

**INVESTIGATING COMPETITIVE ADVANTAGE OF PT SIANTAR TOP, TBK :  
CASE STUDY USING FUNCTIONAL BUSINESS ANALYSIS**

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**Abstract**

*The purpose of this paper is to discuss the results of using functional business analysis to investigate the competitive advantage of PT Siantar Top, Tbk is a company engaged in the processed food industry. The company manufactures various kinds of snack foods such as crackers (crackers), noodles (noodle), sweets (candy) and developing new products such as biscuits and wafer products. The paper provides the results of the strengths, weaknesses, opportunities and threats of the company through its practices in marketing, finance, human resources management and operation.*

*The research use case study method that aims to present information in structured, factual, and accurate information on the object studied. Case study method is used to examine the competitive advantages of the company by investigating several business functions performed by the company.*

*Based on the analysis regarding the competitive advantages of PT Siantar Top, Tbk, firstly, competitive advantages originate from the superiority PT Siantar Top, Tbk in performing the finance, marketing, human resources and operation. Secondly, competitive advantages of PT Siantar Top, Tbk create added value for a company so that the company has excellent position in the market. From the analysis of the external environment, the company has several strategic opportunities including the implementation of the Asean Economic Community (AEC) can make PT Siantar Top, Tbk have an opportunity to get foreign workers who have the competence and expertise better and competition in product innovation increasingly tight can spur PT Siantar Top, Tbk to continue to develop their products in order to survive in the industry.*

*This study provides managerial impact to the company studied, where the company's pricing strategy is one of the most powerful strategies used by the company. Secondly, product innovation is the company's sources to sustain in the market. The company face several weaknesses such as lack of promotion through print media, electronic media, and social media. This paper is a case study of PT Siantar Top that displays the results of the analysis of competitive advantage \ companies using business functions performed by the company.*

**Keywords:** *Competitive Advantage and Functional Business Analysis*

**JEL Classification:** *L20*



## **BACKGROUND OF THE RESEARCH**

Current environmental change and development occurs rapidly and dramatically, this is due to the loss of demographic boundaries or what we know as globalization as well as the conversion of information flow from conventional media to online media. The impact of this change results intense business competition in various industries. This condition definitely requires business players to be able to develop their own resources to be the advantage side of the companies. Then they are able to compete and answer the demands of such changes and ultimately win the market that will increase the company's revenue to survive.

The competitive advantage can be found from the ability of management in exploring the competencies of the company's functional sectors: competence in marketing, product development, and product design as well as production (Porter, 1994; Heene & Sanches, 1997). This competitive advantage will provide superior value for the company as a whole.

In order to achieve the competitive advantage of the company, the competence of functional sector is a must that should be possessed. Skill, ability and marketing performance, innovation, technology use and production should be continuously evaluated periodically either as a strategic step to maintain and enhance the competitiveness of the company itself. Therefore, various factors supporting the company's competence should be an authentic advantage that is not easily imitated to win the market in various industries, both those engaged in the production of items or services. This is in accordance with Barney's statement (1991) that the sustainable advantage stems from valuable, rare, inimitable (authentic) and sustainable resources.

One of the industries producing finished items is the industry engaged in the processing of snack food. This industry is one of the industries in tightest competition. This can be seen with the development trend of this industry that more and more business players both in large or small number are being in the snack food industry. Companies compete to create various products in order to make their products acceptable and win the market. To achieve this, the company needs to implement various efforts to improve the competitiveness of company. For the company, defining this properly depends on each company's unique



capabilities and how the company develops its capabilities in the best possible way to gain competitive advantage (Levitt 1991).

PT. Siantar Top as one of the snack food industry is aware of the challenges facing competition. This can be seen from various efforts of PT. Siantar Top in making strategic decisions and policies that can support the growth of the company. To improve the company growth, thus the same as the previous opinion above, PT. Siantar Top needs to pay attention of company's competitiveness. One of the paths that can be taken is to develop company's capability or competence.

This research tries to see competence toward competitive advantage. The result of this research is expected being able to describe how company explores the sources of competitive advantage especially being able to improve performance of PT. Siantar Top, Tbk.

## **LITERATURE REVIEW**

According to Popy Rufaidah in her book *Manajemen Strategi* (2014) or in English "Strategic Management", companies will have competitiveness should the companies being able to create better economic value than their competitors. Therefore, the companies are required to explore the competence, maintain or even improve the competitiveness they have.

### **Competitive Advantage**

Competitive advantage (Porter 1986: 162) is the ability of a company to achieve economic profit above the profit that a market competitor can achieve in the same industry. While Grant (1999: 89) defines competitive advantage is when two companies compete (in the same market and customer), one company has competitive advantage over other company when the company having competitive advantage gains a profit rate, or has the potential to earn a higher profit. Competitive advantage (Kotler and Armstrong 2008: 322) is an advantage over competitors earned by offering more value to consumers, either through lower prices or by providing more benefits which support more expensive pricing.



Based on the above opinion, this can be concluded that the competitive advantage is a positive value owned by the company compared to its competitors thus the company attracts the consumers' attention because this is considered better than other similar companies.

### **Competitive Advantage Analysis based on Business Functions**

According to Porter (1980), there are three bases of strategy that can help companies to gain competitive advantage, namely Cost Leadership, Differentiation, and focus. Porter named these three as the generic strategies. Cost Leadership emphasizes manufacture of the standard products (in all aspects) with very low cost per unit. This product is presented to consumers who are relatively easily affected by price changes. Differentiation is a strategy that encourages companies being able to find their own uniqueness in the target market. Focus strategies are often used to build competitive advantage in the narrower market segment.

Competitive advantage is able to implement by identifying the strengths and weaknesses of the company on a number of business functions done. Popy Rufaidah (2014) says that one of the paths to know condition of the company's internal environment is to analyze the activities of its business functions, such as function of marketing, operations, finance, and human resources. Such points is able to help the company knowing the strengths and weaknesses of the company. Thus the company ia able to assist in decision-making: the strategic steps which should be done by company to survive in its industry. Such four business functions are marketing management, finance, operation and human resources.

Company's advantage in marketing function can be implemented by analyzing the function of company's marketing. Marketing is a social and managerial process in which individuals or companies derives what they need and want through the creation and exchange of values with others (Kotler and Armstrong, 2008: 6). Belch and Belch (2009: 8), says marketing is an organizational function and process tool for creation, communication and value delivery to customers and managing customer relationships that provide benefit for companies and stakeholders. The advantage in marketing division is able to identify through the company's ability in presenting better than its marketing mix.



Company's advantage in the financial function can be implemented by analyzing the financial function which runs. According to Gitman and Zutter (2012) there are three activities of the financial function namely the decision of financing, investing, and dividend. (1) Financing, which is the process to plan and analyze the most appropriate strategy choices in finding sources of funding for business activities taken by the company. (2) Investing, that is the process to formulate strategy of allocating funds for profitable investment activities thus the financing process can be met properly. (3) Dividend Policy, which is: Decision to pay percentage of profit to shareholders.

Company advantage in the operation function is able to implement by analyzing the operation function which runs. Heizer and Rander (2011) say that operations management is a series of activities that generate value in the form of items and services by converting inputs into outputs. Similar to Heizer and Rander, Russell and Taylor (2011) define operations management as a process of Input transformation (such as materials, machinery, labor, management, and capital transformed into outputs (items and services). Haizer and Render (2011) say that there are ten strategic decisions in Operational Management that are: (1) Design of items and services: to explain the required points of operations in each operation management decision. (2) Quality management: to determine the quality expectations of customers and to establish policies and procedures to identify and achieve these qualities. (3) Process design and capacity: to determine how well items and services are produced and to execute management toward technology, quality, human resources and specific capital investments that determine the basic cost structure of the company. (4) Site selection: to determine where the company's location will operate with assessments relating to proximity with customers and suppliers while taking into account the costs, infrastructure and government regulations. (5) Layout design: to determine the layout of work facilities that can support and facilitate the work process. (6) Human resources and job design: to determine the path of recruitment, motivate and retain personnel with the required talents and abilities. (7) Supply chain management: to determine how to integrate the supply chain into a corporate strategy including decisions which determine what to buy, from whom and what conditions. (8) Inventory: to determine the ordering decision and supply provision by considering supplier capability and production schedule. (9) Scheduling: to determine and apply short and



medium-term schedule effectively and efficiently to employees and facilities while meeting customer demand. (10) Maintenance: to determine who can be responsible in conducting the maintenance to keep the quality maintained.

Company advantage in the HR management function is able to implement by analyzing the HR functions executed. According to Gary Dessler (2008) the scope of human resource management is divided into three activities, namely: (1) Procurement, which is an effort to provide the labor required by the company according to the number and certain skills. (2) Development, that is capacity and skill improvement process, both managerial capability and operational technical capability. (3) Maintenance, which is the process of maintaining relationships with employees thus the employees feel comfortable and able to work properly in the company.

The identification of competitive advantage in PT Siantar Top, Tbk is implemented by analyzing the four business functions that have been done by the company, as well as compared to competitors of companies that produce the same product and serve the same target market. Based on these analyzes, thus this can be identified the benefits of the company based on such business function.

## **ANALYSIS METHOD**

This research uses case study method. The case study method is a method using real life cases in the business world. This case study method has highly prominent correlation to case studies and research to discussion. Some reasons why using case study methods, as follows: (1) Provide in-depth examination of a longitudinal case; (2) Provide systematic path to view events, collect data, and analyze; (3) Provide sharp understanding of why an event occurred, and what might be important to look more intensive in the future.

Case study (Yin 1996) is one of the research methods of the social sciences. Besides case studies, there are still several other methods such as experiments, surveys, historical, and documentary information analysis. Case study is one of the superior methods for



understanding complex problems and can add strength to know through the objects studied in previous studies (Dooley, 2005, p. 335). The case study generally examines some social units (such as a company or a division within a company) on the obvious business issues to determine what factors being able to lead to success and failure in a company. Records obtained with known facts, opinions and assumptions that are decided can be made on certain business issues. More detailed analysis and discussion of such factors will lead to behavior that will ultimately reflect on the success or failure. Relevant data are collected, organized, evaluated and generalized. An example of a case study is viewing at how a company's management handles an actual event and determines whether the policy is formulated accordingly. If this is not appropriate, thus a recommendation offering about how things done better to run a company management is required. Yin (1996) identifies six sources of evidence in a case study, as follows: (1) Documents in the form of letters, memorandum, agenda, administrative letters, newspaper articles, or relevant documents for investigation. In the interest of triangulation of evidence, these documents serve to corroborate evidence from other sources. (2) Document archives obtain record services from researchers, organizational records, lists of names, data surveys, and other types of records. (3) Interview is one of the most important sources of case studies. There are several forms of interview: open interview, focused interview, and structured or surveys. (4) Direct observation by observing the objects studied during the case study.

Case method used in this research is a case study to examine company case. Company case is a type of case study where the author digs information on a company. The presentation of data is done by analyzing the company's competitive advantage based on the business function and by analyzing the number of factors faced by the company in macro environment. The case study focuses on PT. Siantar Top, Tbk as a snack industry company. How the development and competition will provide an overview of the company's ability to keep growing and surviving in this industry.

## **RESULT AND DISCUSSION**

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### **Finance Performance Analysis**

The financial statements of PT Siantar Top, Tbk have been performed using various policies and financial record keeping rules in accordance with applicable regulations and have been audited by internal auditors and independent auditors. The financial health of this company can be measured by analyzing the company's financial performance based on liquidity ratio, solvability and profitability ratio. In this section, the result of calculation of financial ratio of PT. Siantar Top in Period of December 2014 and December 2015 is shown in Financial Ratio Table of PT Siantar Top in December 2014 - 2015





Financial Ratio Table of PT Siantar Top in December 2014 – 2015

Ratio	2014	2015
<b>LIQUIDITY RATIO</b>		
Current Ratio	148,42%	157,89%
Quick Acid Ratio	90,94%	104,01%
Cash Ratio	1,70%	1,77%
Cash Turnover Ratio	236,80	259,22
Inventory to Net Working Capital	118,71%	93,07%
<b>LEVERAGE RATIO</b>		
Debt To Asset Ratio	52,03%	47,45%
Debt To Equity Ratio	108,48%	90,28%
Longterm Debt To Equity Ratio	42,43%	53,31%
<b>ACTIVITY RATIO</b>		
Receivable Turnover	20,006	19,697
Inventory Turnover	5,922	6,616
Working Capital Turnover	8,322	7,927
Fixed Asset Turnover	2,517	2,528
Total Asset Turnover	1,277	1,325
<b>PROFITABILITY RATIO</b>		
Gross Profit Margin	18,77%	20,91%
Return On Investment	7,27%	9,67%
Return On Equity	15,16%	18,41%
Earning Per Share	94,38%	94,38
Net Profit Margin	0,0730	0,0570

Source: processed by the writer (2017)



Liquidity Ratio is one of the indicators of the ability of PT Siantar Top, Tbk to fulfill all its short term obligations using all current assets owned. Such ratios include Current Ratio, Quick Acid Ratio, and Cash Ratio. All liquidity ratios of PT Siantar Top, Tbk increase: Current Ratio in 2014 - 2015 increase measuring 6.38%, this ratio increases because the amount of short-term assets owned by the company exceeds short-term debt. Such ratio indicates that the company's ability to pay off its short-term debt is improving. Therefore, the impact is the increasing trust of the creditors because of the increasing liquidity of the company as well.

**Quick Acid Ratio** in 2015 increased measuring 14.37% from 2014. This increasing ratio is due to an increase in the number of assets despite the company's inventory decreased. This ratio shows that the company's ability to pay off its short-term debt without being influenced by inventory also increases. Hence the continuing impact is the growing trust from creditors or lending parties.

For Cash ratio, there was an increase measuring 4.12% in 2015. This is influenced by the increase in cash and cash equivalents more than the increase in short-term debt. The ratio shows the company's ability to pay its debt with the availability of cash owned by the company is increasing. This ratio shows that the company's actual ability to meet its short-term obligations. Through the results of these ratio, this can be concluded that PT Siantar Top, Tbk is able to meet short-term obligations using all current assets owned.

Furthermore, the solvency ratio measuring the ability of PT Siantar Top, Tbk is to meet all liabilities by using assets or equity. Such ratios include Debt to Asset Ratio, Debt to Equity Ratio, and Longterm Debt Ratio. For Debt to Asset Ratio, this shows that there is decrease from 2014 to 2015 measuring 8.8%. This is due to the increase in the amount of debt is smaller than the increase in the number of assets owned by the company. This ratio shows that the decrease of loan funds have been used to increase the company's assets. Thus, the increase in the company's assets is due to some is funded by capital. This can reduce the company's risk of solving the long-term liabilities. Debt to equity ratio, in this part this can be seen that there is decrease measuring 16.8% in 2014-2015. This is due to the increase in the company's debt is smaller than the increase in company's equity. This ratio shows that the comparison between the company's debt and the company's capital. This decreasing ratio can



indicate that company has an increasingly low risk to their company's liquidity. Longterm debt to equity ratio, this can be seen that there is decrease from 2014 measuring 16.7%. This is caused by the more efficient composition between long-term debt owned by the company and its equity. This decreasing ratio has good impact for companies because the proportion of the equity use as a source of corporate capital increases more than the increase in longterm debt. This also indicates that the company has an increasingly low risk on the company's liquidity. From the result of the above ratios, this can be concluded that PT Siantar Top, tbk is able to fulfill all obligations by using assets or equity.

Profitability ratio describes the ability of PT Siantar Top, tbk in using all sources of funds owned to achieve the maximum profit. The ratio includes Return on Investment Ratio, Return on Equity Ratio, Earning per Share, and Net Profit Margin Ratio. Return on investment shows that there is increase in 2015 measuring 33%. This increasing ROI shows that the improvement in the return on operating income for the management of the assets performed by the company. Return on equity shows that there was a 21.4% increase in 2015. This increasing ratio shows that company are effective in increasing revenues thus the investments made by shareholders result in greater returns compared to the previous year. Earnings per share show that there is a significant increase in 2015 measuring 50.2%. Significant increase is more due to the increase in profit in 2015. This ratio shows that the income received by investors from every share they invest in the company is getting better. Net profit margin shows that there is increase in 2015 measuring 28.1%. The significant increase was more due to the increase in corporate profits in 2015 compared to the previous year. This ratio shows that overall financial performance is very well because the company can increase net profits after the tax deduction. From the results of such ratio, this can be concluded that PT Siantar Top, tbk is able to use all sources of funds to obtain maximum profits.



### **Competitive Advantages Analysis**

The competitive advantages analysis can be implemented by taking into account a number of factors derived from the company's external environment, such as a company's competitors. The excellent company in terms of competition should this can perform better than its competitors (Rufaidah 2014). Analysis of the external environment is a high important activity because this provides direction for the company in producing the competitive advantage. According to Porter (1980), there are three bases of strategy that can help company gaining a competitive advantage, namely Cost Leadership, Differentiation, and focus. Porter named all these three terms as the generic strategies. Cost Leadership emphasizes the manufacture of standard products in all aspects with very low cost per unit. This product is shown to consumers who are relatively easily affected by price changes. Differentiation is a strategy that encourages companies to be able to find their own uniqueness in the target market. Focus of strategy is used to build competitive advantage in a narrower market segment.

### **PEST**

PEST analysis is an analysis of external forces that can affect business processes run by the company. External factors are political, economic, social and technological. By recognizing and analyzing the external environment through PEST analysis will provide guidance for the company in producing competitive advantage. This is in accordance with the statement of Popy Rufaidah that has been previously delivered. The following is the result of PEST analysis of PT. Siantar Top, Tbk.

#### **Political**

Political influence in the business world has a huge impact because with the regulations made by the government will affect the company's steps in conducting various business activities. On the regulatory factors that affect the entity, among others: (1) PT Siantar Top, tbk has applied RI Law no. 7 of 1996 on Food to fulfill its obligation to protect consumer rights in the process of making its products. This can increase consumer trust regarding product



quality of PT Siantar Top, tbk. (2) The company has complied with the Regulation of the Head of Agency of Drugs and Foods Controls Republic of Indonesia No. 4 Year 2014 concerning the maximum limit of the use of sweetened food additives. This can increase consumer trust about the nutritional safety of PT Siantar Top product, tbk. (3) The Government Regulation Republic of Indonesia No. 78 Year 2015 about wages, PT Siantar Top, tbk can not reduce labor costs to reduce its production costs. (4) Stipulation of Ministerial Regulation of Trade No. 22 Year 2016 Article 19 Concerning the prohibition of large and medium scale business producers to distribute goods to retailers will create PT Siantar Top, tbk adding distribution chain and result in price at the consumer level to be increasing. (5) The absence of Anti Dumping Import Duty (BMAD) for imported wheat flour can cause PT Siantar Top, tbk to lose in competition because of the cost of raw material of PT Siantar Top, tbk will be higher compared to competitors who import raw materials. Imposition of BMAD (Anti Dumping Import Duty) can be done if the export price of the imported goods has lower value than the price that aims to prevent the threat of serious loss that can be suffered by domestic industry.

### **Economic**

On the economic factors that affect the entity, among others; The high inflation rate resulted in the high exchange rate of the rupiah against the US dollar so that this will affect the high cost of raw material providers both routine and non-routine and the implementation of the Asian Economic Community (MEA) to make PT Siantar Top, tbk having the opportunity to get the workforce Foreigners who have better competence and expertise.

### **Social**

Food packaging companies have opportunities and threats that arise from changes in social, cultural and environmental variables. This trend of changing trend creates the type of consumer and the varied needs of one to another. The lifestyle change of society into consumptive society becomes an opportunity for PT Siantar Top, tbk because society will often spend their money to meet the needs outside their basic needs. In addition, the trend of instant lifestyle will provide benefits for the company because more and more people buy



snack food. There is an increasing population in Indonesia from year to year that makes the market will be bigger thus the opportunities to gain profit will increase. But the thing that should be noted by the company in this modern era is a person's lifestyle level which is determined by what he/she consumes. Therefore, this becomes a threat to the company because considering the company's product does not refer to a premium product (for the middle level down). Due to this, many consumers switch to consume more expensive food just because they want to be considered in higher level of lifestyle.

### Technological

Technological developments running rapidly results the company as a business should be able to follow and take advantage of technological progress. Recently, PT. Siantar Top, Tbk is investing by procuring the best-made production machinery in food production from Japan and Korea. In addition, the company also utilizes online media either by having a web company that can provide various information to the stakeholders. Research and Development is also continuously conducted to develop the latest products. This is in accordance with the tag line company "High Taste Specialist"

Based on the analysis of the PEST, a summary of the opportunities and threats components shown in the table below, known as External Strategic Factor Summary (EFAS) as follows:

Table of EFAS PT. Siantar Top, Tbk

External Strategic Factor	Value	Rating	Score	Explanation
<b><u>Opportunity</u></b>				
1 PT Siantar Top, Tbk has applied Law RI Number 7 Year 1996 Concerning regulation of packaging relates to food safety.	0.05	2	0.1	Through obeying the Law stipulated is able to upgrade the consumers' trust of PT Siantar Top, Tbk.
2 Application of Asian Economic Community (MEA).	0.15	4	0.6	This makes PT Siantar Top, Tbk having opportunity to find foreign employee having better competence and expertise.



3	Change of community lifestyle being consumptive	0.05	2	0.1	This makes PT Siantar Top, Tbk having opportunity because the style of community that likes to shop being increase
4	Change of lifestyle being instant	0.1	3	0.3	This makes PT Siantar Top, Tbk having opportunity because the style of community that likes to shop snack food
5	Tight competition in product innovation	0.1	3	0.3	This motivates PT Siantar Top, Tbk continues to develop product being resist in the industry
<b>Total of Opportunity</b>		<b>0.45</b>		<b>1.4</b>	

	<b>External Strategic Factor</b>	<b>Value</b>	<b>Rating</b>	<b>Score</b>	<b>Explanation</b>
<b>Threat</b>					
1	The Stipulation of Ministerial Regulation of Trade Number 22 Year 2016 Concerning prohibition of large and medium scale business producers to distribute goods to retailers	0.15	4	0.6	This results in price at the consumer level to be increasing
2	Anti Dumping Import Duty (BMAD) for the import of wheat flour has not been stipulated.	0.15		0	This can cause the company to not win in the competition.
3	Implementation of Asean Economic Community (MEA)	0.15	4	0.6	This can cause the food industry being tighter
4	Unemployment being increase	0.05	2	0.1	This can cause the community's income decrease and impacts the purchasing level also being decrease
5	Lifestyle level of community	0.05	2	0.1	Many consumers switch to consume more expensive food because they would like to be considered in higher level of lifestyle
<b>Total Threat</b>		<b>0.55</b>		<b>1.4</b>	
<b>TOTAL Score</b>		<b>1</b>		<b>2.8</b>	

Source : processed by (2017)

### Internal Environment Analysis

PT. Siantar Top, Tbk has an internal environment supporting the company being able to operate and achieve the company goals. This can be seen from the description of the scope of the internal environment through the presentation of company profiles in annual reports



issued each year. Internal environmental analysis is implemented through the activities of business functions or resource-based approach. In accordance with opinion by Popy Rufaidah (2014: 70) that the analysis of the internal environment of the company will arise both the components of the strengths and components of weaknesses of the company. The analysis of competitive advantage based on the business function in this research will show the competitive advantage of the company based on the function of marketing, financial function, operation function and HR function at PT. Siantar Top, Tbk.

### **Marketing**

The company has competitive advantage in marketing function based on marketing mix elements consisting of product, price, place, promotion, people, process, and physical evidence. (1) Product: Component to determine competitive advantage of Siantar Top product, among others, is from the ability of the company to diversify enough products for each type. The result of product mix analysis is implemented by the company based on the depth and width of the product that is shown in the following table.





**Product Mix Table of PT. Siantar Top, Tbk**

← The Width Level of Product →				
↑ Depth of Product ↓	Crisp	Noodle	Biscuit & Wafer	Candy
	French Fries (3)	Spix soba (5)	Goriorio (4)	Dr. Milk (2)
	Mister Kentang Goreng	Spix Mie Goreng	Goriorio magic	
	Mister Potato (2)	(2)	Goriorio super	
	Mister Bebeto	Spix Fujimie (3)	biscuit	
	Mister Keren (3)	Suki	Go! Malkist (2)	
	Mister Pop (2)	Gemez (2)	Go! Potato (4)	
	Leonet Tator (2)	Gemez Enak (2)	Go! Jumbo coklat	
	Leonet Keripik Kentang (4)			
	Leonet tictic (2)			
	Leonet vtos (2)			
	Opotatota (2)			
	Twistko (3)			
	Twistball			
	Ketagi			

Note : ( ) number of taste variant,

Source : processed by the researcher (2017)

Besides being successful in a product diversification strategy, the company also implements duplication (observes, imitates, develops) on products that have been received by people such as goriorio duplicating oreo; leonet duplicating leo snack and others. While the weakness component, among others; the numerous various products that make some consumers confused and tend to choose product having strong image. Another component being a weakness is the excess of duplication product that will give negative image to company because this is considered as less progress in the process of R & D of the company product.

The competitive advantage of the company in the function of the released product price is the ability of the company to implement a relatively affordable product price strategy. Other



competitive advantage of a number of the marketing mix elements is the component: Place, the company has successfully built a distribution network throughout Indonesia and has also successfully entered the overseas market with the same strategy. To bring the products closer to the community, the company also builds a wide working area by establishing branches / regions and factories in several areas such as Bekasi, Medan and Makassar. The competitive advantage of the company is in the promotion function where the company uses product brochures to all its distribution network. In promoting, the company also uses an attractive advertising media. However, the advertising to introduce new products of the company is still less well known by the public and this is considered as a component of corporate weakness in the promotion stage.

### **Finance**

The strategic strength of the company is based on the financial function, namely: (1) Obtaining Fund. In the strength component of the obtainig fund, in 2015 PT Siantar Top only received funding in the form of long-term debt obtained from Indonesia Eximbank, PT Bank Mandiri Tbk and PT Bank Central Asia Tbk , Thereby, this reduced business risk and no change in the ownership (control) of the company. The company also does not issue its shares for financing activities thus the control of the company is still controlled by the company itself (not reduced). In addition, the earnings per share received by the company do not decrease. Meanwhile for the weakness components have not been found. (2) Allocating Fund. In the strength component, the company implements investation that is to insure all fixed assets and inventory against fire disaster and other risks of Rp158,450,000,000, thus this is able to reduce the business risk of the company. Whereas its strategic weakness component is found that the company does not invest in the purchase of assets or stocks. This results the company does not receive the additional revenues from such investment result such as interest, royalties, rental income, and dividend payout. (3) Operations (Devidend Policy). In the component of operation strength (dividend policy), in 2010 to 2015, the company decided to record the company's profit as retained earnings to strengthen the company's capital. However, with the policy, the company is able to give satisfaction to its shareholders because this does not divide the dividend and this can be a component that weakens the company.



## **Operation**

The Company has a competitive advantage in the operation function based on the following aspects: (1) Design of goods: the development of product variants is carried out continuously tailored to market interest; Development of product packaging design tailored to domestic and foreign markets. (2) Managing Quality: the process of manufacturing PT products. Siantar Top based on the international production standard ISO 9001 and ISO 2200. (3) Process and capacity: In the process and capacity part there is a component that becomes the company's strength that has a large production capacity in various factories owned. (4) Location selection: the company has several factories in the country that are close to suppliers of raw materials and close to the community as a source of manpower. (5) Human resources and Job design: the company has assigned its employees in accordance with their classification and has set clear employee standards for each type of work. However, for certain position, the company in recruitment sets a high qualification in order to obtain professional worker, this results the company being quite difficult to find workers in certain positions. (6) Supply Chain Management (SCM): The Company has successfully integrated its raw material, production process, warehouse and distribution channels well, this is considered as a component of company strength while its weakness component is not found in the SCM stage.

## **HRM**

The company has the competitive advantage on HR management function based on the following aspects: (1) Procurement (HR Planning, recruitment, selection, placement, and orientation), namely: the company provides information for people interested in becoming an employee through online announcement available on the company website. The website provides information on the type of work required and the qualifications. While the components of the weakness are not found. The company also conducts walk-in interviews to capture more superior workforce. (2) Development (training & development and career development), namely: the company has the advantage in engaging employees in various training and seminars held by private parties and agencies in the country, the company



provides training for employees to improve knowledge in the field technological developments and the Company bring in experts from abroad to transfer knowledge in improving the competence of directors. (3) Maintenance (compensation, integration, and relationship with labor union, evaluation), ie the company is able to retain its employees with a number of programs.

Based on the analysis of the business function of the company, we get a summary of the strength and weakness components shown in table 3, known as Internal Strategic Factor Summary (IFAS) as follows:

Table of IFAS PT. Siantar Top, Tbk

	Internal Strategic Factor	Value	Rating	Score	Explanation
<b><u>Strength</u></b>					
1	Duplication of several products that are accepted by community	0.1	3	0.3	Producing the similar product with lower price compared to competitors is expected to take competitors' consumers
2	Competitive product price	0.05	2	0.1	Competitive price can maintain the company's position in their market.
3	Makassar Working areas of PT Siantar Top are expansive, located in Surabaya, Bekasi, Medan and Makassar	0.1	3	0.3	Company areas located in several big cities have numerous benefits. One of them is to ease the company in distributing their product.
4	PT Siantar Top only receives funding in the form of long-term debt.	0.05	1	0.05	Funding through long-term debt can reduce business risks and no change in the company ownership (control).
5	Development of product variant is implemented continuously that is tailored to market interest and development of product packaging designs which is tailored to domestic and foreign markets.	0.1	3	0.3	The development of product variants can reduce boredom for consumers.
6	Having a factory that is close to the source place	0.05	2	0.1	Can easily find prospective



	of workers				workers
7	The company provides training for employees to increase knowledge in the field of technological developments.	0.05	2	0.1	Companies can have employees who have better skills.
8	The company brings in the foreign experts to transfer knowledge in improving the competence of directors.	0.1	3	0.3	The company has the latest information, knowledge and learning through more experienced experts from abroad.
<b>Total Strength</b>		<b>0.6</b>		<b>1.55</b>	

	<b>Internal Strategic Factor</b>	<b>Value</b>	<b>Rating</b>	<b>Score</b>	<b>Explanation</b>
<b><u>Weakness</u></b>					
1	Level promotion is still low in introducing new product	0.05	2	0.1	Promotion is necessary element for company to make their product known by consumers
2	Lack of promotion implemented by print, electronic, and social media	0.1	3	0.3	Numerous media should be used in maximum to be promotion media
3	Product duplication can cause the company image being uncreative	0.1	3	0.3	The company release the product for the first time gets initial attention and conquer the market initially
4	Company does not invest in asset or share purchase	0.1	3	0.3	This cause company does not get the additional income from such investation result: interest, royalty, rent income, and shared dividend
5	.Company is not able to provide satisfaction to their shareholder because there is no shared dividend	0.05	2	0.1	This cause the satisfaction of their shareholder being decrease
<b>Total of Weakness</b>		<b>0.4</b>		<b>1.1</b>	
<b>TOTAL SCORE</b>		<b>1</b>		<b>2.65</b>	

Source: processed by the writer (2017).

## CONCLUSION

This research is arranged as an effort to identify the factors of company competitiveness through analysis of business function of PT. Siantar Top, which is poured into the IFAS (Internal Factor Analysis Summary) table and to identify the external factors



set forth into the EFAS table (Internal Factor Analysis Summary). Competitive advantages are formed based on the company's ability to conduct a number of business activities on marketing, finance, operations and HR management which are different compared to its competitors. The result of research shows that the competitive advantage of PT Siantar Top, Tbk based on four excellences in marketing, finance, operational and finance field.

The competitive advantage in the marketing field, shows that PT. Siantar Top has an excellent product development seen from a number of product variants created; the extent of the distribution channel used in order to distribute the product on the target market as well as the ability of the company to set the price of affordable products according to the company's ability. Corporate financial function becomes one of the company's competitive advantage viewed from its financial function of the company having sufficient funds to conduct its business development, also seen from both the capital structure owned and the high trust factor to the company from the bank as the capital provider. Furthermore, competitive advantage in the Operation Function is the ability of PT. Siantar Top has a good food processing factory, well-distributed finished products, production management, as well as warehousing system and the proper use of operational management. Competitive advantage in the field of HRM function is the Company's ability to obtain and develop its employees according to standards and clear criteria for every function positions that exist in the company.

PT Siantar Top, Tbk has strategic strength based on competitive product price, continuous product innovation, and PT Siantar Top, Tbk's factory and office locations are located in Surabaya, Bekasi, Medan and Makassar. But from a number of competitive advantages, the company has a number of weaknesses of the company such as the lack of promotion through print media, electronic media, and social media about the product variants of the company. The company has several strategic opportunities such as the implementation of Asean Economic Community (MEA) to make PT Siantar Top, Tbk having the opportunity to get foreign workers who have better competence and expertise and competition in product innovation to continue in developing their products in order to resist in the industry. In the threats part, company faces that Anti Dumping Import Duty (BMAD) for the import of wheat flour has not been stipulated. This can cause the company to not win in the competition. The



application of MEA can also be a threat because the food industry competition is getting tighter, because PT Siantar Top, Tbk not only competes with the domestic companies, but also compete with the foreign companies.

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