

**Rice Miller's Competitive Strategy Choice in Response to Porter's 5 Forces
Analysis (Empirical Study at Johar Central Market in Karawang)**

A THESIS

**Presented as a Partial Fulfilment of the Requirements to Obtain Bachelor
Degree in Accounting Department**



By:

ANDINI DWI JAYANTI

Student Number: 14312507

**INTERNATIONAL PROGRAM
ACCOUNTING DEPARTMENT
FACULTY OF ECONOMICS
UNIVERSITAS ISLAM INDONESIA**

2018

**Rice Miller's Competitive Strategy Choice in Response to Porter's 5 Forces
Analysis (Empirical Study at Johar Central Market in Karawang)**

A THESIS

**Presented as a Partial Fulfilment of the Requirements to Obtain Bachelor
Degree in Accounting Department**

By:

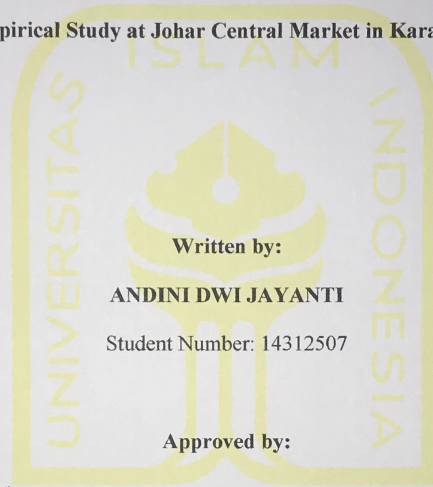
ANDINI DWI JAYANTI

Student Number: 14312507

**INTERNATIONAL PROGRAM
ACCOUNTING DEPARTMENT
FACULTY OF ECONOMICS
UNIVERSITAS ISLAM INDONESIA**

2018

**RICE MILLER'S COMPETITIVE STRATEGY CHOICE IN RESPONSE
TO PORTER'S 5 FORCES ANALYSIS
(Empirical Study at Johar Central Market in Karawang)**



Written by:
ANDINI DWI JAYANTI
Student Number: 14312507

Approved by:

Content Advisor,

Mahmudi, Dr., S.E., M.Si, Ak., CMA.

December 13th, 2018

Language Advisor,

Cithra Orisinalandari, S.S., MA.

December 13th, 2018

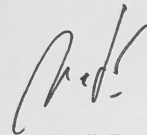
**RICE MILLER'S COMPETITIVE STRATEGY CHOICE IN RESPONSE
TO PORTER'S 5 FORCES ANALYSIS
(Empirical Study at Johar Central Market in Karawang)**

Presented by:

ANDINI DWI JAYANTI
Student Number: 14312507

Board of Examiners

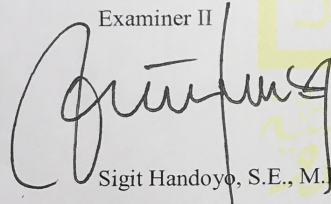
Examiner I



Mahmudi, Dr., S.E., M.Si., Ak., CMA.

December 21st, 2018

Examiner II



Sigit Handoyo, S.E., M.Bus.

December 21st, 2018

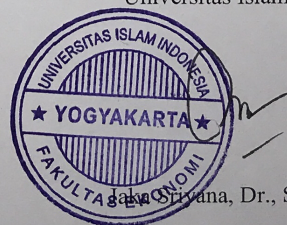
Yogyakarta, December 21st, 2018

International Program

Faculty of Economics

Universitas Islam Indonesia

Dean,



Dr., S.E., M.Si.

DECLARATION OF AUTHENTICITY

Hereby I declare the originality of the thesis; I have not presented someone else's work to obtain my university degree, nor I have presented someone else's words, ideas or expectations without any knowledgements. All quotations are cited and listed in references of the thesis. If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Yogyakarta, December 13th, 2018



Andini Dwi Jayanti

ACKNOWLEDGEMENT

Assalamu 'alaikum warrahmatullahi wabarakatuh,

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Alhamdulillah rabbil'alamin. All praises and the biggest gratitudes belong to Allah SWT, the Lord and the Creator of every single thing in this universe for His blessings. Additionally, prayer and greetings to Prophet Muhammad SAW and his companions should be always recited. Alhamdulillah, this thesis has been done and finished, which is entitled “**Rice Miller’s Competitive Strategy Choice in Response to Porter’s 5 Forces Analysis (Empirical Study at Johar Central Market in Karawang)**”.

Preparation for this thesis conducted to fulfill one of the requirements for completing the bachelor’s degree (S1) in International Program, Accounting Department, Universitas Islam Indonesia. I realized that this study would not successfully finish without any supports and love from people around me. Hencefore, author wants to thank you to everyone that cannot be named one by one for giving me a hand to finishing this thesis.

Wassalamu 'alaikum warahmatullaahi wabarakatuh

Yogyakarta, December 13th, 2018

Andini Dwi Jayanti

Table of Contents

<i>COVER PAGE</i>	<i>i</i>
<i>TITLE PAGE</i>	<i>ii</i>
<i>APPROVAL PAGE</i>	<i>iii</i>
<i>LEGALIZATION PAGE</i>	<i>Error! Bookmark not defined.</i>
<i>DECLARATION OF AUTHENTICITY</i>	<i>Error! Bookmark not defined.</i>
<i>ACKNOWLEDGEMENT</i>	<i>v</i>
<i>Table of Contents</i>	<i>vii</i>
<i>List of Tables</i>	<i>xi</i>
<i>List of Figures</i>	<i>xiii</i>
<i>List of Appendices</i>	<i>xiv</i>
<i>ABSTRACT</i>	<i>xvi</i>
<i>ABSTRAK</i>	<i>xvii</i>
<i>CHAPTER I</i>	<i>1</i>
<i>INTRODUCTION</i>	<i>1</i>
1.1. Background of Study	<i>1</i>
1.2. Problem Formulation	<i>3</i>
1.3. Research Objective	<i>4</i>
1.4. Research Contribution.....	<i>5</i>
1.5. Systematics of Writing.....	<i>5</i>

<i>CHAPTER II</i>	7
<i>REVIEW OF RELATED LITERATURE</i>	7
2.1. Theoretical Basis.....	7
2.1.1. Rice Industry	7
2.1.2. Porter 5 Forces Analysis	9
2.1.3. Competitive Strategy Choice.....	13
2.2. Preceding Research	15
2.3. Hypothesis Formulation	16
2.3.1. Relationship between <i>Bargaining Power of Buyers</i> with Competitive Strategy Choice.....	17
2.3.2. Relationship between <i>Bargaining Power of Suppliers</i> with Competitive Strategy Choice.....	17
2.3.3. Relationship between <i>Threat of Substitutes</i> with Competitive Strategy Choice.....	18
2.3.4. Relationship between <i>Threat of New Entrants</i> with Competitive Strategy Choice.....	18
2.3.5. Relationship between <i>Rivalry among Existing Competitors</i> with Competitive Strategy Choice.....	19
2.4. Research Framework.....	20
<i>CHAPTER III</i>	21
<i>RESEARCH METHOD</i>	21
3.1. Research Design	21

3.2. Population and Sample.....	21
3.2.1. Population.....	21
3.2.2. Sample.....	21
3.3. Variable and Definition Operational Variable Research.....	22
3.3.1. Research Variable	22
3.3.2. Definition Operational Variable Research	22
3.4. Data Collection Technique	25
3.5. Data Quality.....	26
3.5.1. Validity Test	26
3.5.2. Reliability Test	26
3.6. Data Analysis Technique.....	27
3.6.1. Descriptive Analysis	27
3.6.2. Chi Square Test (X^2).....	27
3.6.3. Hypothetical Test.....	29
<i>CHAPTER IV</i>	<i>30</i>
<i>DATA ANALYSIS AND DISCUSSIONS</i>	<i>30</i>
4.1. Descriptive Analysis	30
4.1.1. Respondent's characteristic analysis	30
4.1.2. Descriptive Analysis of Research Variables	33
4.2. Instrument dan Research Data Test.....	40
4.2.1. Validity Test.....	40
4.2.2. Reliability Test	42

4.3. Results of Chi Square Analysis and Hypothesis Testing	43
<i>CHAPTER V</i>	55
<i>CONCLUSIONS AND RECOMMENDATIONS</i>	55
5.1. Conclusions.....	55
5.2. Limitations	56
5.3. Recommendations	56
<i>REFERENCES</i>	58
<i>APPENDICES</i>	60

List of Tables

Table 2. 1 Preceding Research	16
Table 4.1 Gender Respondents	30
Table 4.2 Age of Respondents	31
Table 4.3 Respondent's Education.....	31
Table 4.4 Respondent's Income	32
Table 4.5 Operation Experience.....	32
Table 4.6 The results of respondents' responses to the bargaining power of buyers	34
Table 4.7 The results of respondents' responses to bargaining power of suppliers	35
Table 4. 8 The Results of respondents' responses to the threat of substitutes.....	36
Table 4. 9 The Results of Respondents' response to the threat of new entrant.....	37
Table 4. 10 The results of Respondents' Responses to Rivalry among Existing Competitors.....	38
Table 4. 11 The results of Respondents' responses of Competitive Strategy Choice	39
Table 4. 12 Results of Validity Test.....	41
Table 4. 13 Reliability Test Results	42
Table 4. 14 Chi-Square test of Bargaining Power of Consumer with Competitive Strategy Choice	44

Table 4. 15 Chi-Square test of Bargaining Power of Supplier with Competitive Strategy Choice	46
Table 4. 16 Chi-Square test of Threat of Substitute with Competitive Strategy Choice	48
Table 4. 17 Chi-Square test of Threat of New Entrants with Competitive Strategy Choice	50
Table 4. 18 Chi-Square test of Rivalry among Existing Competitors with Competitive Strategy Choice	52

List of Figures

Figure 2. 1 Rice Milling Process.....	9
Figure 2. 2 Five Forces Analysis (Porter).....	10
Figure 2. 3 Competitive Strategy Choice	13
Figure 2. 4 Research Framework	20

List of Appendices

APPENDIX 1 QUESTIONNAIRE	61
APPENDIX 2 The Results of Questionnaire	66
APPENDIX 3 The Result of Respondent Information.....	68
APPENDIX 4 The Respondents' Characteristics Based on Gender.....	71
APPENDIX 5 The Respondents' Characteristics Based on Age.....	71
APPENDIX 6 The Respondents' Characteristics Based on Education.....	71
APPENDIX 7 The Respondents' Characteristics Based on Income.....	71
APPENDIX 8 The Respondents' Characteristic Based on Experience	71
APPENDIX 9 The Respondents' Response to The Bargaining Power of Consumers	72
APPENDIX 10 The Respondents' Response to The Bargaining Power of Suppliers	72
APPENDIX 11 The Respondents' Response to The Threat of Substitutes.....	72
APPENDIX 12 The Respondents' Response to The Threat of New Entrants	73
APPENDIX 13 The Respondents' Response to Rivalry Among Existing Competitors.....	73
APPENDIX 14 The Respondents' Response of Competitive Strategy Choice....	73
APPENDIX 15 The Validity Test.....	74
APPENDIX 16 Analysis Results of Validity Test.....	76
APPENDIX 17 The Reliability Test	77
APPENDIX 18 Analysis Results of Reliability Test	77

APPENDIX 19 Chi Square Test of Bargaining Power of Consumers with Competitive Strategy Choice	78
APPENDIX 20 Chi Square Test of Bargaining Power of Suppliers with Competitive Strategy Choice	78
APPENDIX 21 Chi Square Test of Threat of Substitutes with Competitive Strategy Choice	79
APPENDIX 22 Chi Square Test of Threat of New Entrants with Competitive Strategy Choice	80
APPENDIX 23 Chi Square Test of Rivalry Among Existing Competitors with Competitive Strategy Choice	81

ABSTRACT

This study aims to investigate and obtain empirical evidence of Porter's 5 Forces Analysis: bargaining power of buyers, bargaining power of suppliers, threat of substitutes, threat of new entrants, and rivalry among existing competitors to competitive strategy choice. Population used in the data collections of this study are all rice millers at Johar Central Market in Karawang. The sampling technique in this research is purposive sampling and data analysis used is chi-square test. The researcher proved that bargaining power of buyers, bargaining power of suppliers, threat of substitutes, threat of new entrants, and rivalry among existing competitors had a significant relationship with the competitive strategy choice. Additionally, out of the four competitive strategy choices, the researcher found that the majority of rice millers choose to sell products at low prices.

Keywords: Porter's 5 Forces Analysis, Chi-Square Test, Competitive Strategy Choices, Rice Millers, Bargaining Power of Buyers, Bargaining Power of Suppliers, Threat of Substitutes, Threat of New Entrants, Rivalry among Existing Competitors, Competitive Strategy Choice

ABSTRAK

Penelitian ini bertujuan untuk menyelidiki dan memperoleh bukti empiris dari analisa 5 kekuatan Porter: daya tawar pembeli, daya tawar pemasok, ancaman pengganti, ancaman pendatang baru, dan persaingan di antara pesaing yang ada untuk memilih strategi yang kompetitif. Populasi yang digunakan dalam pengumpulan data penelitian ini adalah semua pemilik penggilingan padi di Pasar Induk Johar, Karawang. Teknik pengambilan sampel dalam penelitian ini adalah purposive sampling dan analisis data yang diuji adalah chi-square test. Selain itu, peneliti membuktikan bahwa daya tawar pembeli, daya tawar pemasok, ancaman pengganti, ancaman pendatang baru, dan persaingan di antara pesaing yang ada memiliki hubungan yang signifikan dari pilihan strategi yang kompetitif. Selain itu, dari empat pilihan strategi kompetitif, peneliti menemukan bahwa mayoritas pemilik penggilingan padi memilih untuk menjual produk dengan harga rendah.

Kata Kunci: *Analisa 5 Kekuatan Porter, Chi-Square Test, Pilihan Strategi yang Kompetitif, Penggilingan Beras, Daya Tawar Pembeli, Daya Tawar Pemasok, Ancaman Pengganti, Ancaman Pendatang Baru, Persaingan di antara Pesaing yang Ada, Pilihan Strategi Kompetitif*

CHAPTER I

INTRODUCTION

1.1. Background of Study

In 1984, during the Soeharto era, Indonesia was a country of food self-sufficiency where Indonesia was able to fulfill its demands without importing from others. However, from 1990 until now, Indonesia's rice production has not met the demand by the society. Therefore, nowadays, Indonesia is importing from other countries, such as Thailand and Filipina, continuously.

After that, the increase in rice consumption is no longer comparable to the rice production and harvested area (Kasryno et al. 2001). Since 1994 Indonesia starts to import rice again, and every year there is a tendency to increase in imports. This is an opportunity for farmers and rice mill businesses to increase rice production and quality. Market share is widely available; however, the government's support is necessary for farmers and rice mill businesses in rice industry to increase revenue and maintain selling value which can improve the welfare of farmers, businesses, and the society.

Rice is a commodity that is very important for the life of the nation in Indonesia. Production, processing, and distribution of rice is one of the income sources and employment in the Indonesian economy.

In addition, the agricultural sector is one of the critical things that must be considered as a supplier of staple food for the community. Production increase must be balanced with the rate of population growth. This can be achieved through an improvement in comprehensive farming management

and rice millers strategy to response to highly competitive market. In addition to the rice millers strategy to respond, the strategy will be different from one to another. Therefore, rice millers strategy to respond in the rice industry market competition will give impact to the continuation of supply and price of rice.

However, in general, the ultimate goals of a production process of a company is to create a revenue and maximizing profits. To achieve the ultimate goals, from small-scale companies until large-scale companies, they will have their own strategy to respond the competitiveness level of the industry. Therefore, an entrepreneur needs to understand the external and internal environment of the businesses to have the right strategic planning to overcome obstacles that are from external and internal factors within the industry and companies.

Furthermore, to planning strategic management of a company, the company needs to understand the competitiveness level of the industry. Michael Porter (1980) has found the five forces analysis to analyse the competition level of an industry. The method that invented by Porter can be used in any industry even in rice industry. By understanding the competition level through Porter five force analysis, the company can maximize its profit by planning the best strategic management to response the competition level.

In addition, according to Narbito (2018) “small-scale rice millers in Johar central market does not know the importance of strategic planning”. Therefore, small-scale rice millers cannot have competitive advantage to

compete in the rice industry. Additionally, Narbito (2018) said that many small-scale rice millers in Johar central market went to bankruptcy due to lack of capital, knowledge, and strategic management to run their daily operation.

Moreover, the strategic planning and strategic management are the essential parts of businesses to keep their business in the market. Strategic management and strategic planning create competitive advantage in competitive industry for businesses to run their business in the markets.

Therefore, choosing strategic management to respond to the high competitiveness is essential to overcome the competitors in a competitive market. The objective to gain competitive advantages is to receive the benefits from competition with other players in the rice industry. Therefore, a strategy that is more comprehensive and optimum needs to be developed to meet the threats or opportunity that affect the competitiveness of an industry. According to the background, this research is entitled **“Rice Miller’s Competitive Strategy Choice in Response to Porter’s 5 Forces Analysis (Empirical Study at Johar Central Market in Karawang)”**.

1.2. Problem Formulation

Based on the description above, the problems that arise in this research are:

- a. Does *bargaining power of buyers* affect competitive strategy choice?
- b. Does *bargaining power of suppliers* affect competitive strategy choice?
- c. Does *threat of substitutes* affect competitive strategy choice?

- d. Does *threat of new entrants* affect competitive strategy choice?
- e. Does *rivalry among existing competitors* affect competitive strategy choice?
- f. Out of the four competitive strategy choices, what is the best implemented competitive strategy choice for rice millers in Johar Central Market Karawang?

1.3. Research Objective

Based on the problem formulation above, the objectives of this research are:

- a. To investigate and obtain empirical evidence the effect of *bargaining power of buyers* on competitive strategy choice.
- b. To investigate and obtain empirical evidence the effect of *bargaining power of suppliers* on competitive strategy choice.
- c. To investigate and obtain empirical evidence the effect of *threat of substitutes* on competitive strategy choice.
- d. To investigate and obtain empirical evidence the effect of *threat of new entrants* on competitive strategy choice.
- e. To investigate and obtain empirical evidence the effect of *rivalry among existing competitors* on competitive strategy choice.
- f. To investigate and obtain empirical evidence which is the best implemented competitive strategy choice; cost-leadership, differentiation, focus-low cost, or focus-differentiation strategy.

1.4. Research Contribution

Theoretical Contribution:

By applying the Porter's 5 Forces, it gives an insight that it is an appropriate analysis to determine the competitiveness level of an industry. In addition, this research aims to give a contribution to give a brief explanation that porter 5 forces can be an input for consideration to choose competitive strategy.

Practical Contribution:

To give a contribution into the rice industry in Indonesia, that rice millers have a consideration to sell their product based on the competitiveness level of an industry. Furthermore, this research aims to give a specific recommendation for the rice millers in Indonesia about the best kind competitive strategy they can use when running their own businesses.

1.5. Systematics of Writing

Basically, the outline of writing systems in this research is divided into 5 chapters:

Chapter I: Introduction

This chapter consists of background, problem formulation, research objective, research contribution, and systematic of writing.

Chapter II: Theoretical Review

This chapter consists of theory used as a basis for doing the research such as review about rice industry, Porter's 5 forces analysis, and competitive strategy choices.

Chapter III: Research Method

This chapter consists of variable of research, population and samples, type and data sources, collecting data techniques, and analysing data techniques.

Chapter IV: Data Analysis and Discussions

This chapter will discuss the description about the result of the research according to data collected along with the result of research discussion that has been analysed.

Chapter V: Conclusions and Recommendations

The last chapter will discuss the conclusion obtained from the result of the analysis in the previous chapter, limitations, and recommendations for the further research and the implication of the research result.

CHAPTER II

REVIEW OF RELATED LITERATURE

2.1. Theoretical Basis

2.1.1. Rice Industry

Rice is one of the primary industries that has a good strategic role from both perspective as producer and consumer. According to Putri, Kusnadi, and Rachmina (2013), the rice industry system involved a number of subsystems, starting from providing the input system until marketing system. Marketing system of rice producer plays an important role by processing grain as input to become rice or another side product. In addition, according to the *Badan Pusat Statistik* (2012) rice industry is still dominated by small rice millers by 94.13 per cent, followed by medium and large scale, 4.74 per cent and 1.13 per cent, respectively.

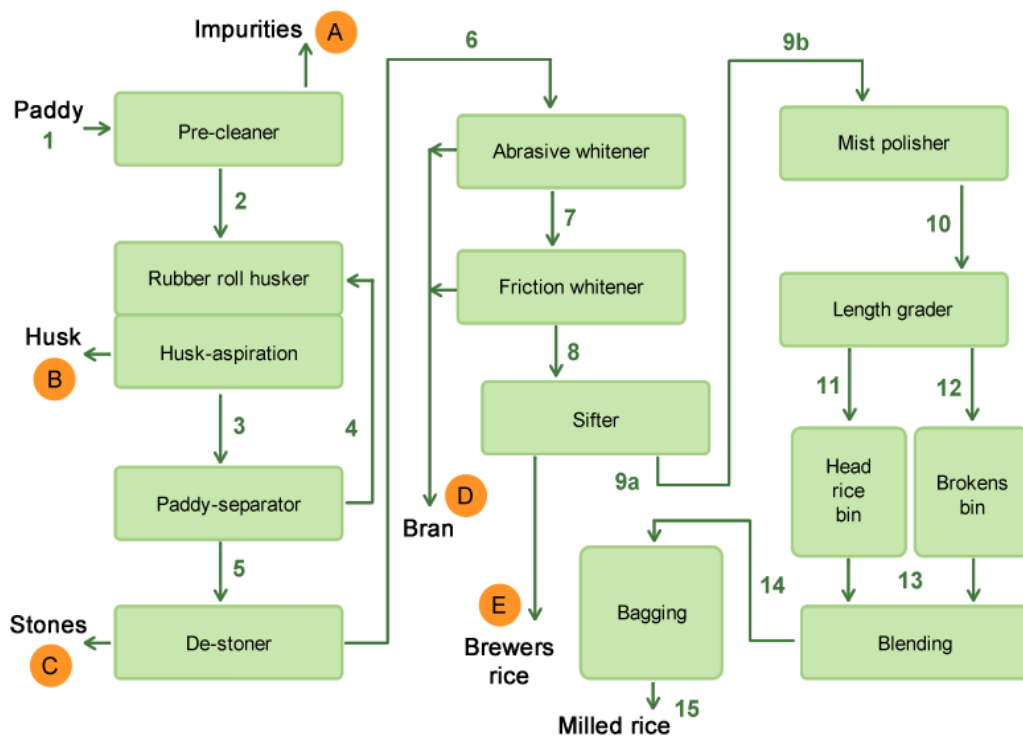
However, according to Hendra (2017) “around 30 Percent or 27.000 Rice Millers in East Java suffer from bankruptcy due to lack of resources and instability of rice trading system”. In line with that, the bankruptcy of rice millers can be caused by the unresponsive strategy of the rice millers to respond to the competitiveness level within the rice industry. Additionally, according to Narbito (2018), “small-scale of rice millers tends to bankrupt due to insufficiency of capital, lack of product branding, unresponsive to threats, and personal prestige to discontinue production because of continuance of losses.”

Furthermore, to produce rice, rice millers need to follow several processes, they are;

1. The rice millers buy a paddy from its supplier (farmers) then they will pre-clean the paddy first to clean the paddy from dust, stones, and etc.
2. The clean paddy will be put in to rubber roll husker to peel its skin from the paddy. After that, the process continues to the husk-aspiration where it blows the husk from the broken skin paddy which result in husk and broken skin paddy.
3. The the broken skin paddy will be put into paddy-separator, to clean the rest of the skin. This process will result in brown rice. However, if the process in the paddy-separator does not result in the brown rice, the broken skin paddy will once again go to the rubber roll husker for repeating the process.
4. Furthermore, the brown rice will go to the de-stoner which will clean the stone from the brown rice. After that, the brown rice will go to the whitening process where the process will transform brown rice to white rice and resulting bran.
5. The next step is the sifter for white rice where it sorts the good white rice and the brewers rice.
6. After that, the white rice will be polished to make the rice cleaner and dry. After the polishing process, the rice will be put in the length grader to sort the broken white rice and long-grain white rice.

- After the grading process, the rice millers will blend the long-grain and broken rice to get the products they want. When the blending process has finished, the rice millers will pack the rice into the packaging and distribute it to the market.

Figure 2. 1 Rice Milling Process



Source: Commercial Rice Milling (riceknowledgebank.com, n.d)

2.1.2. Porter 5 Forces Analysis

The aim of the analysis of five Porter strengths is to determine market competitive advantage and the company's competitive advantage. According to David (2006), Porter's 5 Forces Analysis of competitive analysis is an approach that is widely used to develop strategies in many

industries. According to Porter (1980), the nature of competition in an industry can be seen as a combination of five strengths, namely competition between similar companies, possible entry of new competitors, potential product development substitution, seller/supplier bargaining power, and buyer/consumer bargaining power (David, 2009).

Five Force Analysis is used to analyse the company's external environment, product threats, new competitors, consumer bargaining power, and supplier bargaining power (Porter, 1979).

Figure 2. 2 Five Forces Analysis (Porter)



Source: Porter Five Forces Analysis

a. Bargaining Power of Buyers

Consumers have their own bargaining powers within the industry. A high consumer bargaining power exist when the product sold does not have any standards and undefined (Foris & Mustamu, 2015). In addition, when the condition as mentioned by Foris and Mustamu exists, consumers have the high ability to negotiate about price and quality guarantee from the sellers (David, 2006).

b. Bargaining Power of Suppliers

In particular, bargaining power of suppliers is becoming a threat to the companies where the suppliers can affect the profitability earned by the companies within the industry. In addition, according to Porter (1987), “suppliers can use their bargaining power to against the industry participants by threatening to increase prices or reduce the quality of products, and *vice versa*. Dominant suppliers can therefore suppress the profitability of the industry participants.”

c. Threat of Substitutes

In defining the “substitute product” in rice industry, it does not only focus on the other goods that can replace rice as a staple food, but, it can be seen in a broader view when comparing with rice miller, such as a large firm with mass production machine that can lower the production cost. In addition, substitution goods that are available is a barrier to earn additional potential profit from a specific industry by creating a ceiling price (Foris & Mustamu, 2015). If the price of substitute goods is more attractive, the profit earns is lower, and *vice*

versa. In addition, according to David (2011) in Foris and Mustamu (2015), to determine the competitiveness of substitute goods, the best measurement is to compare the market share that is seized by the substitute goods.

d. Threat of New Entrants

The four-force covered by the analysis framework is the threat of new entrants. The threat of new entrants in an industry can be seen from the obstacle existed for new competitors to join the market industry (Porter, 1987). If the obstacle to establish a new company is hard, then the threats of new entrants is low, and *vice versa*. In addition, according to Porter (1987), there are six factors that affect the obstacle of new entrants; economic scales, product differentiation, capital, distribution access, supplier switching cost, and unprofitable cost regardless of the scale.

e. Rivalry among Existing Competitors

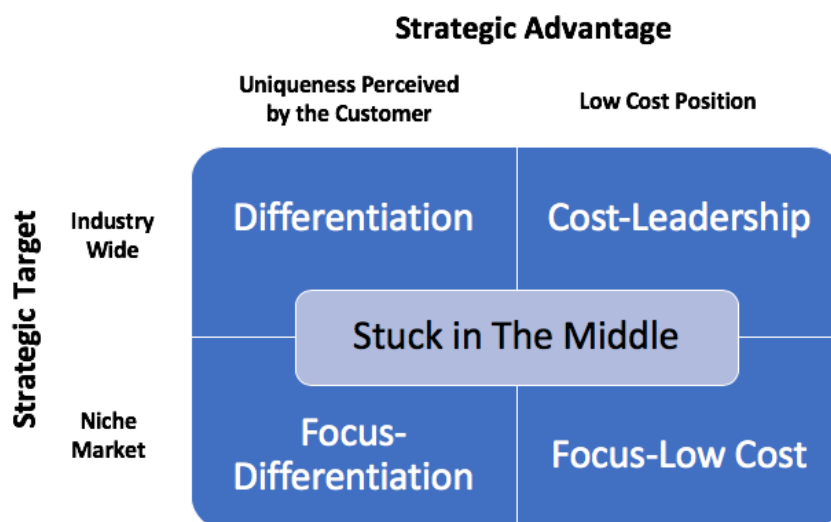
In Porter's 5 forces, the rivalry among competitors has a considerable contribution in determining the competitiveness of the industry. In addition, a company strategy is considered to be successful if the company delivers a value over the competitor (Foris & Mustamu, 2015). According to David (2006) "a strategic change of a company will result in a counter-attack from competitors, such as decreasing in prices, quality improvement, and increasing the marketing cost". The intensity of competition among companies in the same industry will

increase when the demand of goods is decreasing, pricing discount is existing, and the number of companies that sell product is increasing (Foris & Mustamu, 2015).

2.1.3. Competitive Strategy Choice

According to Porter (1987), there are four Porter’s generic strategies to gaining competitive advantages, which are cost-leadership, differentiation, focus-low cost, and focus-differentiation.

Figure 2. 3 Competitive Strategy Choice



Sources: *Generic Strategies -- Strategic Advantage (Porter, 1980)*

2.1.3.1. Cost-Leadership Strategy

According to Porter (1979), if a company wants to increase the business in the competitive market, the company must choose one business strategies, which is product/services in high price or low price, not both of them. One of the four business strategies (i.e., cost leadership,

differentiation, cost focus, and cost differentiation) is cost-leadership strategy (Park, 2015).

Cost-leadership is the company's strategy to sell a product at the lowest cost. Costs incurred using this strategy will be lower than competitors that use the Differentiation or Focus strategy. Cost Leadership Strategy can make a company more profitable because the company can reduce production costs, promotion, or research. Thus, prices of the product can compete, and the company's profit can increase. If necessary, the company may produce a product that imitates the competitor's product. Therefore, the companies that apply cost-leadership strategy are more competitive compared to the others.

2.1.3.2. Differentiation Strategy

According to Porter (1985), "differentiation strategy is a strategy that a company uses to be unique within the industry field to gain a competitive advantage". Differentiation strategy focuses on several attributes that capture a value from a customer that will recognise the company's product/services specifically. In addition, according to Ivancic and Jelenc (2012) "product differentiation are systematized in several categories, they are; Resources and Capabilities, Innovations, Branding and Marketing Management, Technological Leadership, Quality, and Time". Moreover, Ivancic and Jelenc (2012) summarised that product differentiation will be successful, if the products are creative, recognizable (brand), functional, and quality improved.

Furthermore, product differentiation will give benefits to the company who use this strategy in the short- or long-term basis. In general, the benefit will result in the increase of revenue earned by the company. This is because the product of the company will be easier to recognise by the consumers and will deliver a unique value to its customers.

2.1.3.3. Focus Strategy

The third generic strategy of Porter's competitive strategies is focus strategy. According to Porter (1980), the third strategy is based on a narrow competitive market which makes this strategy different from the other two. In addition, a narrow market can be either "a certain kind of customers, a limited geographic market, or a narrow range of product" (Miller & Friesen, 1986).

Furthermore, where the large firms do not attract to the niche market, the focuser can achieve a competitive advantage (Allen, 2007). The focus strategy is divided into two strategies, which are focus-low cost and focus-differentiation. Additionally, the cost focus and differentiation focus is the same as the other two strategic competitive choices, however, in this case they are more focused on the niche market.

2.2. Preceding Research

Various preceding research have been proved that there is a relationship between variable that used in the research about the strategy related to the rice market segmentation.

Table 2. 1 Preceding Research

No.	Researcher	Research Variable	Result of Research
1.	Song et al. (2002)	Porter 5 Forces Analysis, Product Differentiation, and Cost-Leadership Strategy	The result of this research is that Porter 5 Forces Analysis have significant and positive impact towards Product Differentiation and Cost-Leadership Strategy.
2.	Foris and Mustamu (2015)	Porter 5 Forces Analysis, Product Differentiation, and Cost-Leadership Strategy	The result of this research is that Porter 5 Forces Analysis have significant and positive impact towards Product Differentiation and Cost-Leadership Strategy.

2.3. Hypothesis Formulation

The Porter's 5 forces analysis model initiated by Porter (1985) is a nature of competition in an industry that can be analysed based on a combination of five elements. These elements consist of bargaining power of buyers, bargaining power of suppliers, threat of substitutes, threat of new entrants, and rivalry among existing competitors. From the Porter five force

analysis, rice millers tend to have one strategy as a dominant strategy that will influence them towards the market competition level.

2.3.1. Relationship between *Bargaining Power of Buyers* with Competitive Strategy Choice

One of the Porter's 5 forces analysis is bargaining power of buyer. This analysis has a relationship with competitive strategy choice. According to Foris and Mustamu (2015) a high bargaining power of buyer exists when the product sold does not have any standards and undefined. A consumer that has power to the product in market, has an ability to negotiate about price and quality guarantee, compared to the low power of buyer. From the description, a consumer who have high power in negotiating has a probability to affect the rice producer to implement a competitive strategy choice to compete within the industry. Based on the description above, the first hypothesis of this study is:

H1: *Bargaining Power of Buyers* affects Competitive Strategy Choice

2.3.2. Relationship between *Bargaining Power of Suppliers* with Competitive Strategy Choice

Farmers who have power against the industry participants by threatening to increase prices or reduce the quality of products can be called as a high power of suppliers (Porter, 1987). A high power of suppliers caused rice producer to apply competitive strategy choice by decreasing/increasing the price or mixing the quality of rice in order to get

the desired profit. Based on the description above, the second hypothesis of this study is:

H2: *Bargaining Power of Suppliers* affects Competitive Strategy Choice

2.3.3. Relationship between *Threat of Substitutes* with Competitive Strategy Choice

In defining the “substitute product” in rice industry, it does not only focus on the other goods that can replace rice as a staple food, but, it can be seen in a broader view when comparing with rice miller, such as mass production by a new technology owned by large firms. In addition, the threats of substitute goods might affect the competitive strategy choice implemented by the rice millers. Based on the description above, the third hypothesis of this study is:

H3: *Threat of Substitutes* affects Competitive Strategy Choice

2.3.4. Relationship between *Threat of New Entrants* with Competitive Strategy Choice

The threat of new entrants in an industry can be seen from the obstacle existed for new competitors to join the market industry (Porter, 1987). If the obstacle to establish a new company is hard, then the threat of new entrants is low, *vice versa*. Furthermore, the threat of new entrants might increase the competition level within the industry. Therefore, the current rice millers might implement a competitive strategy choice to

respond to the new entrants' threat. Based on the description above, the fourth hypothesis of this study is:

H4: *Threat of New Entrants* affects Competitive Strategy Choice

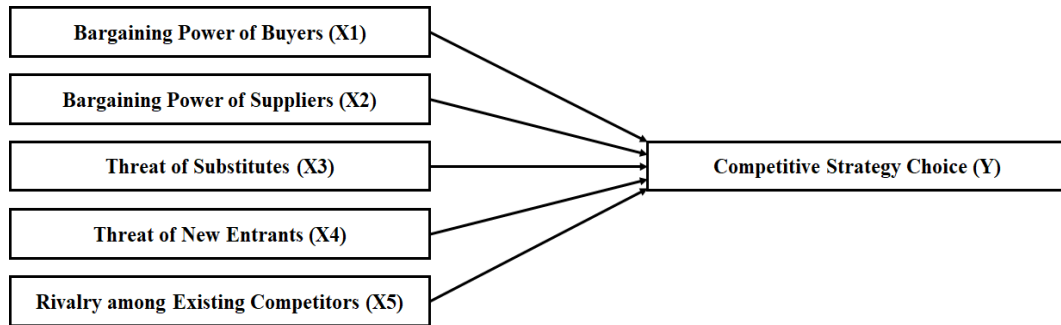
2.3.5. Relationship between *Rivalry among Existing Competitors* with Competitive Strategy Choice

Company strategy is considered to be successful if a company delivers a value over the competitor (Foris & Mustamu, 2015). The intensity of competition among companies in the same industry will increase when the demand of goods is decreasing, pricing discount is existing, and the number of companies that sell product is increasing (Foris & Mustamu, 2015). Moreover, rice millers might respond to a highly competitive industry by differentiating product or setting the product price among the competitors. Based on the description above, the fifth hypothesis of this study is:

H5: *Rivalry among Existing Competitors* affects Competitive Strategy Choice

2.4. Research Framework

Figure 2. 4 Research Framework



CHAPTER III

RESEARCH METHOD

3.1. Research Design

This research is a quantitative research. Quantitative research can be interpreted as a research method used to examine a particular population or sample, sampling techniques are generally carried out randomly, and data collection uses research instruments, quantitative or statistical data analysis with the aim of testing predetermined hypothesis (Sugiyono, 2014).

3.2. Population and Sample

3.2.1. Population

Population is a collection of all elements or individuals who are sources of information in a study, while the sample is part or representative of the population that has the same characteristics as the population, taken as a source of research data (Sugiyono, 2014). Based on the above understanding, the target population in this study is all rice millers in Karawang Regency.

3.2.2. Sample

The sample consists of a number of members selected from the population (Sekaran & Bougie, 2013). The sampling technique uses purposive sampling. Purposive sampling is a sampling technique based

on certain criteria. The sampling criteria in this study is rice millers in Johar central market with minimum of 3 years experience.

3.3. Variable and Definition of Operational Variable Research

3.3.1. Research Variable

The research variables used are as follows:

1. Independent variable (X) is a stimulus variable or variable that affects other variables. In this study the independent variable is Porter's 5 Forces Analysis (X).
2. Dependent variable (Y) is a variable that gives a reaction or response if it is associated with an independent variable. In this study the dependent variable (Y) is competitive strategy choice.

3.3.2. Definition Operational Variable Research

1. *Porter's 5 Forces Analysis (X)*

This variable measurement uses a questionnaire instrument, with a five-point Likert scale model. The dimensions of Porter's 5 forces analysis are as follows:

a. *Bargaining Power of Buyers (X1)*

Bargaining power of buyers is a condition where the buyers have power to negotiate the price with the customer (David, 2006). The indicators of the condition are as follows:

- a. Customer loyalty level
- b. Buyer domination per year
- c. Transparency of product information

b. *Bargaining Power of Suppliers (X2)*

Bargaining power of suppliers is where the suppliers has the ability to affect the profitability of the rice millers. In addition, according to Porter (1987) “suppliers can use their bargaining power to against the industry participants by threatening to increase prices or reduce the quality of products, and *vice versa*. Dominant suppliers can therefore suppress the profitability of the industry participants.” The indicators of the condition are as follows:

- a. Numbers of paddy suppliers
- b. Constant level of quality of paddy suppliers
- c. Dependency of supply period

c. *Threat of Substitutes (X3)*

A new technology to produce a massive scale of rice can affect the profitability of the traditional rice millers in Pasar Johar Karawang. The massive scale production can lower their price since the production cost can be decreased. In addition, substitution goods that are available is a barrier to earn additional potential profit from a specific industry by creating a ceiling price (Foris & Mustamu, 2015). If the price of substitute goods is more attractive, the profit earns is lower, and *vice versa*.

The indicator of the condition is new technology of mass production.

d. *Threat of New Entrants (X4)*

The threat of new entrants in an industry can be seen from the obstacle existed for new competitors to join the market industry (Porter, 1987).

If the obstacle to establish a new company is hard, then the threats of new entrants is low, and *vice versa*. The indicators of the condition are as follows:

- a. Capital requirement and capital source
- b. Growth of Competitors
- c. Distribution access

e. *Rivalry among Existing Competitors (X5)*

In Porter's 5 forces analysis, the rivalry among existing competitors has a considerable contribution in determining the competitiveness of the industry. In addition, a company strategy is considered to be successful if the company delivers a value over the competitor (Foris & Mustamu, 2015). The intensity of competition among companies in the same industry will increase when the demand of goods is decreasing, pricing discount is existing, and the number of companies that sell product is increasing (Foris & Mustamu, 2015).

The indicators for this condition are as follows:

- a. Numbers of competitors
- b. Product differentiation by competitors
- c. Cost of production

Porter's 5 forces analysis in this research will be measured using a likert scale with points 1-5. Systems of assessment uses several questions in this study taken from the research of Foris and Mustamu (2015).

2. *Competitive Strategy Choice (Y)*

According to Porter (1987), there are four Porter's generic strategies to gaining competitive advantage, which are cost-leadership, differentiation, focus-low cost and focus-differentiation strategies. In addition, Porter (1985) stated "differentiation strategy is a strategy that company use to be unique within the industry field to gain a competitive advantage", whilst, cost-leadership strategy is company's strategy to sell a product at the lowest cost (Park, 2015).

The third strategy is a focus strategy. The focus strategy is based on a narrow competitive market which makes this strategy different from the other two. Competitive strategy choice in this research will be measured using a nominal scale.

3.4. Data Collection Technique

The research instrument for this research is questionnaire. Questionnaire is a research instrument that consists of several questions to be answered by respondents. Furthermore, the questions in the questionnaire have been organized in a specific form to be answered by the respondents, the organized questions must be sufficiently detailed and

complete. The type of questions that will be asked has been provided with the answer by the researcher along with the alternative answer.

3.5. Data Quality

3.5.1. Validity Test

Validity test is used to test the validity of the questionnaire. A data can be valid when the question in the questionnaire is able to reveal something that will be measured by the questionnaire (Ghozali, 2013). An Instrument can be said to be valid when it can measure something for the intention of the instrument. Therefore, analytical item is necessary to be done based on the correlation method of “*product moment pearson*” (r). The validity test using product moment Pearson is conducted by correlating the answer score obtained from each item with total score from overall item. Validity test of this research uses a significance level of $\alpha = 5\%$. A statement is valid when it fulfils the following criteria.

Valid : $r \text{ counts} > r \text{ table}$ or significant probability $< 0,05$

Invalid : $r \text{ counts} < r \text{ table}$ or significant probability $> 0,05$

3.5.2. Reliability Test

Reliability test is a test to determine the level of reliability of the questionnaire to reveal the research variable. Moreover, data can be reliable when the answers of respondents are consistent and stable overtime (Ghozali, 2013). To measure the reliability level, the researcher will use Cronbach Alpha from the results of data processing. In addition,

a question is reliable if the coefficient value of alpha is greater than 0,6
(Sekaran & Bougie, 2013)

3.6. Data Analysis Technique

3.6.1. Descriptive Analysis

The research will be carried out based on the examination of all questionnaires, then descriptive analysis will be carried out. The analysis is based on the form of a table which is then added by an explanation as needed.

3.6.2. Chi Square Test (X^2)

The method of data analysis is done by using Chi Square (X^2) test, to see the strategy chosen by rice millers based on the Porter's 5 forces analysis. According to Hartono (2016) "Chi-Square is one of the nonparametric statistical tests, the calculation is based on the ranking data". In this test, the data for chi square is qualitative, for instance, ordinal and nominal. The focus of chi-square is to find the relationship among variable (Sujarweni, 2015).

The chi-square model is shown in the equation below (Sugiyono, 2013):

1. Finding Chi-Square using the equation:

$$X^2 = \sum \frac{(f_o - f_e)^2}{f_e}$$

Where:

X^2 = The value of Chi-Square

f_o = the observed frequency

f_e = the expected frequency

2. Finding critical value of Chi-Square:

$$Df = (R-1)(C-1)$$

R = Rows

C = Column

The basis of decision making for hypothetical test using chi-square are:

1. If the calculated (formulas) chi-squared is greater than critical value therefore H_0 is rejected *and* H_1 is accepted.
2. If the calculated (formulas) chi-squared is less than critical value therefore accepts H_0 is accepted *and* reject H_1 is rejected.

3.6.3. Hypothetical Test

In this research, the hypothetical test is based on partial test (t test). T test is used to test the ability of each independent variable to define the behaviour of dependent variable. The researcher uses $\alpha= 5\%$. This research has undertaken the following steps (Ghozali, 2013):

1. Establish the null hypothesis (H_0) and alternative hypothesis (H_1).
 - a. H_0 : Assuming that the independent variables partially have no significant effect on the dependent variable.
 - b. H_1 : Assuming that the independent variables partially have a significant effect on the dependent variable.
2. Establish testing criteria;
 - a. Reject H_0 if the number is significantly lower than $\alpha= 5\%$
 - b. Accept H_0 if the number is significantly greater than $\alpha= 5\%$

CHAPTER IV

DATA ANALYSIS AND DISCUSSIONS

Data was collected by distributing questionnaires to rice millers in Johar Central Market Karawang. There were 40 respondents, and there were 40 questionnaires returned and completed. The research aims to determine the relationship of bargaining power of suppliers, bargaining power of buyers, threats of new entrant, threats of substitute, and rivalry among existing competitors to competitive strategy choice.

Data analysing is done through the descriptive analysis and quantitative analysis using Chi-Square Test.

4.1. Descriptive Analysis

4.1.1. Respondent's characteristic analysis

The characteristics of respondents analysed in this research were gender, age, education, income and operating experience, the results of descriptive analysis can be explained as follows:

Table 4.1 **Gender Respondents**

Gender Respondents	Frequency	Percentage
Male	40	100%
Female	0	0%
Total	40	100,0%

Source: Processed primary data, 2018

Descriptive results from Table 4.1 presents that the gender of all respondents was male, as many as 40 people or 100%. This is because the job and type of work requires greater physical strength, thus, it is very suitable for men.

Table 4.2 Age of Respondents

Age of Respondents	Frequency	Percentage
< 25	0	0.0%
26 - 35	5	12.5%
36 - 45	16	40.0%
> 45	19	47.5%
Total	40	100.0%

Source: Processed primary data, 2018

Descriptive results from Table 4.2 shows that the majority age of respondents was more than 45 years, which was dominated by 19 people or 47.5%. While the other age distributions were varied, which were between 36 - 45 years old, that were 16 people or 40%, and between 26 - 35 years old were as many as 5 people or 12.5%. This means that the majority of rice millers at Johar Central Market Karawang are elderly people. This is because the young generation today is reluctant to pursue a profession as a rice miller.

Table 4.3 Respondents' Education

Respondents' Education	Frequency	Percentage
Elementary School	8	20.0%
Junior High School	25	62.5%
Senior High School	7	17.5%
Diploma 3/Undgergraduate/Postgraduate	0	0.0%
Total	40	100.0%

Source: Processed primary data, 2018

Descriptive results form Table 4.3 shows that the education of respondents is mostly graduated from junior high school by 25 people or 62.5%. Meanwhile, the other respondents' education is distributed in elementary school by 8 people or 20%, and senior high school by 7 people

or 17.5%. This infers that the rice millers at Johar Central Market Karawang has low-level of education.

Table 4.4 Respondents' Income

Respondents' Income	Frequency	Percentage
Rp. 3.000.000 – Rp. 5.000.000	0	0.0%
Rp. 5.000.000 - Rp. 7.500.000	6	15.0%
Rp. 7.500.000 - Rp. 10.000.000	14	35.0%
> Rp. 10.000.000	20	50.0%
Total	40	100.0%

Source: Processed primary data, 2018

Descriptive results from Table 4.4 shows that the majority of respondents' income is more than Rp. 10,000,000, which was as many as 20 people or 50%. While the other income distribution was varied between Rp. 7,500,000 - Rp. 10,000,000 that were 14 people or 35% and Rp. 3,000,000 - Rp. 5,000,000 was as many as 6 people or 15%. This means that the monthly income of rice millers at the Johar Central Market Karawang includes high income of more than Rp. 10,000,000. These results indicates that the rice millers profession is capable of providing a large turnover, therefore, it can be an attraction for others to pursue their profession as rice millers.

Table 4.5 Operation Experience

Operation Experience	Frequency	Percentage
3 - 4 years	0	0.0%
4 – 5 years	0	0.0%
> 5 years	40	100.0%
Total	40	100.0%

Source: Processed primary data, 2018

Descriptive results from Table 4.5 shows that the respondents' operational experience of all respondents has run this rice milling business

for more than 5 years, which was as many as 40 people or 100%. This means that the millers have well experienced in the field of rice milling business, thus, it has enough skills to support his work.

4.1.2. Descriptive Analysis of Research Variables

Descriptive analysis results suggest a table that shows respondents' responses to statements relating to the variable bargaining power of suppliers, bargaining power of buyers, threats of new entrant, threats of substitute, and rivalry among existing competitors and competitive strategy choices. The assessment criteria are as follows (Simamora, 2002):

Average 1,00 – 1,79 : Very Low

Average 1,80 – 2,59 : Low

Average 2,60 – 3,39 : Adequate

Average 3,40 – 4,19 : High

Average 4,20 – 5,00 : Very High

1. Respondents' Responses to Variable of Bargaining Power of Buyers

The bargaining power of buyers is measured by 5 questions and the results of the average respondents' answers can be shown in Table 4.6 below:

Table 4.6 The results of respondents' responses to the bargaining power of buyers

No.	Questions	Average	Category
1	My consumers easily get products from other rice millers	3.48	High
2	The number of my consumers is relatively low	2.95	Adequate
3	My consumers easily get information about the price of rice from other rice millers	3.78	High
4	My consumers are able to distinguish the quality of rice	3.58	High
	Average	3.44	High

Source: Processed primary data, 2018

Based on Table 4.6, it can be seen the majority give high ratings or agree to the variable of the consumer bargaining power. The highest rating was on the questions of “Consumers easily get information about the price of rice from other rice millers”, with an average of 3.78 and the lowest rating was on the questions of “My consumers easily get products from other rice millers”, with an average of 2.95 (enough). This means in the rice milling business there are conditions where buyers have the power to negotiate prices with rice millers.

2. Respondents' Responses to Variable of Bargaining Power of Suppliers

The bargaining power of suppliers is measured by 5 questions and the results of the average respondents' answers can be shown in Table 4.7 below:

Table 4.7 The results of respondents' responses to bargaining power of suppliers

No.	Questions	Average	Category
1	Suppliers in my neighborhood are relatively few	2.425	Low
2	Many other rice millers entered my neighborhood to find rice suppliers	3.875	High
3	The quality of paddy/grain is always good	3.625	High
4	I have difficulty finding raw materials during the planting season	3.025	High
5	Raw materials during the planting season are relatively expensive	4.475	Very High
	Average	3.485	High

Source: Processed primary data, 2018

Based on Table 4.7, it can be seen the majority of respondents give high ratings or agree to the variable of the supplier bargaining power with an average of 3.485, which is in the high category. The highest rating was on the questions of “The raw material during the planting season is relatively expensive”, with an average of 4,475 (very high) and the lowest rating was on the questions of “Suppliers in my neighborhood are relatively few”, with an average of 2,425 (low). This means in the rice milling business at the Pasar Induk Johar Kerawang, the suppliers have the ability to influence the profitability of rice millers. In addition, according to Porter (1987) suppliers can also use their bargaining power to fight industry players by threatening to raise prices or reduce product quality, and *vice versa*. The dominant suppliers can reduce the profitability of industry players.

3. Respondents' Response to Variable of Threats of Substitute

The threat of substitutes is measured by six of the questions and the results of the average respondents' answer can be shown in Table 4.8:

Table 4. 8 **The Results of respondents' responses to the threat of substitutes**

No.	Questions	Average	Category
1	There are competitors who use machines with the latest technology	4.28	Very High
2	I use an ordinary milling machine	4.33	Very High
3	Machines with the latest technology are relatively expensive	4.50	Very High
	Average	4.37	Very High

Source: Processed primary data, 2018

Based on the Table 4.8, it can be seen that the majority of rice millers give very high ratings or strongly agree with the variable of the threat of substitutes with an average of 4.37 (very high). The highest rating was on the questions of "the latest technology is relatively expensive", with an average of 4.50 (very high) and the lowest rating was on the questions of "There are competitors who use machines with the latest technology" with an average of 4.28 (very high). In line with very high of threat of substitutes, there are other competitors who use new technology to produce large-scale rice that can affect the profitability of traditional rice millers at Johar Central Market Karawang. Large-scale production can reduce their prices because the production costs can be decreased.

4. Respondents' Response to Variable of Threat of New Entrant

The threat of new entrants is measured by four questions and the results of the average respondents' answers can be shown in Table 4.9:

Table 4. 9 **The Results of Respondents' responses to the threat of new entrants**

No.	Questions	Average	Category
1	The capital needed to make rice mill business is relatively low	1.73	Very Low
2	Capital needed is easy to obtain	3.23	Adequate
3	Many newcomers are engaged in rice mill business	2.18	Low
4	Rice millers that go bankrupt every year are relatively low	1.55	Very Low
5	Sales distribution is easy to run	3.20	Adequate
	Average	2.38	Low

Source: Processed primary data, 2018

Based on Table 4.9, it can be seen the majority of rice millers give a low rating or disagree with the variable of the threat of new entrant. The highest rating was on the questions of "Capital needed is easy to obtain", with an average of 3.23 (enough) and the lowest rating was on the questions of "Rice milling that is bankrupt every year is relatively low", with an average of 1.55 (very low). This means that the grinder feels the threat of a newcomer is low, so there are high enough barriers for new competitors to join the market industry. If the obstacles to establishing a new company are difficult, then the threat of new entrants is low.

5. Respondents' Response to Variable of Rivalry Among Existing Competitors

Rivalry among existing competitors is measured by three questions and the results of the average respondents' answers can be shown in Table 4.10 below:

Table 4. 10 **The results of Respondents' Responses to Rivalry among Existing Competitors**

No.	Questions	Average	Category
1	There is more than one rice milling company from the village in Karawang that sells its products at Johar Central Market Karawang	4.38	Very High
2	The quality of products sold by competitors is relatively better than my company	3.38	Adequate
3	Many competitors have relatively lower production costs than my company	3.23	Adequate
	Average	3.66	High

Source: Processed primary data, 2018

Based on Table 4.10, it can be found that the majority of rice millers give high ratings or agree to the variable of rivalry among existing competitors with an average of 3.66 (high). The highest rating was on the questions of "There are more than one rice milling company from the village in Karawang that sells its products at Johar Central Market Karawang" with an average of 4.38 (very high) and the lowest rating was on the questions of "Many competitors have relatively lower production costs than my company" namely with an average of 3.23. This means that the rice millers feel a threat from a high competitor, so that this competition has a considerable contribution in determining industrial competitiveness. In

addition, the company's strategy is considered successful if the company provides more value than competitors. The intensity of competition between companies in the same industry will increase when demand for goods decreases, there are price discounts, and the number of companies selling products increases (Foris & Mustamu, 2015).

6. Respondents' Responses to Variable of Competitive Strategy Choice

The competitive strategy choice is measured by one question and the results of the respondents' answers can be shown in Table 4.11 below:

Table 4. 11 **The results of Respondents' responses of Competitive Strategy Choice**

Competitive Strategy Choices	Frequency	Percentage
Selling products at low prices	22	55.0%
Create and sell innovative / unique products	6	15.0%
Focus on selling and serving certain consumers at low prices	12	30.0%
Focus on selling and serving certain consumers at high prices with unique product	0	0.0%
Total	40	100.0%

Source: Processed primary data, 2018

Based on Table 4.11, it can be seen that the majority of rice millers chooses a strategy to sell products at low prices, that were 22 grinders (55%). While the other respondents chooses the strategy "Focus selling and serving certain consumers at low prices" with the number of respondents were 12 people or 30% and the strategy of creating and selling innovative/unique products with respondents were 6 people or 15%.

4.2. Instrument dan Research Data Test

4.2.1. Validity Test

The questionnaires distributed in this research were tested for validity test using the SPSS Release 20.0 statistical software with a significance level of 5%. The technique used to test validity is the *Pearson Product Moment correlation*. The size must meet the valid requirements, namely $r_{xy} > r_{Table}$, then the instrument is said to meet the validity requirements. Furthermore, the results of the validity test can be shown in Table 4.12:

Table 4. 12 **Results of Validity Test**

Variables	Items	Correlation Coefficient (r _{xy})	p-value	r Table	Description
Bargaining Power of Consumers	Q1	0.698	0.000	0.312	Valid
	Q2	0.802	0.000	0.312	Valid
	Q3	0.820	0.000	0.312	Valid
	Q4	0.799	0.000	0.312	Valid
Bargaining Power of Suppliers	Q1	0.799	0.000	0.312	Valid
	Q2	0.774	0.000	0.312	Valid
	Q3	0.803	0.000	0.312	Valid
	Q4	0.712	0.000	0.312	Valid
	Q5	0.735	0.000	0.312	Valid
Threat of Substitutes	Q1	0.936	0.000	0.312	Valid
	Q2	0.944	0.000	0.312	Valid
	Q3	0.889	0.000	0.312	Valid
Threat of New Entrants	Q1	0.881	0.000	0.312	Valid
	Q2	0.801	0.000	0.312	Valid
	Q3	0.767	0.000	0.312	Valid
	Q4	0.914	0.000	0.312	Valid
	Q5	0.671	0.000	0.312	Valid
Rivalry Among Existing Competitors	Q1	0.844	0.000	0.312	Valid
	Q2	0.869	0.000	0.312	Valid
	Q3	0.835	0.000	0.312	Valid

Source: Processed primary data, 2018

Table 4.12 shows the magnitude of the *correlation coefficient* of all questions on the variable bargaining power of consumers, bargaining power of suppliers, threat of substitute, threat of new entrants, and threat of competitors has a correlation value $r_{\text{calculation}} > r_{\text{Table}}$ (0.312) and probability

value is less than 0,05. Thus, it can be concluded that all items are declared valid. This means that the questionnaire and research data obtained in this study can be used for further analysis.

4.2.2. Reliability Test

The technique used to assess reliability is *Cronbach Alpha*, by distributing questionnaires to Rice Millers in Johar Central Market Karawang. A research instrument can be said to be reliable, if alpha is more than 0.6 (Sekaran & Bougie, 2013). The reliability test results can be shown in Table 4.13:

Table 4. 13 **Reliability Test Results**

Research Variable	Alpha Cronbach	Critical Value	Criteria
Bargaining Power of Buyers	0.778	0.6	Reliable
Bargaining Power of Suppliers	0.789	0.6	Reliable
Threat of Substitutes	0.912	0.6	Reliable
Threat of New Entrants	0.863	0.6	Reliable
Rivalry Among Existing Competitors	0.793	0.6	Reliable

Source: Processed primary data, 2018

Based on the summary of reliability test results as summarized in Table 4.13, it can be seen that the value of the *Cronbach Alpha* coefficient in all variables is greater than 0.6, so all the questions in the research variable are reliable. Therefore, the questions in the research variable can be used for further research.

4.3. Results of Chi Square Analysis and Hypothesis Testing

Quantitative analysis in this research used Chi square analysis. Chi square analysis was used to determine the relationship between bargaining power of suppliers, bargaining power of buyers, threats of new entrant, threats of substitute, and rivalry among existing competitors to competitive strategy choice. Chi Square analysis is used because the type of data in the dependent variable is nominal data, namely data that are a choice of strategy categories, not numerical data such as scale and ratio.

1. Relationship between Bargaining Power of Buyers and Competitive Strategy

The results of the chi square analysis between the bargaining power of buyers and the competitive strategy choice are shown in Table 4.14.

Table 4. 14 **Chi-Square test of Bargaining Power of Buyers with Competitive Strategy Choice**

Bargaining Power of Buyers		Competitive Strategy Choice			Total	Chi Square	p-value
		Selling products at low prices	Create and sell innovative / unique products	Focus on selling and serving certain consumers at low prices			
Low	Total	5	0	0	5	17.897	0.006
	Percentage	12.5%	0.0%	0.0%	12.5%		
Adequate	Total	12	2	2	16		
	Percentage	30.0%	5.0%	5.0%	40.0%		
High	Total	4	1	2	7		
	Percentage	10.0%	2.5%	5.0%	17.5%		
Very High	Total	1	3	8	12		
	Percentage	2.5%	7.5%	20.0%	30.0%		
Total		22	6	12	40		
Percentage		55.0%	15.0%	30.0%	100.0%		

Source: Processed primary data, 2018

Based on Table 4.14 above, it can be seen the results of significance testing indicate that the variable of bargaining power consumer (X_1) has a $X^2_{\text{calculation}}$ value of 17,897 and p-value of 0.006 which means $0.006 < 0.05$. It means that there is a significant relationship on the bargaining power of buyers on rice millers of Johar Central Market Karawang. These results indicate that the first hypothesis which state "The bargaining power of consumers affect the competitive strategy choice", has been **Proven**.

The analysis found that when the bargaining power of consumers is low, the competitive strategy choice tends to sell products at low prices and when the bargaining power of consumers is very high, the choice tends to

focus on selling and serving certain consumers (households/wholesalers/retailers) at low prices.

The bargaining power of consumers is also higher when a purchased goods is a standard or undefined product. When this condition exists, consumers can often negotiate about selling prices, warranty coverage, and accessory packages to a higher level (David, 2006). In addition, the bargaining power of consumers is also higher if the product purchased is standard or different. Competitors may offer a longer warranty or special service to gain customer loyalty if the bargaining power of consumers is extraordinary. A consumer who has the bargaining power to the product in the market, has the ability to negotiate about prices and quality assurance, compared to low bargaining power. From this description, a consumer who has high bargaining power in negotiating has a possibility to affect the rice millers to implement competitive strategy choices to compete within the industry (Foris & Mustamu, 2015).

The results of this research support the research of Song et al. (2002) and Foris and Mustamu's (2015) that found that the bargaining power of buyers has a significant and positive relationship on product differentiation and cost-leadership strategies.

2. Relationship between Bargaining Power of Suppliers and Competitive Strategy Choice

The results of the chi square analysis between the bargaining power of suppliers and the competitive strategy choice are shown in Table 4.15.

Table 4. 15 **Chi-Square test of Bargaining Power of Suppliers with Competitive Strategy Choice**

Bargaining Power of Suppliers		Competitive Strategy Choice			Total	Chi Square	p-value
		Selling products at low prices	Create and sell innovative /unique products	Focus on selling and serving certain consumers at low prices			
Low	Total	0	4	1	5	21.414	0.002
	Percentage	0.0%	10.0%	2.5%	12.5%		
Adequate	Total	5	1	4	10		
	Percentage	12.5%	2.5%	10.0%	25.0%		
High	Total	9	0	5	14		
	Percentage	22.5%	0.0%	12.5%	35.0%		
Very High	Total	8	1	2	11		
	Percentage	20.0%	2.5%	5.0%	27.5%		
Total		22	6	12	40		
Percentage		55.0%	15.0%	30.0%	100.0%		

Source: Processed primary data, 2018

Based on Table 4.15 above, it can be seen that the results of significance testing indicate that the supplier bargaining power variable (X_2) has a $X^2_{\text{calculation}}$ value of 21.414 and p-value of 0.002 which means $0.002 < 0.05$. It means that there is a significant relationship of the bargaining power of suppliers on the competitive strategy choice on the rice millers of the Johar Central Market Karawang. These results indicate that the second hypothesis which states "The bargaining power of suppliers affect the competitive strategy choice", has been **Proven**.

If seen from the percentage results, it shows that when respondents have a low bargaining power of suppliers, the competitive strategy choice

is create and sell innovative/unique products. Meanwhile, if the respondents have a high bargaining power of supplier, the competitive strategy choice choosen is Selling products at low prices.

Bargaining power of suppliers can be a threat to rice millers who have been getting input from suppliers if there is a dependency on one of the suppliers that is getting bigger over time. Suppliers can use their bargaining power against industry participants by threatening to increase prices or reduce the quality of products or services purchased. Strong suppliers can therefore suppress the profitability of industries that are unable to balance the increase in prices (Porter, 1987).

High bargaining power of suppliers causes rice producers to adopt competitive strategy choices by lowering/increasing prices or mixing the quality of rice to get the desired profit.

The results of this research support the research of Song et al. (2002) and Foris and Mustamu's (2015) that found that bargaining power of suppliers has a significant and positive relationship on product differentiation and cost-leadership Strategies.

3. Relationship between Threat of Substitutes and Competitive Strategy Choice

The results of the chi square analysis between threat substitutes and strategy choices are shown in Table 4.16.

Table 4. 16 **Chi-Square test of Threat of Substitutes with Competitive Strategy Choice**

Threat of Substitutes		Competitive Strategy Choice			Total	Chi Square	p-value
		Selling products at low prices	Create and sell innovative /unique products	Focus on selling and serving certain consumers at low prices			
Adequate	Total	0	5	0	5	38.232	0.000
	Percentage	0.0%	12.5%	0.0%	12.5%		
High	Total	7	1	0	8		
	Percentage	17.5%	2.5%	0.0%	20.0%		
Very High	Total	15	0	12	27		
	Percentage	37.5%	0.0%	30.0%	67.5%		
	Total	22	6	12	40		
	Percentage	55.0%	15.0%	30.0%	100.0%		

Source: Processed primary data, 2018

Based on Table 4.16 above, it can be seen that the results of significance testing indicate that the threat of substitutes variable (X_3) has a $X^2_{\text{calculation}}$ value of 38,232 and p-value of 0.000 which means $0.000 < 0.05$. This means there is a significant relationship of the threat of substitutes on the competitive strategy choice on the rice millers of the Johar Central Market Karawang. These results indicate that the third hypothesis which states "The threat of substitutes affect the competitive strategy choice", has been **Proven**.

The analysis results shows when respondents have a low threat of substitutes, they tend to create and sell innovative/unique products.

However, when the threat of substitutes is high then the choice of strategy tends to be on selling products at low prices.

All millers in an industry competes with each other, in a broad sense with industries that produce substitute products. Substitute products limit the potential profit from the industry by setting the ceiling price that can be provided by millers in the industry. Substitute products in the rice industry is not only focusing on other items that can replace rice as a staple food, however, this can be seen in a broader view when comparing with rice millers, such as mass production by new technology owned by the company. In addition, the threat of substitute goods can influence the competitive strategy choice applied by rice mills.

If the alternative price of substitute product is low, the profit restriction for rice millers is high. A mass production from latest technology creates a lower price when compared to the traditional machine that is used by the rice millers in Johar Central Market Karawang. The lower price from mass production exists because it produces more goods with the same amount of production's cost. Henceforth, the mass production places an upper limit on the price that can be set by the traditional rice millers in Johar Central Market Karawang where it can be a limit for the profit earned by traditional rice millers. In addition, the threat of substitute products is best measured by the market share captured by the mass production's product. This information will be useful for the company to plan and increase capacity and market penetration (David, 2011).

The results of this research support the research of Song et al. (2002) and Foris and Mustamu's (2015) that found the threat of substitutes has a significant and positive relationship on product differentiation and cost-leadership strategies.

4. Relationship between Threat of New Entrants and Competitive Strategy Choice

The results of the chi square analysis between the threat of new entrants and the competitive strategy choice are shown in Table 4.17.

Table 4. 17 **Chi-Square tests of Threat of New Entrants with Competitive Strategy Choice**

Threat of New Entrants		Competitive Strategy Choice			Total	Chi Square	p-value
		Selling products at low prices	Create and sell innovative/ unique products	Focus on selling and serving certain consumers at low prices			
Very Low	Total Percentage	3 7.5%	0 0.0%	1 2.5%	4 10.0%	34.47	0.000
Low	Total Percentage	15 37.5%	0 0.0%	10 25.0%	25 62.5%		
Adequate	Total Percentage	4 10.0%	1 2.5%	1 2.5%	6 15.0%		
High	Total Percentage	0 0.0%	1 2.5%	0 0.0%	1 2.5%		
Very High	Total Percentage	0 0.0%	4 10.0%	0 0.0%	4 10.0%		
	Total Percentage	22 55.0%	6 15.0%	12 30.0%	40 100.0%		

Source: Processed primary data, 2018

Based on the Table 4.17 above, it can be seen that the results of significance testing indicate that variable of threat of new entrant (X_4) has a $X^2_{\text{calculation}}$ value of 34.470 and p-value of 0.000 which means $0.000 < 0.05$. This means that there is a significant relationship of the threat of new entrant variables on the competitive strategy choice on the rice millers of Johar Central Market Karawang. These results indicate that the fourth hypothesis that states "The threat of new entrants affects the competitive strategy choice", has been **Proven**.

If seen from the results above, the rice millers have a very low threat of new entrants that tend to sell products at low prices, in contrast, when having a very high threat of new entrants, the rice millers tend to choose to create and sell innovative/unique products.

According to Porter (1987), the threat of new entrants into the industry depends on the existing entry barriers, combined with reactions from the competitors that already exist which can be predicted by newcomer. If these obstacles are large and/or newcomers predict that there will be strong resistance from the old faces, then the threat of new entrants will be low. There are six main sources of obstacles that come in Porter's (1987), they are: economies of scale, product differentiation, capital requirements, switching supplier costs, access to distribution channels, and unfavorable costs. Furthermore, the threat of new entrants can increase the level of competition in the industry. Therefore, the current rice millers may apply competitive strategy choices to respond to the threat of new entrants.

The results of this research support the research of Song et al. (2002) and Foris and Mustamu's (2015) that found that the threat of new entrants has a significant and positive relationship on product differentiation and cost-leadership strategies.

5. Relationship between Rivalry among Existing Competitors and Competitive Strategy Choice

The results of the chi square analysis between rivalry among existing competitors and the choice of strategy are shown in Table 4.18.

Table 4. 18 **Chi-Square tests of Rivalry among Existing Competitors with Competitive Strategy Choice**

Rivalry among Existing Competitors		Competitive Strategy Choice			Total	Chi Square	p-value
		Selling products at low prices	Create and sell innovative /unique products	Focus on selling and serving certain consumers at low prices			
Very Low	Total	0	0	2	2	27.443	0.001
	Percentage	0.0%	0.0%	5.0%	5.0%		
Low	Total	0	0	3	3		
	Percentage	0.0%	0.0%	7.5%	7.5%		
Adequate	Total	0	3	3	6		
	Percentage	0.0%	7.5%	7.5%	15.0%		
High	Total	13	2	4	19		
	Percentage	32.5%	5.0%	10.0%	47.5%		
Very High	Total	9	1	0	10		
	Percentage	22.5%	2.5%	0.0%	25.0%		
Total		22	6	12	40		
Percentage		55.0%	15.0%	30.0%	100.0%		

Source: Processed primary data, 2018

Based on Table 4.18 above, it can be seen that the results of significance testing indicate that the variable rivalry among existing competitors (X_5) has a value of $X^2_{\text{calculation}}$ at 27,443 and p-value of 0.001 which means $0.001 < 0.05$. This means that there is a significant relationship of rivalry among existing competitors on the competitive strategy choice on the rice millers of Johar Central Market Karawang. These results indicate that the fifth hypothesis which states "Threat of competitors affects the competitive strategy choice", has been **Proven**.

Observed from the results of the crosstabulation analysis, it shows that rice millers with low competition between existing competitors tend to choose the focus strategy of selling and serving certain consumers at low prices, while rice millers with high competition with existing competitors tend to choose to sell products at low prices.

The intensity of competition between similar businesses tends to increase because the number of participants is more uniform in terms of size and ability, demand for markets decreases, and price discounts are increasing in common (Foris & Mustamu, 2015). Therefore, the company profits decline, in some cases even make industry very unattractive. In addition, rice millers may respond to highly competitive industries by differentiating products or setting different prices among competitors.

The results of this research support the research of Song et al. (2002) and Foris and Mustamu's (2015) found that the rivalry among

existing competitors has a significant and positive relationship on product differentiation and cost-leadership strategies.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

Based on the results of data analysis and discussions, the conclusions are as follows:

1. The results of the research show that bargaining power of consumers had a significant relationship on the competitive strategy choice of rice millers in Johar Central Market Karawang. If the buyers' bargaining power is high, the competitive strategy chosen is to focus on selling and serving certain consumers at low prices.
2. The results show that the bargaining power of suppliers had a significant relationship on the competitive strategy choice of rice millers in Johar Central Market Karawang. If the suppliers' bargaining power is high, the competitive strategy chosen is to sell products at low prices.
3. The results show that the threat of substitute had a significant relationship on the competitive strategy choice of rice millers in Johar Central Market Karawang. If the threat of substitutes is high, the competitive strategy chosen is to sell products at low prices.
4. The results show that the threat of new entrants had a significant relationship on the competitive strategy choice of rice millers in Johar Central Market Karawang. If the threat of new entrants is high,

the competitive strategy chosen is to make and sell innovative/unique products.

5. The results show that the rivalry among existing competitors had a significant relationship on the competitive strategy choice of rice millers in Johar Central Market Karawang. If the rivalry among existing competitors is high, the competitive strategy chosen is to sell products at low prices.

5.2. Limitations

This research has several limitations as an effect in the result regarding the research goals, the limitations are as follow:

1. The operational hours of Johar Central Market Karawang is very short from 06.00-08.00 which gives the researcher a very short time to collect the data from the rice millers.
2. Rice millers in Johar Central Market Karawang are suspicious when the researcher is giving the questionnaire because most of them are worried that the questionnaire is given by the government in regards with the taxation or regulations.

5.3. Recommendations

The results of this research provide recommendations for future research, they are:

1. Rice Millers at Johar Central Market Karawang can implement a strategy for example by increasing product differentiation, setting prices lower than competitors and implement aggressive strategy, thus, the rice millers do not only wait for customers to come.
2. In addition to strengthening competition, it is necessary to have alternative strategies that can be developed such as adding capital to develop businesses, adding latest milling machines, and improving training programs for rice millers and employees (if they have employees) to develop skills in producing higher quality of rice.
3. Future researchers should develop this research in other businesses such as ceramics, pottery, leather, metal, food industry or other small industries, so that differences and similarities can be identified with the results of this study. In addition, it is necessary to re-examine the variables that can increase the choice of competitive strategies so that rice millers can become stronger and be able to compete at the global level.

REFERENCES

- Allen, R. S., Helms, M. M., Takeda, B. B., & White, C. S. (2007). Porter's Generic Strategic: An exploratory study of their use in Japan. *Journal of Business Strategies*, 24(1), 70-90.
- Commercial Milling*. (n.d.). Retrieved from Rice Knowledge Bank: <http://www.knowledgebank.irri.org/step-by-step-production/postharvest/milling/milling-systems/commercial-milling>
- David, F. R. (2006). *Strategic Managements: Concepts and Cases*. New Jersey: Prentice Hall.
- Foris, P. J., & Mustamu, R. H. (2015). Analisis Strategi pada Perusahaan Plastik dengan Porter Five Forces. *Agora: Jurnal Mahasiswa Manajemen Bisnis*, 3(1), 736-741.
- Hartono. (2016). *Spss 16 analisi data statistika dan penelitian*. Yogyakarta: Pustaka Pelajar.
- Ivancic, V., & Jelenc, L. (2012). Differentiation of differentiation. *An Entrepise Odssey: Corporate Governance and Public Policy* (pp. 1051-1062). Zagreb: Faculty of Economic and Business University of Zagreb.
- Karsyono, F., Fagi, A. M., & Pasandaran, E. (2001). *Ekonomi Padi dan Beras*. Retrieved from Badan Litbang Pertanian: <http://www.litbang.pertanian.go.id/buku/ekonomi-padi-beras/BAB-II-4.pdf>
- Miller, D., & Friesen, P. H. (1986). Porter's (1980) generic strategies and performance: An empirical examination with American Data (Part I). *Organization Studies*, 7(1), 37-55.
- Narbito, S. (2018, October 20). Penggilingan Beras Karawang. (A. D. Jayanti, Interviewer)
- Porter, M. E. (1979). How Competitive Forces Shape Strategy. *Harvard Business Review*, 57(2), 137-147.
- Porter, M. E. (1980). *Competitive Strategy*. New York: Free Press.

- Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press.
- Porter, M. E. (1987). *Competitive Strategy Techniques for Analysing Industries and Competitors*. New York: The Free Press.
- Sekaran, U., & Bougie, R. (2013). *Research Methods for Business*. United Kingdom: Wiley & Sond Ltd.
- Song, M., Calantone, R. J., & Benedetto, C. A. (2002). Competitive Forces and Strategic Decisions: An Experimental Investigation in The United States and Japan. *Strategic Management Journal*, 23(10), 969-978.
- Sugiyono. (2014). *Metode Penelitian Bisnis*. Bandung: Alfabeta.
- Sujarweni, W. (2015). *SPSS untuk penelitian*. Yogyakarta: Penerbit Pustaka Baru Press.
- Syahrir, Taridala, S. A., & Bahari. (2015). Preferensi Konsumen Beras Berlabel. *Agriekonomika: Jurnal Penelitian Sosial Ekonomi dan Kebijakan Pertanian*, 4(1), 10-21.
- Xie, Y. H., & Boggs, J. D. (2006). Corporate Branding vs Product Branding in Emerging Markets. *Marketing Intelligence & Planning*, 24(4), 347-364.

APPENDICES

APPENDIX 1 QUESTIONNAIRE

Yogyakarta, November 2018

Kepada

Yth. Bapak/Ibu Responden

Di Tempat

Dengan hormat,

Dalam rangka penyelesaian Tugas Akhir Strata (S1) Program Studi Akuntansi di Universitas Islam Indonesia, saya bermaksud mengadakan penelitian mengenai: “Pilihan Strategi Kompetitif Penggilingan Padi dalam Menanggapi Porter 5 Force Analysis (Studi Empiris di Pasar Johar Central Karawang)”. Agar penelitian ini dapat terlaksana, saya mohon kesediaan Bapak/Ibu untuk meluangkan waktu dengan mengisi kuesioner yang saya lampirkan bersama surat ini. Saya merahasiakan identitas Bapak/Ibu sebagai sumber data apabila dikehendaki.

Atas kesediaan Bapak/Ibu untuk mengisi kuesioner ini, saya ucapkan banyak terima kasih.

Hormat saya,

Andini Dwi Jayanti
Universitas Islam Indonesia

KUESIONER PENELITIAN

Kuesioner ini ditujukan kepada pemilik usaha penggilingan padi yang telah memiliki pengalaman tiga tahun berwirausaha di Pasar Induk Johar Karawang. Saya mohon Bapak/Ibu/Sdr/i dapat menjawab pertanyaan di bawah ini dengan benar dan jujur.

DATA DEMOGRAFI

Petunjuk: Isilah data berikut dengan data pribadi anda.

Pertanyaan point I berupa identitas Bapak/Ibu/Sdr/i. Berilah tanda (√) pada jawaban anda

1. Nama Perusahaan : _____
2. Alamat Perusahaan : _____

3. Jenis Kelamin : Pria Wanita
4. Usia : < 25 tahun 26-35 tahun
 36-45 tahun lebih dari 45
tahun
5. Pendidikan Terakhir : SMA D3/S1/S2
 SMP SD
6. Penghasilan Penjualan : Rp. 3.000.000 – Rp. 5.000.000 / Per Bulan
 Rp. 5.000.000 – Rp. 7.500.000 / Per Bulan
 Rp. 7.500.000 – Rp. 10.000.000 / Per
Bulan
 > Rp.10.000.000 / Per Bulan
7. Pengalaman Beroperasi : 3-4 Tahun 4-5 Tahun
 Lebih Dari 5 Tahun

PETUNJUK PENGISIAN

Pertanyaan pada point II merupakan tolak ukur pengaruh dari variable penelitian ini. Oleh karena itu, Bapak/Ibu/Sdr/i dimohon memberikan tanda (O) pada salah satu kolom jawaban sesuai pilihan anda.

Keterangan

Sangat Tidak Setuju	STS
Tidak Setuju	TS
Netral	N
Setuju	S
Sangat Setuju	SS

DAFTAR PERTANYAAN PENELITIAN

1. Daya Tawar Konsumen (Rumah Tangga, Pedagang Grosir, dan Eceran)

No	Pertanyaan	STS	TS	N	S	SS
1.	Konsumen saya mudah mendapatkan produk dari penggiling beras lain	1	2	3	4	5
2.	Jumlah konsumen saya relatif rendah	1	2	3	4	5
3.	Konsumen saya mudah mendapatkan informasi tentang harga beras dari penggiling lain	1	2	3	4	5
4.	Konsumen saya mampu membedakan kualitas beras	1	2	3	4	5

2. Daya Tawar Pemasok (Petani dan Tengkulak)

No	Pertanyaan	STS	TS	N	S	SS
1.	Pemasok di lingkungan saya relatif sedikit	1	2	3	4	5
2.	Banyak penggiling lain yang masuk ke lingkungan saya untuk mencari pemasok padi	1	2	3	4	5
3.	Kualitas padi/gabah selalu bagus	1	2	3	4	5
4.	Saya kesulitan mencari bahan baku saat musim tanam	1	2	3	4	5
5.	Bahan baku saat musim tanam relatif mahal	1	2	3	4	5

3. Ancaman Pengganti

No	Pertanyaan	STS	TS	N	S	SS
1.	Ada pesaing yang memakai mesin dengan teknologi terkini	1	2	3	4	5
2.	Saya memakai mesin penggiling biasa	1	2	3	4	5
3.	Mesin dengan teknologi terkini relatif mahal	1	2	3	4	5

4. Ancaman Pendetang Baru

No	Pertanyaan	STS	TS	N	S	SS
1.	Modal yang dibutuhkan untuk membuat penggilingan beras relatif rendah	1	2	3	4	5
2.	Sumber modal yang dibutuhkan mudah untuk didapatkan	1	2	3	4	5
3.	Banyak pendatang baru yang menekuni usaha penggilingan padi	1	2	3	4	5
4.	Penggilingan beras yang bangkrut tiap tahun relatif rendah	1	2	3	4	5
5.	Distribusi penjualan mudah dijalankan	1	2	3	4	5

5. Ancaman Pesaing

No	Pertanyaan	STS	TS	N	S	SS
1.	Ada lebih dari satu perusahaan penggilingan beras dari desa di Karawang yang menjual produknya di Pasar Johar	1	2	3	4	5
2.	Kualitas produk yang dijual pesaing relatif lebih baik dari saya	1	2	3	4	5
3.	Banyak pesaing yang memiliki biaya produksi relatif lebih rendah dari saya.	1	2	3	4	5

Pilihlah salah satu dari strategi berikut.

6. Berdasarkan apa yang saya terapkan di perusahaan saya selama ini, saya cenderung menggunakan strategi;

Menjual produk dengan harga yang murah

Membuat dan menjual produk yang inovatif/unik

Fokus menjual dan melayani konsumen tertentu (rumah tangga/pedagang grosir/eceran) dengan harga murah

Fokus menjual dan melayani konsumen tertentu dengan produk yang unik meskipun harganya tinggi

APPENDIX 2 The Results of Questionnaire

No.	Bargaining Power of Buyers					Bargaining Power of Suppliers					Threat of Substitutes				
	Q1	Q2	Q3	Q4	Average	Q1	Q2	Q3	Q4	Q5	Average	Q1	Q2	Q3	Average
1	2	3	4	3	3,00	4	4	4	5	5	4,40	4	4	4	4,00
2	5	4	4	5	4,50	4	4	4	3	3	3,60	5	5	5	5,00
3	3	3	3	3	3,00	1	4	3	3	5	3,20	4	4	4	4,00
4	2	3	4	3	3,00	1	3	3	3	3	2,60	3	3	3	3,00
5	3	2	3	3	2,75	4	4	4	4	5	4,20	5	5	5	5,00
6	2	2	3	3	2,50	4	5	4	5	5	4,60	4	4	4	4,00
7	5	5	5	4	4,75	1	4	3	2	4	2,80	5	5	5	5,00
8	4	4	5	4	4,25	4	5	4	4	5	4,40	4	4	4	4,00
9	3	1	2	2	2,00	4	4	4	4	5	4,20	4	4	5	4,33
10	5	4	5	4	4,50	1	3	3	2	3	2,40	5	5	5	5,00
11	3	1	4	3	2,75	1	4	3	2	4	2,80	5	5	5	5,00
12	5	1	4	3	3,25	1	4	3	3	4	3,00	5	5	5	5,00
13	3	4	3	3	3,25	4	4	4	4	4	4,00	4	4	4	4,00
14	3	2	3	3	2,75	3	4	5	5	5	4,40	4	4	4	4,00
15	3	2	3	3	2,75	2	2	2	2	2	2,00	3	3	3	3,00
16	3	2	3	3	2,75	2	3	4	2	5	3,20	4	4	5	4,33
17	4	4	5	4	4,25	4	5	4	4	5	4,40	4	4	5	4,33
18	4	4	4	4	4,00	2	4	4	2	5	3,40	4	4	5	4,33
19	2	4	5	4	3,75	1	4	3	3	5	3,20	5	5	5	5,00
20	5	4	5	5	4,75	2	3	4	2	5	3,20	4	4	5	4,33
21	3	2	2	2	2,25	4	4	4	2	5	3,80	5	5	5	5,00
22	3	3	3	3	3,00	1	4	3	3	5	3,20	5	5	5	5,00
23	3	2	3	5	3,25	4	4	4	2	5	3,80	5	5	5	5,00
24	4	4	5	4	4,25	1	5	4	2	5	3,40	5	5	5	5,00
25	4	4	5	4	4,25	4	5	4	4	5	4,40	3	4	3	3,33
26	3	3	4	5	3,75	3	4	4	2	5	3,60	4	4	5	4,33
27	3	3	2	2	2,50	4	4	4	4	5	4,20	4	4	5	4,33
28	5	4	4	4	4,25	1	4	3	3	5	3,20	5	5	5	5,00
29	3	1	2	3	2,25	2	4	4	2	5	3,40	4	5	5	4,67
30	5	3	5	4	4,25	1	3	3	2	2	2,20	3	3	3	3,00
31	5	1	4	3	3,25	4	4	4	4	5	4,20	4	5	5	4,67
32	3	3	3	3	3,00	2	4	4	2	5	3,40	4	4	5	4,33
33	5	4	4	5	4,50	1	3	3	2	3	2,40	4	4	4	4,00
34	3	2	4	5	3,50	2	4	4	5	5	4,00	4	4	5	4,33
35	2	3	5	4	3,50	1	3	4	5	4	3,40	5	5	5	5,00
36	5	5	4	4	4,50	2	4	4	2	5	3,40	5	5	4	4,67
37	3	3	2	3	2,75	3	5	4	5	5	4,40	4	4	4	4,00
38	3	4	5	4	4,00	1	2	2	2	3	2,00	3	3	3	3,00
39	2	2	4	3	2,75	2	4	4	2	5	3,40	5	5	5	5,00
40	3	3	4	4	3,50	4	4	3	2	5	3,60	5	4	4	4,33
	3	3	4	4	3,444	2	4	4	3	4	3,485	4	4	5	4,3667

No.	Threat of New Entrants						Rivalry Among Competitors				Competitive Strategy Choice
	P1	P2	P3	P4	P5	Average	P1	P2	P3	Average	
1	2	3	3	1	3	2,40	5	5	5	5	Selling products at low prices
2	2	3	3	1	3	2,40	2	2	2	2	Focus on selling and serving certain consumers at low prices
3	2	3	3	1	3	2,40	5	5	5	5	Selling products at low prices
4	4	4	4	4	4	4,00	5	3	2	3,33	Membuat dan Menjual Produk yang Inovatif/Unik
5	1	2	1	1	2	1,40	5	3	3	3,67	Selling products at low prices
6	2	2	2	1	2	1,80	5	4	3	4,00	Selling products at low prices
7	1	3	2	1	3	2,00	2	2	2	2,00	Focus on selling and serving certain consumers at low prices
8	1	3	2	1	3	2,00	5	4	4	4,33	Selling products at low prices
9	1	2	2	1	2	1,60	5	4	4	4,33	Selling products at low prices
10	1	3	2	1	2	1,80	2	2	3	2,33	Focus on selling and serving certain consumers at low prices
11	1	3	3	1	2	2,00	5	4	4	4,33	Selling products at low prices
12	2	3	3	1	2	2,20	2	3	3	2,67	Focus on selling and serving certain consumers at low prices
13	2	3	3	1	2	2,20	5	3	3	3,67	Selling products at low prices
14	2	2	2	1	2	1,80	5	4	5	4,67	Selling products at low prices
15	5	4	4	4	4	4,20	5	4	5	4,67	Create and sell innovative / unique products
16	1	2	2	1	3	1,80	5	4	4	4,33	Selling products at low prices
17	1	2	2	1	3	1,80	5	4	3	4,00	Focus on selling and serving certain consumers at low prices
18	1	2	2	1	3	1,80	5	4	3	4,00	Focus on selling and serving certain consumers at low prices
19	2	5	2	2	3	2,80	5	4	3	4,00	Selling products at low prices
20	1	2	2	1	2	1,60	5	4	3	4,00	Focus on selling and serving certain consumers at low prices
21	1	3	1	1	5	2,20	5	4	4	4,33	Selling products at low prices
22	2	5	2	2	5	3,20	4	4	4	4,00	Selling products at low prices
23	1	2	1	1	5	2,00	4	4	4	4,00	Selling products at low prices
24	2	5	2	2	5	3,20	2	2	1	1,67	Focus on selling and serving certain consumers at low prices
25	2	5	2	2	3	2,80	4	3	3	3,33	Create and sell innovative / unique products
26	1	3	1	1	3	1,80	2	2	1	1,67	Focus on selling and serving certain consumers at low prices
27	1	3	1	1	3	1,80	5	3	3	3,67	Menjual Produk Dengan Harga Murah
28	1	3	2	2	3	2,20	4	3	3	3,33	Focus on selling and serving certain consumers at low prices
29	1	3	1	1	3	1,80	5	3	3	3,67	Selling products at low prices
30	4	4	4	4	5	4,20	5	3	3	3,67	Create and sell innovative / unique products
31	1	3	1	1	5	2,20	3	3	3	3,00	Focus on selling and serving certain consumers at low prices
32	1	3	1	1	3	1,80	5	3	3	3,67	Selling products at low prices
33	4	5	4	4	4	4,20	5	3	3	3,67	Create and sell innovative / unique products
34	1	2	1	1	1	1,20	5	4	4	4,33	Selling products at low prices
35	2	5	2	2	4	3,00	4	4	4	4,00	Selling products at low prices
36	1	3	1	1	3	1,80	5	2	4	3,67	Focus on selling and serving certain consumers at low prices
37	1	5	3	1	5	3,00	5	3	3	3,67	Selling products at low prices
38	4	5	4	4	5	4,40	5	4	1	3,33	Create and sell innovative / unique products
39	2	3	2	1	2	2,00	5	3	3	3,67	Selling products at low prices
40	1	3	2	2	3	2,20	5	3	3	3,67	Selling products at low prices
	2	3	2	2	3	2,375	4	3	3	3,66	

APPENDIX 3 The Result of Respondent Information

No.	Owner Name	Company Name	Company Address	Gender	Age	Last Degree	Income/month	Experience
1	H. DEDI	PB. TM	PASIR KALIKI, RAWA MERTA	M	> 45	JHS	Rp. 5.000.000 - Rp. 7.500.000	> 5 years
2	H. INDANG	PB. AY	CILAMAYA	M	36 - 45	JHS	> Rp. 10.000.000	> 5 years
3	BENTO	PB. GARUDA	MAJALAYA	M	36 - 45	JHS	> Rp. 10.000.000	> 5 years
4	HADI	PB. SW	CIKAMPEK	M	26 - 35	SHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
5	H. RANTO	-	JAYAKARTA	M	36 - 45	SHS	Rp. 5.000.000 - Rp. 7.500.000	> 5 years
6	H. YAMAN	PB. SM	PASIR AWI	M	> 45	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
7	DAYUNG	PB. SJ	SEKARWANGI, RAWA MERTA	M	> 45	JHS	> Rp. 10.000.000	> 5 years
8	ADONG	PB. AR PUTRA	MAJALAYA	M	26 - 35	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
9	H. ENKOS	PB. BOLA DUNIA	BENGLE, CILAMAYA	M	> 45	ES	> Rp. 10.000.000	> 5 years
10	H. ENJANG	PB. WS PW	PASIR MULYA	M	> 45	JHS	> Rp. 10.000.000	> 5 years
11	H. DEDIK	PB. REYELINA	CILAMAYA	M	36 - 45	JHS	> Rp. 10.000.000	> 5 years
12	H. NURWAN	PB. GIRIJAYA	CILAMAYA	M	26 - 35	JHS	> Rp. 10.000.000	> 5 years
13	H. RAMINTA	PB. TM	BENGLE, CILAMAYA	M	> 45	ES	> Rp. 10.000.000	> 5 years
14	H. ANTON	PB. SAMIJAYA	CILAMAYA	M	36 - 45	SHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
15	WAWAN	PB. MR	MAJALAYA	M	36 - 45	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
16	H. UDIN	PB. MTR	MAJALAYA	M	> 45	ES	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
17	H. ODAH	PB. SENTOSA	CILAMAYA	M	> 45	JHS	> Rp. 10.000.000	> 5 years
18	H. DARMA	PB. 234	CILAMAYA	M	> 45	ES	> Rp. 10.000.000	> 5 years

19	H. CECEP	PB. SJ	KOTABARU	M	36 - 45	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
20	H. OYAN	PB. BORNEO	CIKAMPEK	M	36 - 45	JHS	> Rp. 10.000.000	> 5 years
21	DAMAN	PB. DI	LEMAHMULYA	M	36 - 45	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
22	H. NANANG	PB. WJ	CIKAMPEK	M	36 - 45	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
23	H. OYIM	PB. MBARIK	CILAMAYA	M	36 - 45	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
24	ASEP	PB. AR GARUDA	MAJALAYA	M	36 - 45	JHS	> Rp. 10.000.000	> 5 years
25	H. KARNA	PB. KM	SEKARWANGI, RAWA MERTA	M	> 45	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
26	H. TALA	PB. HMP	BENGLE, CILAMAYA	M	> 45	JHS	> Rp. 10.000.000	> 5 years
27	TATANG	PB. LM GARUDA	MAJALAYA	M	> 45	ES	> Rp. 10.000.000	> 5 years
28	H. ASEP	PB. BM	BENGLE, CILAMAYA	M	> 45	SHS	> Rp. 10.000.000	> 5 years
29	H. SAIMUN		JAYAKARTA	M	> 45	JHS	Rp. 5.000.000 - Rp. 7.500.000	> 5 years
30	JENGGOT	PB. TA	CIKAMPEK	M	26 - 35	SHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
31	H. SAMSUL	PB. HSR	SINDANG KARYA	M	> 45	SHS	> Rp. 10.000.000	> 5 years
32	H. KARTA	PB. SR	LEMAHMULYA	M	> 45	JHS	> Rp. 10.000.000	> 5 years
33	H. OBAN	PB. AJ	RAWA MERTA	M	> 45	ES	> Rp. 10.000.000	> 5 years
34	H. EDI	-	JAYAKARTA	M	36 - 45	JHS	Rp. 5.000.000 - Rp. 7.500.000	> 5 years
35	H. RASIH	PB. RJ	SEKARWANGI, RAWA MERTA	M	36 - 45	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
36	H. NALIM	PB. SM	BENGLE, CILAMAYA	M	> 45	ES	> Rp. 10.000.000	> 5 years

37	IWAN	-	TAMBUN	M	36 - 45	JHS	Rp. 5.000.000 - Rp. 7.500.000	> 5 years
38	H. RAHIM	PB. HNP	JAYAKARTA	M	36 - 45	JHS	Rp. 7.500.000 - Rp. 10.000.000	> 5 years
39	YAYAN	-	PASIR KALIKI, RAWA MERTA	M	26 - 35	SHS	Rp. 5.000.000 - Rp. 7.500.000	> 5 years
40	TASSA	PB. TM	MAJALAYA	M	> 45	ES	> Rp. 10.000.000	> 5 years

APPENDIX 4 The Respondents Characteristics Based on Gender

Gender Respondents	Frequency	Percentage
Male	40	100%
Female	0	0%
Total	40	100,0%

APPENDIX 5 The Respondents Characteristics Based on Age

Age of Respondents	Frequency	Percentage
< 25	0	0.0%
26 - 35	5	12.5%
36 - 45	16	40.0%
> 45	19	47.5%
Total	40	100.0%

APPENDIX 6 The Respondents Characteristics Based on Education

Respondent's Education	Frequency	Percentage
Elementary School	8	20.0%
Junior High School	25	62.5%
Senior High School	7	17.5%
Diploma 3/Undgergraduate/Postgraduate	0	0.0%
Total	40	100.0%

APPENDIX 7 The Respondents Characteristics Based on Income

Respondent's Income	Frequency	Percentage
Rp. 3.000.000 – Rp. 5.000.000	0	0.0%
Rp. 5.000.000 - Rp. 7.500.000	6	15.0%
Rp. 7.500.000 - Rp. 10.000.000	14	35.0%
> Rp. 10.000.000	20	50.0%
Total	40	100.0%

APPENDIX 8 The Respondents Characteristic Based on Experience

Operation Experience	Frequency	Percentage
3 - 4 years	0	0.0%
4 – 5 years	0	0.0%
> 5 years	40	100.0%
Total	40	100.0%

APPENDIX 9 The Respondents' Response to The Bargaining Power of Consumers

No	Questions	Average	Category
1	My consumers easily get products from other rice millers	3.48	High
2	The number of my consumers is relatively low	2.95	Adequate
3	My consumers easily get information about the price of rice from other rice millers	3.78	High
4	My consumers are able to distinguish the quality of rice	3.58	High
	Average	3.44	High

APPENDIX 10 The Respondents' Response to The Bargaining Power of Suppliers

No	Questions	Average	Category
1	Suppliers in my neighborhood are relatively few	2.425	Low
2	Many other rice millers entered my neighborhood to find rice suppliers	3.875	High
3	The quality of paddy / grain is always good	3.625	High
4	I have difficulty finding raw materials during the planting season	3.025	High
5	Raw materials during the planting season are relatively expensive	4.475	Very High
	Average	3.485	High

APPENDIX 11 The Respondents' Response to The Threat of Substitutes

No	Questions	Average	Category
1	There are competitors who use machines with the latest technology	4.28	Very High
2	I use an ordinary milling machine	4.33	Very High
3	Machines with the latest technology are relatively expensive	4.50	Very High
	Average	4.37	Very High

APPENDIX 12 The Respondents' Response to The Threat of New Entrants

No	Questions	Average	Category
1	The capital needed to make rice mill business is relatively low	1.73	Very Low
2	Capital needed is easy to obtain	3.23	Adequate
3	Many newcomers are engaged in rice mill business	2.18	Low
4	Rice millers that go bankrupt every year are relatively low	1.55	Very Low
5	Sales distribution is easy to run	3.20	Adequate
	Average	2.38	Low

APPENDIX 13 The Respondents' Response to Rivalry Among Existing Competitors

No	Questions	Average	Category
1	There is more than one rice milling company from the village in Karawang that sells its products at Johar Central Market Karawang	4.38	Very High
2	The quality of products sold by competitors is relatively better than my company	3.38	Adequate
3	Many competitors have relatively lower production costs than my company	3.23	Adequate
	Average	3.66	High

APPENDIX 14 The Respondents' Response of Competitive Strategy Choice

Competitive Strategy Choices	Frequency	Percentage
Selling products at low prices	22	55.0%
Create and sell innovative / unique products	6	15.0%
Focus on selling and serving certain consumers at low prices	12	30.0%
Focus on selling and serving certain consumers at high prices with unique product	0	0.0%
Total	40	100.0%

APPENDIX 15 The Validity Test

Results of Validity Test Bargaining Power of Consumers Correlations

		Q1	Q2	Q3	Q4	Total
Q1	Pearson Correlation	1	.370*	.378*	.412**	.698**
	Sig. (2-tailed)		.019	.016	.008	.000
	N	40	40	40	40	40
Q2	Pearson Correlation	.370*	1	.557**	.514**	.802**
	Sig. (2-tailed)	.019		.000	.001	.000
	N	40	40	40	40	40
Q3	Pearson Correlation	.378*	.557**	1	.644**	.820**
	Sig. (2-tailed)	.016	.000		.000	.000
	N	40	40	40	40	40
Q4	Pearson Correlation	.412**	.514**	.644**	1	.799**
	Sig. (2-tailed)	.008	.001	.000		.000
	N	40	40	40	40	40
Total	Pearson Correlation	.698**	.802**	.820**	.799**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	40	40	40	40	40

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Results of Validity Test Bargaining Power of Suppliers Correlations

		Q1	Q2	Q3	Q4	Q5	Total
Q1	Pearson Correlation	1	.468**	.578**	.442**	.391*	.799**
	Sig. (2-tailed)		.002	.000	.004	.013	.000
	N	40	40	40	40	40	40
Q2	Pearson Correlation	.468**	1	.572**	.407**	.681**	.774**
	Sig. (2-tailed)	.002		.000	.009	.000	.000
	N	40	40	40	40	40	40
Q3	Pearson Correlation	.578**	.572**	1	.442**	.637**	.803**
	Sig. (2-tailed)	.000	.000		.004	.000	.000
	N	40	40	40	40	40	40
Q4	Pearson Correlation	.442**	.407**	.442**	1	.285	.712**
	Sig. (2-tailed)	.004	.009	.004		.074	.000
	N	40	40	40	40	40	40
Q5	Pearson Correlation	.391*	.681**	.637**	.285	1	.735**
	Sig. (2-tailed)	.013	.000	.000	.074		.000
	N	40	40	40	40	40	40
Total	Pearson Correlation	.799**	.774**	.803**	.712**	.735**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	40	40	40	40	40	40

** . Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Results of Validity Test Threat of Substitutes

Correlations

		Q1	Q2	Q3	Total
Q1	Pearson Correlation	1	.888**	.712**	.936**
	Sig. (2-tailed)		.000	.000	.000
	N	40	40	40	40
Q2	Pearson Correlation	.888**	1	.737**	.944**
	Sig. (2-tailed)	.000		.000	.000
	N	40	40	40	40
Q3	Pearson Correlation	.712**	.737**	1	.889**
	Sig. (2-tailed)	.000	.000		.000
	N	40	40	40	40
Total	Pearson Correlation	.936**	.944**	.889**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	40	40	40	40

** . Correlation is significant at the 0.01 level (2-tailed).

Results of Validity Test Threat of New Entrants

Correlations

		Q1	Q2	Q3	Q4	Q5	Total
Q1	Pearson Correlation	1	.540**	.805**	.885**	.351*	.881**
	Sig. (2-tailed)		.000	.000	.000	.026	.000
	N	40	40	40	40	40	40
Q2	Pearson Correlation	.540**	1	.444**	.629**	.596**	.801**
	Sig. (2-tailed)	.000		.004	.000	.000	.000
	N	40	40	40	40	40	40
Q3	Pearson Correlation	.805**	.444**	1	.692**	.207	.767**
	Sig. (2-tailed)	.000	.004		.000	.201	.000
	N	40	40	40	40	40	40
Q4	Pearson Correlation	.885**	.629**	.692**	1	.492**	.914**
	Sig. (2-tailed)	.000	.000	.000		.001	.000
	N	40	40	40	40	40	40
Q5	Pearson Correlation	.351*	.596**	.207	.492**	1	.671**
	Sig. (2-tailed)	.026	.000	.201	.001		.000
	N	40	40	40	40	40	40
Total	Pearson Correlation	.881**	.801**	.767**	.914**	.671**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	40	40	40	40	40	40

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Results of Validity Test Rivalry Among Existing Competitors
Correlations

		Q1	Q2	Q3	Total
Q1	Pearson Correlation	1	.616**	.480**	.844**
	Sig. (2-tailed)		.000	.002	.000
	N	40	40	40	40
Q2	Pearson Correlation	.616**	1	.656**	.869**
	Sig. (2-tailed)	.000		.000	.000
	N	40	40	40	40
Q3	Pearson Correlation	.480**	.656**	1	.835**
	Sig. (2-tailed)	.002	.000		.000
	N	40	40	40	40
Total	Pearson Correlation	.844**	.869**	.835**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	40	40	40	40

** . Correlation is significant at the 0.01 level (2-tailed).

APPENDIX 16 Analysis Results of Validity Test

Variables	Items	Correlation Coefficient (r _{xy})	p-value	r Table	Description
Bargaining Power of Consumers	Q1	0.698	0.000	0.312	Valid
	Q2	0.802	0.000	0.312	Valid
	Q3	0.820	0.000	0.312	Valid
	Q4	0.799	0.000	0.312	Valid
Bargaining Power of Suppliers	Q1	0.799	0.000	0.312	Valid
	Q2	0.774	0.000	0.312	Valid
	Q3	0.803	0.000	0.312	Valid
	Q4	0.712	0.000	0.312	Valid
	Q5	0.735	0.000	0.312	Valid
Threat of Substitutes	Q1	0.936	0.000	0.312	Valid
	Q2	0.944	0.000	0.312	Valid
	Q3	0.889	0.000	0.312	Valid
Threat of New Entrants	Q1	0.881	0.000	0.312	Valid
	Q2	0.801	0.000	0.312	Valid
	Q3	0.767	0.000	0.312	Valid
	Q4	0.914	0.000	0.312	Valid
	Q5	0.671	0.000	0.312	Valid
Rivalry Among Existing Competitors	Q1	0.844	0.000	0.312	Valid
	Q2	0.869	0.000	0.312	Valid
	Q3	0.835	0.000	0.312	Valid

APPENDIX 17 The Reliability Test
The Reliability Test Results of Bargaining Power of Consumers
Reliability Statistics

Cronbach's Alpha	N of Items
.778	4

The Reliability Test Results of Bargaining Power of Suppliers
Reliability Statistics

Cronbach's Alpha	N of Items
.789	5

The Reliability Test Results of Threat of Substitutes
Reliability Statistics

Cronbach's Alpha	N of Items
.912	3

The Reliability Test Results of Threat of New Entrants
Reliability Statistics

Cronbach's Alpha	N of Items
.863	5

The Reliability Test Results of Rivalry Among Existing Competitors
Reliability Statistics

Cronbach's Alpha	N of Items
.793	3

APPENDIX 18 Analysis Results of Reliability Test

Research Variable	Alpha Cronbach	Critical Value	Criteria
Bargaining Power of Consumers	0.778	0.6	Reliable
Bargaining Power of Suppliers	0.789	0.6	Reliable
Threat of Substitutes	0.912	0.6	Reliable
Threat of New Entrants	0.863	0.6	Reliable
Rivalry Among Existing Competitors	0.793	0.6	Reliable

APPENDIX 19 Chi Square Test of Bargaining Power of Consumers with Competitive Strategy Choice

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.897 ^a	6	.006
Likelihood Ratio	21.271	6	.002
Linear-by-Linear Association	15.864	1	.000
N of Valid Cases	40		

a. 10 cells (83.3%) have expected count less than 5. The minimum expected count is .75.

Crosstab for Bargaining Power of Consumers

Bargaining Power of Consumers		Competitive Strategy Choice			Total
		Selling products at low prices	Create and sell innovative / unique products	Focus on selling and serving certain consumers at low prices	
Low	Total	5	0	0	5
	Percentage	12.5%	0.0%	0.0%	12.5%
Adequate	Total	12	2	2	16
	Percentage	30.0%	5.0%	5.0%	40.0%
High	Total	4	1	2	7
	Percentage	10.0%	2.5%	5.0%	17.5%
Very High	Total	1	3	8	12
	Percentage	2.5%	7.5%	20.0%	30.0%
	Total	22	6	12	40
	Percentage	55.0%	15.0%	30.0%	100.0%

APPENDIX 20 Chi Square Test of Bargaining Power of Suppliers with Competitive Strategy Choice

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.414 ^a	6	.002
Likelihood Ratio	19.135	6	.004
Linear-by-Linear Association	2.718	1	.099
N of Valid Cases	40		

a. 9 cells (75.0%) have expected count less than 5. The minimum expected count is .75.

Crosstab for Bargaining Power of Suppliers

Bargaining Power of Supplier		Competitive Strategy Choice			Total
		Selling products at low prices	Create and sell innovative / unique products	Focus on selling and serving certain consumers at low prices	
Low	Total	0	4	1	5
	Percentage	0.0%	10.0%	2.5%	12.5%
Adequate	Total	5	1	4	10
	Percentage	12.5%	2.5%	10.0%	25.0%
High	Total	9	0	5	14
	Percentage	22.5%	0.0%	12.5%	35.0%
Very High	Total	8	1	2	11
	Percentage	20.0%	2.5%	5.0%	27.5%
Total		22	6	12	40
Percentage		55.0%	15.0%	30.0%	100.0%

APPENDIX 21 Chi Square Test of Threat of Substitutes with Competitive Strategy Choice

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	38.232 ^a	4	.000
Likelihood Ratio	34.841	4	.000
Linear-by-Linear Association	.389	1	.533
N of Valid Cases	40		

a. 7 cells (77.8%) have expected count less than 5. The minimum expected count is .75.

Crosstab for Threat of Substitutes

Threat of Substitute		Competitive Strategy Choice			Total
		Selling products at low prices	Create and sell innovative / unique products	Focus on selling and serving certain consumers at low prices	
Adequate	Total	0	5	0	5
	Percentage	0.0%	12.5%	0.0%	12.5%
High	Total	7	1	0	8
	Percentage	17.5%	2.5%	0.0%	20.0%
Very High	Total	15	0	12	27
	Percentage	37.5%	0.0%	30.0%	67.5%
Total		22	6	12	40
Percentage		55.0%	15.0%	30.0%	100.0%

APPENDIX 22 Chi Square Test of Threat of New Entrants with Competitive Strategy Choice

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	34.470 ^a	8	.000
Likelihood Ratio	29.406	8	.000
Linear-by-Linear Association	.256	1	.613
N of Valid Cases	40		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is .15.

Crosstab for Threat of New Entrants

Threat of New Entrants		Competitive Strategy Choice			Total
		Selling products at low prices	Create and sell innovative/unique products	Focus on selling and serving certain consumers at low prices	
Very Low	Total	3	0	1	4
	Percentage	7.5%	0.0%	2.5%	10.0%
Low	Total	15	0	10	25
	Percentage	37.5%	0.0%	25.0%	62.5%
Adequate	Total	4	1	1	6
	Percentage	10.0%	2.5%	2.5%	15.0%
High	Total	0	1	0	1
	Percentage	0.0%	2.5%	0.0%	2.5%
Very High	Total	0	4	0	4
	Percentage	0.0%	10.0%	0.0%	10.0%
	Total	22	6	12	40
	Percentage	55.0%	15.0%	30.0%	100.0%

**APPENDIX 23 Chi Square Test of Rivalry Among Existing Competitors
with Competitive Strategy Choice**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.443 ^a	8	.001
Likelihood Ratio	31.809	8	.000
Linear-by-Linear Association	18.850	1	.000
N of Valid Cases	40		

a. 12 cells (80.0%) have expected count less than 5. The minimum expected count is .30.

Crosstab for Rivalry Among Existing Competitors

Rivalry Among Existing Competitors		Competitive Strategy Choice			Total
		Selling products at low prices	Create and sell innovative/ unique products	Focus on selling and serving certain consumers at low prices	
Very Low	Total	0	0	2	2
	Percentage	0.0%	0.0%	5.0%	5.0%
Low	Total	0	0	3	3
	Percentage	0.0%	0.0%	7.5%	7.5%
Adequate	Total	0	3	3	6
	Percentage	0.0%	7.5%	7.5%	15.0%
High	Total	13	2	4	19
	Percentage	32.5%	5.0%	10.0%	47.5%
Very High	Total	9	1	0	10
	Percentage	22.5%	2.5%	0.0%	25.0%
	Total	22	6	12	40
	Percentage	55.0%	15.0%	30.0%	100.0%