PROCEEDINGS

PROFESIONALISME AKUNTAN MENUJU SUSTAINABLE BUSINESS PRACTICE

KAMIS, 20 JULI 2017 | BANDUNG, JAWA BARAT
DISTINCTIVE COMPETENCE AS MAIN DRIVER IN BUILDING BUSINESS PERFORMANCE

Saskia Olivia Silvana Fugida

Master of Science Program, Faculty of Economics and Business, Universitas Padjajaran, Bandung Indonesia
Email: soliviasilvana@yahoo.com

ABSTRACT
Distinctive competence is one of the drivers in enhancing business performance. It also relates to the ability of the company in building its uniqueness in the market. A distinctive competence is typically defined as an enduring firm specific ability that leads to above average economic performance (Makadok 2000:853). The purposes of this paper are twofold, firstly, to analyze the growing concept of distinctive competence and secondly, to relate the concept of distinctive competence as main driver in building business performance. The paper review the literature of distinctive competence in chronological order from the year 1985 to year 2000. The method used in this literature study is content analysis which consists of the concept of distinctive competence. The original contribution from this literature study is discussing similarities and differences of distinctive competence’s definition and integrates it as driver in building performance. This literature study resulted in a number of propositions related to the concept of distinctive competence. The conclusion from this research is that definition concepts of distinctive competence put forward by experts are different, yet they have the same core understanding and distinctive competence could become the main driver in building business performance.

Keyword: distinctive competence, business performance, distinctive, competence, business

1. THE AIM ANALYSIS
In analyzing 9 journals, each journal has different aims. The journal of Corporate Distinctive Competence, Strategy, Industry and Performance: Summary, the study of Hitt and Ireland (1985) has an aim of showing that special competence is related to varied performance according to the strategy used by the main industry of the company. The journal of Corporate Strategy and Ethics, a study by Gilbert (1986) is aimed at evaluating company strategy in basic principles of Rawls’ fairness theory. The journal of Distinctive Competence and Competitive Advantage, a study of Stoner (1987) has two aims: the first, to identify special competence among several small industries, so that each potentials can be evaluated; the second, to evaluate how far competence can result in competitive superiority/excellence and sustainable competitive superiority/excellence. The journal What Is Strategy's Distinctive Competence? a study by Meyer (1991) defines a more extensive strategic contribution of management. In he journal of Dynamic Capabilities And Strategic Management of Teece, Pisano, and Shuen (1997), they conducted a research aimed at identifying a new opportunity and organizing companies effectively and efficiently. The journal Notes on the Study of Configurations a study by Miller (1999) is aimed at discussing two main approaches for these configurations: typology, conceptual and taxonomy based on empirical data. The journal Strategy research: Governance and competence perspectives, a study by Williamon (1999), is aimed at analyzing business strategy analyzed from the perspectives of government and competence. The journal Research notes and communications: Identifying a distinctive competence: Forecasting Ability In The Money Fund Industry a research by Makadok and Walker (2000) is aimed at measuring certain competence in organization for a long period of time. The journal Toward the development of measures of distinctive competencies among small independent retailers, a study by McGee and Peterson (2000), is aimed at identifying positive and strong correlations between construction competencies so that the interrelation between competencies can be identified.

2. RESEARCH QUESTION/PROBLEMS ANALYSIS
In the research journal by Hitt and Ireland (1985), the problem formulation is how special competence of a related company with the company’s performance is. In the research journal by Gilbert (1986), the problem
formulation is how to evaluate company strategy related to Rawls fairness theory. In the research journal by Stoner (1987), the problem formulation is how to evaluate small industry potentials which can become the base in competitive superiority/excellence. In the research journal by Meyer (1991), the problem formulation is how to have a theory in strategic contribution towards a more extensive domain of management. In the research journal by Teece, Picaso, and Shuen (1997), the problem formulation is how to expose implicit assumption and identify competitive situation competing strategy. In the research journal by Williamson (1999), the problem formulation is how economic superiority/excellence is seen from combination of two perspectives. In the research journal by Miller (1999), the problem formulation is how the conceptual and taxonomic typology configurations are based on empirical data. In the journal of Makadok and Walker (2000) the problem formulation is how to determine and measure the simple type of special competence—predicting ability—and either antecedent or consequence is traced. In the journal by McGee and Peterson (2000), the problem formulation is how the relation between competence constructions are and build performance in helping to identify sources of company and ability so that it can result in competitive superiority for small retailers.

3. LITERATURE REVIEW

1985
Hitt dan Ireland (1985, p. 273), mengutip dari Selznick (1949, 1952, 1957) bahwa, “Regardless of level, a distinctive competence represents those activities in which a firm, or one of its units, does better relative to its competition.”

1986
“Distinctive competence could be considered an intangible asset for the firm, the key to a corner of the market in which the firm can minimize its environmental uncertainty to some degree. one method for preserving such a niche is to create distinctive product brands.” (Gilbert, 1986, p. 145)

1987
“Distinctive competence may be defined as some skill, activity, or capacity that the business is uniquely good at in comparison to rival firms. producing better quality products than competitors, having a more knowledgeable and skilled workforce, or being able to react to customer demands much more quickly than competitors are example of distinctive competence.” (Stoner, 1987, p. 34)

“The distinctive competence of having a "unique/ special/ original product or service" offers the obvious potential for being a key buying criterion, and the competence should be relatively easy to communicate if the product or service genuinely fills consumer needs. thus, this distinctive competence appears to be one that could readily lead to competitive advantage.” (Stoner, 1987, p. 37)

1991
Meyer (1991, p. 821), mengutip dari Selznick (1949) bahwa, “"Distinctive competence” is term denoting sets of unique capabilities and values possessed by particular kinds of organizations-organizations that come to be valued in and of themselves, not merely for the products or service they produce.”

1997
“A difficult to replicate or difficult to imitate competence was defined earlier as a distinctive competence. as indicated, the key featured of distinctive competence is that there is not a market or it, except possibly through the market for business units. hence competence and capabilities are intriguing assets as they typically must be built because they cannot be bought”. (Teece, Pisano, Shuen, 1997, p. 518)

1999
Williamson (1999, p. 1094), mengutip dari Dosi dan teece (1998) bahwa, “Posed differently, a distinctive competence is a differentiated set of skills, complementary assets, and organization routines which together allow a firm to coordinate a particular set of activities in a way that provides the basis for competitive advantage in a particular market or markets.”
2000
“A distinctive competence is typically defined as an enduring firm specific ability that leads to above average economic performance.” (Makadok, Walker, 2000, p. 853)

McGee dan Peterson (2000, p. 20), mengutip dari Selznick (1957), Lado, Boyd, dan Wright (1992) bahwa, “These capabilities have been termed "distinctive competencies," a term that generally refers to the unique skills and activities that a firm can do better than its rivals.”

4. LITERATURE REVIEW ANALYSIS
Based on literature study on distinctive competence, the term unique is expressed by 3 experts or articles which define distinctive competence according to Stoner (1987) uniquely good at in comparison to rival firms; Stoner (1987) unique/ special/ original product or service; Meyer (1991) unique capabilities; McGee, Peterson (2000) unique skills.

In the literature study of distinctive competence, a number of experts use the term rival in the definition as superiority comparator with other companies. According to Stoner (1987) in comparison to rivals firms; Porter in Miller (1999) allow companies to best rivals; Selznick in McGee and Peterson (2000) a firm can do better than its rivals.

Teece, Pisano, and Shuen (1997) used the term intriguing asset in defining distinctive competence, then Dosi and Teece in Williamson (1999) stated complementary asset as part of distinctive competence. Intriguing or intriguing is an interesting thing which can trigger curiosity so that it triggers interest in discovering it even deeper. Complementary asset is an asset necessary to obtain value from its main investment or can also be called as supporting asset from the main asset.

The term skills is used by a number of experts in expressing the definition of distinctive competence, which is according to Stoner (1987) defined as some skill; Dosi and Teece in Williamson (1999) is a differentiated set of skills; Selznick in McGee and Peterson (2000) the unique skills.

Furthermore, the term doing it better and faster was stated by Selznick in Hitt and Ireland (1985) better relative; Stoner (1987, p. 34) better quality products; Selznick in McGee and Peterson (2000) do better.

In the literature study of distinctive competence, there are experts who mentioned that distinctive competence has become a base in company to reach competitive advantage, which is according to Stoner (1987) readily lead to competitive advantage, and according to Dosi and Teece in Williamson (1999) the basis for competitive advantage.

5. RESEARCH METHODOLOGY
In the research journal by Hitt and Ireland (1985), the methodology used was grand strategy type measured in nominal scale with four strategy classifications: (1) stability, (2) internal growth, (3) external greed growth, and (4) saving; the type of industry measured at nominal scale with four strategic classifications: (1) consumers lasting (item purchased for personal satisfaction and for a long period of time - cars), (2) consumers non-lasting (item purchased for personal satisfaction but for a short period of time – processed food), (3) capital (item used for production or providing customers or producers of goods for others - machines, buildings), (4) producers (items used as raw materials resulting in consumers or capital items – steel, cement).
In the research journal by Hitt and Ireland (1987), there are two subjects of procedure in this study to identify special competence from each company, first, environmental condition (threats and opportunities) and internal profile of each business. Second, the opinion on competence perception of owner or manager.

In several research journals, Gilbert (1986); Meyer (1991); Teece, Pisano, and Shuen (1997); Williamson (1999); Miller (1999), the methodology used is a variety of literature resources, unlike other empirical research journals.

In the research journal by Makadok and Walker (2000), measuring predicting ability, in order to measure the ability to predict, uses deadline value of time-to-mean from the effects in portfolio of each fund as predictor of the next T-bill auction level.

In the research journal by McGee and Peterson, the special competence - the main focus of this study - is measured using an adaptation of available instrument (Conant, Smart, and Solano-Mendez 1993; McGee and Finney 1997). A number of Likert-type scale items were focused on the variable of planning process, while others focused on effectiveness. This double marketing consistently focused on special consistence scale used by other researchers (Hitt and Irlandia 1985; Salju and Hrebiniak 1980).

6. RESULTS ANALYSIS

In the analysis of empirical result of research journal by Hitt and Ireland (1985), it was learned that the result showed the type of grand strategy and type of industry moderating the relation between company level of special competence and company performance. Therefore, in order to increase performance, the decision of company level in order to develop special competence has to be conducted in the context of grand strategy of the company, especially type of industry and its interaction.

The analysis of empirical result of research journal by Stoner (1987) is expressed by considering the general area of special competence found in the research. The first is experience or knowledge or skill of owners or workers, noting that many businesses participated. In order for the competence to result in competitive superiority, competence should be present as a key criteria of purchasing for customers who are potential. Customers has to realize that experienced workforce has resulted in better products or services. In order to make customers realize special competence, a relatively huge advertisement, promotion and time can be used. However, once the consumers understand and accept this competitive superiority, probably it will then be strong. In general, business competitors have to spend sufficient resources in order to scrape or change the perception of customers each time competitive superiority has been achieved.

In the analysis of empirical result of research journal by Makadok dan Walker (2000), it is found that the result of model estimation is to predict gross and net results. These results provide strong support for the presence of surplus economy resulted by the superior predicting ability, and the absence of support for the surplus dissipation to customers. Benefit in the form of money has better predicting ability taken as higher profit or spent in order to maintain the predicting ability or be reinvested in the form of other expenses which push increase in fund. The important thing is that due to surplus produced through competence, the management of fund has a control on how discretionary surplus is used.

In the analysis of empirical result by McGee and Peterson (2000), it is found that competence is easier to be accessed the marketing and reliability which are suitable to be included in the analysis of confirmatory factor by constructing performance. Since the theory was not sufficiently developed to enable complete modeling from the structural relation among constructions, including construction in measuring model to enable evaluation on convergent, discriminant, and nomological validity.
7. RELATE OF THE CONCEPT OF DISTINCTIVE COMPETENCE AS MAIN DRIVER IN BUILDING BUSINESS PERFORMANCE

human resources in relation to a business organization today is seen as a decisive factor in improving competitive advantage. business success is largely determined by the distinctive competencies of its human resources in creating and innovating. competence in question is the ability of companies that have strategic value and become a center of expertise to realize the company's mission or goals of the organization profitable and increase the competitive advantage of companies. this can be obtained through high-quality workforce that enable organizations to compete based on market responsiveness and movements of competitors, product quality and differentiated services, as well as technological innovation. distinctive competencies that can be built through the skill of the employees were actually developed, the typical organizational culture, management processes, and the system adopted by business enterprises.

8. CONCLUSIONS
In the analysis of journals for the purpose of research and research methodology, research journals on this distinctive competence has a discussion of different aims of research and research methodology.

Based on literature study, there are several definitions of distinctive competence which are similar as expressed by Selznick in Hitt and Ireland (1985, p. 273); Stoner (1987, p. 34); Porter in Miller (1999, p. 35); Selznick in Mcgee and Peterson (2000, p.20), it is stated that a company with something better than its competitors can then be said that the company has distinctive competence.

Then, a number of other experts mentioned some slightly different things, but has similar core understanding between one to another, such as what was mentioned by Gilbert (1986, p. 145) that “Distinctive competence could be considered an intangible asset for the firm, the key to a corner of the market in which the firm can minimize its environmental uncertainty to some degree.”; Selznick in Meyer (1991, p. 821) that “Distinctive competence is term denoting sets of unique capabilities and values possessed by particular kinds of organizations-organizations that come to be valued in and of themselves, not merely for the products or service they produce.”; Teece, Pisano, and Shuen (1997, p. 518) that “A difficult to replicate or difficult to imitate competence was defined earlier as a distinctive competence.”; Dosi and Teece in Williamson (1999, p. 1094) that “a distinctive competence is a differentiated set of skills, complementary assets, and organization routines which together allow a firm to coordinate a particular set of activities in a way that provides the basis for competitive advantage in a particular market or markets.”; Makadok and Walker (2000, p. 853) that “A distinctive competence is typically defined as an enduring firm specific ability that leads to above average economic performance.”.

9. IMPLICATION OF STUDY
The study implication is becoming the base or basis in the next studies on the topic of distinctive competence as well as other topics connected and related to distinctive competence.

The understanding on concepts of distinctive competence will be exceptionally helpful in developing an organization or company towards better development in the future.

10. REFERENCES


