The Influence of Market Attractiveness and Unique Resources on Business Strategy and its Implications on Business Performance
(A Study on The Environment of Business Unit in Defence-Based Strategic Industries in Indonesia)

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Abstract

Strategic industry has a very important role, particularly to support manufacture industry to be a hi-tech industry, to create synergy and to prepare complete infrastructure development thus could support national economic development and to build needed defends industry. Ironic reality happens is although this sector has important role but more than ten years, it become more and more buried. The fact gained from preliminary survey (March, 2012), generally strategic industry business units hard to reach original target, instead gaining 100% target or more, within these five years it is hard to reach 80% for them. They have small profit and some of them suffer a financial loss.

Recent less optimum of strategic industry business performance probably caused by their weakness in business strategic planning and the building of value creation is not fully refer to market demand. In other side their management levels don't be able to explore market interest in their business area maximally and many of business opportunities are not yet used. From the phenomenon above we could see that strategic industry still don't be able to anticipate existing business opportunities, not ready to compete intensely since they have limited resources, and they are also still

hard to access the market that caused by less capable human resources and other support medium.

Based on the description above, it will be used as research subject to cover and examines data and information about the effect of market interest and unique resources to business strategy and its implication to business performance in Indonesia. Investigation type used for this research is causality, which is testing the relationship and the effect of independent and dependent variable. Analysis approach and solution technique used as tool analysis in this research is Partial Least Square (PLS). PLS is an alternative analytic method wit variance based – Structural Equation Modeling. From the research reveal that in formulating business strategy the most influencing dominant variable is unique resources, since it gives dominant contribution rather than market interest. Meanwhile dimension that build unique resources as dominant variable is tangible and intangible assets. Business strategy' most dominant variable to create business performance is product differentiation and competitive sale pricing compared to competitor' price.

Based on the research' result, management recommended to take strategic steps particularly to develop unique resources that focus to build more proper asset related to production tools' medium and infrastructure, suffice information and technology tools that matched to the defend based strategic industry's market demand. Business strategy considered to using re segmenting and re positioning strategy thus it could more selective to target the market, in order to get effective effort to create company's profit.