Competitive Advantages of Indonesian Plywood Industry: A Perspective from Porter’s Five Forces Model

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Abstract

The Understanding industry structure is of great concern to industry strategic since depending against the competitive forces and shaping them in a company’s favor area essential to strategy. Competitive advantages provide the framework for assessing strategy and understanding the source of competitive advantage. This paper applies Porter Five Forces Model to identify the positioning of competitive advantages of plywood industry in South Sulawesi, Indonesia. Qualitative research was carried out using in-depth interview method. The interview contained the sequence of statements that were grouped into five categories (threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and rivalry among existing competitors), and each category represented one competitive force. A structured questionnaire from Agricultural Innovation & Commercialization Centre (AICC) was used to identify five competitive forces that shape the company. Secondary data and literature study are also used to identify the competitive forces. The analysis of five forces indicates that entry barriers of the industry are high and low competitive of plywood substitutes. However, company need to protect a firm against rivalry from competitors and to reduce power from suppliers.

Keywords: competitive advantages, plywood industry, plywood, Porter Five Forces Model, and PANPLY

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