

## **Analysis on Resources and Organizational Culture as Sustainable Competitive Advantages in a Printed Newspaper Company in Semarang**

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### **Abstract**

Competition in printed media business is getting severe in the digital era due to the growing number of online media. Online media presents more varied news in faster ways for the public. The covid-19 pandemic exacerbates the condition as a lot of hotels, government institutions, banks, and private companies stop subscribing printed newspaper. The research aims to analyze whether resources and organizational culture of a printed newspaper company in Semarang imply sustainable competitive advantages. This research implemented qualitative method which was by interviewing three managers and employees of four departments to obtain data. The VRIO analysis was used to analyze the data. The results show that not all company's resources imply sustainable competitive advantages; only human resources, organizational structure, and market do so. The financial and physical resources possess temporary competitive advantages. In terms of organizational culture, only kinship implies sustainable competitive advantage. Disciplinary and honesty have competitive parities and identity and policy have temporary competitive advantages.

**Keywords:** company resources, organizational culture, VRIO, sustainable competitive advantages

### **INTRODUCTION**

Printed media publishers are currently facing big threats for sustaining their business because of the stiff rivalries among printed media companies. Nowadays, printed media competition is getting severe in the digital era due to the growing number of online media. They are able to presents more varied news in faster ways for the public. According to Supadiyanto (2013), this is the direct implication of technology shift from paper-based

printed media to paperless newspaper. The technology behind the paperless newspaper brings benefits such as very low production cost and zero distribution cost.

The covid-19 pandemic exacerbates the condition as a lot of hotels, government institutions, banks, and private companies stop subscribing printed newspaper. As the consequence, number of daily circulation and advertisements revenue have been decreasing. Traditionally, these are the indicators of competitiveness. The printed newspaper company addressed by this research is also experiencing this and competitiveness becomes its concern to sustain in the business.

This company located in Semarang has been in the business for about 70 years. This indicates that the company has adequate resources and strong organizational culture. The research aims to analyze whether the resources and organizational culture of the company imply sustainable competitive advantage. This is important for the company to deal with the intense competition in the market and to sustain the business.

## **LITERATURE REVIEW**

A company usually strives to achieve its goals and targets in the competition it is facing. The success in doing so will be possible if it owns competitive advantages through values creation and the creation is possible when the competitors do not imitate the company's strategy (Assauri, 2013). To build competitive advantages, company needs to understand strategy and the role of strategic management in leveraging sustainable competitive advantages.

Barney (2012) said there are four indicators enabling company to turn its competency into sustainable competitive advantages. They are valuable, rare, inimitability and non-substitutability. Rare refers to scarce competency owned by the company among the existing

firms and potential competitors. The competency may relate to particular resources a company has.

Company resources refer to the information system intended for manufacturers or service providers that takes role in integrating and automating business processes in operation, production or distribution aspects of the companies (Alma, 2008). They include human capital, financial, physical, organizational structure, and market.

Organizational culture refers to a characteristic of an organization and serves as guideline for the organization that distinguishes it from others. According to Alma (2008), the culture will form behaviors of the employees and significantly influences thought, feeling, and action of each employee while working. Organizational culture covers discipline in being in time and achieving work target, honesty and transparence in giving information related to career and contribution that can be made to the company, attention to employees' need, company identity, and policies on employee's status.

Ability of a company in managing its resources can produce competitive advantage. Such ability is called dynamics capability that refers to capability in creating, maintaining, and revising company's ability. The resources are excellent if they are rare, unique, and inimitability (Saputra, 2017). If a company owns resources and capabilities that meet the criteria of valuable, rare, inimitability, organization (VRIO), it can definitely attain competitive advantages.

## **METHODS**

The research implemented qualitative method that refers to a research technique for analyzing natural condition of an object. Here, the researcher functions as the key instruments, data analysis is inductive, and it emphasizes more on meanings instead of generalizations (Sugiyono, 2016:1). It particularly aims to understand if resources and organizational culture

support in creating sustainable competitive advantage of the company. It addressed a printed newspaper company in Semarang.

The data consist of operational fee, circulation, ads revenue, organizational structure, company profile, readership, presence list, company's resources, and organizational culture. The data were obtained from four managers of the daily operation of the printed comprising the Editor-in-Chief, the Director of Sales and Marketing Business, the HRD Senior Manager, and the Sales and Product Senior Manager, and three department staff which each represents the Marketing Department, the Advertising Department, and the Editorial Department. The open and well-structured questions was distributed to the informants prior to the interview for them to understand the questions.

The collected data was analyzed under the scheme of VRIO aimed at identifying relevant competitive advantage of the company. Managerial implications were then defined accordingly.

## **RESULTS AND DISCUSSION**

### **The Company Profile**

The company is a printed newspaper established in 1950. It launched its first newspaper in Solo in amount that was considerably a lot as a local newspaper at that time. It expanded the market to other cities including Semarang for being able to compete with other newspapers.

It did not have its own printing machines and collaborated with another company that published the newspaper in Dutch. Accordingly, the company could only produce and circulated the newspaper in the evening. Once it had its own machines, the publication was change into the morning. Along the time, the circulation has covered the entire Central Java

and had been able to position as the newspaper read by the most people in Semarang. Currently, the management is the third generation.

### **The Company's Resources**

The four departments of editorial, advertising, HRD, and marketing were the focus of the research. They relate directly to the operational of the printed newspaper.

#### ***Editorial department***

The editorial department is responsible for creating articles that become the news. The process of creating news involve journalists, editors, cultural practitioners, and caricatures. They have specific capability differentiated from those belong to other companies and was managed well by the company by providing trainings, fellowship programs, seminars, internal apprenticeship. They are considered as having unique capability.

The editors worked their best to put feasibility and journalism standards in every news created by the journalists. This created value for the company. They applied work system according to the norm and common regulation so they can work more efficiently and effectively to contribute to the company revenues.

Physical resources owned by the department were offices, vehicles (cars and motor cycles), and cameras. These are rare since many others similar companies did not their own offices and vehicles. It however did not have their own printing machines.

The organizational structure of the department was clear and in accordance to the regulation of the journalist board (*Dewan Pers*). However, this is not an advantage since others can have the same structure.

They had valuable the market since the department produced news that were very local dan hyper local and addressed specifically issues about Central Java. These and the geographic area of distribution covering Central Java, DIY, East Java, and Jakarta created strengths for the

department. In particularly Central Java, the department had good relationship with local private or governmental informants.

### ***Advertising department***

The advertising department has staff with good capability in making work plan, working in team, and achieving the target. They are considerably loyal and thus the employee turnover has been very low including during the covid-19 pandemic. This was possible due to the kinship applied by the company that was able to create a good work environment in which employees support each other. It was supported by the opportunities provided by the company for employees to study and develop themselves.

The department tried to increase revenue from many aspects: advertisements (newspaper), circulation (subscribers), e-paper, events, dotcom, social media, and SMI (training). It also do it from the organic aspect through procurement, database/analytical service, and network management. On the other side, it suppressed promotional budget by determining priority, reduce budget, cooperation/barter, and negotiation/reschedule budgeted programs. However, these efforts do not need high cost and thus can be imitated by others.

Similar to the editorial department, the advertising department also had their own offices located in very good location accessible from many places. It had equipment and technology (IT, systems, and procedures) supporting the operational according to the clients' needs. However, others having more capital can imitate them easily.

The organizational structure of the department was also established and it was supported by operational standards for achieving the predetermined targets covering job description and responsibility of each. This is the advantage of the department and is difficult to be imitated.

Market of the advertising department covered Central Java and its surrounding. The department had already had cooperation with many institutions such as educations, businesses, communities, associations, and governmental bodies. Such long and strong relationship cannot

be imitated easily because it needs time and cost to build the relationship. Internally, it maintained professionalism, responsibility, and commitment; focused on measurable results; collaborated and adapted to the clients' needs without losing focus on the vision and mission of the company.

### ***HRD department***

Recruitment has been conducted selectively by the HRD department according to the company's need in terms of qualifications and quantity. This creates employees with rare capability. The employees' capability is also inimitable since it relates to comfortable work environment, close relationship with the management, facilities, and opportunities for developing capabilities provided by the company.

The HRD department created priority budgeting on fix and variable costs to be more effective and efficient. They looked for cheaper materials with acceptable quality and reduce the number of staff on the acceptable level during the covid-19 pandemic.

Office, equipment, and technology owned by the department are similar to those owned by the other departments and are also easily imitated by others. Operational standards had been applied well in the department. They were monitored carefully and evaluated periodically that make them valuable, rare, inimitable, and well organized.

### ***Marketing department***

Staff of the marketing department did not have social complexity in their relationship with others, had no willingness to move out to other companies, and participated in trainings provided by the company. These have made them valuable, rare, intimidated, and supported by the organization.

The marketing department tried to maximize the company's revenue by leveraging the sale of printed newspaper and producing e-paper. It evaluated all channel of distributions

comprising dropping points on agents or expedition targets and combined them if necessary for reducing costs.

The physical resources owned by the marketing department cover printed media enabling it to create better and unique articles. The department put priority to use the resources for serving subscribers on information and access to the newspaper. It needs high cost to imitate them. On the other side, it does not need high costs for imitate organizational structure applied in the department even though according to the organizational structure, performance of each staff was evaluated weekly and monthly.

The marketing department had relatively comprehensive segments in term of age, gender, and occupation and broad market coverage in the entire Central Java and penetrated to municipalities and villages. It managed the marketing activities by establishing branch offices, marketing representative offices, and administrative offices in each city and municipalities for organizing the market well.

#### ***VRIO analysis on the company's resources***

Based on the VRIO analysis presented in table 1, the four departments of editorial, advertising, HRD, and marketing have sustainable competitive advantages in their human resources. In terms of financial resources, departments of advertising and HRD had temporary competitive advantages due to the fact that the department of advertising generates the highest revenue and on the opposite the department of HRD spends the least expense. Meanwhile, the department of editor and marketing were identified as having competitive parity.

The VRIO analysis on physical resources reveals that the editorial department, the advertising department, and the HRD department have temporary competitive advantages. Only the Marketing Department owns sustainable competitive advantage. Overall, the company has temporary competitive advantages in its physical resources as the three departments have temporary competitive advantages.



**Table 1. Company’s Resources Competitive Advantage**

No		Valuable	Rare	Costly To Imitate	Exploited By Organization	Competitive Implication
1	<b>Department of Editorial</b>					
	Human Capital	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Financial	Yes	No			Competitive Parity
	Physical	Yes	Yes	No		Temporary Competitive Advantage
	Organizational Structure	Yes	No			Competitive Parity
	Market	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
2	<b>Department of Advertising</b>					
	Human Capital	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Financial	Yes	Yes	No		Temporary Competitive Advantage
	Physical	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Organizational Structure	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Market	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
3	<b>Department of HRD</b>					
	Human Capital	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Financial	Yes	Yes	No		Temporary Competitive Advantage
	Physical	Yes	Yes	No		Temporary Competitive Advantage
	Organizational Structure	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
4	<b>Department of Marketing</b>					
	Human Capital	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Financial	Yes	No			Competitive Parity
	Physical	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Organizational Structure	Yes	Yes	No		Temporary Competitive Advantage
	Market	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage

Overall, the company owns sustainable competitive advantages in its organizational structure as contributed by its two departments: advertising and HRD. While the editorial department has competitive parity only. Similarly, the company also has sustainable competitive advantage in its market resources since three departments (editorial, advertising, and marketing) have sustainable competitive advantages.

## **The Organizational Culture**

### ***Editorial department***

Disciplinary had been erected well. Regular evaluation on quality of news created by the journalists was conducted daily and every weekend. Those submit news that are not in accordance with the regulation will get a reprimand. The department did not have attendance machine for controlling employee absence.

In order to promote honesty, the department appreciated any innovative ideas coming from the employees. Even though it is valuable for the department but not rare or unique.

Kinship is highly valuable in the editorial department which can be seen from employee loyalty. The employees were treated as if they are a family in which relationship between the manager and employees was equal. It needs time to build such relationship. The activities intended to strengthen this kinship such as regular '*pengajian*' (praying) and refreshing events outside the office make it valuable, rare, inimitate, and well organized.

Identity of the journalists had considerably strong since it was mandatory for them to take journalist competence test. They were also given an official identity. Thus, it is valuable.

The department had already had comprehensive knowledge on journalist ethics that was the basic regulation for doing the business. It conducted check and recheck to the informants for each news, to content examination prior to publication, and to track the informant's profile.

### ***Advertising department***

Disciplinary in the department is considerably valuable since it already had list of those who had to work overtime set according to the work need and list of client's complaints that had been followed up well and was used for the basis of performance evaluation.

Performance appraisal of the employees in the department had not been integrated and digitalized even though the system had been referred to the key performance indicators (KPI). Regular appraisal was conducted daily, weekly or monthly through communication and

coordination with the related supervisor. This honesty aspect of the organizational culture is valuable, but not rare.

Kinship in the marketing department was reflected from good relationship between the manager and employees and between the owner and employees. As a consequence, job rotation was rarely conducted. The department organized informal meeting regularly involving family members of the employees and provided appreciation for an achievement.

Even though each employee in the department had been registered in the Workforce Department and had health insurance, these are difficult for competitors to imitate.

In term of regulations, the department was open and accept any ideas, opinions, critics that contribute in developing the company. Sharing, discussion, or brain storming were conducted regularly to get inputs and solutions. This is rare and becomes more difficult to imitate since it also conducted periodic gatherings with governmental executives, legislative, and judicative; as business associations such as Kadin, HIPMI; officers in army and police departments; and advertising agents. Reward and punishment to leverage motivation, appraisal, KPI, career path, promotion, formal education, short courses, trainings, commitment and consistence were well regulated.

### ***HRD department***

The department applied punishment for those who come late and reward for those who achieved high performance. Each month the department evaluated employees' punctuation in attaining the target. These however are not unique and easily copied.

The department erected honesty through employee performance evaluation by the direct manager and was conducted regularly. This way is common and applies by many other similar companies.

The department arranged activities to tighten kinship among the employees and their family in any occasions such as company anniversary, *pengajian*, and *tarawih*. This kinship is

valuable but not rare. Similarly, it applies to identity. Even though each employee in this department had been given official identity and health insurance, these are not rare.

### ***Marketing department***

Disciplinary in the marketing department is attained in distributing the newspaper on time to the readers. It monitored closely the production process from the editorial to the printing to see if each process had been run according to the set time. It also monitored the distribution from the uploading the newspaper to the expedition cars to the agents and subscribers on time.

Honesty had not well established in the marketing department since employee performance evaluation had not yet conducted regularly. This was thus the weakness. However, kinship was built well by organizing weekly meeting with the employees, communicating and coordinating through whatsapp group, and having parties.

Similar to the HRD department, each employee in the marketing department had also been given official identity and health insurance. These are also not rare but valuable.

The department applied an effective strategic management process in order to give excellent service to the customers in terms for example maintaining the newspaper distributed timely.

### ***VRIO analysis on the organizational culture***

Table 3 presents VRIO analysis on organizational culture of the company. The result indicates that in term of discipline, the editorial, advertising and marketing departments have competitive parities and only the HRD department has temporary competitive advantage. Surprisingly, the marketing department was identified as having competitive disadvantage in honesty, while the other three have competitive parity.

**Table 3. Competitive Advantage of the Organizational Culture**

No		Valuable	Rare	Costly To Imitate	Exploited By Organization	Competitive Implication
1	<b>Department of Editor</b>					
	Discipline	Yes	No	No		Competitive Parity
	Honesty	Yes	Yes	No		Temporary Competitive Advantage
	Kinship	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Identity	Yes	Yes	No		Temporary Competitive Advantage
	Policy	Yes	Yes	No		Temporary Competitive Advantage
2	<b>Department of Advertising</b>					
	Discipline	Yes	No			Competitive Parity
	Honesty	Yes	No			Competitive Parity
	Kinship	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Identity	Yes	Yes	No		Temporary Competitive Advantage
	Policy	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
3	<b>Department of HRD</b>					
	Discipline	Yes	Yes	No		Temporary Competitive Advantage
	Honesty	Yes	No			Competitive Parity
	Kinship	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
	Identity	Yes	Yes	No		Temporary Competitive Advantage
	Policy	Yes	Yes	No		Temporary Competitive Advantage
4	<b>Department of Marketing</b>					
	Discipline	Yes	No			Competitive Parity
	Honesty	No				Competitive Disadvantage
	Kinship	Yes	Yes	No		Temporary Competitive Advantage
	Identity	Yes	Yes	No		Temporary Competitive Advantage
	Policy	Yes	No			Competitive Parity

Since three departments (editorial, advertising, and HRD) have sustainable competitive advantages in its kinship and only the marketing department owns temporary competitive advantage, overall the company is thus identified as having sustainable competitive advantage for its kinship aspect.

The company has temporary competitive advantages in its identity as all departments identify this competitive advantage. Moreover, competitive advantage in terms of policy shows variety result. It is identified that the editorial department and the HRD department have temporary competitive advantages, the advertising department owns sustainable competitive advantage while the marketing department has competitive parity.

## **CONCLUSION AND IMPLICATIONS**

Of the five resources, the company has three resources with sustainable competitive advantages, i.e. human resources, organizational structure, and market. Whereas financial and physical resources have temporary competitive advantages.

In terms of organizational culture, only one element, kinship, brings sustainable competitive advantage. Meanwhile, discipline and honesty are at competitive parities, and identity and policy are at temporary sustainable advantages.

The results indicate that the company expects to retain the resources and the organizational culture that already possess sustainable competitive advantages. In addition, it needs to keep improving the other elements of resources and organizational culture in order to attain the sustainable competitive advantages. Therefore, it is able to deal with rivalries against other printed media and to maintain its business existence.

As the implications in financial sector, the company should assign all the departments to generate revenue from either advertising or newspaper circulation. It can utilise the physical resources to establish large representative offices of new businesses. It for example can turn the offices into garden libraries with café concepts.

In order to increase disciplinary habit, all the departments should install attendance machine to control employee discipline. The company should provide more transparent descriptions on staff career path to motivate the employees to work better. For complying with

the regulations on working period, the company may upgrade temporary employee status to be permanent one to enhance their productivity. Accordingly, the company needs to set definitive criteria on reward and punishment for the employees.

This research had limitation in terms of the number of informants. Future research can use more informants comprising managers and employees. Henceforth, it can produce more information and encompass all components within the company.

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