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Resource Based View: Strategies of the Manager of Green Food Product Industry in Indonesia

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Abstract

Green food product industry requires special handling with respect to its available resources. The purpose of this research was to determine the resource-based effect on the customer value and the customer satisfaction, and the influence of the customer value and the customer satisfaction to the customer loyalty in green food products industry. The research method that is used is descriptive and explanatory survey. The sources of data in this research were the managers of the green food products industry in Indonesia. The primary data were collected by using questionnaires and interviews to the managers. The secondary data were collected by searching the documents which are relevant to the issues under the study. The results showed that core resources and critical resources influence significantly customers value. Core resources and critical resources also influence customers satisfaction significantly. Customer value and customer satisfaction simultaneously influence significantly customers' loyalty in the green food products industry.

Keywords: Resource-based, Green food products industry, customer value, customer satisfaction

1. Background

Orr [1], Grant [2], Forsman [3], Husseini [4], and Hunt [5] propose resource-based concept applied a firm. This concept explains about the capacity of employees, products, and other firm resources to enhance its competitiveness. Resource-based concept can be described in detail by two subcategory (Forsman, 2000); they are core resources and critical resources. Core resources include unique raw materials usage, unique production methods, special third party connections, locations close to customers, flexibility of the company's activities. The indicators are products, cost, capacity and customer. On the other hand, the concept of the critical rresources explains the individual resources, core competencies, capabilities, and knowledge including employees' skills, product quality, customer quality, and efficiency in production costs. The indicators are employee skills, mutual relations, product creation activities, and product performance. Orr [1] adds several indicators such as employee morale, reputation in the eyes of customers, as well as reputation in the eyes of investors, and specialty products.

Customer value according to Bradley (2003) in Affif [6:18], is the difference between the total value or benefit of customers and total customer cost. The indicators are manufacturers, environmental

benefits, services procurement, customer needs, product pricing, comparative pricing, price leadership, endurance brand, trade environment, geographic distribution, trends and customer support activities.

Kotler and Armstrong [7:17] state that customer satisfaction will be obtained if the performance of firm's offering meets its customer expectations; on the contrary customers will be disappointed when the performance is lower than customers' expectation.

Kuusik [8:6] argues that customer loyalty is a function of the share in total purchases. The indicators are purchase frequency, purchase behavior, effort to obtain information and alternative evaluation.

2. Methodology

The research method used in accordance with the type of research is descriptive and verification, undertaken with the field data collection methods of the study using descriptive and explanatory survey. Descriptive survey was conducted to gain an overview of the application on the strategy-based approach using core resources and critical resources to achieve customer satisfaction and customer loyalty. The explanatory survey was conducted through questionnaire deployment to several green food product companies in West Java, Jakarta, Banten and Yogyakarta. It was aimed to determine the relationship between the variables of core resources and critical resources, customer value, customer satisfaction and customer loyalty through hypothesis testing. Data analysis methods used to test the hypothesis is pathway analysis. The first step of path analysis is translating research model into a path diagram form.
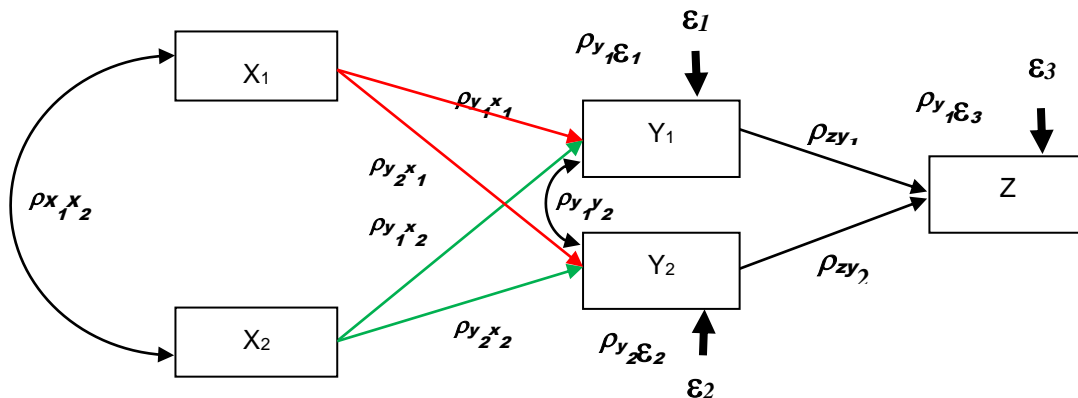
Description:

X1 = Core resources,   X2 = Critical resources, Y1 = customer value, Y2 = Customer satisfaction, Z = Customer loyalty

Fig. 1. Path Diagram of the Research Model

The hypotheses for this research are:
   H1: Companies' core resources positively influence customer value and customer satisfaction
   H2: Companies' critical resources positively influence customer value and customer satisfaction
   H3: Customer satisfaction and customer value positively influence customer loyalty

3. Result and Discussion

3.1. Descriptive Analysis of Core Resources

Based on the survey to sixty five managers of the green food product industry, it can be concluded that green products are unique (47.70%), having higher quality than non-green products (52.30%).,

giving warranty higher than customers' needs (36.90%), appropriate capacity of core resources combination (49.20%), appropriate production method usage (66.20%), and superior competitive advantage (46.20%). This result is supported by Forsman [3] and Orr [1]. Therefore, the implementation of resource management strategies on green food products industry has provided some benefits in enhancing the customer value and the customer satisfaction. Furthermore, the following table shows the trend of the variables based on the questionnaire score of 65 respondents.

Table 1. Variable Score of Core Resources Questions	Percentage (%)	Score
The unique level of green food products	17.00	214
The level of product quality that can be produced	21.05	265
The level of quality warranty of green food products	16.20	204
The capacity level of the resources combination	13.50	170
The use of special production methods level	17.00	214
The level of competitive superiority	15.25	192
Total	100.00	1259

Table 1 above indicates that the item which has the largest contribution on the core resource variable is item number 1 (the level of product quality that can be produced 21.05%), while the smallest contribution is item number 4 (the capacity level of the resources combination 13.50%).

The capacity level of the resources combination is the weakness of the green food products company due to inadequate facilities and infrastructure. The location of green food industries are generally far from the customers. Moreover, the flexibility of market activities is relatively limited. These problems can be overcome by providing accurate and easy-to-get information for green food companies, including raw material sources, raw material prices, and where and how to obtain the venture capital.

3.2. Descriptive Characteristics Analysis of Critical Resources

The score of each item for critical resources is presented in Table 2. It can be seen that the employees have relatively low expertise (69.20%), moderate level of product knowledge (53.80%), relatively low level in technology usage (63.10%), moderate level of work skill (63.10%), relatively slow in responding to customer complaint (56.90%), moderate level of ability in performing reciprocal manufacturing activity (67.70%), moderate level of conforming between product performance and production costs (78.50%), low level of education (56.90%), moderate level of hospitality (86.40%), moderate level of ability in selling (49.20%), moderate level of attention to the customers' wish (72.30%), moderate level of attention to the length of chain from manufacturer to the customer (63.10%), relatively high level of core competencies (75.40%), relatively high ability in building relationships with the customers (61.50%), relatively low level of internal resources (61.50%), relatively low level in building partnership (43.10%), relatively low level in intensifying competitors (47.70%), relatively high level in intensifying distributors (47.70%),and relatively high level in mutual trust is 47.70%.

Table 2. Variable Score of Critical Resources Questions	Percentage (%)	Score
The specific level of expertise that employees have	3.98	130
The knowledge level of green food products	5.23	171
The level of technology use	4.53	148
The skill level of employees in completing the work	5.17	169

The rate of employees in responding to the customer complaints	4.71	154
The level of mutual relations of the green food product manufacturing activity	5.45	178
The concordance rate of production costs which are incurred	5.78	189
The level of employees' education	4.34	142
The level of employees' hospitality to the customers	5.93	194
The level of employee's ability in selling	5.17	169
The attention level to customer's special wishes		
The chain from manufacturer to customer	6.27	205
The level of competitive superiority	5.84	191
The level of core competencies	5.63	184
The level of ability to build relationships with customers	6.00	196
The level of internal resources	4.44	145
The level of partnership	5.05	165
The level of competitors intensifies	5.17	169
The level of distributor intensifies	5.14	168
The level of mutual trust	6.18	202
Total	100.00	3269

From the Table 2 above it appears that the item which has the largest contribution to the core resource variable is the item on the level of attention to the customers' special wishes with the percentage of 6.27%, while the item which has the lowest contribution is the level of employees' education with the percentage of 4.34%.

Minimum total score of this variable is 1235 and a maximum is 6175, while the total score of the research/actual variables is 3269, so it can be concluded variables that enhance critical resources according to the respondents is included to the moderate classification assessment.

The specific skills that the employees' have is low because generally the employees which involved in this industry have low level of education so that they are having lack of understanding of the mastery the technology and lack of knowledge about green food products. It also influences the speed of employees in responding to the customer complaints and the creation of partnership.

3.3. Research Hypothesis Result Examination

Regression analysis is used to test the research hypotheses. The result of Anova tests are shown below:

Table 3. F-Value and Significant Level of Every Relationship in the Research Model Relationships	F-value	Significant Level	Conclusion
Y1, X1, X2	35.259	0.00	research model can be used to predict Y1
Y2, X1, X2	18.964	0.00	research model can be used to predict Y2
Y1, Y2, Z	204.074	0.00	research model can be used to predict Y2

Note: X1 = Core resources, X2 = Critical resources, Y1 = customer value, Y2 = Customer satisfaction,
Z = Customer loyalty

Therefore, the three research models can be used to test three research hypotheses. Furthermore, the coefficient of each variable in the research model is:
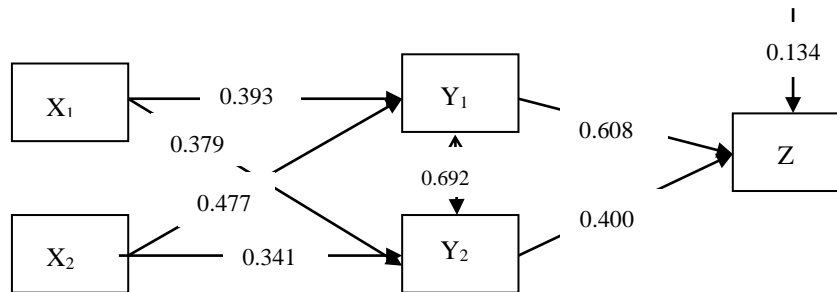

Fig 2. Coefficient of Research Variables (All coefficients are significant, at less than 0.05)

As a whole, from the three of hypothesis which have been told before, all are acceptable. Therefore, it can be concluded that core resources and critical resources are important in enhancing customer value and customer satisfaction. Ultimately, these two variables will create loyal customers. These kinds of customers are important for green companies because they can attract other customers to buy green products. At the end, they will contribute in increasing green market share.

The   implication of this research is that green product companies should implement resource-based strategy. That is, they should try to provide new and unique recipe for their customers, implement special skill and production method, and locate their products close to their customers. Core resources approach implemented by green companies could enhance the accuracy of companies' response to their customers. Support from critical resources will help green food product companies to obtain competitive advantage in the market and ultimately win the competition.

4. Conclusion

Core resources and critical resources on the green food products industry have a significant effect on customer value and customer satisfaction of green food products. Moreover, customer value and customer satisfaction have a significant effect on customer loyalty on green food products. Therefore, the implementation of resource-based strategy by green food product companies will bring them to obtain competitive advantage in the market and ultimately win the competition.

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