

Industry Attractiveness, Competitive Strategy and Company Performance in the Internet Service Provider in Indonesia

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***Abstract**---The development of information technology in this digital era is supposed to be a big opportunity for internet service provider industry in Indonesia. However, the growth of the industry is not accompanied by an increase in the company's income. Some companies are not able to survive due to a very tight competition. High competition, while on the other hand the industry is still viewed as interesting, is considered the cause that makes internet service providers are not able to continue their business. This research is aimed to evaluate the influence of competing strategy and industry attractiveness towards the business performance of internet service provider in Indonesia. This research used primary data of 128 internet service providers in Indonesia that were collected through online survey. By implementing the Partial Least Square Path Modelling technique analysis, it was found out that competing strategy became the main factor influencing business performance compared to industry attractiveness. This finding is due to the fact that internet industry remains an industry having a high level of attractiveness, but the main implication for management is how to make industry attractiveness able to improve company performance. With the right competing strategy, companies will be able to survive in a tight competition.*

***Keywords:** Competing strategy, Industry attractiveness, Company performance, Partial least square path modelling.*

I. INTRODUCTION

Globalization, democratization, and technology innovation especially information and communication technology has changed the way of communication. All kinds of information flood the mass freely without any barrier across countries and nations. At the moment the role of information is very important for the government, economy, and improvement of business performance (Indonesia Broadband Plan 2014-2019). Telecommunication service sector has contributed the Indonesian GNP as the biggest contributor for non-tax state revenue from Information and Communication sector through payment on the BHP (Biaya Hak Penggunaan Frekuensi – frequency usage rights fees). However, if we see from the trend, the contribution of telecommunication services towards the GNP of Information and Communication is going down. Puslitbang SDPPI 2018).

Based on the survey result of APJI (Asosiasi Penyelenggara Jasa Internet Indonesia – The Association of Indonesian Internet Service Providers 2018), currently the number of internet users in Indonesia is increasing by 10.12 percent; in which within the total population of 264 million people, there are 171.17 million people or about 64.8 percent people who have been connected to the internet. The figure increases from the penetration point in 2017 as many as 143.26 million people or 54.86%.

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Nevertheless, the penetration level of internet service in Indonesia is still low compared to other countries in South East Asia whereas Vietnam is 66%, the Philippines 71%, Malaysia 80%, Thailand 82%, and Singapore 84% making the latest country the highest (research result of Management Service of Hoot Suite content and social media marketing agency : We are Social 2019). The same case as the internet speed in Indonesia, which is still in the low level; it becomes the 9th out of 10 south-east Asian countries. According to a research done by CupoNation (E-commerce Service Provider, 2019), it was found out that the average speed of internet cable in South East Asia is 45.69 Mbps. Singapore is the country having the fastest internet cable, even it is above average. The average speed of Singapore internet can reach the highest speed at the point of 197.04 Mbps. Meanwhile, Malaysia comes second with the fastest speed at 70.18 Mbps. At the 4th and 5th positions come Vietnam and Laos with the speed of 27.21 Mbps and 22.09 Mbps. Indonesia, on the other hand, comes at the 9th position with the internet speed at 16.34 Mbps.

Competition in the internet service provider industry is very tight. It can be observed from the fact that the number of internet service providers in Indonesia which have been registered is now 727 companies (APJI 2019). This condition may influence the business performance of the companies. As shown on the income performance growth of some companies, the tendency of the growth pictures a decrease. PT. Telkom, for example, although it underwent absolute increase from 2016 until 2018, the percentage of its growth tends to go down about 19%. The same case happened to Smartfren which experience a decrease in their growth by 11%. The growth of Link net also goes down by 6%. Other providers such as Indosat, Centratama Tel, and First Media also experience income reduction. Details as per Figure 1 below.

The phenomenon that currently happens is that the number of internet users has increased which caused an increase in the traffic especially from cellular. However, the increase of the traffic is not accompanied by an increase of the income from data; whereas the income from voice product and SMS continuously goes down. Therefore, the income earned from telecommunication industry tends to decrease (Puslitbang SDPPI 2018). Internet service providers have tried to improve their capability to follow market demands in which – based on survey carried out among internet users - 52.36% internet users need strong signals; 18.36% users wants affordable price (survey APJI 2018). Dess et al (2018: 58) said that internet and digital-based capability will influence five competitive strength and industrial profitability, and have significant impacts on almost every industry. Internet and digital-based technology has fundamentally changed the way of doing business and how to interact with consumers. In most cases, the changes have influenced the strength of industry through five models of strength from porter and have created a lot of new strategic challenges. Dess et al (2018:148) also stated that competing strategy has an important role in placing within the right competition position in the industry; and the success of achieving generic strategy shall increase the relative strength of the company, the same as five strength of porter which can set up profitability level above average of the industry. Huff et al (2009:129) confirmed that creating the level of profitability will be influenced by the attractiveness of industrial environment and how companies compete; while Thomas I. Wheelen et al (2015:203) stated that competing strategy is very important because researches showed that business unit effect has double impact on the business performance in general compared to effect of industrial environment of businesses.

In order to improve business performance of internet service providers in Indonesia, so that the industry may increase its contribution towards the economic growth of Indonesia, the research on how industry attractiveness and competing strategy influence the business performance of internet service providers in Indonesia is carried out.

II. RESEARCH HYPHOTHESES

H1 : There is an influence of industry attractiveness towards the business performance of internet service providers

H2 : There is an influence of competing strategy towards the business performance of internet service providers

III. METHODOLOGY

The method used in this research is exploratory research aiming at testing the theory through the model built up. This research combines quantitative and qualitative approach. The qualitative approach is intended to find out the

answer based on depth interview to validate the result of quantitative research. Further the quantitative research is carried out through inferential statistic approach using Partial Least Square Path Modeling (PLS-Pm). According to Hair et al (2017) this method is suitable to be implemented to analyze the relationship among variables. To test the statistic hypotheses, test t student is utilized.

The Operation of the Research Variables:

Tabel 1: Variable Operation

Variable	Dimension	Indicator
Industry Attractiveness (X1) A tool to check competitive environment of industry level, mainly company capability within the industry to set up price and minimize cost. Dess et al (2016:52)	Threat from new comers (X11)	Product differentiation level
		Economic scale level
		License number level
		Capital requirement level
	Bargaining Power of Supplier (X12)	Level of supplier number high
		Level of cost to change supplier
		Forward integration level
		Level of supplier substitute product
	Buyer's bargaining power (X13)	Level of change buyer cost
		Buying volume
	Competition intensity among competitors within an industry (X14)	Level of competitor number
		Level of industry growth
		Level of industry demand
	Competing Strategy (X2) Strategy focusing on the improvement of product competitive position or company's service or a particular market segment served by company or business, comprising: Cost Leadership Strategy, Differentiation Strategy, Focus Strategy, and Hybrid Strategy. Thomas L Wheelen et al (2015: 203) Gerry Johnson et al (2009:52)	Cost Leadership (X2.1)
Setting up price that is lower than the competitor		
Differentiation (X2.3)		Company capability to provide unique and superior value to customers in terms of product quality, special features, and product bundling.
		After sales service which is different from the competitors
		Capability to provide product and service in a tight market of total market segment like a particular market segment.
Focus (X2.3)		Capability to obtain competitive superiority by offering products specially designed to attract preference and unique demand from a group of specific buyers
		Capability to obtain competitive superiority by serving a particular market segment through different types of service
		Capability to obtain competitive superiority based on cost by serving buyers in a target market segment with lower cost and lower price than competitors
		Capability to provide lower price for a better product quality compared to competitors
Hybrid (X2.4)		

Measuring company comprehensive performance by combining financial aspect, operational aspect on customer's satisfaction, internal process, and corporate innovation to improve and develop activities supporting future financial performance. Thomas L. Wheelen et al (2015:345)	Company Performance (Y)	Financial Perspective (Y1)	Capability to provide lower price with better service than competitors
			Level of income gain
			Level of income growth achievement
			Level of profit growth achievement
		Customers' Perspective (Y2)	Success in increasing the number of new customers
			Success in maintaining existing customers
		Perspective of internal business process (Y3)	Success in improving product quality and reliability
			Success in providing proactive after sales service
			Success in running internal business process efficiently
		Perspective of learning and developing the human resources (Y4)	Level of human competence especially in innovation
		Capability of adjusting information system in line with dynamic technology change	
		Leadership style that encourages employees to be achievers	

III.I. Unit of Analysis and Observation

To test the hypotheses, survey was conducted to 128 companies providing internet service in Indonesia. Data were collected through online survey and depth interview. Respondents' characteristics are shown in Table 2.

Table 2: Demography of Respondents

Demography		Frequency	Percentage (%)
Education	Bachelor's Degree	70	54.7
	Master's Degree	54	42.2
	Doctorate's Degree	4	3.1
Position	Manager	74	57.8
	General Manager	32	25.0
	Senior Manager	22	17.2

III.II. Partial Least Square-Path Modeling

To analyze the hypotheses of the research whether there is an influence of Industry Attractiveness and Competing Strategy towards company performance of internet service providers in Indonesia, Partial Least Square-Path Modelling (PLS-PM) is utilized (Henseler, Ringle, & Sinkovics 2009). PLS modelling studies the relationship among latent variables; between latent variables and their indicators; by minimizing mistake variance between endogenous and exogenous variables (Mezner & Nigh: 1995). PLS modelling is a suitable method for a prediction orientation research focusing on explaining endogenous construct intended to build a theory rather than testing the theory. PLS model focuses more on seeing the relationship among variables at the exploration level. In structural model, the minimum sample size required is generally 10 times of the number of the indicators. However, in PLS it is not prerequisite. PLS model can be applied for small number of data (Chin & Newsted, 1999), so that the number of respondents of this research, which is 128, can be considered to have met the requirement. Some research has shown that PLS modelling functions as SEM basing on covariance in terms of statistic data analysis (Henseler, Ringle, & Sinkovics 2009). As the consequences, PLS is getting more acknowledged as a valid approach for SEM in management and business research. In PLS modelling, there are two models: outer and inner models. The first model is measurement model or outer model. This model is describing the relationship between latent variables and

steps observed (i.e: items or indicators). The second is structural model or inner model which decides the relationship among different latent variables (Edwards & Bagozzi, 2000). Modelling is carried out in two steps. The first step is analyzing measurement model using PLS algorithm. The second step, structural model is predicted using bootstrap resampling procedure (Chin, 1998). It means standard and t-statistic errors for every parameter is predicted using bootstrap procedure at the total of 1,000 samples. Our analysis is using R software. The following parts present the main result of the research.

IV. RESULT AND DISCUSSION

This part analyzes the survey result on 128 respondents, covering the descriptive analysis and the modelling of the influence of industry attractiveness and the competing strategy on company performance of internet service providers in Indonesia.

IV.I. Descriptive Analysis

Table 3 below shows the statistic description of respondents' answers.

Table 3: *Descriptive Analysis*

Label	Indicators	Mean	SD	Min	Max
	Industry Attractiveness Variable	3.65	0.88	1	5
	Threat from new comers	3.56	0.92	1	5
X1.1	Product differentiation level	3.61	0.96	1	5
X1.2	Economic scale level	3.68	0.84	2	5
X1.3	License number level	3.57	0.87	2	5
X1.4	Capital requirement level	3.38	1.00	1	5
	Suppliers' Bargaining Power	3.56	0.93	1	5
X1.5	Level of supplier number high	3.60	0.88	2	5
X1.6	Level of cost to change supplier	3.46	0.89	2	5
X1.7	Forward integration level	3.56	0.96	1	5
X1.8	Level of supplier substitute product	3.63	0.97	2	5
	Buyers' bargaining power	3.61	0.88	2	5
X1.9	Level of change buyer cost	3.55	0.95	2	5
X1.10	Buying volume	3.68	0.81	2	5
	Competition intensity among competitors within the industry	3.91	0.79	1	5
X1.11	Level of competitor number	3.91	0.72	2	5
X1.12	Level of industry growth	3.93	0.83	1	5
X1.13	Level of industry demand	3.95	0.76	2	5
	Competing Strategy Variable	3.83	0.86	1	5
	Cost Leadership Strategy	3.71	0.79	1	5
X2.1	Controlling operational cost efficiently	4.02	0.79	2	5
X2.2	Setting up price that is lower than the competitor	3.39	0.80	1	5
	Differentiation Strategy	3.94	0.83	1	5
X2.3	Company capability to provide unique and superior value to customers in terms of product quality, special features, and product bundling.	3.91	0.85	1	5
X2.4	After sales service which is different from the competitors	3.97	0.81	2	5
	Focus Strategy	3.90	0.90	1	5
X2.5	Capability to provide product and service in a tight market of total market segment like a particular market segment.	3.93	0.85	1	5
X2.6	Capability to obtain competitive superiority by offering products specially designed to attract preference and unique demand from a group of specific buyers	3.88	0.88	1	5
X2.7	Capability to obtain competitive superiority by serving a particular market segment through different types of service	3.93	0.87	2	5

X2.8	Capability to obtain competitive superiority based on cost by serving buyers in a target market segment with lower cost and lower price than competitors	3.87	0.99	1	5
Hybrid Strategy		3.71	0.84	1	5
X2.9	Capability to provide lower price for a better product quality compared to competitors	3.83	0.88	1	5
X2.10	Capability to provide lower price with better service than competitors	3.58	0.84	2	5
Company Performance		3.74	0.80	1	5
Financial Perspective		3.78	0.83	1	5
Y1.1	Level of income growth achievement	3.77	0.82	1	5
Y1.2	Level of profit growth achievement	3.79	0.84	2	5
Customers' Perspective		3.68	0.80	2	5
Y2.3	Success in increasing the number of new customers	3.66	0.80	2	5
Y2.4	Success in maintaining existing customers	3.69	0.80	2	5
Internal business perspective		3.70	0.77	2	5
Y2.5	Success in improving product quality and reliability	3.68	0.71	2	5
Y2.6	Success in providing proactive after sales service	3.72	0.80	2	5
Y2.7	Success in running internal business process efficiently	3.70	0.80	2	5
Learning and Developing perspective					
Y2.8	Level of human competence especially in innovation	3.79	0.80	1	5
Y2.9	Capability of adjusting information system in line with dynamic technology change	3.75	0.80	1	5
Y2.10	Leadership style that encourages employees to be achievers	3.87	0.79	1	5

Goodness of fit

The initial step in structural modelling is to conduct tests on the fitness of the model simultaneously. The analysis result showed that goodness of fit index of this research model is 0.6504. This value is far greater than the minimum limit 0.380. Hence, it can be concluded that this research model fits the research data well. In other words, the result of this research is capable of describing the real condition in the field.

IV.II. Validity and Reliability of Indicators and Dimensions

Analysis on the validity and reliability of measurement model is carried out next. The measurement model in this research is built through second order scheme. For validity analysis, the author analyzed the standardized loading factor; while for reliability analysis, the author analyzed the composite reliability value and average variance extracted (AVE). The value of the loading factor is stated valid if it is more than 0.500; for composite reliability must be greater than 0.70 and AVE must be greater than 0.50 (Fornell and Lareker, 1981).

The result of the analysis is presented in Table 4. It shows that all indicators and dimensions have loading factors greater than 0.500; and reliability composite value greater than 0.700. Thus, all indicators and dimensions are considered valid and reliable in measuring the research variables.

Label	Indicators	Standardized loading factor	CR	AVE
	Industry Attractiveness Variable		0.92	0.47
	Threat from new comers	0.81	0.89	0.67
X1.1	Product differentiation level	0.85		
X1.2	Economic scale level	0.81		
X1.3	License number level	0.82		
X1.4	Capital requirement level	0.81		
	Suppliers' Bargaining Power	0.88	0.89	0.67

X1.5	Level of supplier number	0.84		
X1.6	Level of cost to change supplier	0.79		
X1.7	Forward integration level	0.81		
X1.8	Level of supplier substitute product	0.84		
	Customers' bargaining power	0.77	0.8 8	0.79
X1.9	Level of change buyer cost	0.88		
X1.1 0	Buying volume	0.89		
	Competition Intensity among competitors within the industry	0.78	0.8 9	0.73
X1.1 1	Level of competitor number	0.82		
X1.1 2	Level of industry growth	0.89		
X1.1 3	Level of industry demand	0.85		
	Competing Strategy Variable		0.9 1	0.52
	Cost Leadership Strategy	0.73	0.9 0	0.82
X2.1	Controlling operational cost efficiently	0.92		
X2.2	Setting up price that is lower than the competitor	0.88		
	Differentiation Strategy	0.76	0.9 2	0.86
X2.3	Company capability to provide unique and superior value to customers in terms of product quality, special features, and product bundling.	0.93		
X2.4	After sales service which is different from the competitors	0.92		
	Focus Strategy	0.91	0.9 0	0.69
X2.5	Capability to provide product and service in a tight market of total market segment like a particular market segment.	0.81		
X2.6	Capability to obtain competitive superiority by offering products specially designed to attract preference and unique demand from a group of specific buyers	0.86		
X2.7	Capability to obtain competitive superiority by serving a particular market segment through different types of service	0.85		
X2.8	Capability to obtain competitive superiority based on cost by serving buyers in a target market segment with lower cost and lower price than competitors	0.79		
	Hybrid Strategy	0.78	0.9 3	0.86
X2.9	Capability to provide lower price for a better product quality compared to competitors	0.93		
X2.1 0	Capability to provide lower price with better service than competitors	0.93		
	Company Performance		0,9 3	0.58
	Financial Perspective	0.84	0.9 2	0.85
Y1	Level of income growth achievement	0.92		
Y2	Level of profit growth achievement	0.92		

Customers' Perspective	0.89	0.89	0.81
Y3 Success in increasing the number of new customers	0.90		
Y4 Success in maintaining existing customers	0.89		
Internal business perspective	0.90	0.90	0.74
Y5 Success in improving product quality and reliability	0.86		
Y6 Success in providing proactive after sales service	0.83		
Y7 Success in running internal business process efficiently	0.89		
Learning and Developing perspective	0.86	0.87	0.70
Y8 Level of human competence especially in innovation	0.86		
Y9 Capability of adjusting information system in line with dynamic technology change	0.88		
Y10 Leadership style that encourages employees to be achievers	0.76		

Table 4 above presents the analysis result of construct validity. The result of the analysis needs to be supported by the result analysis of discriminant validity. Discriminant validity indicates the ability degree of the indicators and dimensions to differentiate the variables being measured (Fornell-Lareker 1981; Gotz, Liehr_Gobbers and Kraft 2009). One of the criteria often used in this validity is comparing the AVE value with the correlation value among the dimensions. The square root value of AVE must be greater than the correlation value among the dimensions. This condition is shown in Table 5. The analysis result shows that the square root value of AVE is greater than the correlation value among the dimensions. It means that every dimension is able to differentiate the variable being measured very well. In other words, the questionnaire made has a good validity.

Tabel 5: Discriminant validity

	DT	S	KP	X1.A	X1.B	X1.C	X1.D	X2.A	X2.B	X2.C	X2.D	YA	YB	YC	YD	\sqrt{AVE}
DT	1.00															0.69
SB	0.50	1.00														0.72
KP	0.60	0.66	1.00													0.76
X1.A	0.81	0.43	0.51	1.00												0.82
X1.B	0.88	0.41	0.53	0.60	1.00											0.82
X1.C	0.77	0.36	0.39	0.46	0.63	1.00										0.89
X1.D	0.78	0.43	0.47	0.49	0.55	0.56	1.00									0.85
X2.A	0.48	0.73	0.63	0.42	0.42	0.30	0.41	1.00								0.91
X2.B	0.30	0.76	0.40	0.26	0.18	0.24	0.33	0.51	1.00							0.93
X2.C	0.39	0.91	0.56	0.32	0.33	0.29	0.31	0.49	0.60	1.00						0.83
X2.D	0.47	0.78	0.54	0.41	0.40	0.34	0.37	0.46	0.38	0.66	1.00					0.93
YA	0.51	0.62	0.84	0.46	0.39	0.36	0.45	0.59	0.36	0.54	0.50	1.00				0.92
YB	0.52	0.52	0.89	0.46	0.44	0.35	0.41	0.55	0.33	0.41	0.40	0.72	1.00			0.90
YC	0.56	0.57	0.90	0.47	0.55	0.36	0.39	0.53	0.38	0.47	0.45	0.61	0.78	1.00		0.86
YD	0.48	0.59	0.86	0.38	0.45	0.29	0.42	0.52	0.32	0.54	0.51	0.64	0.63	0.68	1.00	0.84

DT: Daya Tarik Industry (Industry Attractiveness)

SB: Strategi Bersaing (Competing Strategy)

KP: Performansi Perusahaan (Company Performance)

X1.A : Threat from New Comers

X1.B: Suppliers' Bargaining Power

X1.C: Buyers' Bargaining Power

X1.D: Competition Intensity within the industry

X2.A: Cost Leadership Strategy

X2.B: Differentiation Strategy

X2.C: Focus Strategy

X2.D: Hybrid Strategy

YA: Financial Perspective

YB: Customers' Perspective

YC: Internal Business Process Perspective
YD: Learning and Developing Perspective

Analysis on the Influence of Industry Attractiveness and Competing Strategy towards the Company Performance of Internet Service Providers in Indonesia

After validity and reliability have been analyzed, the influence of industry attractiveness and competing strategy towards the company performance of internet service provider is studied. The result is shown in the following table.

Table 6: *The Influence of Industry Attractiveness and Competing Strategy towards Company Performance*

Variable	Regression Coefficient	t-value	Decision
Industry Attractiveness	0.352	4.960	Rejected H0
Competing Strategy	0.485	6.850	Rejected H0

The analysis using PLS-PM indicates that competing strategy variable gives a bigger influence towards company performance, compared to the industry attractiveness variable. This research confirms the previous research done by Nurul Hermina and IGM Jaya (2018) titled: "Improving the Business Performance of Small-Medium Enterprises in Indonesia through Improvement in the Competition Strategy", involving 94 respondents of small-medium enterprises in Indonesia. The research showed that business strategy influenced in a positive way, the company performance significantly. Another previous research done by Yanney (2014) also strengthened the result as written in: "Business Strategy and Leadership Style: Impact on Organization Performance in the Manufacturing Sector of Ghana", a research involving 641 small-medium businesses in Accra, Ghana. The result of the study showed that competing strategy has a significant influence on the company performance; in which cost leadership strategy had a bigger influence compared to differentiation strategy and focus strategy.

From the table above it can be observed that the influence level of competing strategy is 0.485 deviation standard, while the influence of industry attractiveness is 0.352 deviation standard. Both variables contribute a determination coefficient as much as 0.531 which means that 53.1% of changes that happens to company performance of internet service providers in Indonesia is influenced by changes that happens with the aspects of competing strategy and industry attractiveness implemented by the companies. Both variables contribute a significant impact at the significance level of 5%; which means that changes on the industry attractiveness and competing strategy variables are generally able to improve company performance of internet service providers in Indonesia. Anthony E. Henry (2011: 101, 220) confirmed this result, stating that a competitive environment has a direct impact on the performance of the organization and five strengths of Porter become the analysis tool which is useful to evaluate some profitability determining factors of the industry and assess company performance. By understanding the interaction between strategy and industry environment, businesses shall be able to adjust strategy and their environment in a better way; or endeavor to change the environment to create profit.

Determining the most suitable strategy in order to improve the company performance of internet service providers in Indonesia must be done carefully. Indonesia with a very big population is a potential market for internet. The growth on the number of internet users shows significant increase every year. Industry attractiveness of internet business in Indonesia is still considered profitable as the market segment is large and the population is huge; with a support from the fast growing use of social media, the business becomes a very profitable opportunity for internet service providers. In connection with this and to maximize the available business opportunity; and to improve company performance of internet business, internet service providers should pay attention to the aspects that are able to encourage growth which are based on the research result shown in the following Figure 2; whereas aspects of competing strategy and industry attractiveness must become the main focus.

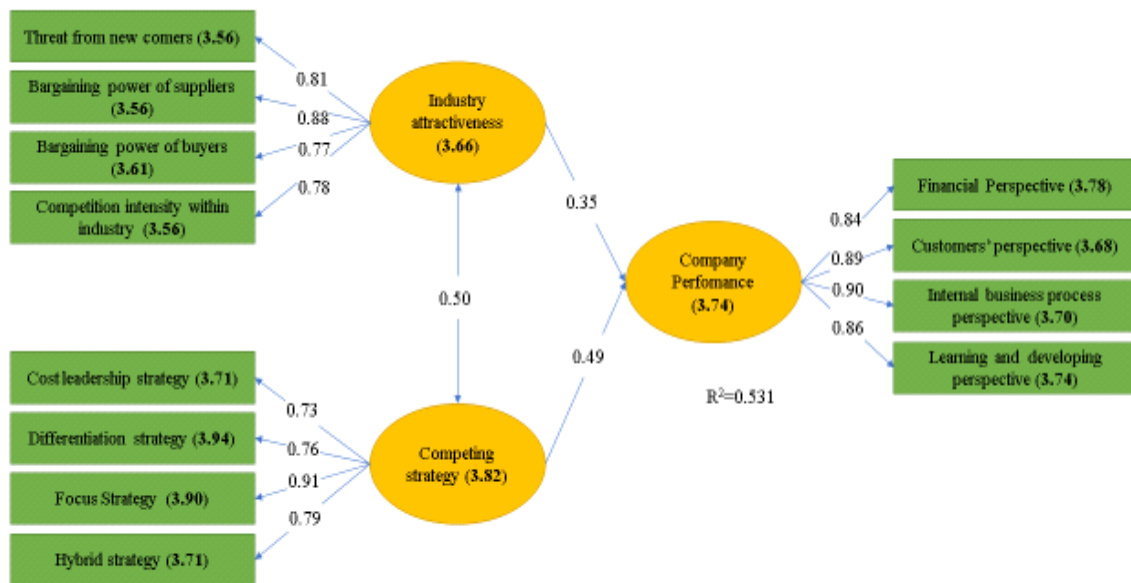


Figure 2: *Modelling of Industry Attractiveness and Competing Strategy towards the Company Performance of Internet Service Companies in Indonesia*

It can be observed that the dimensions having the lowest average scores and the greatest loading factors must be prioritized. It is obviously clear that the most important dimension of industry attractiveness is the dimension of suppliers' strength with the greatest loading factor 0.88. However, this dimension has the lowest average, which is 3.56. This dimension should be the focus of improvement on the variable of industry attractiveness. Further, the dimension that must be the priority for improvement in competing strategy is focus strategy because it is considered the most important although the average score is good enough, which is 3.90. For company performance dimension, the most important is internal business perspective with a loading factor of 0.90 and average 3.70. In general the analysis of importance and performance level is presented in the following Figure 3.

Notes:

- X1.A : Threat from New Comers
- X1.B: Suppliers' Bargaining Power
- X1.C: Buyers' Bargaining Power
- X1.D: Competition Intensity within the industry
- X2.A: Cost Leadership Strategy
- X2.B: Differentiation Strategy
- X2.C: Focus Strategy
- X2.D: Hybrid Strategy
- YA: Financial Perspective
- YB: Customers' Perspective
- YC: Internal Business Process Perspective
- YD: Learning and Developing Perspective

Performance and importance analysis concludes that three dimensions are in quadrant III, which is a quadrant with high level of importance but less performance. The three dimensions are Suppliers' Bargaining Power (X1.B), Customers' Perspective (YB) and Internal Business Process (YC). Improvement on these three dimensions must be done simultaneously to fasten the improvement on the company performance of internet service businesses.

V. CONCLUSION

Indonesia is a very potential market for internet industry. With a population reaching up to 264.16 million of people (APJII: 2018), it becomes the biggest country accessing the internet. The development of social media which is massive provides the internet service providing industry with a big business opportunity. In order to win the competition in this digital era, internet service providers are forced to improve their business performance. The analysis result finds that achievement on company performance of internet service providers in Indonesia is mostly influenced by competing strategy, than industry attractiveness. While the priority dimensions are: suppliers' strength, focus strategy, and internal business process. From the result of the study, it can be concluded that superior business performance can be achieved by formulating the right competing strategy, and at the same time paying attention to the dynamics of environment changes in the internet service industry in Indonesia.

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