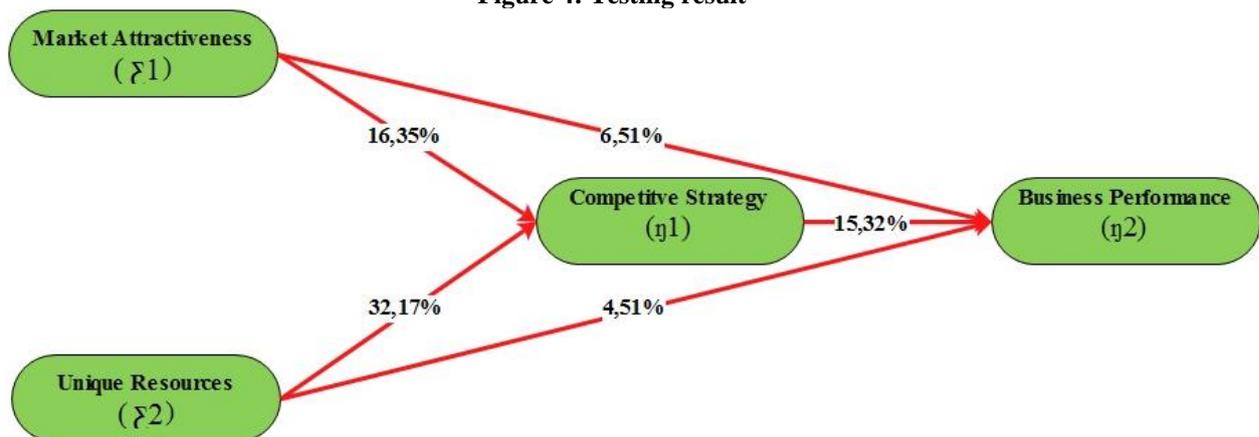


Source: From Data Processing (2018)

**Discussion**

From testing the hypothesis revealed that the uniqueness of resources has a greater influence than the attractiveness of the market in influencing consumer purchasing decisions. Purchasing decisions also have a quite dominant influence on business performance. In improving business performance, it is necessary to develop resources to be unique and to understand the needs and desires of consumers and to know the movements of competitors and also to coordinate all functions in an organization. However, market attractiveness also needs to be considered because the market has a considerable influence on demand and also determines purchasing decisions from consumers, thereby increasing the business performance of the organic fertilizer industries in Indonesia.

Figure 4: Testing result



Source: From Data Processing (2018)

Based on the testing result above, the research variables indicate that unique resources has the most significant influence on competitive strategy as the intervening variable, with the value of 32,17%, compare to the variable of market attractiveness 16,35. The direct effect of market attractiveness also contribute higher influence towards business performance with the value of 6,51% compare to the direct effect of unique resources with the value of 4,51%.

## V. Conclusion and Recommendation

### Conclusion

Based on the four research variables constructed in this research, two independent variables: market attractiveness and unique resources, competitive strategy as the intervening variable and business performance as the dependent variable, the research hypothesis testing concluded that the resources of the company is the main purpose of the competitive strategy to generate competitive advantage as the variable of unique resources have a significant influence towards business performance.

The objectives of this research is to find out the phenomenon problem encounter by the organic fertilizer industries, and the results of the hypothesis testing have concluded several findings as follows:

1. The producers of the organic fertilizer industry are still performing manual and traditional process of producing organic fertilizer, this may be the cause of the low production capacity.
2. The producers of the organic fertilizer industries have not yet fully developed their resources to produce better products.
3. The producers of the organic fertilizer industries have not yet conducted research on their markets to understand the market attractiveness.
4. The demand of the organic fertilizers is still relatively low because producers seldom perform promotions to educate consumers on the benefits of using organic fertilizers.
5. The organic fertilizer industries have not received the attention of the Government in order to be able to support and encourage the use of environmentally friendly organic fertilizers.

### Recommendation

Based on the conclusion above, the result of the study has pointed out that the organic fertilizer industries must pay more attention and conduct research on the organic markets, consumers and competitors. On the other hand, the organic fertilizer industries also need to develop the company resources into uniqueness to provide competitive advantage. This research also suggest that the organic fertilizer industries must also implement competitive strategy to differentiate each of their product compare to the competitors. Besides, the organic fertilizer industries may also acknowledge this phenomenon issues to the government for further notice and assistance.

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