

BUSINESS STRATEGY, TOTAL QUALITY SERVICE AND COMPETITIVE DOMINANCE IN INDONESIA TELECOMMUNICATIONS INDUSTRY

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Abstract

Telecommunications is a golden industry that growing dynamically. In the world market, this sector contribute 3% of the total global economy, and in Indonesia contribute up to 1,8% of Gross Domestic Product (GDP). In the last five years, telecommunications face a hard and complicated competition. Each operator try to implement the right business strategies to achieve competitive advantage and superior performance. The purpose of this research is to analyze the impact of business strategy and total quality service on competitive dominance of business units in Indonesia telecommunications industry. Research was conducted with descriptive and verificative method with involving 55 samples of business units. Data obtained from the observation, questionnaire, and interview. Analysis and hypothesis test using Partial Least Square (PLS). The result shows that the most effective business strategy in telecommunications today is differentiation strategy and collaboration with partner. The success of providing valueable product with reasonable prices is the most successfull in implementing total quality service. The most important aspect determine competitive dominance is the ability to perform environmental observation continuously. The result of hypothesis test shows that the proper business strategy and total quality service have a significant and positive influence on competitive dominance.

Keywords: *telecommunications, business strategy, total quality services, competitive dominance, partial least square (PLS)*

1. Research Background

Service industries are growing rapidly. Telecommunications industry recorded the highest growth compared to other industries, both globally and locally. This occurs as more and extent of utilization of information technology and telecommunications in almost all areas of life. The telecommunications industry is a large and very dynamic industry. In the world market, this sector contributes 3 percent of the total global economy (USD 1.1 trillion in 2004). In Indonesia, the telecommunications sector which is part of the information and communication technologies contribute up to 1.8 percent of gross domestic product (GDP). Sharing Vision reseach results show the increase of the potential of the telecommunications market, reflected in the expenditure of public communication at ranged 10 to 15 percent income per month. In the last five years the number of telecommunications customer increased by 288 percent between 2005 to 2009.

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