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# INFLUENCE OF COMPETITIVE STRATEGY ANALYSIS ON IMPROVEMENT OF ORGANIZATIONAL PERFORMANCE

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#### Abstract

The purpose of this study was to find solutions for problems related to the improvement of organizational performance when connected with competitive strategy analysis. This study was theoretical review, especially about the effect of competitive strategy analysis on improvement of organizational performance, strategies that can adapt to uncertain competitive environment includes (1) prospector, defender, and analyzer. Prospector strategy explains the company's strategy has always centered on innovation and creativity to create new products or new markets, the company has always been a pioneer in the internal competition and willing to sacrifice efficiency for innovation and creation. This strategy needs to dukunga the staff are really skilled, and have the ability to practice human resources capable of looking to create change and high creativity. Performance can also be regarded as an output of a particular process undertaken by all components of the organization against certain sources are used (input). Furthermore, the performance is also a result of a series of process activities undertaken to achieve specific goals of the organization. For an organization, the performance is the result of cooperation activities among member or component of the organization in order to realize the goals of the organization. Manager in an organization responsible for managing existing resources with efficient and effective manner.

Keywords: Analysis, Competitive Strategy, Improvement, Organizational Performance



#### INTRODUCTION

Pilgrimage to Saudi Arabia is a desire for all Muslims as a form of obligation to the implementation of the five pillars of Islam. Therefore, all Muslims and muslimat in the world, including Indonesia, which has the ability to financially and in healthy condition required to perform the Hajj in Saudi Arabia.

Based on the Law of the Republic of Indonesia No. 13 2008 Implementation of the pilgrimage in Indonesia can be implemented by the Government called regular pilgrimage, and the private sector called special pilgrimage (Hajj plus) while the pilgrimage entirely held by the private sector in this company Umrah and Haji travel agent who has received permission from the Ministry of religion. BPS data in 2010 recorded a population of 237 641 326 Indonesia with a population of Muslims 87 per cent of the total population. Referring to the data Indonesia has a great opportunity for the Muslim community run Hajj pilgrimage through regular or special pilgrimage organized by travel companies Hajj.

The entire special pilgrimage travel companies totaling 254 companies become part of the service sector, especially tourism. In Indonesia, the growth of the service sector is growing rapidly, it can be seen from the cumulative growth rate of Gross Domestic Product (GDP) in 2012 to service the corporate sector reached 6.23 percent (BPS, 2013). The services sector has contributed a steady 60 to 80 percent in reducing poverty in Indonesia. This is because the number of Indonesian workers who work in the service sector amounted to 50 percent of the workforce which is owned by Indonesia. The service sector is helping increase and economic growth in Indonesia. (M.Sulaeman Hidayat, 2013).

The arrival of Muslims from various countries to perform the Hajj pilgrimage is based on the number of quota set by the government of Saudi Arabia. Determination of the Hajj quota according to provisions of quotas that have been agreed at the Summit of the Organization of Islamic Cooperation (OIC Summit) in Amman, Jordan in 1987, which among others is the determination of the Hajj quota is calculated based on a per mile of the population of a country. Every year the crown of Saudi Arabia is able to accommodate approximately 4 million pilgrims from all over the world who want to perform the Hajj. With the largest Muslim population in the world, Indonesia is getting bigger Hajj quota compared with other countries. Under the MOU with the Kingdom of Saudi Arabia is set to Indonesian Hajj quota as much as 221,000, then the subsequent establishment of the national quota, quota province, which includes the quota of Haj pilgrimage regular and special quota set by the Minister of Religious Affairs with due regard to the principles of fairness and proportional.

Total quotas in 2013 and 2014 carried out a reduction of 20 percent compared to the year 2012, the total quota of Haj 221,000 people into 176 800 people. Regular Hajj quota in 2012 as many as 204,000 people was reduced to 163 200 people and 13,600 people for special Hajj quota for the year 2013 and the year 2014. According to the Ambassador of Saudi Arabia, pilgrims all over the world including Indonesia reduced 20 percent, so there are about 40 thousand citizens Indonesia who delayed his departure. Trimming the Hajj quota policy in 2013 is the kingdom of Saudi Arabia due to the construction and renovation around Masjidl Haram, Mecca and therefore can not accommodate the pilgrims as the previous year and to maintain the safety of the pilgrims who will perform tawaf worship. (Mustafa Ibrahim, 2013). Based on the above conditions, the Ministry of Religious establish policies for pilgrims in 2013 that delayed his departure due to a reduction in the deployment next year ie 2014. The target construction and renovation of facilities around Saudi Arabia still will last until the year 2018, this means the quota cuts will remain implemented in the coming year. For the Indonesian government quota cuts of 20 percent means delaying the departure of 44,200 pilgrims whose numbers nearly doubled quota Malaysian pilgrims are only 26,000 people. (Moh. Hasan Afandi: 2014).

Due to the sudden Haj quota cuts by the kingdom of Saudi Arabia have an impact on the waiting list pilgrimage, which will become longer coming year. Anggito also said the Indonesian government had to accept losses of between Rp 300 to Rp 400 billion and that's not including the loss of a travel company organizing special pilgrimage estimated at Rp 150 billion, and the Garuda flight is estimated to reach Rp 440 billion. (Anggito: 2013). Secretary General of the Association of Hajj and Umrah Republic of Indonesia (AMPHURI) describes the special pilgrimage travel companies suffered losses because the company has to bear the initial payment of a special pilgrims USD 5,000 per pilgrim although pilgrims are not so set off (Artha Hanif, 2013). This is based on the calculation of the government and the company organizing special pilgrimage already made advance payments of 50% to the partners in Saudi Arabia. The biggest advance payments includes housing, catering, transport and other operations.

In accordance with the applicable regulations for the people who would go on pilgrimage in regular or special pilgrimage must register with the Ministry of Religion. Request society as pilgrims regular or special pilgrimage is increasing but the implementation is very dependent on quotas and the portion that has been registered in the Ministry of Religion. If after registering pilgrims failed to leave due to illness, death, or other important purposes, can not be replaced by others, including immediate family, but will be replaced by the next pilgrims queue number.

Although the cost offered by travel companies higher versus regular pilgrimage, haji public demand for special was only increasing from year to year. Abimanyu public enthusiasm for pilgrimage is booming. In addition to increased income communities, improving the economy is also increasing awareness of pilgrimage (Anggito: 2013). Including the wishes of the Hajj get the infrastructure and the proposition that more special. Request for special Hajj and Umrah

increasing business opportunities, so many emerging travel companies travel agencies usually try to develop its business in organizing Hajj and Umrah special, this can we compare the number of travel companies of special pilgrimage that has increased. In 2010 the company special Hajj and Umrah travel in Indonesia amounted to 205 companies, then in 2012 the number of companies as much as 239 have increased drastically compared to the previous year of 2011 only amounted to 239 companies. Furthermore, a growing number of companies to 254 companies in 2014 in Indonesia. According to the classification of the province lies the specific number of travel companies and Umrah pilgrimage spread across twelve provinces in 2014 can be seen in Table 1.2. According to the table below is explained that Jakarta has the largest company that is 194, followed by the province of West Java and East Java 20 14 companies, while other provinces just under 5 companies.

The cost of organizing the pilgrimage offered to the public have a very significant difference between the cost of regular and special pilgrimage. In Table 1.3 the overall cost of a special pilgrimage on average amounted to two times the cost of regular pilgrimage. In 2011 a special pilgrimage minimum standard fee of \$6,500 this amount increased to \$8,000 in 2014. The government has set a minimum cost for the implementation of a special pilgrimage, this policy is to protect the minimum facility standards that companies must provide to the special pilgrims and ensure special pilgrimage service quality implementation.

There are some external factors that make the pilgrimage organizers cost changes. First, the increase in world fuel prices. Second, the cost of housing or boarding in Mecca. Third, the exchange rate against the dollar. (Suryadhama Ali, 2012). Although the cost of a special pilgrimage very high compared to the cost of regular pilgrimage, but the interest of the public for a special pilgrimage to the ability of financial terms, growing.

Request special pilgrimage growing and increasing the number of new travel companies and agents areas has prompted the management to make a strategy that can compete with the new company. Various programs and services deferens as offered to pilgrims in accordance with their needs. Enthusiastic people to hajj was also exploited by unscrupulous - persons who wish to gain only so many emerging non-quota Hajj, the pilgrimage multi-level marketing (MLM), Hajj with very minimal cost under standard minimum fee set by the government for a special pilgrimage. Non Hajj quota, quota is given by the pilgrims did not come from the Ministry of Religious quota, but Haj quota obtained by a special pilgrimage travel companies directly from the embassy of Saudi Arabia. So that pilgrims do not have a non-quota portion number issued by the Ministry of Religious Affairs (Hendarji, 2013).

The emergence of non-quota Hajj increasing due in part to people who are impatient waiting queues are so long, even if they have to spend a very high cost of special pilgrimage cost minimum standards set by the government. The offer was accepted pilgrims without checking the legality of the company. Anggito Abimayu (2012) recognizes the pilgrims non quota in 2012 amounted to over 600 people. Therefore non Hajj quota does not have a portion of tents, food and transportation, they take the piece of the pilgrim quota so disturbed the tranquillity of the pilgrims worship quota.

Chairman of the Association of Indonesian Hajj Brotherhood (IPHI), should reveal a visa for non Haj quota provided for Indonesian citizens who went to Saudi Arabia on pilgrimage season as a special assignment. Presumably there is a person at the Embassy of the Kingdom of Saudi Arabia is involved when a visa for non Haj quota. Many travel companies who have access to a special pilgrimage in the Embassy of Saudi Arabia. have to perform Hajj visa for non-quota (Kurdish Mustopa, 2012). Chairman of the Association of Organizers and Haji (HIMPUH), added that there is a pattern or a new mode of travel agency invites prospective Hajj pilgrims through the program and by means of a multi-level marketing (MLM). They bring people together with the promise of low cost can go to Hajj and Umrah. And many found the travel is to use the name of the travel agency unlicensed trip, or use the name of another company (Baluki Ahmad, 2012). According Hendarji (2013), various problems that often occur pilgrimage in recent years including; long queue of pilgrims, encouraging the emergence of illegal pilgrimage organizers, plane problems, pilgrims stranded, starving, accepted standard of accommodation of pilgrims does not fit the initial agreement, any purchase quotas from small companies to large-scale enterprise, the travel delay Hajj visa barcode special care in Arabia, overstayed, passport green, yellow cards (injections meningitis) is false, the lack of human resources and knowledge of the travel agency. Hendarji also added that the government will take action legal sanction to the travel company is problematic when people are not reluctant to make a complaint to the company.

The present study is an attempt to propose a viable conceptual framework on influence competitive strategy analysis on improvement of organizational performance, with special reference to religious tourism industry in Indonesia.

#### LITERATURE REVIEW

# Competitive Strategy

There are three approaches that define the competitive strategy, namely: adaptive strategies Miles and Snow (1978), business definition framework Abell (1980) and the generic competitive strategy Porter (1980). According to Miles and Snow, (Kunjoro, 2005: 88) strategies that can adapt to uncertain competitive environment includes (1) prospector, defender, and analyzer. Prospector strategy explains the company's strategy has always centered on innovation and creativity to create new products or new markets, the company has always been a pioneer in the internal competition and willing to sacrifice efficiency for innovation and creation. This strategy needs to dukunga the staff are really skilled, and have the ability to practice human resources capable of looking to create change and high creativity. If internal resources are not enough, then the company will look for other sources despite the high cost; defender emphasizes the stability and viability of the business; analyzers; a strategy between prospector and defender strategy, the company is not too willing to take big risks to innovate but still trying to create excellence.

While the classification scheme compete for Abell (1980), combines two important aspects of the business that is competition; broad or narrow market and differentiation aspect of products or services offered. Based on these two aspects of Abell suggests three competitive strategy, namely (1) differentiated, (2) is not differentiable and (3) focus. Porter (1992: 3) states competitive strategy is the search for a favorable competitive position of firms in an industry to use and maintain the strength of the company. Competitive strategy realize more value or benefits that can be provided to the consumer where the value or benefit gained by offering a low price. This means the value of consumer perceived benefits in excess of the price paid or incurred by the consumer. According to Porter in Fred R. David (2009: 273). In Porter's approach, which is known as the Porter's generic strategic there are two factors that accounted for realize competitive advantage, which is the first based on the advantages of creating a low cost (cost leadership) and the ability of the company to be different (differentiation) compared to its competitors. And if the intended target market only in certain segments then the strategy will be developed into a focused strategy. This premise is familiar with Porter's generic strategies.

Overall Broad Presence in a Broad Low-Cost Differentiation Range of Market Provider Strategy Segments Strategy Market Coverage **Best-Cost Provider Strategy** Presence in a Limited Number of **Focused Focused** Market Segments Low-Cost Differentiation Strategy Strategy Value Creation Keyed Value Creation Keyed to to Lower Cost **Differentiating Features** Type of Competitive Advantage Pursued

Figure 1. Porter's 5 generic strategies

Source: Porter (1980)

# Porter's Generic Competitive Strategies

- 1. Cost leadership; In this strategy, the company wants to be a market leader based low cost with a broad customer base. The company emphasizes standardized production costs with the cost per unit is very low for the consumer who is sensitive to price. The advantages obtained by equating themselves with competitors, either through price and earn greater profits or by building volume through price below competitors, by it, it is not effective to run a cost advantage in a small market because generally have a profit margin that is too narrow.
- 2. Differentiation: The company tried to be different in some dimensions that have value for customers. The company produces products or services that are considered unique in the industry. Companies that can obtain and maintain the performance difference will obtain above average if the premium price set exceeds the extra cost incurred to obtain uniqueness. In contrast to the strategy of cost advantage, there is more than one successful differentiation strategy in the industry if there are many attributes that are considered important by the buyer. This strategy can be implemented both in small and large taget market.
- 3. Focus Differentiation: Being different through the dimension values in a typical target market. The company uses this strategy to identify competitors who have less performance.
- 4. Cost Focus: The company creates advantages in the market price of the target, being a low cost producer in a particular segment. The company uses a strategy of competitors whose performance is above average, and has high benefits at low cost on a particular segment.
- 5. Best Cost Provider (BCP): The company creates value or greater benefits to consumers of the monetary sacrifice issued. In other words, in this quadrant can be simplified "giving customers more value for money".

# **Organizational Performance**

### Definition of Organizational Performance

The performance of an organization can be seen from the degree to which the organization can achieve the goals that are based on the vision and mission that have been defined previously. Performance can also be regarded as an output of a particular process undertaken by all components of the organization against certain sources are used (input). Furthermore, the performance is also a result of a series of process activities undertaken to achieve specific goals of the organization. For an organization, the performance is the result of cooperation activities among member or component of the organization in order to realize the goals of the organization. Manager in an organization responsible for managing existing resources with efficient and effective manner.

In general, the concept of organizational performance based on the idea that the organization is a voluntary association of productive assets, including human, physical resources and capital, for the purpose of achieving common goals (Alchian and Demsetz, 1972; Jensen and Meckling, 1976; Simon, 1976; Barney 2002 In Carton and Hofer 2004). (The concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, Including human, physical, and capital resources, for the purpose of Achieving a shared purpose).

They provide asset only to run their organization as long as they are satisfied with the value they receive in exchange, relative to the use of alternative assets. As a consequence, the essence of the performance is the creation of value. As long as the value created by using the asset, its contribution equal to or greater than the value expected by them, the assets will continue to be available to the organization and the organization will continue to exist. Therefore, the creation of value, as defined by the resource provider, is the overall key performance criteria for each organization (Carton and Hofer, 2006).

According to Daft and Marcic (2009). Actual performance of the organization consists of output or outcome of an organization which is measured based on the desired output (or goals and objectives). Particularly in areas related to organizational performance including strategic planners, operations, finance, legal, and organizational development. Bibhuti Bhusan (2009) states, the performance of the organization has been defined as the ability of an organization to fulfill its mission through good management, strong governance and persistent, dedicated to achieving results. Effective nonprofit organizations are mission-driven, adaptable, customerfocused, entrepreneurial, results-oriented and sustainable. A company is said to have a high performance, if the company has achieved better financial results in a long period of time, compared with competitors. The company also adapt quickly to changes in the environment, integrated management structure aligned, continuously improve core capabilities and treat employees as a major asset. Andre Waal (2007; 179-185).

### Dimensions of Organizational Performance

In the mid-1990s (Kaplan & Norton 1992: 73) revealed the measure of success of an organization is not only the financial sector alone. Kaplan & Norton develop a comprehensive measurement of the success of the organization with the Balanced Scorecard (BSC). Balanced Scorecard is used to identify the presence of the organization in a scorecard by mapping a balance between financial performance and non-financial performance of short-term and longterm, between internal and external performance.

Based on the concept of the balanced scorecard assessment of the organization four aspects, namely;

#### 1. Financial Perspective

In this perspective the organization will measure the extent of implementation of the organization's strategy and its implementation, whether contributing to the profit organization, is expected to increase sales and be able to emphasize the cost to achieve organizational effectiveness.

### 2. Customer Perspective

Organizations are able to identify customer needs, so as to provide a service that best. Can be identify the customer and market segments where competing organizations. The main measure such as customer satisfaction, customer retention, new customer acquisition, customer profitability, market share in this segment of the market. The size of the customer value proposition separate attributes of products and services, customer relations and image (reputation).

# 3. Internal Business Process Perspective

Organizations can identify internal processes critical to formalize both financial and waiters on the customer. Being able to use internal resources of the organization.

### 4. Perspective of growth and learning.

In this perspective, the organization is able to control the goals and strategies of the three perspectives on strategy (Capable workers, information system capabilities, capabilities empowerment and alignment). While Richard et al. (2009), assesses the performance of the organization of three related aspects, namely; (A) the financial performance (profit, return on assets, return on investment, etc.), (b) the performance of the product market (sales, market share, etc.), and (c) shareholder return (total shareholder return, economic value added, etc.). Based on performance measurement Badrige Malcolm, the overall performance of the organization that covers all management functions, aspect of the approach, dissemination and the results of their operations and compare the results of the internal performance of the organization with other organizations (benchmarking). MBNQA Broadly divided into four criteria, namely; a) The products and services; b) customer focus c) financial and market share (financial and market place); and d) operational. These criteria are described as follows;

- 1. Criteria for products and services, which is related to the reliability of products, timely delivery, customer experience level.
- 2. Criteria for customer focus, understand and know for sure perception, action and consumer behavior, customer retention, customer complaints and surveys.

- 3. Criteria for financial and market share., That performance is measured by the level of costs, sales and market position, including the use of the asset, the asset growth, ROA, operating margins and budget performance.
- 4. Operational performance criteria, namely the measurement of performance of human resources, organizational leadership and ethical performance as an effective, efficient and accountable, level of training, including employee turnover.

#### THEORETICAL FRAMEWORK

The framework in this study was constructed from a logical framework that includes grooves think as a form of theoretical answer to the phenomenon that arises due to the gap between empiris facts and ideal conditions expected. Where the answer is derived from theories and the results of research conducted by previous researchers.

As scientific research reveals the relationship between variables, both correlation and causality relations contained in the variable external environment, internal environment, competitive strategy and performance of the organizers of the Hajj travel companies specialized in Jakarta, then formed an operational definition or constructs order to explain and predict the relationship between the study variables more accurately so that it can be adapted to the observation unit and the unit of analysis in this study.

Previous studies related to this study include:

- Henrietta Mbaalu Okoro (2010) The relationship between organizational cultures and performance; mergers in the country's bank industry. Study to examine the relationship of organizational culture and performance of the merged bank in Abuja, the Federal Capital Territory (FCT) of Nigeria. The findings indicate that the size of the nature of the combination of cultural characteristics (mission, involvement, consistency, and adaptability) have a significant relationship with each measure organizational performance (employee commitment, job satisfaction, and retention of employees). In the study revealed that a lack of cultural integration during mergers and acquisitions is associated with the failure of mergers and organizational performance degradation. Merger failure associated with inadequate commitment of employees, decreased job satisfaction, and increased employee turnover indicates lower organizational performance. The research implication is that organizational culture differences can hinder the performance of the organization.
- 2. Sungha Nam (2007) How innovation willingness influences the public organizational performance relationship: developments in how stakeholders (external organizational factors) and internal management Affect performance. This study investigates how internal and external factors involved in the organization and innovation (innovation engage) on the performance of

the organization. The study was conducted to directors and program managers at the Institute of Human Services 262 respondents. Eight latent variables involved in structural equation modeling. Among the main findings indicate that the willingness of innovation. (Innovation willlingness) has a direct positive impact on the performance of the organization in which the rational culture are important predictors for willingness innovation. While the hierarchical culture has a significant negative impact on the willingness of innovation and organizational performance. Decentralization of decision-making has a positive impact on the willingness of innovation and organizational performance. Political support to have significant positive predictor of willingness innovation and organizational performance.

- 3. Elize Marie Brown (2007) An Examination of the Link Between Organizational Culture and Performance: A Study of Three County Public Health Departments. The study was conducted to Determine the relationship of the dominant indicator of organizational culture and organizational performance related to Cancer Early Detection Program. Studies conducted in of cities the in Health three major Organisation Society. The Results give different results; A Health Department found a culture dominated development (risk taking, expansion) and makes changes related to the management and governance administration. Furthermore Department B, with the characteristics of the most consistent with the hierarchical culture (stability control), Also found that the most resistant to change. And the latter at the Ministry of Health C are found predominantly team culture (affiliates, teamwork). In the study underscores the importance to the local public health directors to measure and understand the culture that can improve performance.
- 4. Jackie W. Deem (2009), The Relationship Of Culture To Balance Scorecard Organizational Effectiveness. This study examines the relationship between organizational culture and effectiveness of the Balanced Scorecard. With a survey of employees working in various departments of a large government organization in the city. Survey instruments used include self assessment for BSC and assessment of the effectiveness of the organization's culture is based on the Denison Organizational Culture Survey Instrument (ocsi). The survey results showed that each of the four characteristics of organizational culture - Involvement, Consistency, Adaptation, and the mission - as measured by Denison öcsi significantly correlated with the effectiveness of the BSC. Similarly, organizational learning (learning organization), as measured by the Organizational Learning index, was significantly associated with the effectiveness of the BSC. It can be concluded that there is a relationship between organizational culture, organizational learning, and the effectiveness of the BSC.

### **Operational Definition of Variables Research**

External environment in this study is defined as all the factors and forces that are beyond the organization that will affect all activities, actions and decisions of the management and ultimately will impact the performance of a special pilgrimage travel companies. Constructs used dimensions relating to the formulation of the problem in this study include (1) Economics; (2) Technology; (3) Social-cultural; (4) Law; (5) Consumer; (6) competitors; (7) International. The definition of the internal environment refers to the elements in a special hajj travel companies, a force that creates a pattern of beliefs, values that guide life in carrying out tasks and jobs at the company. The construct is considered to explain and predict the internal environment which consists of: (1) organizational culture and (2) the resources contained in the company. Competitive strategy in this study, an attempt to seek a favorable competitive position of the company in an industry organization of special pilgrimage to use and maintain the strength of the company taking into account the external and internal environment. These constructs can explain and predict assessed competitive strategies.

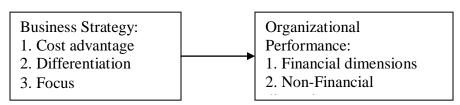
Definition of organizational performance in this study is the end result or output achieved a special pilgrimage travel company to run competitive strategy is influenced by external and internal environment. Constructs dimensions of organizational performance used in this study were (1) the financial dimension, (2) non-financial dimensions. External environment in this study is defined as all the factors and forces that are beyond the organization that will affect all activities, actions and decisions of the management and ultimately will impact the performance of a special pilgrimage travel companies. Constructs used dimensions relating to the formulation of the problem in this study include (1) Economics; (2) Technology; (3) Social-cultural; (4) Law; (5) Consumer; (6) competitors; (7) International.

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# Paradigm Research

To illustrate the linkages and relationships between variables, created a model that can be seen in the picture below. This model is built based on the basic theory and related research. Of the framework and theoretical basis used the research paradigm can be described as follows:

Figure 2. Paradigm Research



Based on the framework and paradigm of research above can be formulated hypothesis is as follows: Impact on Performance Competitive Strategy Organization.

#### CONCLUSION

The competitive strategy analysis effect the improvement of organizational performance. The theories that already exist about management and organization make more emphasized linkages, that the influence the competitive strategy analysis to increase organizational performance. The results of the theoretical evidence from this study can be used to solve problems that occurs the competitive strategy analysis and improvement of organizational performance. Improvement of organizational performance can be improved through increases in the competitive strategy analysis. For an organization, the performance is the result of cooperation activities among member or component of the organization in order to realize the goals of the organization. Manager in an organization responsible for managing existing resources with efficient and effective manner, organizational performance based on the idea that the organization is a voluntary association of productive assets, including human, physical resources and capital, for the purpose of achieving common goals.

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