COMPETITIVE ADVANTAGE IN THE COMPANY

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Abstract

Competitive advantage is one of the aims pursued by most corporation in order to sustain in the business. Once the company could achieve a competitive advantage, it can increase the value and enhance the performance of the company. The purposes of this research are firstly is to analyze the concept of competitive advantages in orderly and secondly it is to analyzed the benefit of competitive advantages for the company. The method of this study is content analysis. This research is different from the previous one, it is present the competitive advantages in orderly, that has never been researched in advance and especially investigating competitive advantages. This paper result some propositions related to the competitive advantages concept. From this this research we can conclude the three things firstly, competitive advantages are rooted in superiority in performance, finance, and market positioning. And secondly, competitive advantages can create an added value for a company. Thirdly, competitive advantages suggest the meaning of the company's having an excellent position relative to its competitors. The drawback of this research is incompleteness of the definition of competitive advantages which occurs every year.

Keywords: ***Competitive Advantage, Performance, Finance, Market Positioning, Value, Competitors, Company.***

1. Introduction

This research will contribute two things which is explaine in its purposes , they are to analyze the concept of competitive advantages in orderly and also to analyzed the benefit of competitive advantages for the company. So, in its journal analysis, it is explained that some researches formulate a research aim to discuss competitive advantages of a company such as one by Rindova and Fombrun (1999)[1], which seeks to find out how companies and constituents jointly build an environment where the companies have competitive advantages. Research by Hatch and Dyer (2004)[2] seeks to obtain a picture of the importance of human capital to gain sustainable competitive advantages at a company and to obtain the comparison between employees' abilities at a certain working environment and those at a new or other working atmosphere.

The research by Miles and Darroch (2006) [3] is aimed at exploring how big companies may utilize marketing and entrepreneurship processes to gain and renew competitive advantages. The research undertaken by Liou and Gao (2011) seeks to gain a picture of the correlation of company resources and to identify resources and abilities which lead to better performance at an online game industry in Taiwan. Next, the research byKamukama, Ahiauzu, and Ntayi (2011) attempts to test the impacts of competitive advantage mediation in a correlation between intellectual capital and financial performance at a micro financial institution in Uganda. The aim is to determine the role of competitive advantages in a correlation between intellectual capital and company performance[4]

Next, the aim of the research by Sigalas and Economou (2013)[5] is to review the concept of competitive advantages and to identify problems which arise from this conceptualization from a number of literatures. Then, the aim of the research by Sigalas, Economou, and Georgopoulus (2013)[6] is to attempt to increase competitive advantages by identifying a stipulative definition, formulating an operational definition, and creating a measurement variable. The research by Dustin, Bharat, and Jitendra (2014)[7] is aimed at investigating how competitive advantages and innovative motivation are interrelated. The research by Russell and Millar (2014)[8] seeks to empirically test the correlation between the implementation of sustainablepractice, business performance, and competitive advantages in a manufacturing company in the Caribbean.

This research present the competitive advantages in orderly, that has never been researched in advance and especially investigating competitive advantages

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2. Discussion

1985

Porter (1985) in McGinnis and Vallopra (1999: 43)[9] defines that "*Competitive advantage is the value that a firm creates for its customers through cost leadership and/or meaningful differentiation*"

Porter (1985) in Kamukama, Ahiauzu dan Ntayi (2011:154) [10] defines that "Competitive advantage *is the ability to earn returns on investment consistently above the average for the industry*"

1989

Bamberger (1989) in Cater (2005:25)[11] defines that "*Competitive advantage is a position of superiority in an industry or market*"

1995

Winter (1995) in Christos and Pekka (2013:65) defines that "*Competitive advantage is defined as simply superior performance or performance in general*"

Christos and Pekka (2013:66) cites Winter 1995 saying that "*Competitive advantage is typically defined as superior financial performance*"

1999

"*Competitive advantage is that a business may perform well relative to its rivals during good as well as bad economic times*" (Kroll, Wright, and Heiens, 1999:375)[12]

"Competitive advantage is result of differential market power, which enables dominant firms to contol proces and earn monopoly rents" (Rindova dan Fombrun, 1999:694)

Covin & Miles (1999) and Hunt (2000) in Miles (2006:14) defines that "*Competitive advantage are outcomes of the firm's strategically leveraging EMPs (entrepreneurial marketing processes) in the innovation of its products, processes, strategies, or its domain to create a superior market position*".

2000

Ma (2000) in Cater (2005:25)defines that "*A competitive advantage can be defined as a unique position*"

Christos and Pekka (2013:66)[5] cites Besanko et al (2000) saying that "*Competitive advantage is defined as an advantage in economic profits relative to the average competitor in an industry*"

2001

Dustin, Bharat and Jitendra (2001:1)[7] in Dustin,Bharat danJitendra (2014:1) defines that "*Competitive advantage is defined as —a condition which enables a company to operate* *in a more efficient or otherwise higher-quality manner than the companies it competes with and which results in benefits accruing to that company*"

2002

"*Competitive advantage is the capability (or set of capabilities) or resource (or set of resources) that gives a firm an advantage over its competitors which ceteris paribus leads to higher relative performance*" (Wiggins and Ruefli, 2002:84)[13]

2003

Foss and Knudsen (2003) in Sigalas andEconomou (2013:67)[5] defines that "*Competitive advantage is typically defined as superior performance*"

Peteraf and Barney (2003) in Sigalas, Economou and Georgopoulos (2013:324) [6] defines that "*competitive advantage is the capability of a firm to create more economic value than the least efficient competitors*"

2006

Li et al. (2006) in Russell and Millar (2014:41)[8] defines that "Competitive advantage *is the extent to which an organization is able to create a defensible position over its competitors*"

2008

Newbert (2008:752) defines that "Competitive advantage *is the degree to which a firm has exploited opportunities, neutralized threats and reduced costs.*"[14]

2010

Arend (2010) in Sigalas and Economou (2013:66) defines that "*Competitive advantage is sometimes defined as the ability of the firm to outperform rivals on a key performance goal*"[5]

2013

"*Competitive advantage is defined in terms of superior performance*" [5]Sigalas and Economou (2013:67)

2016

"Competitive advantages will create defensible for the company against its competitor" [15]

Based on the literature review, competitive advantages come from the superiority mentioned by six experts or articles. Among others, superiority in performance is explained by Winter (1995), Foss and Knudse (2003), and Sigalas and Economou (2013); superiority in finance is elaborated by Winter (1995); and superiority in market positioning is rendered by Bamberger (1989), Covin and Miles (1999), and Hunt (2000).

Dwelling also on the literature, competitive advantages bear the word 'create' mentioned by four experts or articles. Among others, 'creating' values for customers through cost leadership andmeaningful differentiation is suggested by Porter (1985) in McGinnis and Vallopra (1999); 'creating' an excellent market positioning is elaborated by Covin and Miles (1999) and Hunt (2000) in Miles (2006); 'creating' a more economical value than competitors' is lent by Peteraf and Barney (2003) in Sigalas, Economou, and Georgopoulus (2013); and 'creating' a position above competitors is given by Li et. al. (2006) in Russell and Millar (2014).

Dwelling still on the literatures reviewed, the term 'competitor' is mentioned by four experts or articles, namely, [6] Christos and Pekka (2013: 66) citing Besanko et. al. (2000), Wiggins and Ruefli (2002), Peteraf and Barney (2003) in Sigalas, Economou, and Georgopoulus (2013), and Li et. al. (2006) in Russell and Millar (2014). The term of competitor refers to an excellent position in comparison with its rivals.

Based on the review of literatures concerning competitive advantages, the term ‘the average’ is mentioned by two experts or articles, namely, Porter (1985) in Kamukama, Ahiauzu, and Ntayi (2011) and Christos and Pekka (2013) citing Besanko et. al. (2000). The term of the average refers to profit above average relative to its opponents.

Four definitions of competitive advantages differ from others, and there exist no similarities in the use of the terms. That is, Rindova and Fombrun (1999) talk about ‘monopoly rent.’ Kroll, Wright, and Haiens (1999) mention ‘perform well relative to its rivals during good as well as bad economic times.’ Ma (2000) offers ‘unique position.’ Dustin, Bharat, and Jitendra (2001) in Dustin, Bharat, and Jitendra (2014) mention ‘results in benefits accruing to that company.’ Newber (2008) renders ‘the degree to which a firm has exploited opportunities, neutralized threats, and reduced costs.

The method used in this study is the literature review method. The researchmethod uses qualitative data with data collection techniques obtained from book sources, articles and previous studies.

3. Conclusion

Based on the review of literatures regarding competitive advantages, it can be concluded that, firstly, competitive advantages originate from superiority in performance, finance, and market positioning. Secondly, competitive advantages can create an added value for a company. Thirdly, competitive advantages bear the meaning of an excellent position for the company relative to its competitors.

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