

DEVELOPMENT MODEL OF BRICK BUSINESS COMPETITIVENESS

(Study on Brick Business Groups in Limbung District, Bajeng District, Gowa District)

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Abstract

This research departs from the fact that MSMEs are the pillars of economic growth to date, but their business growth is hampered by problems of weak control of strategic resources and limited market access. The general aim of this research is to examine the development of a brick business competitiveness model. The research method uses a quantitative approach with an emphasis on explanatory research. The sample units are brick businesses located in Limbung Village, Bajeng District, Gowa Regency, totaling 65 businesses. Data collection used a survey with a questionnaire instrument using a Likert scale measurement. Respondents are asked to provide answers to closed statements. The respondents are brick business owners. The data analysis method in this research uses descriptive statistics to describe research variables and inferential statistics through PLS (Partial Least Square) analysis version of the WarpPLS 4.0 program. The results of the research analysis will be supported and deepened using a qualitative approach through in-depth interviews with several key informants and stakeholders.

Keywords: *Business Competitiveness Model*

1. INTRODUCTION

Gowa Regency is the largest brick producing area in South Sulawesi Province. Brick production activities continue to grow and can be maintained for generations by residents either alone or with retainers. The sales process has shifted, if previously craftsmen or retainers only sold red stones that had been burned, now craftsmen can sell their production stones in a semi-finished state, or before being burned. In addition, the size of bricks also varies greatly from small to large sizes. This of course affects the performance of the business at a lower price than red stone.

Until now, brick businesses have not been able to provide maximum added value to the achievement of regional economic activity or performance. Solutions that can be provided regarding the problems faced by MSMEs are through market-based and resource-based business management. Market position can be understood through the

Industrial/Organizational (I/O) model and the development and utilization of company resources, capabilities and core competencies can be understood through resource-based view (RBV) and (Sampurno, 2010).

Market based with the I/O approach views that the development of strategies carried out by companies will be strongly influenced by the industrial structure in which the company is located. Likewise, the success of the implementation of the company's strategy (ultimately will greatly affect the company's performance) is influenced by the industrial structure in which the company operates. The company is seen as a collection of strategic activities aimed at adapting to the industrial environment (barrier of entry, power of the supplier, power of the buyer, substitution item, competitive firm) by seeking an attractive position in the market arena to determine its potential profitability (Porter, 1980, 1985; Kuncoro, 2005; Hitt et al., 2011; Solihin, 2012).

Resource based with RBV approach encourages firms to create specialized competencies (Prahalad and Hamel, 1990; Grant, 2010) and provides strategic options to achieve sustainable competitive advantage (Barney, 1991; Grant, 2010). The RBV view directs company management to identify, master, and develop strategic resources in order to produce optimal performance (Barney, 1995) which is more important to the company than various external factors (David, 2009: 180).

According to Bridoux (2004) that the fit and match of internal resources and capabilities (Resource-Based View-RBV theory) and the external dynamics of the organization (Industrial/Organizational theory - I/O) will determine company performance either directly or indirectly through strategy. According to Hitt et. al. (2011: 16) that this model is complementary where I/O focuses outside the company while the RBV model focuses inside the company.

The competitive advantages possessed by brick small business owners must be utilized more optimally as a condition for becoming a growing business. This must be balanced by improving internal weaknesses and analyzing threats from the external environment. The formulation of appropriate competitive advantage strategies is expected to increase business competitiveness in competition between other businesses that produce bricks in other places and brick replacement brick businesses.

The formulation of competitive strategies is done by finding key internal and external factors that can affect the success rate of the strategy. The vision and mission that have been proclaimed must be relevant and ready to be implemented with the support of all stake holders. The strengths possessed will be the main capital to win the competition by utilizing existing opportunities. Competitive advantage analysis needs to be carried out with three stages that are carried out objectively, namely the input stage (data collection stage), matching stage (matching stage) and decision stage (decision making stage). These stages are expected to provide the right path for business development for competitive strategies and improve quality and competitiveness.

Based on the formulation of competitive advantage strategies with these three stages, key internal and external factors that affect business performance in general will be known. Then from the analysis of the internal and external environment will be known competitive advantages owned by the business can be used to improve quality and competitiveness. This strategy formulation is done with a strategic management approach. The emphasis of this research is to find out the factors that become the value of competitive advantage, both in general, and in particular.

Considering the pressure of an increasingly complex industrial environment, it is necessary to strengthen the company's strategic position by supporting the implementation of the operation strategy as a competitive weapon on the other hand through the support of the company's strategic resources. Thus, the integration between market-based (industrial environment) and resource-based (strategic resources) approaches seems to be the right answer to strengthen developing a small business competitiveness model in brick businesses.

The problem of this research is the ability to integrate market needs (market based) with the mastery of strategic resources (resource based) is considered capable of giving birth to a model of business competitiveness because the fit and match of internal resources and capabilities (Resource-Based View-RBV theory) and the external dynamics of the organization (Industrial/Organizational theory - I/O) will determine company performance both directly and indirectly through operating strategies. The business competitiveness model through the integration of market-based and resource-based can determine and develop the competitiveness of the brick business?

In line with the formulation of the research problem, the specific objectives to be achieved in this study are (1) analyzing the development of brick businesses; (2) identifying market potential and strategic resources, operating strategies, and business performance owned by brick businesses; (3) Analyzing the effectiveness and efficiency of market control, strategic resources, operating strategies, and business performance owned by brick businesses, (4) formulating a model for developing brick business competitiveness through integration of market-based and resource-based, (4) formulating a model for developing brick business competitiveness through integration of market-based and resource-based, and (5) formulating a model for developing business competitiveness through integration of market-based and resource-based.

The urgency of this research is to explore the basis of competitive advantage in micro and small businesses by referring to the Industrial/Organizational - I/O theory of competitive forces in the industrial environment and the Resource-Based View - RBV theory of strategic resource control as the basis for formulating and implementing operating strategies to realize optimal business performance (Hill and Jones, 2009; Schroeder, 2011).

Strengthening the operations strategy as a competitive weapon will motivate the development and build the competitiveness of brick enterprises with potential for economic growth and poverty reduction.

2. RESEARCH METHOD

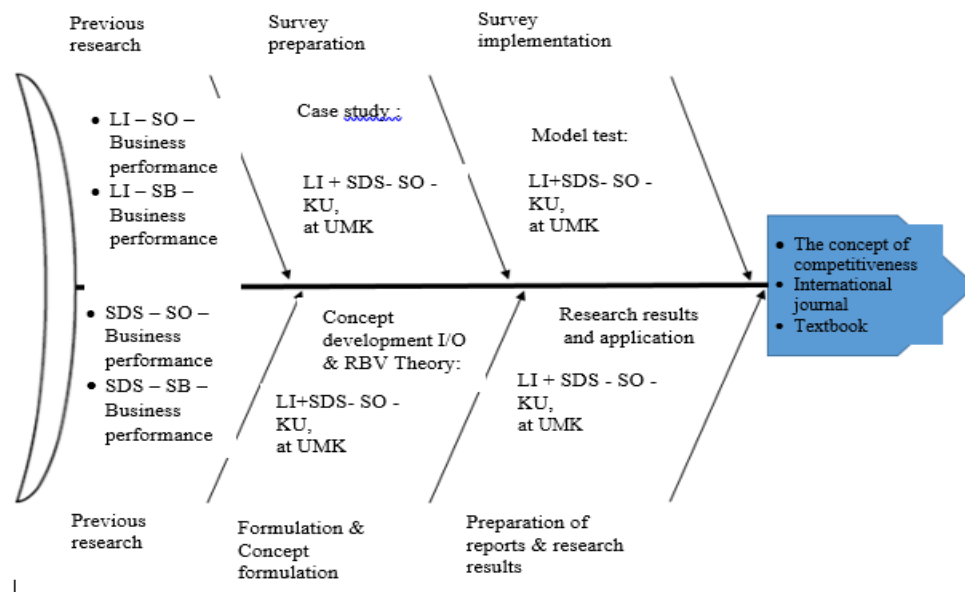
In accordance with the specific objectives of the study, a quantitative approach (explanatory research) was used, supported by a qualitative approach (in-depth interviews) to examine more deeply the phenomenon of brick business competitiveness.

The population of this study was a brick business in Limbung Village, Bajeng District, Gowa Regency as many as 65 businesses. Considering the relatively limited population, the entire population was used as a research sample (saturated sample).

The design of the data collection technique used is a questionnaire, which is a list of statements that are closed and arranged based on the core variables in the study according to the results of theoretical and empirical studies. This questionnaire was then submitted to each respondent to obtain the main data in the study. And in-depth interviews, namely establishing direct communication with selected respondents to obtain more in-depth information from the research variables. This technique is used to obtain technical and personal information that is difficult to obtain through questionnaires.

The design of data analysis techniques used in this research is descriptive statistical analysis, which is an analysis used to describe research respondents (age, gender, education, length of business, business capital, total production, and labor) and research variables. The data collected were then edited and tabulated in tables and descriptive discussion was conducted. As well as inferential statistical analysis, namely PLS (Partial Least Square) analysis through the WarpPLS 4.0 program. Analysis of the research results will be deepened using a qualitative approach through in-depth interviews with several key informants.

The flow chart of this research can be described in a fishbone diagram as follows:



3. RESULTS AND DISCUSSION

3.1 Description Of Research Variabel

The description analysis on the research variables aims to describe the respondents' perceptions of the statements given in the research instrument on the variables studied. Based on the data measurement scale used, namely the Likert scale, where the respondent's statement scale range starts from a score of one to five which starts from strongly disagreeing to strongly agreeing for positive statements and vice versa a score of one to five which starts from strongly agreeing to strongly disagreeing for negative statements. The analysis was carried out by calculating the average (mean) based on the percentage of respondents' responses to each item of each indicator in the research variables. The mean value obtained is then calculated the index value to interpret the research variables, namely the industrial environment, strategic resources, operating strategies, and business performance. The interpretation of the perception index value uses the three-box method criteria (Ferdinand, 2006), namely: 10 - 40% = poor/low; 41 - 70% = medium; 71 - 100% = good/high.

3.2 Description of Industrial Environment (X1)

The industry environment is a description of the competitive forces that affect businesses in an industry. These forces consist of entry barriers (threat of new competitors), bargaining power of suppliers, bargaining power of buyers, threat of substitute products, and competition from existing competitors. The industrial environment in the study is defined as the intensity of competition in the brick business environment reflected through five indicators, namely entry barriers, bargaining power of suppliers, threat of substitute products, bargaining power of buyers, and existing competitors.

In Limbung Village, Bajeng Sub-district, Gowa Regency is high based on consideration of the average perception index value obtained of 79.62 percent. The entry barrier indicator obtained the highest response with an average value of 4.26 with an index value of 85.25. This illustrates that the ability of the brick business to provide obstacles for new competitors to enter the industry is weak or in other words, the potential threat of new competitors to enter the brick business is very large. While the average of other indicators each bargaining power of suppliers amounted to 4.02, bargaining power of buyers amounted to 4.00, existing competitors amounted to 3.56 and substitute products amounted to 3.73. Overall, the average perception index value of each indicator shows the intensity of competition in the brick business is high or increasingly competitive.

Description of respondents' perceptions of the indicators of entry barriers as measured by the strength of financial capital, production capability, buyer loyalty, and access to raw materials. The financial capital strength item received the highest response with an average of 4.70. The production capability item received a response with an average of 4.60 and access to raw materials received a response with an average of 4.42 and the buyer loyalty item received the lowest response with an average of 3.32. These results indicate that the main weaknesses of brick businesses are the strength of financial capital and production capabilities, which provide great opportunities for new competitors to enter the brick business. In addition, brick businesses also have difficulty obtaining raw materials and the lack of regular buyers further reflects the low barriers to entry. The fact that the main constraint of brick businesses is lack of capital, which triggers limited production capability and access to raw materials. The declining consumer demand for silk cloth, coconut oil and palm sugar in local markets confirms that buyer loyalty is also declining.

Description of respondents' perceptions of supplier bargaining power indicators as measured by the supplier's ability to raise prices, the primacy of supplier raw materials, and the number of suppliers. The item of the primacy of supplier raw materials obtained the highest response with an average of 4.15. Meanwhile, the number of suppliers and the ability of suppliers to raise prices received responses with an average of 3.99 and 3.93, respectively. Overall, the average respondent's response to supplier bargaining power was 4.02. These results indicate that the high bargaining power of suppliers to brick businesses in terms of the primacy of raw materials for production continuity is due to the limited number of suppliers available, thus providing flexibility for suppliers to raise prices. The fact that the scarcity of raw materials is caused by the purchase of local traders for local market supply within and outside West Sulawesi Province.

Description of respondents' perceptions of the threat indicators of substitute products as measured by the quality of substitute products, the price of substitute products, and the availability of substitute products. The substitute product availability item received the highest response with an average of 4.42. Then the substitute product price item received a response with an average of 4.36 and the substitute product quality item only received a

response with an average of 2.40. Overall, the average response of respondents to the threat of substitute products was 3.73. These results mean that the high threat of substitute products to brick businesses through the availability of substitute products in the market supported by cheaper product prices, but not with better product quality.

In the buyer bargaining power indicator, the item decreasing demand received the highest response with an average of 4.15. Then the item demanding leniency in payment and the item demanding low product prices received responses with an average of 4.05 and 3.82, respectively. Overall, the average respondent's response to buyer bargaining power was 4.01. These results indicate the high power of buyers to influence brick business profits with a decrease in coconut oil purchases. Customers are still powerful in making offers for payment concessions and play an important role in determining product prices. This is in line with the conditions that occur where brick business owners depend on customer market information, so that transactions that occur between owners and customers are more trusting.

An overview of the existing competitor indicators is shown by the product price competition item, which received the highest response with an average of 4.11 and the production innovation competition item received the lowest response with an average of 2.71. The product quality competition item and the skilled labor competition item had an average of 3.89 and 3.52, respectively. Overall, respondents' responses to the existing competitors indicator averaged 3.56. This means that the high competition among brick businesses is shown more in the price war. In addition, there is also competition among existing competitors in terms of quality and the struggle for skilled labor. But on the other hand, there is a lack of competition in terms of production innovation. These results illustrate the existing reality where price competition is at the forefront, but is supported by good product quality. Competition for skilled labor is triggered by the lack of experienced labor available. The fundamental weakness shows that production innovation has not undergone significant changes because the existing production pattern tends to be the same as that of their predecessors.

3.2.1 Description of Strategic Resources

Strategic resources are the ability of micro and small enterprises to control and manage all assets (both tangible and intangible) and capabilities identified as key resources to carry out their business activities. Strategic resources in this study are reflected through six indicators, namely the availability of physical resources, achievement of reputation resources, management of organizational resources, management of financial resources, management of human resources and mastery of technological resources. A description of respondents' perceptions of strategic resources is shown in table 1.

Table 1. Description of Respondents' Perceptions on Strategic Resources

DEVELOPMENT MODEL OF BRICK BUSINESS COMPETITIVENESS (STUDY OF BRICK BUSINESS GROUPS IN LIMBUNG VILLAGE, BAJENG DISTRICT, GOWA REGENCY)

Anwar, 2023

		Frekwensi Jawaban (f) & Persentase (%)										Rerata	Indeks
	Indikator/Item	STS (1)		TS (2)		TS (3)		S (4)		SS (5)		(Mean)	(%)
		f	%	f	%	f	%	f	%	f	%		
X211	Tempat Usaha	0	0	0	0	52	35	84	56	13	9	3,77	74,80
X212	Fasilitas Produksi	0	0	0	0	61	41	75	50	13	9	3,66	73,60
X213	Bahan Baku	0	0	22	15	48	32	52	35	27	18	2,89	71,20
Ketersediaan Sumber Daya Fisik (X21)												3,44	73,20
X221	Kualitas Produk	0	0	0	0	8	5	96	65	45	30	4,23	85,00
X222	Pelayanan Pelanggan	0	0	0	0	17	11	83	56	49	33	4,26	84,40
X223	Keunikan Produk	0	0	6	4	31	21	53	35	59	40	4,23	82,20
Pencapaian Sumber Daya Reputasi (X22)												4,24	83,87
X231	Menjalankan Usaha	0	0	0	0	40	27	73	49	36	24	3,87	79,40
X232	Menyusun Laporan	21	14	87	58	30	20	1	1	10	7	2,36	45,80
X233	Menyusun Rencana	1	1	10	7	39	26	61	41	38	25	3,80	76,40
Pengelolaan Sumber Daya Organisasi (X23)												3,34	67,20
X241	Pengelolaan keuntungan	1	1	5	3	24	16	95	64	24	16	3,96	78,20
X242	Penggunaan dana	1	1	2	1	38	26	76	51	32	21	4,01	78,00
X243	Akses modal pinjaman	13	9	59	39	34	23	24	16	19	13	3,10	57,00
Pengelolaan Sumber Daya Keuangan (X24)												3,69	71,07
X251	Keterampilan pekerja		0		0	1	1	82	55	66	44	4,38	88,60
X252	Motivasi pekerja		0		0	7	5	78	52	64	43	4,40	87,60
X253	Pengembangan kemampuan pekerja	51	34	67	45	14	9	10	7	7	5	2,15	40,80
Pengelolaan Sumber Daya Manusia (X25)												3,64	72,33
X261	Penggunaan teknologi produksi	2	1	42	28	95	64	7	5	3	2	3,01	55,80
X262	Pemanfaatan teknologi informasi	3	2	24	16	79	53	33	22	10	7	3,34	63,20
X263	Pengembangan teknologi	10	7	61	41	72	48	3	2	3	2	2,50	50,20
Penguasaan Sumber Daya Teknologi (X26)												2,95	56,40
Indeks Persepsi Rerata Variabel Sumber Daya Strategis (X2)													70,68
Interpretasi Nilai Indeks: 10 - 40% = Buruk; 41 - 70% = Sedang; 71 - 100% = Baik													

Sumber: Data diolah, 2016

The perception of brick business owners on strategic resources in Table 1 can be explained that mastery or control of strategic resources has not been done well based on consideration of the average perception index value obtained of 70.68 percent. The indicator of achieving reputational resources obtained the highest response with an average value of 4.24 with an index value of 83.87. This illustrates that micro and small enterprises rely more on achieving reputational resources as the main source of competitive advantage. Meanwhile, the average of other indicators is 3.69 for financial resource management; 3.64 for human resource management; 3.44 for physical resource availability; 3.34 for organizational resource management; and 2.95 for technological resource mastery. This means that the fundamental weakness in the brick business lies in the mastery of its technological resources.

Physical resource management is the availability of tangible assets used by micro and small enterprises in business activities. The indicator is measured by three items: business premises, production facilities, and raw materials. The business premises item received the highest response with an average of 3.77. The production facilities and raw materials items averaged 3.66 and 2.68, respectively. Overall, respondents' responses to the physical resources indicator averaged 3.44. These results mean that the availability of tangible assets used in business activities is considered feasible with the main emphasis on

the feasibility of the business premises compared to the feasibility of production facilities and the availability of raw materials. This is in line with existing conditions where the feasibility of the place is important to carry out production in addition to production facilities and raw materials. Specifically, the supply of raw materials is considered capable of supporting business activities even though access to raw materials is not too easy and the number of suppliers is limited.

Reputation resource management is the good name that small micro enterprises have achieved during business activities. The indicator is measured by three items: product quality, customer service, and product uniqueness. The customer service item received the highest response with an average of 4.26 compared to the product quality and product uniqueness items which received responses with an average of 4.23 each. Overall, respondents' responses to reputation resources averaged 4.24. These results indicate that brick business reputation resources are considered good with the main emphasis on customer satisfaction with customer service. In addition, product quality and uniqueness are also reputational resources that are considered good in the brick business. This response is in accordance with existing developments where the reputation of the brick business is always rated well by its customers both from business services, product quality, and product uniqueness as a particular characteristic.

Organizational resource management is the ability of brick businesses to manage and mobilize organizational functions to ensure the achievement of business objectives. The indicator is measured from three items, namely business management, compiling business reports and compiling business plans. The business management item obtained the highest response with an average of 3.87 compared to respondents' responses to the item compiling business plans and the item compiling business reports with an average of 3.80 and 2.36 respectively. Overall, respondents' responses to organizational resources averaged 3.34. The results of this study explain that the management of organizational resources can be considered less good by looking at the weaknesses in the ability to compile business reports even though business management and the ability to compile business plans can be considered good. The reality that exists in general brick businesses do not have the ability to compile work reports due to limited formal education even though they have received training from related agencies. Business owners are able to manage businesses and prepare business plans due to their experience and expertise that have long been in the brick business.

Financial resource management is the ability of brick businesses to manage finances and access capital so as to maintain the availability of funds to meet the needs of business activities. The indicator is measured by three items, namely the ability to manage profits, the ability to use funds, and the ease of obtaining loan capital from financial institutions or other parties. The ability to manage profits obtained responses with an average of 3.96 and the ability to use funds obtained responses with an average of 4.01. The item on the ease of

obtaining loan capital from financial institutions or other parties only received a response with an average of 2.86. Overall, respondents' responses to financial resources averaged 3.69. The results of this response indicate that the management of the financial resources of the limit stone business is good with the main emphasis on the ability to manage profits and the ability to use funds. However, the ability of businesses to obtain loan capital from financial institutions or other parties is relatively low. The ability of brick businesses to survive both in economic crisis conditions and stable economic conditions is more due to the ability of business owners to manage profits as a source of funds and to be able to use funds efficiently and effectively, although not supported by loan capital from financial institutions or other parties.

Human resource management is the ability of brick businesses to obtain and develop workers to be skilled and motivated to achieve the expected business goals. The indicator is measured through 3 items, namely: having skilled workers, having highly motivated workers, and training programs and developing workers' abilities. The item of having skilled workers and the item of having highly motivated workers received responses with an average of 4.40 and 4.38 respectively, compared to the item of training programs and developing workers' abilities, which only received responses with an average of 2.15. Overall, respondents' responses to human resources averaged 3.64. These results mean that brick businesses have good human resource management in the ownership of skilled workers and workers with high motivation but poor in worker training and development programs. Workers in brick businesses are skilled with hereditary work and daily activities to do their work because of economic demands but the productivity and quality of the products they produce are low due to the lack of adequate worker training and development programs from related agencies.

Management of technological resources is the ability of micro and small enterprises to utilize and develop technology to support business activities. The indicator is measured by 3 items, namely: use of technology in the production process, utilization of information technology, and response to new technology. The item on information technology utilization received the highest response with a mean of 3.34 compared to the item on the use of production technology and the item on response to new technology which received responses with a mean of 3.01 and 2.50 respectively. Overall, responses to mastery of technological resources averaged 2.95. These results indicate that mastery of technological resources is considered insufficient due to the low use of production technology and response to new technology in brick businesses, but the use of information technology in this case the telephone / mobile phone is getting better. The reality is that the low competitiveness of brick businesses is caused by the limited use of technology in production.

3.2.2 Description of Operations Strategy

Operations strategy is a way for brick businesses to manage production resources to produce and distribute products as the best support for competitive strategies. The operating

strategy in this study is reflected through three indicators, namely low cost strategy, differentiation strategy, and response strategy. A description of respondents' perceptions of the operating strategy is shown in table 2.

Table 2 Description of Respondents' Perceptions of Operations Strategy (Y1)

Indikator/Item	Frekwensi Jawaban (f) & Persentase (%)										Rerata (Mean)	Indeks (%)	Interpretasi	
	STS (1)		TS (2)		N (3)		S (4)		SS (5)					
	f	%	f	%	f	%	f	%	f	%				
Y211	Biaya produksi	0	0	0	0	29	20	51	34	69	46	4.27	85.20	Baik
Y212	Harga produk	0	0	21	14	49	33	22	15	57	38	3.77	75.40	Baik
Y213	Biaya Pengemasan	1	1	21	14	54	36	16	11	57	38	3.72	74.20	Baik
Y214	Biaya distri busi	0	0	24	16	63	42	5	4	57	38	3.64	72.80	Baik
Strategi Biaya Rendah (Y11)											3.85	76.90	Baik	
Y221	Kualitas produk	0	0	0	0	2	1	69	46	78	53	4.51	90.40	Baik
Y222	Pengembangan produk	0	0	0	0	1	1	57	38	91	61	4.60	92.00	Baik
Y223	Layanan istimewa	0	0	6	4	28	19	36	24	79	53	4.26	85.20	Baik
Strategi Diferensiasi (Y12)											4.46	89.20	Baik	
Y231	Penyesuaian volume produksi	0	0	3	2	56	37	68	46	22	15	3.73	74.80	Baik
Y232	Adaptasi kebutuhan pelanggan	0	0	0	0	31	21	81	54	37	25	4.04	80.80	Baik
Y233	Ketepatan waktu produksi	0	0	2	1	35	24	81	54	31	21	3.95	79.00	Baik
Strategi Respon (Y13)											3.91	78.20	Baik	
Indeks Persepsi Rerata Variabel Strategi Operasi (Y1)												81.43	Baik	
Interpretasi Nilai Indeks: 10 - 40% = Buruk; 41 - 70% = Sedang; 71 - 100% = Baik														

Sumber: Data diolah, 2016

The description of respondents' responses/perceptions of the operating strategy in table 3.2.2 can explain that the low cost strategy is the action of business owners of silk cloth, coconut oil, and brown sugar to minimize costs in business activities to be able to outperform competitors relatively. Indicators are measured by 4 statement items, namely: lower production costs than competitors; lower product prices than competitors; lower packaging costs than competitors and lower distribution costs than competitors. The statement of lower production costs compared to competitors received a higher response with an average of 4.27 than the response to the statement of lower product selling prices compared to competitors with an average of 3.77. The statements of lower packaging costs than competitors and lower distribution costs than competitors received responses with an average of 3.72 and 3.64, respectively. Overall, respondents' responses to the implementation of the low cost strategy averaged 3.85. The results of this response indicate that the implementation of a low-cost strategy can be rated well with the main emphasis on the advantages of lower production costs compared to competitors, the advantages of lower selling prices, low packaging costs, and lower distribution costs than competitors. This is reasonable because in the silk cloth, coconut oil, and brown sugar businesses, the volume of production determines the value of the cost per unit of product. Raw material costs, labor

costs, and other costs in production can be minimized from the volume of production carried out.

The implementation of a differentiation strategy is the action of business owners of silk cloth, coconut oil, and brown sugar to produce something unique or different so as to outperform competitors relatively. The indicator is measured by 3 statement items, namely: produce better quality products than competitors; produce better product development than competitors; provide more special services to buyers than competitors. The statement producing better product development than competitors received the highest response with an average of 4.60 compared to responses to the statement producing better quality products than competitors with an average of 4.51 and the statement providing more special services to buyers than competitors with an average of 4.26. Overall, respondents' responses to the implementation of the differentiation strategy averaged 4.46. These results indicate that the implementation of differentiation strategies in the silk cloth, coconut oil and brown sugar businesses can be assessed as very good with the main emphasis on product development that is better than competitors. Product development that is different from competitors in terms of uniqueness is the main benchmark for product differences in silk cloth, coconut oil, and brown sugar businesses. In addition, product quality and excellent service are also differentiation strategies for silk cloth, coconut oil and brown sugar businesses.

Response strategies are the actions of business owners of silk cloth, coconut oil, and brown sugar in responding to market demand. The indicator is measured by 3 statement items, namely: adjustment of production volume; adaptation of customer needs; and timeliness of production. The statement of adaptation to customer needs obtained the highest response with an average of 4.04 compared to the response to the statement of timeliness of production with an average of 3.95 and the statement of adjustment to certain production volumes with an average of 3.73. Overall, respondents' responses to the response strategy averaged 3.91. The results of this response indicate that the implementation of response strategies in the silk cloth, coconut oil and brown sugar businesses is considered good with the main emphasis on the ability to adapt to customer needs. The use of response strategies as a form of service to customers of silk cloth, coconut oil, and brown sugar businesses to respond to their requests. The application of response strategies with consideration of the suitability of the selling price to the ability of certain buyers and the suitability of the product to the needs of certain buyers is still being considered even though it is not the main one.

Overall, the results of the analysis show that the implementation of operating strategies in the business activities of silk cloth, coconut oil, and brown sugar is good based on the average perception index value obtained of 81.43 percent. Specifically, the implementation of the operating strategy emphasizes the differentiation strategy rather than the low-cost strategy and response strategy. The results of this analysis emphasize that silk cloth, coconut oil, and brown sugar businesses use differentiation strategy as their main competitive weapon compared to low-cost strategy and response strategy to compete in the

market. The fact that the average consumer chooses to buy silk cloth, coconut oil, and brown sugar business products because of the uniqueness of the products.

3.2.3 Description of Business Performance

Business performance is the final result obtained by the silk cloth, coconut oil and brown sugar businesses from business activities that have been carried out over the past three years. Business performance in this study is reflected through three indicators, namely profitability, productivity and market. A description of respondents' perceptions of business performance is shown in table 3.2.3.

Table 3 Description of Respondents' Perceptions of Business Performance (Y3)

Indikator/Item		Frekwensi Jawaban (f) & Persentase (%)										Rerata (Mean)	Indeks (%)	Interpretasi
		STS (1)		TS (2)		N (3)		S (4)		SS (5)				
		f	%	f	%	f	%	f	%	f	%			
Y211	Keuntungan	0	0	27	18	77	52	29	19	16	11	3.23	64.60	Sedang
Y212	Modal Usaha	0	0	27	18	77	52	29	19	16	11	3.23	64.60	Sedang
Y213	Kekayaan Usaha	0	0	33	22	93	62	23	16	0	0	2.93	58.80	Sedang
Profitabilitas (Y21)												3.13	62.67	Sedang
Y221	Target produksi	0	0	9	6	99	66	41	28	0	0	3.21	64.40	Sedang
Y222	Ketepatan waktu	0	0	0	0	34	23	89	60	26	17	3.95	78.80	Baik
Y223	Kualitas produk	0	0	0	0	16	11	84	56	49	33	4.22	84.40	Baik
Produktivitas (Y22)												3.79	75.87	Baik
Y231	Volume Penjualan	0	0	1	1	54	36	73	49	21	14	3.77	75.20	Baik
Y232	Perluasan pasar	0	0	66	44	83	56	0	0	0	0	2.56	51.20	Sedang
Pasar (Y23)												3.17	63.20	Sedang
Indeks Persepsi Rerata Variabel Kinerja Usaha (Y2)													67.24	Sedang
Interpretasi Nilai Indeks: 10 - 40% = Buruk; 41 - 70% = Sedang; 71 - 100% = Baik														

Descrip
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Sumber: Data diolah, 2016

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years. Profitability indicators are measured by 3 statement items, namely increasing profits, increasing business capital, and increasing business wealth. The statement of increasing profits and increasing own capital each obtained a response with an average of 3.23 compared to the response to the statement of increasing business wealth with an average of 2.93. Overall, respondents' responses to profitability performance averaged 3.13. The results of this response indicate that the profitability performance achieved by the stone business is at a moderate level or has not experienced significant development with the main emphasis on increasing profits and increasing business capital. The increase in business wealth is still felt by brick business owners to be relatively the same as past conditions. This means that the addition of wealth from the business of silk cloth, coconut oil, and brown sugar has not provided optimal value. The achievement of profits in the brick business over the past three years can be considered relatively low, thus affecting the increase in capital and business wealth.

Productivity performance is the final result obtained by the brick business from its business activities to fulfill customer wants and needs in the last three years. Indicators are

measured by 3 statement items, namely: achieving production targets, completing products on time and producing quality products. The statement of producing quality products obtained the highest response with an average of 4.22 compared to the response to the statement of completing products on time with an average of 3.95 and the statement of achieving production targets with an average of 3.21. Overall, respondents' responses to productivity performance averaged 3.79. These results indicate that productivity performance in the coconut brick business is quite good or has developed sufficiently with the main emphasis on the ability of business managers to offer quality products in accordance with buyer expectations. In addition, the timeliness of production and the achievement of production targets also show sufficient development. This means that the productivity of the brick business is still relatively good, reflecting that there are still consumers who are interested in the products offered.

Market performance is the final result achieved by the brick business from the market served in the last three years. The indicator is measured by 2 statement items, namely increased sales volume and market expansion. The statement on increasing sales volume obtained a higher response with an average of 3.77 compared to the response to the expansion of the business market with an average of 2.56. Overall, respondents' responses to market performance averaged 3.17. The results of this response indicate that the market performance of the brick business is less developed or has not experienced significant progress. Market performance with an emphasis on increasing sales volume can be assessed as a significant increase, but in terms of market expansion to sell products has not experienced significant development. This means that the increase in sales volume of the silk cloth, coconut oil, and brown sugar businesses is derived from existing market share.

Overall, the results of the analysis show that the achievement of business performance of silk cloth, coconut oil, and brown sugar in business activities over the past three years can be rated as lacking or not experiencing significant development based on the average perception index value obtained of 67.24 percent. Specifically, business performance with an emphasis on productivity received a higher response with a mean of 3.79 than profitability and the market. This means that the business performance achieved by brick businesses over the past three years has relied more on productivity performance than profitability and market performance. This condition reflects that the brick business still has potential with customers who are still loyal, so it is able to survive even though the profits obtained and the product market have not experienced significant development. But this condition also reflects a serious threat to the sustainability of the business in the future.

3.3 Discussion

The influence of the industrial environment on brick businesses must receive serious attention, where the intensity of competition faced is high. This high competition is indicated by low entry barriers, strong bargaining power of suppliers, high bargaining power of buyers, and the high threat of substitute products. However, the high level of competition in the brick

business environment according to the owner's assessment is more worried about the problem of entry barriers and the low attention to the threat of substitute products. The potential threat of new competitors to enter the brick business is considered very large due to the weak strength of financial capital owned and has an impact on low production capabilities. Consumer loyalty, especially coconut oil, has also decreased due to issues of coconut oil triggering high cholesterol, thus giving a negative assessment of coconut oil. This gap is an opportunity for substitute products to become a threat to the sustainability of the brick business in the eyes of consumers.

Resources can produce competitive advantage if there is a unique combination and interplay of various existing resources both tangible and intangible to produce strategic resources. Strategic resources are a combination of various resources (tangible and intangible) and capabilities in the form of core competencies as a source of competitive advantage for the company. Strategic resources are the foundation and pillars of strategy. Without strategic resources, companies will face many problems in facing competition in the market. The uniqueness of strategic resources that are not owned by competitors will produce a sustainable competitive advantage (Sampurno, 2010). Therefore, companies are required to be able to manage resources as well as possible in order to create superior value for customers so as to generate profits for the company.

The results of this study provide an overview that the brick business in Limbung Village, Bajeng District, Gowabelum Regency makes optimal efforts to master and control resources that are used as core competencies for the basis for implementing operational strategies in production activities. Resources in the brick business have not been able to be managed optimally with the capabilities they have, thus reducing their potential to produce competitive advantage. Among the management of existing resources, only reputational resources are more optimally achieved while physical resources, organizational resources, financial resources, human resources, and technological resources have not achieved optimal management. The low ability of resource exploitation in brick businesses is evidence that strategic resources in brick businesses are still weak.

The results of the classification of strategic resources show that reputation resources classified as intangible resources received respondents' assessment as the main strategic resource in coconut oil small businesses. Reputational resources through product quality perceived by buyers, no complaints felt by buyers, and the uniqueness of the products sold provide more value for business sustainability. This corroborates the opinion of Hitt et al. (2011) that intangible resources are more capable of generating a more sustainable competitive advantage. The underlying reason for this opinion is that intangible resources are difficult to modify (Kogut and Zander, 1992), difficult to trade (Barney, 1986), difficult to imitate and understand by competitors (Rumelt, 1984), so that intangible resources are

strategic resources that can create sustainable competitive advantage because they meet the criteria of valuable, rare, imperfectly imitable, non-substitutable (Barney, 1991).

Teece et al. (1997) state that companies that are able to identify resources that become core competencies will be able to be more efficient and effective in running their business. This means that by identifying resources for their weaknesses and strengths, companies can prioritize and choose which resources can be optimized to generate productivity and efficiency. This is what small micro business managers have not done with their strategic resources, so they have not optimized their competitive advantage. Good management of only reputation resources is not enough to provide a competitive advantage and it is necessary to manage other resources that are considered lacking such as the management of low technology resources, organizational resources, and financial resources. Improvements to the mastery of sources that are considered weak are expected to provide improvements to the mastery of strategic resources as a source of competitive advantage.

If the strategic resources of the brick business can be managed and mobilized properly, it will result in a high business competitiveness advantage, so that it will be able to win the competition in the market. This needs to be emphasized because competition in the market is actually a competition of strategic resources (resources and capabilities). Strong mastery of strategic resources will have superiority in competing in the market. In the face of increasing competition in the industrial environment, small micro business managers are required to be able to continuously make improvements (continuous improvement) to the strategic resources they control. In addition, brick businesses that are unable to monitor and anticipate technological developments will one day face serious problems related to the existence of the business in the future.

Performance in brick businesses over the past three years illustrates that the end result of business activities does not provide optimal value. The brick business has a tendency to achieve productivity, but low in profit and market expansion. The failure of brick business owners in improving business performance is determined by the ability to adapt to the industrial environment with the application of operating strategies through the control of strategic resources.

4. CONCLUSION

The conclusion explains what is expected in the Introduction section, as well as conclusions from the Results and Discussion *section*. Conclusions can also be added to the development plan for the implementation of future service.

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