

Strategic Alliances, Competitive Advantages, And Bandwagon Effect In The Perum Perhutani Wood Industry

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Abstract

The establishment of Strategic Alliances or operational cooperation with strategic partners of the Wood Industry around the Perum Perhutani work area is a necessity to increase competitiveness. This study attempts to elaborate on the Strategic Alliance between the Perhutani Wood Industry and its partners to be able to achieve a Competitive Advantage through the development of Market Areas and the development of Product Innovations or in other words to find out to what extent the Strategic Alliance can improve the position of the Perum Perhutani Wood Industry Competitive Advantage. In addition, this study also aims to determine the extent to which the implementation of the Strategic Alliance, through the development of Market Areas and Product Innovation in the Perum Perhutani Wood Industry, influences increasing Competitive Advantage. This research is descriptive and uses a qualitative approach. This research uses a literature study technique and utilizes data sources obtained from several locations, namely (1) Perhutani Forestry Institute Library, (2) Brawijaya University Central Library, and (3) Discussion with colleagues. From the research results, it is known that the Strategic Alliance model that aims to increase Competitive Advantage is the most appropriate to be applied in Perum Perhutani is a form of Strategic Alliance that focuses on the interests of cooperation in increasing Product Innovation to realize Competitive Advantage, compared to the Strategic Alliance through the development of Market Areas. It is necessary to redevelop a good Strategic Alliance with the Wood Industry business partner Perum Perhutani by implementing: (1) Reconciliation of the Wood Industry business actors who join based on compatibility, mutual need, and mutual benefit; (2) Focus and professional; (3) Pooling of resources on what is already owned by the wood industry business partners so that a perfect alliance will have an impact on the success of Perum Perhutani to become a superior company.

Keyword: Strategic Alliances, Competitive Advantages, The Perum Perhutani Wood Industry

I. INTRODUCTION

In facing the MEA and global competition, it is required to be able to compete professionally, to survive and thrive in a very tight competition arena in the era of globalization, it is necessary to have strong competitiveness from business actors because in the free market era it is no longer possible to get guaranteed protection or protection. from the government for domestic business actors to survive in the domestic market or who want to enter the world market. Only business actors who can increase their Competitive Advantage have succeeded in gaining and increasing market share in the global market or the domestic market. Facing the implementation of the MEA at the end of 2015, where competition in the global market is getting tougher, the Public Company (Perum) Perhutani as a State-Owned Enterprise (BUMN) must immediately transform its business. Perum Perhutani, which is engaged in the Forestry Industry, is expected to be able to adapt quickly by prioritizing stronger Competitive Advantages, both in terms of quality human resources, mastery of technology, and the ability to access markets that extend beyond national boundaries. Business competition in the wood sector is getting fiercer and tougher. If you want to survive, you have no other choice but to continue to improve innovation and creativity, and most importantly improve the quality of HR (human resources) so that they are more reliable in formulating marketing strategies [1].

The establishment of Strategic Alliances or operational cooperation with strategic partners of the Wood Industry around the Perum Perhutani work area is a necessity to increase competitiveness. Strategic Alliance is the answer for Perum Perhutani in its efforts to gain a Competitive Advantage [2]. Companies that implement Strategic Alliances with other companies will have higher competitiveness because

cooperation between companies will multiply their strength compared to companies having to compete alone in facing competition in the global market. Research conducted by Winata and Devie [3] succeeded in proving a significant relationship between strategic alliances and competitive advantage, strategic alliances with company performance, and competitive advantage with company performance.

Based on the foregoing, this research tries to elaborate on the Strategic Alliance between the Perhutani Wood Industry and its partners to be able to achieve a Competitive Advantage through the development of Market Areas and the development of Product Innovations or in other words to find out what extent the Strategic Alliance can improve the position of Competitive Advantage of the Perum Wood Industry. Perhutani. Besides that, it is also to find out how far the implementation of the Strategic Alliance, through the development of Market Areas and Product Innovation in the Perum Perhutani Wood Industry, influences increasing Competitive Advantage.

II. METHODE

This research is descriptive and uses a qualitative approach. Descriptive research is used to explain the relationship between strategic alliances, competitive advantage, and bandwagon effect in Perum Perhutani's Wood Industry. The scope of research is important. In this study, there is a scope limitation on the study of strategic alliances, competitive advantages, and bandwagon effects in only one industry, namely the Wood Industry run by Perum Perhutani. The data collection technique was chosen using secondary data collection techniques or literature studies, where the data that the author uses is obtained through books, journals, official state documents, and information that can be obtained from the internet. The data that has been obtained is then processed and discussed following the existing writing systematics for deeper analysis. Data analysis techniques in this study used qualitative data analysis techniques. Qualitative data analysis techniques consist of data reduction, namely choosing which data to use, then submitting or presenting data, and drawing conclusions. The discussion was carried out by the conceptual framework and also adapted to the problems and data collection approaches used in the research. At the data presentation stage, data and information are collected and then compiled and processed so that a conclusion can be drawn at the last stage. Drawing conclusions as a result of the process of data collection, data reduction, theory, and analysis that have been carried out. Locations The research in this study was carried out through library research and also data sources obtained from several locations, namely (1) Perhutani Forestry Institute Library, (2) Brawijaya University Central Library, and (3) Discussion with colleagues.

III. RESULT AND DISCUSSION

Based on the results of the literature study, it is found that there is a link between strategic alliances, competitive advantage, and the bandwagon effect in the Perum Perhutani Wood Industry. This is explained as follows.

a. Strategic Alliance

Strategic alliances are the most widely applied strategic solutions, this is also stated in a leading business journal from the Harvard Business Review [4] which reveals that Strategic Alliances are a solution for the development of strategic management of various companies in this era of economic globalization, because with Strategic alliances or partnerships between two or more companies will result in a more efficient company operating system with the principle of mutual benefit [5]. Meanwhile, Dussauge and Garrette [6] define Strategic Alliances as collaborative projects carried out by companies with the same type of business or in other words companies engaged in the same industry. This strategy is carried out by fostering close relationships or cooperation between companies, such as cooperation with suppliers, customers, or complementary manufacturers. The advantage of alliances is that each of the companies involved does not have ownership rights. The alliance strategy is categorized into the category of growth strategy where this strategy is part of the general strategy [7].

Furthermore, Hitt et al. [8] also define a Strategic Alliance as a form of cooperation between companies that work to combine their resources, capabilities, and core competencies to fulfill common

interests in the planning or design, production, or distribution of goods or services. On the other hand, Sierra [9] states that alliances are understood as efforts of two or more companies that jointly achieve a mutually agreed goal while maintaining the independence of each in the alliance formation from the unification of business entities that become alliance partners. Strengthening the opinion above, Monezka et.al [10] explains that what is meant by a Strategic Alliance is a cooperation agreement between two or more companies to unite, exchange or integrate their expertise and various resources to achieve common goals for the common good. The main purpose of a Strategic Alliance for a company according to Dicken [11] is to achieve specific goals that cannot be achieved if the company works alone.

b. Competitive Advantage

According to Kotler [12], the notion of competitive advantage is the company's advantage over competitors that is obtained by providing consumers with greater product value, at a lower price or by providing more benefits through the pricing. This is supported by the opinion of Satyagraha [13] who explains that competitive advantage is the ability of a company to provide more value to its products than its competitors and that value does bring benefits to customers.

Reinforcing the above, Lambing et al. [14], stated that the competitive advantage for a new company lies in the difference between the company and its competitors in the following ways, including (1) better product quality, (2) cheaper and negotiable selling prices, (3) business location which is more suitable closer, and faster, (4) product selection and services, (5) sales services that are more attractive and more satisfying to consumers, (6) speed in sales services, both in post-sales service and in the distribution of goods, and (7) Promotion, communicative in offering goods and services.

While the research findings of Li et al. [15] also stated that the competitive advantage of a company can also be measured using indicators: product selling price, product quality, delivery of goods, product innovation, and speed of entering the market (time to market. Research conducted by Winata and Devie [3] has succeeded in proving there is a significant relationship between strategic alliances and competitive advantage, strategic alliances, and company performance, and competitive advantage and company performance. This shows that the implementation of good strategic alliances in companies is proven to be able to increase the company's competitive advantage.

c. Strategic Alliance Through Market Area

The definition of a market area according to Swastha [16] is a business location where a business or business activity is carried out. Important factors that must be considered in the development of a business are the location, the method of achievement, and the travel time to the destination location. A good business location is different for each different type of business.

According to Zimmerer [17], the location of the business is the main thing to consider. The right and strategic location are the important factors and greatly determine the success of a business. In choosing a business location, a company must consider specific factors in choosing its business location, because the business location will have an impact on the company's competitive advantage.

From the previous description, Soares [18] explains the benefits that will be obtained by Companies that carry out Strategic Alliances, among others (1) Access to new markets: especially entering international markets, because the cost of entering international markets is quite large and will be very burdensome if borne by the company individually. individually, but with a Strategic Alliance there will be efficiency if the costs are shared; (2) Risk-sharing: this is one of the reasons companies undertake Strategic Alliances when facing uncertainty and risk from global markets; (3) Sharing knowledge and expertise: many companies have expertise in certain areas, but not in others. To fill this gap, a Strategic Alliance is needed to obtain information, knowledge, and expertise from other companies; (4) Collaborating and Competitive Advantage: collaboration or synergy and Competitive Advantage are another reason companies undertake Strategic Alliances. Alliances become more effective when they have common strengths.

Soehadi's research [19], shows that cooperation or partnership with suppliers positively affects company performance. Where the proximity of a business to its suppliers or suppliers will determine the company's performance, where the farther the location of the supplier, the higher the cost of transportation of basic materials and distribution of goods. This is also reinforced by the statement of Bharadwaj et al. [20] which states that a corporate culture that emphasizes the importance of the company to consider the market as the main key to the success of the company's performance will lead to the strengthening of the company's competitive advantage. Furthermore, Porter [21] also means that companies that can dominate both the old and new markets will gain a competitive advantage.

d. Strategic Alliances Through Product Innovation

Innovation in product development is defined as a way to continuously develop and build through the introduction of new technologies and applications [22]. Furthermore, Kotler [12] stated that the actual purpose of a company to carry out product innovation is to maintain the viability of the company because the old product is no longer able to deal with environmental changes such as consumer needs and tastes, technological developments, product life cycles that are changing in shorter duration, as well as increasing domestic and foreign competition. Therefore, for a company to win a competition, especially in marketing its products, currently the producer company does not only focus on product quality but also depends on the strategy adopted by the company that is facing competition. Product development or product innovation is one of the strategies for increasing product sales, with fast and precise innovations that will help the product be one step ahead compared to competing products [23].

e. The Influence of Strategic Alliances Through Market Areas and Product Innovations on Company Competitive Advantage

Companies that carry out Strategic Alliances besides being aimed at creating new products through product innovation can also create new business lines through the development of Market Areas. By carrying out this strategic alliance, the Company will be able to build a corporate value chain across provinces and even across countries. Finally, the implementation that can be expected through Strategic Alliances is cooperation or alliances in product development (product development) and alliances in market development (market development) to achieve the company's competitive advantage. Therefore, it is necessary to conduct research aimed at knowing the effect of the Strategic Alliance on Competitive Advantage through Market Areas and Product Innovation, and the researchers try to follow up this research, especially in a government-owned company, namely Perum Perhutani.

Based on theoretical studies and empirical reviews, the relationship between four aspects, namely strategic alliances, competitive advantage, market areas, and product innovation is drawn up in a conceptual framework of research. The relationship can be presented in Figure 1 below.

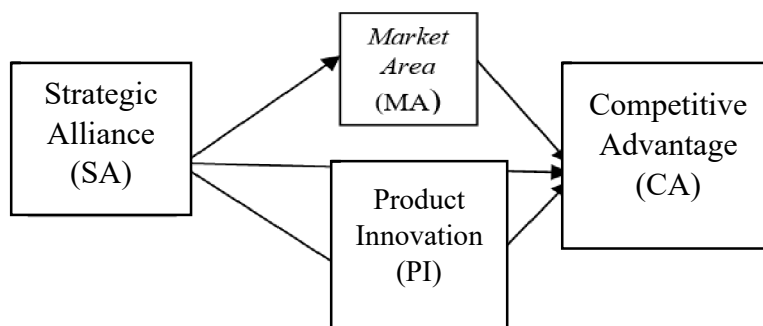


Fig 1. Research Conceptual Framework

Based on the findings in the literature study, it was found that there is a relationship between Strategic Alliance, Market Area, and Product Innovation in increasing Competitive Advantage. In addition, from the findings in the literature study, it was also found that the Market Area and Product Innovation significantly affect the Strategic Alliance towards Competitive Advantage. The results of the research above,

also prove that the influence of Strategic Alliances on Competitive Advantage through Product Innovation is the best route compared to the Market Area. The findings in the literature study also prove that the Strategic Alliance is very effective in creating new opportunities for the Perum Perhutani Wood Industry and alliance partners to increase competitiveness in the global market, able to continuously carry out research and product development together, complement each other. application of more efficient technology for the production process, in addition to being able to jointly use existing facilities in the factory to improve the production process or jointly use facilities to market products (Market Area).

f. The Bandwagon Effect Emerges Through the Implementation of Strategic Alliances in the Perum Perhutani Wood Industry

Market demands require that the raw materials for wood products used for the export market must be products that have obtained an ecolabel certificate from a producing country, including Indonesia. Wood products that have obtained an ecolabel certificate are wood products with clear rules of origin and must come from sustainably managed forests. Requirements like this will of course force industrialists or entrepreneurs in the forestry sector to get wood raw materials that have obtained the ecolabel certificate, it is suspected that there are thousands of companies that need certified wood raw materials, and the most likely way to get the wood is by working together. or in alliance with Perum Perhutani. As a state-owned company, Perum Perhutani which is given the authority by the State to manage state forest areas in Indonesia sustainably has succeeded in obtaining ecolabelling for all of its wood products. The Ecolabeling policy will certainly make many consumers or manufacturers revise the requirements for purchasing raw material needs for wood products so that the increasingly stringent conditions will increase product prices.

To be able to compete in the global market, the wood industry is required to produce high-quality, high-value-added products that are ecolabel certified and have low prices. The market demands related to the requirements of product quality standards and the environment have had an impact on the product development strategy that must be carried out by the Wood Industry, one of which is having to cooperate with Perum Perhutani. This will force the wood industry to immediately cooperate with companies that have ecolabel certificates in forest management, and for Wood Industry companies that use teak wood as raw material, only Perum Perhutani can be made partners for alliances. The action of the wood industry entrepreneurs to cooperate with Perum Perhutani due to the encouragement of other consumers, namely the requirements for ecolabelling, is an act of going with the flow commonly known as the bandwagon effect.

The bandwagon effect is a behavior or action taken by the buyer, in this case, the Perum Perhutani wood buyer, by buying a product not because of an economical price, but because of indirect encouragement from other consumers, namely the requirements for ecolabeling or environmentally friendly labels from wood raw materials to be produced. . In this case, the bandwagon effect is closely related to social factors on consumer behavior in making purchasing decisions. The effect of going with the flow or more often used the term bandwagon effect is an effect that has an impact on consumers, in this case, wood buyers (Wood Industry) who make requests or buy wood not only because of low prices but because of the encouragement of other consumers who make requests first. This bandwagon effect does not apply to goods whose prices are too high or too low [24].

Many benefits will be obtained by Perum Perhutani from the bandwagon effect related to the ecolabeling requirements, because through this Strategic Alliance, it will guarantee a minimum of 194 wood industry partners in East Java who can be invited to an alliance to get convenience in utilizing certified teak wood raw materials and market their products abroad (export sales due to ecolabeling requirements). This is because the province of East Java is the largest wood producer in Indonesia with four buffer zones namely Bojonegoro, Madiun, Saradan, and Ngawi [25]. If the 194 partners require a minimum of 2,000 m³ of certified teak per year, Perum Perhutani will receive a guarantee to purchase certified teak of a minimum of 388,000 m³ per year, and this will certainly increase Perhutani's competitive advantage.

This bandwagon effect will have an impact mainly on the Small and Medium Wood Industry because to access the export market, it is necessary to have an eco-label certification requirement, and for the

Small-Medium Wood Industry, this is a fairly serious obstacle because obtaining ecolabel certification requires The costs are quite high and require very complicated administrative management, especially the preparation of the required documents. In addition, the individual business scale of the Small Wood Industry is very unlikely to pay the certification fee. Therefore, through the follow-up effect, namely by implementing a Strategic Alliance with Perum Perhutani, these obstacles can be overcome.

Through the Strategic Alliance, Perum Perhutani can raise the performance of hundreds of small and medium-scale furniture industries so that they can synergize the small strengths of the furniture industry into a big power, and ultimately will be able to improve the bargaining position of the furniture industry. The development of the furniture industry that is part of the Strategic Alliance will create a work pattern capable of coordinating the procurement of wood raw materials through purchases to Perum Perhutani, access to capital for banking, development of marketing areas, and development of efficient production process technology.

Perum Perhutani needs to increase efforts in understanding the needs of its customers. This can be done through market surveys and instilling friendly service and accepting suggestions and criticism well. Perum Perhutani also needs to actively seek the latest information on the development of the wood industry, seek information about competing products, and pay attention to the quality of raw materials and products produced and the time of the production process as an effort to improve themselves on complaints that are often submitted by consumers. Therefore, the implementation that needs to be carried out by Perum Perhutani is to determine the marketing area, find out economic activities, know technology, resources, energy, and the ease of transportation facilities to support the company, and climate conditions, and demographics.

IV. CONCLUSION

Strategic Alliances are very effective in creating new opportunities for the Perum Perhutani Wood Industry and alliance partners if through alliances the two companies can achieve several things, namely (1) increasing competitiveness in the global market, (2) conducting continuous product research and development, (3) develop the application of new technologies that are more efficient for the production process, and (4) use the existing facilities in the factory to improve the production process or jointly use the means to market products to achieve Competitive Advantage.

From the research results, it is known that the Strategic Alliance model that aims to increase Competitive Advantage is the most appropriate to be applied in Perum Perhutani is a form of Strategic Alliance that focuses on the interests of cooperation in increasing Product Innovation to realize Competitive Advantage, compared to the Strategic Alliance through the development of Market Areas.

Many Wood Industry partners are willing to cooperate with Perum Perhutani because this is a bandwagon effect to guarantee the certainty of obtaining raw materials from Perum Perhutani so that it can meet international quality requirements (Ecolabelling). There is a bandwagon effect related to the requirements for eco-labeling because this Strategic Alliance will assure wood industry partners who can be invited into alliances to get convenience in utilizing certified teak raw materials and marketing their products abroad. (export sales due to ecolabeling requirements).

In the future, it is necessary to develop a pattern for establishing cooperation centers with Wood Industry partners by identifying the potential for cooperation in the Wood Industry that has developed so far. This is necessary to obtain information about their potential. This potential is the basis for consideration in making alliances with wood industry partners.

It is necessary to redevelop a good Strategic Alliance with the Wood Industry business partner Perum Perhutani by implementing: (1) Reconciliation of the Wood Industry business actors who join based on compatibility, mutual need, and mutual benefit; (2) Focus and professional; (3) Pooling of resources on what is already owned by the wood industry business partners so that a perfect alliance will have an impact on the success of Perum Perhutani to become a superior company.

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