

THE EFFECT OF BUSINESS ENVIRONMENT TO COMPETITIVE ADVANTAGES THROUGH ALLIANCE STRATEGY AND PRODUCT INNOVATION IN PRINT MEDIA INDUSTRY IN SOUTH SULAWESI

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ABSTRACT

Purpose: Identifying and analyzing the influence directly and significant of the business environment for strategic alliances and product innovation, studying and analyzing the influence of the business environment both directly and indirectly through strategic alliances and product innovation for competitive advantage, and determining and analyzing the influence directly and significant strategic alliance on competitive advantage, identifying and analyzing the effect directly and significant product innovation on competitive advantage.

Methodology: Based on the problem, inferential statistics can be used in the data analysis of this research is the path analysis, Structural Equation Modeling (SEM). This research uses analysis of Partial Least Square (PLS). PLS analysis techniques used to answer the problem of research. Data used 52 print media, consists of newspapers, magazines and tabloids that published in the province of South Sulawesi

Findings: The first hypothesis can be observed from the results of the analysis. The analysis indicate that the business environment has a positive effect significant on strategic alliances and product innovation. This result indicate that a good business environment will be realizing the strategic alliances and product innovation to be easier and better, the second hypothesis shows that the business environment does not significantly effect on the Competitive Advantage directly, but have an indirect positive influence by strategic alliances and product innovation. Answering the third hypothesis shows that the Strategic Alliance have a significant effect on the Competitive Advantage. To answer the fourth hypothesis shows that the Strategic Alliance have a significant effect on the Competitive Advantage.

Keywords: Business Environment, Competitive Advantage, Alliance Strategy, and Product Innovation

INTRODUCTION

In this time the development of modern mass media is not inevitable with acceleration remarkable development. The development of communication technology to be one of the trigger factors. This development in line with the development of community that greatly influenced by the development of communication technology

itself. That is technological determinism. There are several assumptions: 1) Medium is the message, the understanding about the mass media that forming the culture. Forms of mass media influence and valueable in forming the mindset of human, 2) Technology is the dominant force. Basically, social and economic systems is promoting technology and dominate the culture, 3) the mass media is encouraging the culture. In

the economic process, the mass media also apply segmentation. Segmentation is sharpening process consumers segments who consume media content or media industry. In conditions of intense competition in similar industries, every media still feel optimistic to will win the competition compared with the other companies. Narver and Slater (1990) stated that a competitive advantage can be achieved if the company is able to deliver more value to customers than what is given by its competitors. The Competitive advantage can be derived from a various activities of the company such as designing, manufacturing, marketing, delivering and supporting its products.

According to Hamel, Doz and Prahalad (1990), to win the global competition, companies can collaborate with competitors to strengthen their market position. Companies that collaborate with competitors (competitive collaboration) will obtaining to increasing the skills and technology as well as the transfer of competitive advantage obtained from competitors. The businessmen do efforts in order to remain competitive and be able to reach a wider market. One of the ways to improve the ability of businessmen is doing cooperation with the other businessmen. In this case, certain businesses can break through the barriers the domestic market, which is doing cooperation with one of particular local company (Basedow and Jung, 1993). This cooperation is looks like the right way to balance himself, especially when the companies are looking for unique power and superior resources. (Ring and Van de Ven, 1992).

According Lataruva (2004), a lot of evidence to suggest that it is very difficult to be successfully to controlling the market with own strength. Against strategy or combine still applied by the businessmen frequently. On the one side, against is looks like braver but with the consequences of winning or destroyed. On the other side, it will join perceived weaker because of the loss of control. From this basic phenomenon created a new strategy, where both of strategy elements can be combined to obtain a mutually beneficial strategic value, namely the strategic alliance. Responding to such things, there is no other option to not participate in the competition and maintain the organization or company, in order to survive where in conditions the company turbolen must be adaptive and keep abreast of changes by implementing strategic alliances (Barney, 1996 in Susanto, 2004) , The formation of strategic alliances and co-operation is especially motivated

to get a competitive advantage in the market (Bleeke and Ernst, 1991). The Alliance has been described as a key to competitive success (Ohmae, 1986; Saxenian, 1994). The strategic alliance is the answering for many companies that seek to gain competitive advantage (Hamel and Prahalad, 1989). Dyer & Singh (1998) says that the alliance can become a source of profits for the company. According Rival (2001), that the Alliance is committed by two or more companies, in principle, a vertical linkage of value chain that will provide added value and increase the competitive advantage of the inter-company. Lataruva (2004), says that many of the benefits that can be obtained through this strategic alliance, such as, quaranty speed and flexibility to develop competitive advantage of the company, effective in terms of deployment of new technologies rapidly, to enter new markets or to learn something from excel componies which is superior. And that is interesting in this strategic alliance allied parties equally benefit from such cooperation, even its position in the market is also stronger. The Companies hope on strategic alliances to build competitive advantage without considering the dangers of dependence on its partners in long-term, eventually will weaken its ability to learn or achieve new skills (Porter, 1995). This phenomenon is not a strange because the partner does not have a similarity in their entirety so that the resulting difficulty in merging operations or do not have the same motivation to enter into an alliance. Strategic alliances in the process of achieving goals shifted, the market made a changing products and their commitment. Facing these challenges, managers who are planning to undertake a strategic alliance should have a strong argument that a greater positive contribution then potential problems that would arise (Sartono, 1996).

In other opinion that said strategic alliances and environmental changes can help the company in achieve competitive advantage, there are some other opinions that say that innovation product that is the key to success in achieving a competitive advantage. Research Korth (2005) suggests the company can achieve a competitive advantage through continuous innovation. In his writings, Korth (2005) identifies four types of innovation, namely: products and services; manufacturing processes, materials, and innovation in business practices. Companies need to always try to improve the capabilities and innovation activities.

Added by Prasetya (2002), that in the conditions of the changing environment rapidly, competitive

advantage is determined by the creativity and innovation that can satisfy customer desires better than competitors. According to Porter (1980), with product innovation, the company is doing product development, so able to create products that have a competitive advantage. Gronhaug and Koufman (1988) in Han et al. (1998), said that innovation is a tool for the survival of the company, not only for growth in terms of performance but also win the competition in terms of competitive advantage.

The Innovation is a solution to get a competitive advantage through a "core competence" of the company. Product innovation is an important strategy for the company in order to remain able to adapt to the market, technology and competition (Dougherty and Cynthia Hardy, 1996). Innovative product is believed to be able to gain market share better than products without innovation or the product assimilation. Therefore, innovation is the key to competitive advantage (Droge, et al., 1994). Further Droge et al. (1994), says that in order to survive in a market that is dynamic, then the company should always be involved in the continual innovation that is a fundamental requirement in a company to create a competitive advantage. Henard and Szymanski (2001) supports this opinion, that a product innovation is strategy to increase the value of the product as a key component of a successful business operation that brought the company a competitive advantage.

the problem statement

Based on the background of the research, it can be formulated some problems of research as follows:

1. Is the business environment influence directly and significant toward on strategic alliances and product innovation.
2. Is the business environment influence directly and indirectly through strategic alliances and product innovation for competitive advantage.
3. Is the strategic alliance influence directly and significant toward on competitive advantage.
4. Is product innovation influence directly and significant toward on competitive advantage.

Research Purposes

The purpose of the research include:

1. To identify and analyze influence directly and significant of the business environment for strategic alliances and product innovation.
2. To identify and analyze the influence of the business environment both directly and indirectly through strategic alliances and product innovation for competitive advantage.

3. To identify and analyze influence directly and significant strategic alliances for competitive advantage.

4. To know and analyze influence the directly and significant product innovation on competitive advantage.

REVIEW OF LITERATURE

A. The Effects of the Business Environment toward Strategic Alliance and Product innovation.

Alfons Van Marrewijk (2004) In particularly, the research revealed that management strategy cross-cultural ethnocentric which is used by European telephone operators has given rise to a dominant position in the alliance which triggers a new awareness of the cultural identity of the local telecommunications operator which can trigger resistance from partners local alliances. This paper shows the importance of understanding the cultural environment of alliance partner in a strategic alliance.

Išoraitė (2009) in his research result states that the formation of a strategic alliance has been seen as a response to globalization which increase the uncertainty and complexity in the business environment. This article analyzes the definition of a strategic alliance, benefit, type, process of formation, and provide some case studies of strategic alliances.

Fielmann (2002) argued that the competitive advantage will depend on differentiation and strategy. The strategic position should be reflected in the emerging business models. Depending on the strength of their brand, the experience with direct customer relationship, and a willingness to invest. The Media Company has the option to select of the appropriate strategies. Beating competitors will require the knowledge and skill of realistic business fundamental and solid to get the economic value of the change in bargaining power. Media company must create relevance for business and consumer in life everyday by strengthening the virtual activities and integrated physical to compensate limits of the mobile Internet.

Business Environment influence on Product Innovation. This finding agrees with the results of research by Ibata-Arens (2008), the finding is based on survey and interview data from 29 types of entrepreneurs who represent more than half of business in Kyoto. I identify best practices in enterprise-level strategy and policy entrepreneurship in I called the Kyoto Model. The entrepreneurship and Innovation highlighting case study of new entrepreneurial success. I also analyze the factor that

cause to the success of new business clustering through entrepreneurial social network analysis and resources environmental. It puts the finding in innovation and national policy entrepreneurial in Japan. I present a new model for regional innovation systems (RIS) and clustering. This study also includes a brief comparison of the cluster models in Japan and the United States. This paper emphasizes the importance of considering the condition of the business environment before performing product innovation. Dorrego, Costa, and Fernández (2013), the result of their research showed that the relational model has a positive effect on performance of product innovation. In specially, the "vertical relationship" appears as the capital main elements of relational significantly affect the product innovation in innovative SMEs level. Identified element as "vertical relationships". It represents the presence and proactive vertical relationship management is customer and supplier which aims to improve capability of the company's product innovation. Indeed, an effective way to collect the important knowledge about the needs of the market today and in the future is through the establishment of relationships with clients and suppliers. By doing this, the company can acquire easier, absorb and internalize knowledge of the market and to manage their product development process in a way that is more oriented and effective.

Atuahene-Gima and Ko (2001), This article develops the harmony concept between market orientation and entrepreneurial orientation and report the results of a study designed to research the effects on product innovation. The results of the research showed that there were differences significantly between the groups of companies emphasize on market orientation with the entrepreneurial orientation towards product innovation. Furthermore, this finding shows that groups of companies are not significant. It differentiates with the environmental competition perception and market competition intensity.

Based on the study of the results above, the hypothesis formulated 1: there is a direct influence of the business environment and significant towards strategic alliances and product innovation.

B. The Effect of the Business Environment towards Competitive Advantage both directly and indirectly through strategic alliances and product innovation.

Business Environment is not direct effect toward the Competitive Advantage. This able be explained by the opinion Porter (1985), which explains that a business environment is called competitive when there are four elements. Namely : input factors,

business competition, cooperation, demand conditions as well as suppliers and related industries. These four elements are interconnected and related to each dependent to each other to achieve superior environmental conditions this venture. Therefore, it is not quite supported by excellence one factor conditions or loss of one of the four elements to achieve excellence in the business environment perfectly. In the industry, the economy is moving ahead, because the infrastructure and utility business efficient, effective system of governance, certainty and legal power running, permitting easy, credit schemes available diverse and easily accessible by anyone who qualifies, stable political system, security is assured, and more.

Furthermore, Suwarsono (1994) emphasize that the analysis of the business environment has the purpose, among others, help the company to formulate a business who want to run and at the same time help anticipate business strategy launched by a competitor. By having reliable information about competitors, the company is expected to have sufficient time to build a proactive attitude, not just reactive. If using a structural approach which is a fundamental approach (main stream) in the industrial economy, the attention of the industry environment analysis, the first time will be devoted to memabami structure of the market where the company operates and the factors that influence the formation of the structure of the market.

Observation and analysis of the external environment of the opportunities and threats is not enough to determine competitive advantage (competitive advantage) an organization. An analyst must also observe more about how the company is able to identify factors internal strategy-Strengths and weaknesses are likely to be determined if a company will easily take advantage of the opportunities that exist to stave off the threat. Internal observation is often used as a guide by an analyst and organizations involved with identifying and building a resource owned by an organization.

Business Environment influence on Competitive Advantage through strategic alliances and product innovation. This finding agrees with the results of research and Guisinger Sethi (2002), argues that multinational companies operating in various countries have an obligation in all countries where the company operates the so-called liability of foreignness. The obligation arises as the effect of the company's interaction with all elements of the international business environment. Companies that excel in reading skills this environment and agile enough to quickly adapt to the changes that can transform this liability into a competitive advantage.

Prasetya, Rahardja, and Hidayati (2007) ., argues that environmental change is proven positive effect

on strategic alliances and competitive advantage, strategic alliances positive effect on competitive advantage and competitive edge positive effect on company performance. Proven product innovation does not have influence on strategic alliances and competitive advantage.

Ward, Duray, Leong, and Sum (1995), identified a strong relationship between environmental factors such as availability of manpower, competitive rivalry and market dynamism and choice of operating strategies that include competitive priorities.

Fieldmann (2002) focuses on mobile Internet as a strategic challenge for the media and entertainment company. Analysis of competitive strategy in the mobile Internet shows that the structure of the changing market in a converging media and entertainment and wireless telecommunications industry moves led to a shift in bargaining power. The emergence of competitors challenging media and entertainment companies to re-evaluate their activities in the mobile value chain which provides the potential to create a sustainable competitive advantage in the mobile Internet. This change is reflected in the emerging business models for media and entertainment companies in the mobile Internet. This paper presents three strategic options for the company media syndication strategy, the portal strategy, and the strategy of mobile virtual network operators. There is a clear motivation for involvement in the mobile internet. Consumers are looking for instant gratification, and media companies seek to exploit their brand, and strengthen relationships with their customers for their audience and their advertising clients. Telecommunications companies need content to drive traffic to their network to cover past and future investments. Strategic challenge to change the strategy to compete in the mobile Internet. Mobile Internet leads to competition in the media, entertainment, and wireless telecommunications industry. This development is changing the structure of the industry and the bargaining power between the five major powers that form the structure in industrial environments. Because a lot of bargaining power will shift to consumer mobile services, media companies need to reevaluate their activities reflected in the value chain and their position in the mobile industry value chain. Competitive advantage will depend on differentiation and strategy. The strategic position should be reflected in the emerging business models. Depending on the strength of their brand, the experience with direct customer relationship, and a willingness to invest, media companies have the option of selecting the appropriate option strategies, beating competitors will require the knowledge and skills of business

fundamentals and solid realistic to reap the economic value of the change in bargaining power , Media companies must create relevance for business and consumers everyday life by strengthening the virtual and physical activities are integrated to compensate the performance limits of the mobile Internet.

Based on the results of the above study, the hypothesis dirumuskanlah II: there are significant business environment both directly and indirectly through strategic alliances and product innovation for competitive advantage.

C. The Effect of Strategic Alliance towards Competitive Advantage

This finding agrees with the results of research Cahyono (2010) Broadly speaking, research proves the existence of a positive relationship between the variables of reputation, trust, dependence, satisfaction, commitment and communication to long-term cooperation. And long-term cooperation has a positive relationship to the company's competitive advantage.

Hoffman and Viswanathan, R. (1997), argues that the concept of strategic alliance is the development of a long-term relationship that meets the collective needs of strategic partners. Strategic alliances in order to be successful, each party must explain beralinsi expectations and determine the level of commitment, analyze the distinctive competencies, conduct a comprehensive search for partners, and develop a level of trust and communication. Many of the benefits that can be taken by businesses, especially small businesses when conducting stratgis alliances with larger businesses. The strategic alliance will be a powerful weapon to deliver competitive advantage and vice versa small businesses that do not form an alliance will be in conditions that are less competitive.

Ireland, Hitt, and Vaidyanath (2002), argues that strategic alliances are an important source of competitive advantage. The Alliance must be managed effectively to translate into profits for those who berliansi. Effective alliance management starts with selecting the right partner. Furthermore, the alliance should be managed to build social capital and knowledge. In order to maximize cooperation among partners, trust-based relationships must be developed. Therefore, we conclude that managing the alliance is very important for companies to gain a competitive advantage and create value with strategic alliances.

Based on the results of the above study, the hypothesis dirumuskanlah III: there is a direct effect of strategic alliances and significant competitive advantage.

D. The Effect of Product Innovation towards Competitive Advantage

This finding agrees with the results of research Weerawardena (2003). Based on the theory of capability-based theory of sustained competitive advantage in this paper shows that companies pursuing innovative entrepreneurial competitive strategy based organizations to build and maintain the distinctive capabilities and internal relational learning that focuses on study skills in order to create a competitive advantage.

Lee and Hsieh (2010) . Empirical research results indicate: (1) Entrepreneurship directly affects marketing capabilities, innovative capability and a sustainable competitive advantage, and indirectly affect sustainable competitive advantage through the ability of marketing and innovation capabilities, (2) does not affect the ability of marketing sustainable competitive advantage directly, but the effect on sustainable competitive advantage indirectly through innovative ability, in other words, innovative capabilities affect the sustainable competitive advantage directly.

Based on the results of the study above, the hypothesis formulated VI: there is a direct effect of product innovation and significant competitive advantage.

MODELS AND DATA ANALYSIS TECHNIQUES

This study emphasizes the quantitative approach in analyzing the data, while the amount of data. There are 52 printed mass media consist of newspapers, magazines, and tabloids were published in the province of South Sulawesi, the data analysis methods used are classified into two groups, namely the descriptive statistical analysis and inferential statistical analysis.

1. Descriptive Analysis

Descriptive analysis is used to describe the respondent characteristics and the research variables both exogenous variable and endogenous variable. Respondent Characteristics includes gender, educational background, age, whereas the variable descriptions covers business environment, strategic alliances, product innovation, and the company competitive advantage.

2. Statistical Analysis inferensial

Based on the problem, inferential statistics that can be used in the data analysis of this study is the path analysis, Structural Equation Modeling (SEM). This study uses analysis Partial Least Square (PLS). PLS analysis techniques used to answer the problem of the research. Using of PLS analysis was based on several reasons, namely;

- a) Model tiered analysis and structural equation model meets the recursive models.
- b) The variables used in the study is a latent variable.
- c) The sample size was small (n = 52).

RESULTS AND FINDINGS

To test the hypothesis of the study it used methods Partial Least Square (PLS). PLS is a structural equation modeling (SEM) base components or variance. As same as SEM, PLS analysis involves two stages. First, assess outer or measurement models is an assessment of the reliability and validity of the study variables. There are three criteria for assessing the outer models: the convergent validity, discriminant validity and composite reliability. Second, assess the inner or structural models made to look at the relationship between the constructs, the significant value and R-square of the research model. The small number of the relative samples for SEM models. Testing inner models in PLS analysis, conducted through resampling bootstrapping on the first sample data distribution. However, as other multivariate models, PLS require linearity assumption, namely that the relationship between latent constructs were tested to have a linear relationship. Therefore, the first step in analysis PLS is to test this assumption.

1. Test the linearity assumption

Methods for testing the linearity relationship between constructs, in this study conducted by the estimated curvefit the linear option. Data processed by SPSS original data. This technique is an important output in addition to providing information on whether a significant linear function tested, also earned scatter graph pattern of the intersection of two variables. If the linear function between two variables significant at alpha estimated 5%, it is concluded that these two variables have a linear relationship. Linearity test results in the following table.

Table 1. Results of linearity test

The independent variable		Dependent variable	R ²	F	Sig	conclusion
Business Environment	--->	Strategic alliance	0,387	31,575	0,000	linear
Business Environment	--->	Product Innovation	0,162	9,641	0,003	linear
Business Environment	--->	competitive advantage	0,211	13,358	0,001	linear
Strategic alliance	--->	competitive advantage	0,189	11,629	0,011	linear
Product Innovation	--->	competitive advantage	0,371	29,544	0,000	linear

Source: Primary data, processed with SPSS

Based on the test results curvefit known linear function estimated proved significant. Each linear function estimated significance <5%. Further, the visually linear relationship between the variable is also shown by the scatter plot inclined move to the upper right (positive correlation). The result shows that the relationship between variables is linear latent tested.

2. Testing outer Model (Measurement Model)

Testing is done so that the measuring instrument is eligible and can be precisely and accurately measure what should be measured and do not measure other measuring object.

a. Convergent Validity Test

Convergent validity testing on PLS can be seen from the amount of factor loading of Table 2. Test Results Convergent validity

each indicator towards latent variables. This loading factor is identical to the simple correlation between the score of the indicator with a score of latent variables or factors. Cut-off value are required to conclude that a proper indicator of the latent variable measuring at least 0.5 or the value of t-statisti significant (> 2.00).

The Column of original sample estimate appears that each indicator has a latent variable loading> 0.50, which indicates that the indicators better able to measure the latent variable. Thus the measurements for each of the latent variables in this study met the criteria convergent validity test, in the sense of being able to measure constructs meanings latent variables measured

Variable	Indicator	Original sample estimate	Mean of sub samples	Standard deviation	T-Statistic
Business Environment (X ₁)	Internal Environment	0.835	0.829	0.076	11.012
	External Macro environment	0.905	0.896	0.056	16.235
	Internal Macro environment	0.928	0.930	0.025	37.700
Strategic alliance (Y ₁)	Pertukaran sejumlah nilai investasi	0.828	0.795	0.103	8.072
	Exchange amount of the investment value	0.883	0.882	0.051	17.372
	Collaboration with competitors	0.857	0.858	0.054	15.847
Product Innovation (Y ₂)	Creating a new resource	0.847	0.851	0.044	19.329
	Make changes	0.794	0.778	0.134	5.903
	Implementasi successful	0.815	0.788	0.141	5.790
Competitive	The ability of value	0.808	0.802	0.076	10.610

advantage (Y ₃)	Rare ability	0.883	0.868	0.061	14.383
	Capability that is difficult to imitate	0.879	0.870	0.052	16.809

Source: Output SmartPLS

Therefore, loading is identical with the correlation between the indicator and factor (latent variables), the greater the loading, the better the indicator in measuring the latent variable. Highest loading values indicates that the most representative of the latent variable. For latent variable business environment, highest loading External Environment Macro (X_{1.2}). for latent variables of the strategic alliance, the highest loading value is Exchange a number Specific Investment Value (Y_{1.2}). For latent variable product innovation,

highest loading is creating new resources (Y_{2.1}). As for the latent variable loading value of the highest competitive advantage is the ability of a rare. (Y_{3.2}).

b. Discriminant Validity Test

Testing Discriminant validity testing can be done by:

- (1) comparing the loading with cross-loading,
- (2) The average variance extracted (AVE), and
- (3) Comparing the correlation between latent variables.

Table 3. Cross loadings for discriminant validity test

Indicator	Business Environment (X ₁)	Strategic alliance (Y ₁)	Product Innovation (Y ₂)	Competitive advantage (Y ₃)
Internal Environment	0.835	0.565	0.430	0.530
External Macro environment	0.905	0.614	0.417	0.502
Internal Macro environment	0.928	0.749	0.435	0.589
Pertukaran sejumlah nilai investasi	0.547	0.828	0.435	0.494
Exchange amount of the investment value	0.658	0.883	0.576	0.604
Collaboration with competitors	0.679	0.857	0.469	0.506
Creating a new resource	0.535	0.544	0.847	0.615
Make changes	0.311	0.457	0.794	0.558
Inplementasi successful	0.227	0.287	0.815	0.473
The ability of value	0.408	0.503	0.575	0.808
Rare ability	0.319	0.326	0.399	0.883
Capability that is difficult to imitate	0.488	0.387	0.435	0.879

Source: Primary data, processed (Output SmartPLS, 2015)

In addition, testing discriminant validity through other comparisons with the cross loading needs to be strengthened by examining AVE and comparison with the correlations between the latent variables. AVE demonstrates the ability of value of the latent variable in scores representing the original data (before extraction). AVE

identical with multiple R² (coefficient of determination), so that the greater the AVE, the greater the representation of the value of the original variable by factor scores. Cut-off value AVE is ≥ 0.50. Value Average Variance Extracted (AVE) and the correlation between the latent variables are presented in the following table.

Table 4. Average Variance Extracted (AVE) and the correlation between Latent Variables

Variable	AVE	\sqrt{AVE}	correlation matrix			
			BE	SA	PI	CA
Business Environment (BE)	0,793	0,891	1.000			
Strategic Alliance (SA)	0,733	0,856	0,732	1.000		
Product Innovation (PI)	0,671	0,819	0,522	0,636	1.000	
Competitive Advantage (CA)	0,735	0,857	0,538	0,561	0,697	1.000

Source: Primary data, processed (Output SmartPLS, 2015)

From the table above known variable of alliance strategic most strongly correlated with the Business Environment. Product innovation is also correlated most strongly with the Strategic Alliance, while the competitive advantage correlated with product innovation the most powerful. The value of the correlation between these variables, all lower than ave value of the 4 latent variables, so it was concluded that the measurement of the-4 latent variables has good discriminant validity. it can be

distinguished from other latent variable measurement.

c. Reliability test

Testing Reliability use composite reliability, the results are presented in the following table.

Table 5. Composite Reliability

	Composite Reliability
Business Environment (BE)	0.920
Strategic Alliance (SA)	0.891
Product Innovation (PI)	0.859
Competitive Advantage (CA)	0.893

Source: Primary data, processed (Output SmartPLS, 2015)

The general guidance used to conclude a reliable measuring instrument, there is composite reliability test is if it has a value of ≥ 0.70 . Based on Table 5, the level reliability of the measurement variable is good, because each latent variable has a value of composite reliability > 0.70 . Composite reliability value of 4 latent variables range from 0.822 to 0.920. This means supporting supporting each other in measuring the latent variable.

3. Testing Inner Model (Structural Model)

The next step in the analysis of the pls is examine the inner models or structural models. As SEM analysis in general, testing inner models include two stages, namely: (1) test the appropriate of the model (goodness of

fit) and (2) test the significance of the path, which is reflected in the hypothesis.

a. Test Goodness of fit

This test is intended to know how much the results of the model is able to explain the data variation (scores) the original variable. Testing conducted by Stone-Geisser Q Square test. From the inner model is known that there are three dependent variable, namely, the alliance strategic, product innovation, and competitive advantage of the company. so, obtained three coefficient of determination. From PLS output obtained coefficient values for each dependent variable as presented in the following table.

Table 6. Results of the R-square

Equation	Independent Variable	Dependent Variable	R-square
1	Business Environment	Strategic Alliance	0,554
2	Business Environment	Product Innovation	0,475
3	Business Environment, Strategic Alliance, Product Innovation	Competitive Advantage	0,529

Source: Primary data, processed (Output SmartPLS, 2015)

Furthermore, based on the determination coefficient each dependent variable Q2 seek by the formula:
 $Q2 = 1 - (1-R12) (1-R22) (1-R32) (R42 1-)$

Description:

R12 = coefficient of determination for endogenous variables alliance strategic

R22 = coefficient of determination for endogenous variables Product innovations

R32 = coefficient of determination for endogenous variables competitive advantage

Therefore:

$$Q2 = \{1 - (1 - 0.554) (1 - 0.475) (1 - 0.529)\}$$

$$Q2 = \{1 - 0.110\} = 0.890$$

Based on the coefficient of determination of the three dependent variables in the model, it can be seen Stone-Geisser Q Square is

0.890. This result show that the model has good feasibility, because be able to explain the information contained in the original data amounted to 89.0%, while the rest is explained by other variables and variables error. The total value of the coefficient of determination is high, so the model feasible to interpretation.

b. Testing Hypothesis

There are 4 hypothesis proposed in this study. Testing the hypothesis in the analysis of PLS, is basically testing the coefficient significance of the existing path in the model. To conclude whether the pathway or research hypothesis is proven, used a cut-off value thitung = 2.00 (Ghozali, 2008). Thus, if t count on a testing path ≥ 2.00 , the research hypothesis is proven. The Path coefficient test result are presented in the following table.

Table 7. Results of Testing Hypothesis

HIP	direct path	original sample estimate	mean of subsamples	Standard deviation	t-Statistic	decision
H1a	Business Environment -> Strategic Alliance	0,640	0.598	0.119	5.386	Accepted
H1b	Business Environment -> Product Innovation	0,490	0.493	0.172	2.858	Accepted
H2	Business Environment -> Competitive Advantage	0,207	0.179	0.112	1.206	rejected
H3	Strategic Alliance -> Competitive Advantage	0,258	0.443	0.106	2.485	Accepted
H4	Product Innovation -> Competitive Advantage	0,552	0.549	0.159	3.464	Accepted
Indirect effects						
Independen Variable		Dependent Variable	Intervening variable		Standardize	decision
Business Environment		Competitive Advantage	Strategic Alliance; Product Innovation		0,436	Accepted

Source: Primary data, processed (Output SmartPLS, 2015)

From the all models, direct path five hypothesized, there are four significant path and one is not significant. The interpretation of Table 7 can be explained as follows:

- (1) The business environment has a significant positive effect on the strategic alliance with the t-test of $5.386 > t\text{-table at } 2.00$ with a coefficient of 0.640, the coefficient indicates

that a good business environment will make better strategic alliance

- (2) The business environment has a significant positive effect on product innovation with t count for 2.858 > t-table at 2.00 with a coefficient of 0.490, the coefficient indicates that a good business environment will make the better product innovation
- (3) a positive effect on competitive advantage is not significant with the t-count of 1.206 < t-table of 2.00 with coefficient for 0.207, this coefficient indicates that a good business environment cannot increase directly on competitive advantage, but the business environment influence indirect on competitive advantage through alliances strategic and product innovation with the path coefficient of 0.436, This means that a good business environment will encourage the formation of strategic alliances and increased innovation and ultimately will have an impact on the increasing competitive advantage.
- (4) Strategic alliance has a significant positive impact on competitive advantage with the t-count of 2.485 > t-table of 2.00 with coefficient for 0.258, this coefficient indicates that the strategic alliance is better, the competitive advantage will increase,
- (5) Product innovation has a significant positive impact on competitive advantage with the t-count of 3.464 > t-table 2.00 with coefficient for 0.552, this coefficient indicates that the product innovation better and better, the competitive advantage will increase.

CONCLUSION

Based on the formulation of the problem, the study of theory and research hypothesis is developed, and through hypothesis test results described in this research, the conclusion that can be presented are as follows:

1. Quality Alliance is strongly influenced by businesses environmental condition businesses owned by employees and management. This is evidenced by the significant influence of the business environment towards strategic alliances. it means that an accurate and proper environment analysis is very useful for strengthening positions in strategic alliances.
2. Product innovation developed is strongly influenced by businesses environmental conditions owned by the company. This is evidenced by the significant influence of the business environment towards product

innovation. This means that an accurate and proper environment analysis is very useful for the development of product innovation.

3. Strategic alliance built and product innovation developed significant effect on competitive advantage. This means that if a company has a alliance partners and measured product innovation, the competitive advantage can be achieved.
4. The business environment directly is no significant effect on competitive advantage, but a significant effect if through intermediate variable, in this case is the strategic alliances and product innovation. This means that a good business environment owned must be proceed jointly with other factors that can affect the competitive advantage.

SUGGESTION

Based on the research that has been described in another section of this paper, the suggestions can be put forward in this research are:

1. To strengthen the competitive advantage of the company, the print media businesses in South Sulawesi can make strategic alliances and develop the product innovation. It is therefore recommended print media company would be able to further expand the alliance network, to strengthening the alliance quality, and still try continuously to innovate product. Alliance can be done with Creation model togetherness value, the exchange of the Some Values of certain investments, or collaboration with competitors. While product innovation can be done with create a new resource, Making changes over something, and successfull Implements of creative ideas.
2. To improve the quality of the alliance and strengthen product innovation, the business environment analysis should be done. therefore advisable to print media businesses in South Sulawesi in achieving competitive advantage, taking attention environmental analysis deeply. Analysis of the business environment can certainly be done with attention internal and external environment condition (macro and micro).
3. This study certainly has various limitations, among others, from the object of study is limited to the print media business, variable of the research that has not accommodate all aspects that can be relied upon in analyzing on competitive advantage, and also has not done any further assessment of the impact of competitive advantage towards the

performance of the company. Therefore, it is suggested to further researchers would be able to complete this research by conducting a study on a broader spectrum.

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