

# Competitive Advantage of Family Business and the Barriers: Evidence from Indonesia SME's

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**Abstract.** The growth of family business in Indonesia is higher than the global average, but some family businesses are still struggling to survive in the market. The phenomenon of this research is the sign of decline Bintang Lima as a study research and observation, a family business in Indonesia, is showing and the owner's incrimination on the country's economic slowdown. This research paper is written to analyze the factors that enabled Bintang Lima, as one of Indonesia typically family business, to survive for more than sixteen years and the barriers that diminishes these competitive advantages which caused the business to be slowing down the past few years. The data in this single case qualitative research is gathered mainly through interviews with seven respondents which includes one of the owners, four employees, and two loyal customers. As a result, it is found that product quality, post purchase service, customization, reputation, and other factors contribute to the competitive advantage of Indonesia Family Business. Furthermore, factors like receivables, technological advancement, human resource, supply chain, and other factors diminish Indonesia Family Business' competitive advantage. The outcome of this research study is a mini-theory that points attention to this case study of Indonesia SME's in category of family business.

**Keywords:** Family business, competitive advantage, barriers, diminish.

## 1 Introduction

Bintang Lima isa sample of family business in Indonesia, was established in Harco Glodok, Central Jakarta in the year 2000. It now stands as a notable shop that sells closed circuit television (CCTV) cameras, and its complements and accessories. It ships its products to buyers within and outside of Jakarta, to cities like Jogjakarta, Solo, Manado, Surabaya, Medan and Pekanbaru.

Lau Kin Sing Ricky and Lisa Megasari, husband and wife, are the two individuals who had always overseen both the operational and financial activities of the business. When they first moved from Hong Kong to Jakarta to start the business, the first location they rented in 2000 was 10 m<sup>2</sup> that fits no more than four people, and started with just one employee who works full time six days a week. After being established for more than a decade, it has now moved to a different location five times bigger than when it started, and has seven employees in total.

Gill and Sprigs (2005) described Closed Circuit Television Cameras (CCTV) as cameras that "collect images, which are transferred to a monitor recording device of some sort, where they are available to be watched, reviewed and/or stored." They also mention that CCTV enables any location to be monitored remotely [15].

The phenomenon of this research is the sign of decline the business is showing and the owner's attribution to the country's economic slowdown. Bintang Lima's sales has dropped as much as 60% in the past two years, and the owner is idle when it comes to investigating the core of the problem, and instead attribute the decline to the country's economic conditions. More than 95% of businesses in Indonesia is owned by families [33], which creates millions of jobs and plays a key role in the Indonesian Economy. And even though a survey by Price Waterhouse Cooper [31] on family business in Indonesia shows that the growth of family business is higher than the global average, these family businesses are still constantly faced with competitive pressure [31]. With a staggering 95% failure rate of family business by the third generation [33], and the important contribution of family businesses to the Indonesian economy, it is important to understand factors that may better sustain the family businesses in Indonesia.

The survey also points out that family businesses, compared to non-family businesses, are more able to be entrepreneurial and are faster in decision making, although the disadvantage being they are less open to new ways of doing and thinking [31].

The aim of this single case research is to ultimately come up with a theoretical framework to show the factors that contributed to Bintang Lima's sustainability for over sixteen years and how it was able to stay ahead of its competitors in the Central Jakarta area. Furthermore, this research also aims to identify the barriers that are slowing down the business for the past few years, which diminishes the existing competitive advantages business?

## 2 Literature Review

According to Drucker (2014), in entrepreneurship, an entrepreneur is someone who "always searches for change, responds to it, and exploits it as an opportunity". Entrepreneurs are more vigilant when it comes to spotting opportunities around them, even though it is clear for all to spot [6].

Entrepreneurship is about taking risks [22]. A risk of an entrepreneur failing, but the returns should offset all the risks [7]. The main reason for entrepreneurial ventures being risky is because not many entrepreneurs actually know what they are doing, in other words, they lack "methodology" [13]. Entrepreneurs have what is called the serial behavior, where they continuously try to take on more challenges and focus on conquering more opportunities and ventures [6].

Meanwhile, Entrepreneurs have to have a great deal of motivation to start their own business, knowing that there will be ups and downs along the way. There are five motivations that impel someone to start their own venture, first being the possibility of unlimited income potential, in other words, money ([www.entrepreneur.com](http://www.entrepreneur.com)). Second is flexibility, the idea of being your own boss, and deciding your own working hours and being free from the demands of others ([www.entrepreneur.com](http://www.entrepreneur.com)). Third is control, always being able to make all the important decisions, like who to hire and changing the direction of the business ([www.entrepreneur.com](http://www.entrepreneur.com)). Next is teamwork.

Entrepreneurs have the privilege to pick who their team consists of, who to work with, and the attitudes, personalities, and skills sets they want to work with ([www.entrepreneur.com](http://www.entrepreneur.com)). Finally, legacy. Some entrepreneurs, more than money and fame, simply want to be appreciated for and remembered by something that they have created

(www.entrepreneur.com). As the recent trends the entrepreneurs come from home industry and most of them is family business [1],[2].

According to Harms (2014), despite having family business as more common and accepted field of study in economics, there is still no clarity by what is meant by the term “family business” and no mutually accepted definition which exists within this field of research; understanding of family business depends on the topic of the research, the time period in which the research is conducted, and the location of the research [17].

Family businesses are made up of the family and the business, two separate subsystems, which overlap, and the norms, rules of membership, structure of values, as well as the structure of the organization are different in these two “circles” [5]. This concept is still widely used today by scholars and researchers to analyze “complex organizational behavior, strategy, competitiveness, and family dynamics” [14].

According to Gersick (1997), the uniqueness of the organizational form of a family business can bring both positive and negative consequences. The “shared history, identity, and common language of families” [14] can be strengths that other organizational forms are missing out, although factors such as authority, vagueness of roles, business pressure influencing relationships, are some of the challenges a family enterprise must overcome to achieve success.

There is a clear distinction in strategic planning and succession planning between a family-owned business with effective governance practices and a family-owned business with poor governance; from being able to grow quicker and last longer, a family-owned business with effective governance practices are more likely to come up with significant formal policies regarding issues that might occur, such as redemption, family employment, dividends, and others [25].

Using data from Sub-Saharan economy, Ghana [1], family business in that area indicated the business strategies are far from competitiveness due to the cost of leadership and social networking relationship of bureaucracy which impact to overburden the organization and benefits. Competitive advantage is “achieved by implementing a value-creating strategy that is unique and not easy to imitate” and “it is achievable when a firm has strategic resources and the ability to use them in unique ways that create value for a group of targeted customers” [4].

Meanwhile, [30] has suggested that the competitive of strategy focuses more on external factors and conditions that might affect and influence a firm. It puts great importance on a firm’s effort to place itself in the market such a way that it can still stand strong despite all the competitive forces [30]. The strategies based on [30] which declared by Porter’s five force includes: 1) threat of substitute products & services, 2) threat of new entrants, 3) rivalry among existing firms, 4) bargaining power of suppliers, and 5) bargaining power of buyers.

In order for a firm to cope with the five competitive forces and have an edge over other firms in an industry, it can practice three generic strategic approaches, which includes: 1) overall cost leadership; 2) differentiation; and 3) focus. Whether overall cost leadership, also called low-cost strategy, is achieving superior profits by producing and selling goods at the lowest price possible in the industry [30].

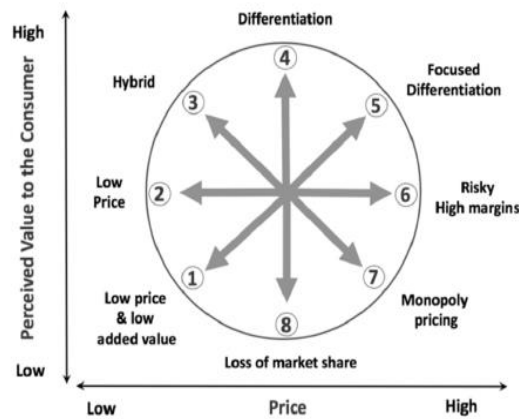
The differentiation strategy is creating and proving products or services that are distinctive from competitors in the market [30]. Hence, firms who use the focus strategy will target markets that are narrow using either the differentiation or low-cost strategy. The firm with this strategy focuses on serving the narrow market well, rather than competitors who are focusing on serving a broader market [30].

Even that, Habbershon et.al (1999) found that value disciplines is a framework for assessing the strategic advantages of family firms. Using three ‘value disciplines’ (operational

excellent, product superiority, and customer intimacy), where each discipline aims to meet the different and unique needs of each customer type, and where each need different capability of resources, and can be used to help an organization make strategic decisions.

A business with operational excellence has a tactical approach to its production and delivery of its products and services. It aims to provide customers with the best price and least inconvenience. Business with this strategy aims to achieve excellence in the “core processes of order fulfillment, supply-chain management, logistics, service delivery and transaction processing.” [18]. Customer intimacies means delivering what customer wants, and cultivates and develop relationships with those customers. A business needs to understand the difference between profit or loss of a single transaction and profit over a lifetime of the relationship of one single customer. Different customers require different types and levels of service, and they generate different levels of revenue [8]. Meanwhile, a business with a product leadership discipline wil lalways try to be creative and innovative and come up with new or updatedproducts and services to better serve their customers [18]. Interestingly, Treacy and Wiersema (1993) also states that businesses with this discipline should “relentlessly pursue new solutions to the problems that they own latest product or service has just solved”.

This research also used the Bowman strategy clock, which is a 360 degree flexible model which presents a firm’s offerings not just at a specific position (left, right, top, bottom) of a model butcan be situated anywhere on the clock; differentiation Strategies, Low Price Strategies, and Risk Strategies are some of the factors that differentiate firms fromone another [36]. Bowman’s method of craftingstrategy breaks down possible strategy options into eight parts as the figure 1:



**Fig. 1.** Bowman Strategy Clock [36].

### 3 Methodology

This research study is an individual, instrumental, inductive case study using the qualitative method. Qualitative research focuses on the flow of research in which it starts from

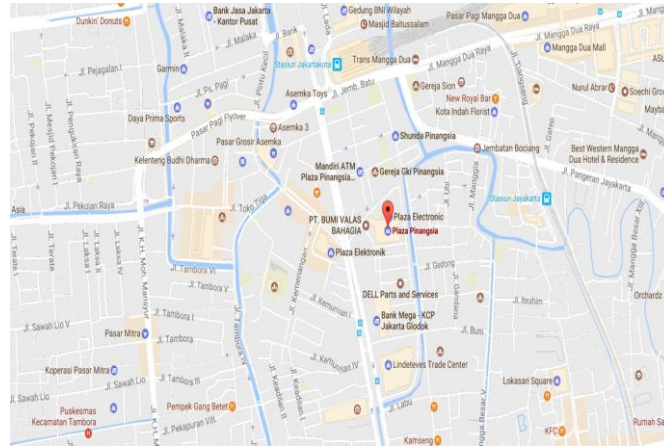
“philosophical assumptions, an interpretive lens, and on to the procedures involved in studying social or human problems” [9]

The goal and aim of this research is to come up with a mini-theory, which according to Jonker & Pennink (2010), is a theory that is only suitable and relevant for a specific phenomenon and that its general validity still needs to be tested and proven. Furthermore, with repetition in future research; this mini-theory can be evolved into a theory called the ‘grand theory’, which can be suitable and relevant for other similar situations [16],[20],[21].

The research object of this research is Bintang Lima, a shop that sells closed circuit television (CCTV) cameras, digital recording video (DVR) systems, and its complements and accessories in the Central Jakarta area. The CCTV cameras sold are for both day night uses. Complements and accessories may include cables and BNC (Bayonet Neill—councilman) connectors.

The research subject will be the source of information for this research [26]. The research subject for this study will be those who are capable of giving useful information for the benefit of this research study. Seven respondents consisting of one founder, four employees, and two loyal customers will be the subject of this research [27],[29]. There are: 1) Lisa Megasari as the founder of Bintang Lima, 2) Elisa Puspita: The one responsible for book keeping and holding cash at Bintang Lima. She helps with assembling parts of CCTV cameras and Digital Video Recording (DVR) systems, as well as its delivery to customers. She has worked for Bintang Lima for over eight years. 3) AntoRafly: Handles packing parcels for delivery to customers and sending packages to other cities via express and logistics courier services company. Also helps with assembling CCTV cameras and DVRs at the store. He has worked for Bintang Lima for over ten years. 4) Arif Hidayat: Responsible for product repair and services of CCTV cameras, digital video recording (DVR) systems, and spare parts. He has worked for Bintang Lima for over eight years, 5) Heri Rusmanto: In charge of keeping track of inventory in the warehouse and storage room who also helps with assembling CCTV cameras and DVRs and occasionally repair products as well. He has worked for Bintang Lima for over eleven years, 6) Vendy The: Bintang Lima’s loyal customer who has been buying CCTV cameras and DVRs from Bintang Lima for over 10 years. He has his own CCTV camera store. 7) Ali: Bintang Lima’s loyal customer who have used Bintang Lima’s service for over 10 years. He has his own store those cell CCTV cameras, radios, and other electronic devices. The founders and four employees will be familiar with the researcher as they have known each other for a few years. The purpose of the research will be explained to the interviewees, and they will be aware of the confidentiality of this research [23],[24].

One of the key tools in qualitative research is observation [9],[10]. There are three main types of observation: unobtrusive (non-reactive), reactive, and participatory [3],[11]. For this particular research study, unobtrusive –disguised observations will be used. As stated by Angrosino (2016), unobtrusive observation is when the people being studied do not know that they are being observed and a researcher conducting disguised observations will require him or her to blend in with the group of being that is being observed, without letting them know that they are in a study research [3],[12].



**Fig. 2.** Maps of Research Observation.

Creating minimal disturbance at the location is one of the top priorities of the researcher when the observation is being carried out. The researcher has asked the founder, Lisa and Ricky, for the most fitting dates for the observation to be carried out with the least obstruction and distraction to the overall operational activities of the business. The observation is carried out at the store (Bintang Lima), located at: Plaza Pinangisia 2nd Floor No.13 Jl. Pinangisia Raya, Jakarta Barat, Indonesia 11120, where the figure 2 will show the maps of observation.

## 4 Discussion

The research will conduct of some categories such as competitors, barriers, factors, and sustainability of the business

### 4.1 Explaining The Categories

Categories of the competitors, it consists [32]:

- 1) Product quality: The research will conduct of some categories such as competitors, barriers, factors, and sustainability of the business.
- 2) Customer service: The quick response and friendly service given to customers draws customers back to Bintang Lima. Customers become satisfied and loyal.
- 3) Customization: Customers are able to decide on the specifications they want for their CCTV cameras. For example, its resolutions, lens, systems (analog, digital). This enables Bintang Lima to cater to more customer needs and wants.
- 4) Integrity: Loyal customers trust that the products that they purchase of Bintang Lima are of the best quality. The store is transparent about the products that customers order, without glossing over them. Bintang Lima believes that honesty is the best policy.
- 5) Attitude of owner: The owner's attitude make customers feel welcome and comfortable when they consider purchasing from Bintang Lima, whether at the end the sales is made or not. Customers always feel free to simply ask for information, without the pressure of having to purchase at the end. The owner is friendly and recommend products that the

owner thinks is the right fit for the customer, and not what the owner wants or needs to sell.

Categories for the barriers to competitive advantage that is slowing down the business [34]:

- 1) Emerging online markets: The emergence of online markets has changed the way people purchase products, including CCTV cameras and DVRs. It is easier for people to sell the same products without having to own a physical store like Bintang Lima. Online stores are believed to be faster and more convenient for people to use.
- 2) Price war: The stores in the area are cutting down prices in attempt to attract customers and to gain more market share. Bintang Lima is not able to compete without also cutting down their prices because they prioritize higher quality products rather than cheaper products.
- 3) Economic conditions: Recent economic downturn and prolonged unpredictable and unstable market conditions affects Bintang Lima in many ways. Prices can spike up and drop down very quickly which causes Bintang Lima to experience loss at times. Shipment from overseas takes time, enough time for prices to change. Economic downturn in the suppliers' country may also affect the products and spare parts availability. Bintang Lima's store inventory depends on the inventory of that of the suppliers'.
- 4) Suppliers: Suppliers can carelessly deliver the wrong products from overseas, causing Bintang Lima to have to wait weeks or even months for the right products to arrive. This delays and hinders sales that could have been made.
- 5) Receivables: Bintang Lima has a hard time collecting receivables from its customers; it has no system to remind itself to collect receivables when payment is around the corner. There is no fine or consequences when customers do not pay their debt, which causes customers to postpone paying on time.
- 6) Human Resources: Some tasks like packing and delivering products require more than one person to complete, and Bintang Lima has only one person to do each job.
- 7) Shipment: Problems like port/terminal congestion, customs inspections (that took longer than expected) may occur at the port that causes products that should have been received by Bintang Lima at a certain point in time to be delayed and received days or weeks later.
- 8) Capabilities: The number of employees which remained the same over the years is handling more and more orders. At times, they are not able to serve customers immediately, causing the customer to wait before their wants are fulfilled.
- 9) Competitions: The number of stores in the area that sells similar products are increasing, causing customers to have higher bargaining power and Bintang Lima to have lesser market share.
- 10) Technologies: Rapid technology advancement (hardware and software) makes older versions of hardware unfitting to use. Bintang Lima has to be more careful and strategic when ordering inventory from suppliers, to avoid overstocking.

#### **4.2 Constructing The Mini-Model**

According to Ihalauw (2008), latent variables can be created and generated after the patterns and concepts have been identified into categories. Through coding, the researcher is able to extract a total of 14 latent variables based on the exploration of the research problems [19]:

- 1) Product quality (V1): The quality of products meets buyer's requirements and expectations. Better quality is offered compared to competitors.

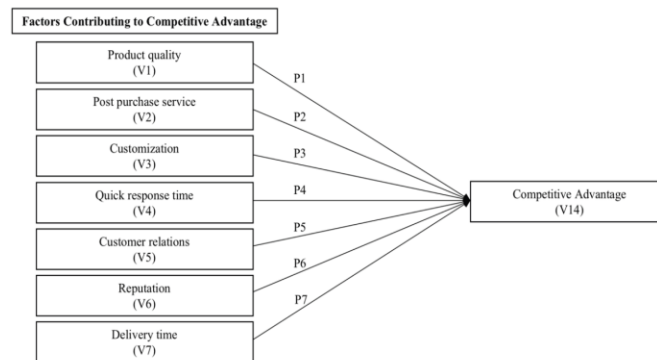
- 2) Post purchase service (V2): Post purchase service, in a form of a repair center, makes customers feel more secure when buying products the first time, knowing that if anything ever happens to the products, they wouldn't have a hard time searching for a repair center. Repair centers as a post purchase service shows care and commitment towards the long-term relationship with customers.
- 3) Customization (V3): Being able to have products customized will allow the business to cater to the needs of more customers and give customers the freedom to choose the specifications of their products.
- 4) Quick response time (V4): Quick response time shows commitment and availability perpetually, making customers feel cared for and secured. Quick response time means the speed of responding to customer's orders and requests.
- 5) Customer relations (V5): Respecting customers as the company's most important assets by having good and effective communication with customers to maintain long-lasting relationships.
- 6) Reputation (V6): The business has a good history of past behaviors and performance. The business is honest and truthful in delivering the best products and the processes from ordering to delivery is always easy and facilitated. Positive and strong reputation attracts customers.
- 7) Delivery time (V7): On time and punctual delivery shows high commitment in doing something and respect towards customer's time and effort.
- 8) Receivables (V8): Receivables are the money the business should be receiving for the goods or services it has provided for customers. Low receivable turnover means that the number of times a business collects its receivable is infrequent. The difficulties in collecting receivables from customers may be due to the absence of fine or consequences for not paying receivables.
- 9) Delay of ship/vessel ETA (V9): The arrival of ship/vessel that brings products to the country for the business to sell is delayed, hence causing the business to delay its sales.
- 10) Technological advancement (V10): Technology advancement may include the existence of online markets and the rapid technological advancement in terms of hardware. Online markets have changed the way people purchase products, and they are believed to be faster and more convenient than physical stores. The rapid pace of advancement in hardware makes it difficult for the business to keep up.
- 11) Human resource (V11): There is a shortage in manpower which causes work to be done less effectively and less quick than it should be. Employees are also lacking in skills like communications skills, sales and marketing skills, management skills, and adapting to current market trends.
- 12) Rivalry intensity (V12): The pressure businesses put on one another to gain as much market share as possible. Businesses seek sales and profit by presenting the best combination of quality, price, and service. Rivalry is intensified by competitors cutting down prices (price war) of products, forcing other businesses to do the same in order to survive.
- 13) Supply chain (V13): There is a misunderstanding or incorrect information sent by either the buyer or the seller during the process of ordering. The products sent and received is not according to what was ordered or expected.
- 14) Competitive Advantage (V14): This is when a business is at a position in which it is superior and has an edge over its competitors, often leading to sustainability.



### 4.3 Model of The Sustainable The Business

#### 1) Proposition 1 (P1)

Product quality (V1) towards competitive advantage (V14): The quality of CCTV cameras in terms of its resolution and durability is higher than what the other stores provide (Product quality – V1). This contributes to Bintang Lima’s competitive advantage (V14). Customers who looked past the slightly higher price of products at Bintang Lima always return to repurchase because the resolutions and image quality are better. The product quality can be maintained because the owner always keeps an eye on its employees when they build and assemble the products. Most times, it is the owners themselves who build the products, from start to finish. Spare parts with defects are immediately set aside, so that final products are made from the best components. Bintang Lima uses Product Superiority, one of the Value Disciplines by Treacy & Wiersema (1993), where it tries to always come up with different products and services to better serve their customers [35].



**Fig. 3.** Model of the sustainable the business [30].

#### 2) Proposition 2 (P2)

Post purchase service (V2) towards competitive advantage (V14): Almost all the stores in the area do not have a repair center (Post purchase service – V2) with someone specializing in repairing damaged CCTV cameras or DVR systems. Competitors accept damaged products, but they will need to send the products to another store specializing in just repairing damaged products or even must send it overseas to be repaired. Bintang Lima’s repair center is located just a few meters away from the main store, making repairs quick and easy. Having a main store that sells products and a repair center to repair products makes Bintang Lima one stop solution, which contributes to its competitive advantage (V14). Bintang Lima uses differentiation, one of Porter’s Generic Strategies [30], to create and provide a service that are different from what competitors offer in the area.

#### 3) Proposition 3 (P3)

Customization (V3): towards competitive advantage (V14): Customers can ask for specific specifications for the CCTV cameras and DVR systems that they purchase (Customization – V3). Both customers who purchase products to resell them again and those who purchase for their own personal use can greatly benefit from this. This

customization service allows the business to cater to more of customer's needs and wants. Customers are able to purchase and customize the products exactly how they want it and that fits their needs best. Bintang Lima's competitor in the area does not provide product customization, due mostly to their lack of connections to overseas suppliers that can supply them with spare parts to allow customization. Bintang Lima uses two of Porter's Generic Strategies (2008), the focus and differentiation strategy, as it focuses on serving CCTV resellers well, rather than focusing on serving a much broader market, which includes those who are end users as well as offices. Customization is also a differentiating factor because a competitor in the area does not provide this service.

4) Proposition 4 (P4)

Quick response time (V4) towards competitive advantage (V14): Bintang Lima immediately responds to customer's orders and are always available for consultation, even outside of business hours (Quick response time – V4). For customers, especially new customers, setting up products like CCTV cameras and recording systems for the first time can be often be confusing and puzzling. Hence, having Bintang Lima employees who are always available to answer customer's questions is a competitive advantage (V14) of Bintang Lima since many competitors do not respond to customer's needs and wants quickly.

Being able to respond quickly to customer's orders and needs is an operational excellence strategy, one of the value disciplines by Treacy & Wiersema (1993). Bintang Lima aims to provide customers with the best price and least inconvenience, and achieve excellence in the core processes of order fulfillment and transaction processing [18].

5) Proposition 5 (P5)

Customer relations (V5) towards competitive advantage (V14): Bintang Lima always tries to maintain good and healthy relationships (customer relations – V5) with its customers through having good and effective communication and doing its job well (delivering the right products, quick service).

The owner and employees of Bintang Lima always listens to customer's complaints, if there are any, and constantly tries to fix the problem and mend the relationship. This is a competitive advantage (V14) because it shows that Bintang Lima puts customers first, and it shows their willingness to listen and improve themselves. By maintaining good and long-lasting relationships with customers and making them feel comfortable and content, customers become loyal. The effort in cultivating and developing relationships with customers is a customer intimacy disciplines, one of Treacy & Wiersema (1993) "Value Disciplines".

6) Proposition 6 (P6)

Reputation (V6): towards competitive advantage (V14): Possessing a strong and positive reputation (V6) will attract old and new customers. Bintang Lima has an excellent history of past performance such as always delivering the best quality of products, always fulfilling customer's needs and wants, and facilitating customer's entire buying process, from pre-purchase service to post-purchase service. This acts as a competitive advantage for Bintang Lima (V14) because with a good reputation, new and old customers feel much more secure and assured when purchasing from Bintang Lima because they believe that the business will perform well, in order to maintain its reputation. Certain customers are even willing to pay more because of the good reputation of the business.

7) Proposition 7 (P7)

Delivery time (V7): towards competitive advantage (V14) The quick delivery time (V7) that Bintang Lima can provide to its customers is a competitive advantage (V14) because

it shows that Bintang Lima is mindful of customer's time. Customers order either CCTV cameras or recording systems with the specifications they want, and expect it to be built and delivered on the same day.

Many of Bintang Lima's buyers are resellers, and they greatly depend on Bintang Lima's delivery time to be able to make their own sales for their own business. Without the quick delivery time, their sales are also delayed, which may cause dissatisfaction. On time and punctual delivery shows high commitment in doing something and respect towards customer's time and effort. Being able to have excellent service delivery, logistics, and supply chain management is a sign of the business excelling in operational excellence, a value discipline by Treacy & Wiersema (1993).

#### 4.4 Model for Research Problem #2

Categories for the barriers to competitive advantage that is slowing down the business :

- 1) Proposition 8 (P8)  
Receivables (V8) towards competitive advantage (V14): Difficulty in getting collecting payments from customers (Receivables –V8), dampens the competitive advantage (V14) of Bintang Lima. Collecting receivables can be time consuming, where the time focused and concentrated on collecting these receivables from customers could have been used to do other tasks.  
Bintang Lima lacks of receivables management and a lack of credit policies. Customers may prioritize paying other of its suppliers with stricter credit policies.
- 2) Proposition 9 (P9)  
*Delay of ship/vessel ETA (V9) towards competitive advantage (V14):* The delay of ship/vessel estimated time of arrival (ETA) (V9) causes the assembling of products to be delayed at the store, which leads to lack of inventory. Bintang Lima could have been able to sell their products to its customers if the products had arrived on time. Before stricter laws were in place, businesses including Bintang Lima were able to suborn individuals at the port to release their products faster, without following the queuing system. Now that stricter custom requirements (requirements for submitting documents to customs) are in place, the process of unloading of containers takes a much longer period of time, sometimes causing a lack of inventory. The delay of ship/vessel ETA diminishes Bintang Lima's competitive advantage (V14) as it hinders Bintang Lima to be more superior to its competitors by always having products available for purchase.
- 3) Proposition 10 (P10)  
Technology advancement (V10) towards competitive advantage (V14): Rapid technology advancement (V10) has caused CCTV cameras and recording systems to be replaced with more advanced and modern products like IP (internet protocol) cameras which are able to send and accept information with just a computer network and the internet. To avoid holding too much on hand inventory, Bintang Lima would have to order at a smaller quantity, which costs more than if it were to order at a larger quantity. Products like IP cameras and cameras that are more advanced than what Bintang Lima provides are substitute products that acts as an external threat to the business. As suggests, one of the five forces that determined the nature and degree of competition is the threat of substitute products [28].  
The presence of online markets (Technology advancement – V10) have also been a challenge and barrier to Bintang Lima's competitive advantage (V14) because anyone with no physical store today is able to sell similar or same product without owning a

physical store. In addition, online markets such as Tokopedia, Lazada, and Blibli are constantly trying to make customer experience better by making payments safer, delivery faster, and its platform easy to use. Technological advancement dampens Bintang Lima's competitive advantage (V14) because many potential customers then shift to online markets, causing Bintang Lima to lose some of its market share in the area. Not only is Bintang Lima exposed to threat of substitute products, but it is also exposed to the threat of substitute services.

According to Porter (1979), firms in an industry should often offer their customer amenities, a bonus or desirable feature of product or services, to lessen the likelihood of their customers switching to another brand. In the case of Bintang Lima, even though it offers differentiation (customization and good customer relations, etc), the decreasing number of sales in the past few years suggests that it is not enough of a feature to keep the customers loyal. In addition, the existence of online markets, is a substitute service in the market that is decreasing the market share of Bintang Lima.

4) Proposition 11 (P11)

*Human resource (V11) towards competitive advantage (V14)*: Employees are expected by the owners to be able to do new tasks without being trained before hand. They are not trained on skills like time management and communication skills, and anything outside of their scope of work. Increasing tasks are also managed by the same number of employees than years prior, making it usual for employees to have too much at hand, and make mistakes. The lack of training and manpower shortage (Human resource – V11) diminishes Bintang Lima's competitive advantage (V14), because employees are not able to work to their full potential and deliver the best to customers, which may cause customers to be dissatisfied.

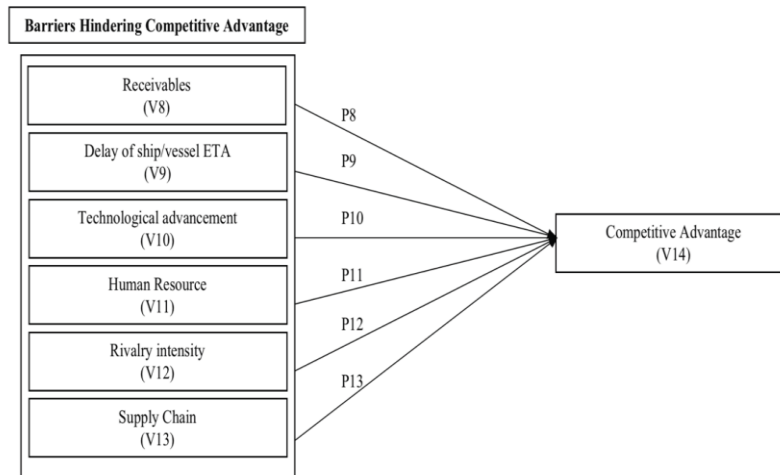
5) Proposition 12 (P12)

*Rivalry Intensity (V12) towards competitive advantage (V14)*: Competitors are constantly increasing, because it is easy to get hold of CCTV cameras in the market and then reselling it. With more competitors in the area, everyone is trying to gain more and more market share. This is often done by cutting down prices in attempt to win over customers. This diminishes competitive advantage (V14) for Bintang Lima because Bintang Lima always sticks to providing high quality products even if it means selling it at a higher price. Most customers, especially new customers, are most likely to be drawn to the price of the product rather than the quality of it. Bintang Lima cannot cut down its prices to where the competitors are selling the products at, because it would experience loss. According to Porter (1979), one of the forces that determine the nature and degree of competition in an industry is the rivalry among existing firms. With the intensified rivalry of CCTV stores like Bintang Lima for the last few years, profit margins become lower, and it is harder to gain market.

6) Proposition 16 (P13)

*Supply chain (V13) towards competitive advantage (V14)*: Misunderstanding or incorrect information sent by either Bintang Lima or its supplier in the order process may cause the wrong products or spare parts to be sent, causing Bintang Lima to delay products assembly or sale. Bintang Lima lacks operational excellence, one of Treacy & Wiersema (1993) "Value Discipline". It lacks in supply-chain management, causing the business to be at a position in which the products are not always available for purchase, making it less superior compared to its competitors. This lack in supply chain management dampens competitive advantage (V14).

Therefore the figure 4 show the model of sustainable of Bintang Lima business, as below.



**Fig. 4.** Model of the barrier hindering competitive advantage [20],[30].

## 5 Conclusion

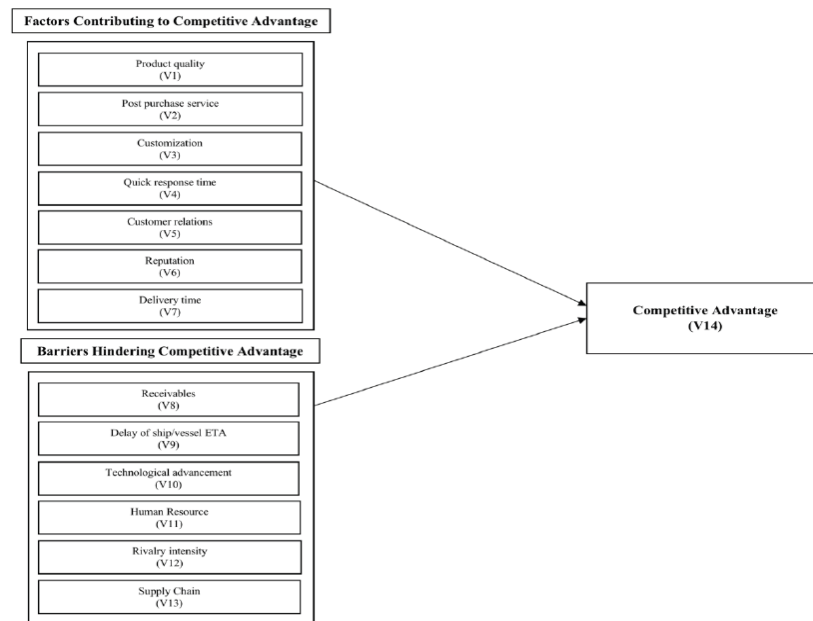
From the propositions, a mini-theory for the competitive advantage of Bintang Lima and the barriers that diminishes these competitive advantages can be obtained. The mini-theory model shows the factors that enabled Bintang Lima to sustain itself for more than sixteen years, and the barriers that dampens these competitive advantages which caused the business to slow down these past few years. The main competitive advantages include Product quality, Post purchase service, Customization, Quick response time, Customer relations, Reputation, and Delivery time.

The model shows that the country's economy slowdown is not the only reason that causes the business to decline, and there is a factor that diminishes the competitive advantage of Bintang Lima. The factors that diminish the competitive advantages are Receivables, Delay of ship/vessel ETA, Technological advancement, Human resource, Rivalry intensity, and Supply chain.

Although this research has reached its aim, there were still a few limitations to the research study that were unavoidable. First, this study is limited to time constraints and the language barrier between the research and some of the respondents. Some respondents had difficulty in expressing their thoughts fluently and accurately. Another limitation is that the results of this study may only stand for the current situation and may not reflect if the research study was conducted at a different time. In addition, the results and methodology of this research study only applies to this case since it is a single case study, and cannot be generalized to other businesses because quantitatively the propositions have not been tested.

Furthermore, the results of this research as well as the mini model can be beneficial for current business owners or the early starters who would like to understand the competitive

advantage of a decade long business and to avoid being taken back by the barriers to competitive advantage. Beside that business practitioners in the same industry can hopefully make use of the results of this research study to form and develop their own competitive advantage based on authentic/unique to their own business and the industry that they are in. They can also consider the barriers to competitive advantage discussed in this research study to avoid being set back during their business venture.



**Fig. 5.** Mini model of the Competitive Advantage of Bintang Lima and the Barriers that diminishes it [17],[30].

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