

3rd Global Conference on Business and Social Science-2015, GCBSS-2015, 16-17 December
2015, Kuala Lumpur, Malaysia

Strategy Competitive for Creating Sustainable Growth in Software Development in Indonesia: A Conceptual Model

Romat Saragih ^{a*} and Grisna Anggadwita^b

^a*Student of Doctorate Program, Indonesia University of Education, Bandung, Indonesia*

^b*School of Economic and Business, Telkom University, Bandung, Indonesia*

Abstract

Every company is trying to achieve a competitive advantage and maintain sustainable business growth. Software development industries in Indonesia have a high growth potential. In line with technological developments, the need for software particularly applications has increased to support the activities of the government, education, business, or society. This paper attempts to describe the actual conditions of software development industries in Indonesia and also proposed a conceptual model by identifying the factors that influence software development industries to achieve the sustainable growth. The model developed is expected to be a reference in the software development industries, particularly in developing countries.

© 2016 Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license

(<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the Organizing Committee of the 3rd GCBSS-2015

Keywords: Competitive Strategies; Conceptual Model; Innovation; Software Development; Sustainable Growth.

1. Introduction

Successful implementation of a company's strategies can be seen from how well the company can grow consistently in a tight competition from time to time. In facing a global competition a company must have a distinctive advantage that can differentiate it from other companies in the industry. Thus, the company must take efforts to achieve a competitive advantage for having a sustained growth by continuously adapting to the trends, external occurrences, ability, competence, and internal resources. In addition, the company must effectively formulate, implement, and evaluate the strategies that can take advantage of those factors (David, 2006). The Company must be able to increase

* Corresponding author:

E-mail address: saragih@ypt.or.id

their competitive capabilities globally in turbulent conditions by formulating strategies that are adaptive and easily adjusted to keep abreast of the changes that occur in a short time within an era of a global competition as nowadays (Hill & Jones, 2001).

An achievement of the competitive advantage for a sustainable growth is gained by making a differentiation through technological innovation (Stern & Henderson, 2004). Technology and information are an important element for the company which enables it to innovate, adapt, and respond quickly to the consumers (Chatteli, 1995). One of the competitive industries and has a global potential is software development industry, which is the applications of the current advances of technology and information. Today in Indonesia, software development companies have started to grow as a part of the digital creative industry. According to the data of the Central Bureau of Statistics (2014), creative economy contributed seven percent of the total GDP (gross domestic product) with a value of Rp 642 billion in 2013. This industry is the fourth largest that absorbed labor in Indonesia with 10.72 percent of the total 11, 9 millions of the national workforce or nearly 1.4 million workers.

Indonesia's software development Industry has the opportunity to compete at national and international levels, and to encourage the growth of young entrepreneurs in this field. Based on data from the Central Bureau of Statistics (2015), Indonesia's population is currently 250 million people with an average growth rate of 1.2% every year. Supported by the explanation presented by Tutang (2013), more than 200 colleges have courses related to information technology with the predicted number of graduates reaching 500 thousands annually. Indonesia has the potential to become an important player in the software industry not only as consumers but also producers.

Nowadays, software applications have become a trend and influence the activities of daily life ranging from shopping, traveling and social habits. Indonesia's software development industries compete tightly with those of foreign industries that already have a market and loyal customers, even many of the Indonesian population are loyal to foreign-made software products. In fact, the quality of the local software products is not inferior compared to foreign-made ones. One advantage of the local software products is they are more in line with the local character and needs. The Potency of the local software to develop in Indonesia is very large, based on data from the Central Bureau of Statistics (2015), the current number of UMKM (micro, small, and medium businesses) in Indonesia has reached 56.5 million units. It is such an opportunity and a potential market for the software development industries as the fact that only a small numbers of MSMEs (micro, small, and medium businesses) have used IT to support their business activities.

According to Wibowo (2002), there are several factors that can increase and affect the local software industries in Indonesia, namely the human resources, infrastructures, and government. Research by Jan et al (2012) also discusses the factors that affect the local software industries based on clusters, technology, and capital. The cluster consists of a talent which explains the need for human resources to develop the software industries. Meanwhile, the technology illustrates that technological innovation is very major to produce differentiations in products. Lastly capital explains the role of the government to build infrastructure which can combine the two clusters of talent and technology.

This study aims to describe the condition of software development industries in Indonesia and discusses the competitive strategies of the industry in order to achieve a sustainable growth. The research methodology approach used is a literature review based on an analysis of actual conditions of the industries today and an assessment of the previous studies. Thus, this paper presents conceptual model through identifying factors that influence software development to achieve a sustainable growth.

This paper is divided into five sections. After the introduction, the second part contains a review of literature by explaining the concept of competitive strategies and sustainable growth. The third part is the research methodology. The fourth section is a discussion of the actual condition of the software development industries in Indonesia and the proposed conceptual model based on the results of the literature review and the analysis of the software development industry in Indonesia. This paper is ended with a conclusion and discussion of this study.

2. Literature Review

George A. Steiner in his book "*Management Policy and Strategy*" states the strategic planning is the process of selecting the company's objectives, determining policies and programs needed to achieve certain targets in order to achieve the objectives and the establishment of methods to ensure that the policy and the strategic program is implemented (Stoner, 1996). The benefits of corporate strategy, among others, are that the strategy is a way to

Download English Version:

<https://daneshyari.com/en/article/1108077>

Download Persian Version:

<https://daneshyari.com/article/1108077>

[Daneshyari.com](https://daneshyari.com)