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Good Service Strategies Affect Competitive Advantage

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ABSTRACT

The purpose of this study is to determine the effect of service on competitive advantage. The unit of analysis in this study is the manager of a manufacturing industry company in South Sumatra. The results showed that a good level of service would create a competitive advantage that had the characteristics possessed by managers to produce a production advantage over similar companies. Furthermore it was found that the effect of service on competitive advantage companies must understand how to manage the various resources they have. An important key to winning competition lies in the company's ability to create competitive advantage. Competitive advantage can come from various company activities such as in designing, producing, marketing, delivering, and supporting its products. Each of these activities must be directed to support a relatively low cost position with good quality on the basis of creating differentiation.

Keywords: Service Strategy, Manufacturing, Competitive Advantage
JEL Classifications: L6, O14

1. INTRODUCTION

The needs of products and services and their customers, the company continues to be demanded to try to excel above its competitors. Then Hertati (2019) states that one thing that is not always seen is the fact that a company will also be able to achieve competitive advantage through the use of virtual resources. Robin (1998) States that competitive advantage refers to the use of appropriate information technology in the market (Hertati, 2019).

Syafarudin (2016) states that companies in the face of competition together compete in producing and providing value for their customers. The same thing was expressed by Syafarudin and Sudiarditha (2018) stating that a product with a low price of good quality is in accordance with the value expected by the customer. Furthermore Syafarudin (2019) argues that the goal of developing a strategy is to produce superior value or better customer service than what can be done by.

Technology changes so quickly that cognitive abilities become the most needed skills, followed by system skills, complex problem solving, content skills, and process skills. It also shows that to face the industrial era 4.0, it requires human resources who have flexible cognitive abilities, good logic, sensitive to problems, the ability to deal with intense business competition and visualization (Hertati, 2015). The shift in cognitive abilities skills becomes both interesting and a challenge for human resources across the industrial era 4.0 (Hertati and Sumantri, 2016). Competitive advantage can be achieved if the company is able to provide more value to customers.

According to Kotler (2003. p. 43) competitive advantage can come from a variety of corporate activities carried out such as designing, producing, marketing, and supporting its products. Innovation strategies encourage the manufacturing industry to actively develop modern production while creating profits so as to maintain consumer loyalty. Through innovation, indirectly opens opportunities for companies to market new products in

different segments. If the company is not aggressive in doing the highest risk innovation with competing companies, in the value chain (Porter, 1993. p. 156). This has an impact on consumer behavior that is selective and rational in purchasing a product or service. The act is caused by the wider consumer's knowledge of the type and characteristics of the product or service.

Various regional economic cooperation such as the European Economic Community (EEC), European Economic Community (WTO) and others can create a strategic trading climate (strategic alliances), the competition that occurs is no longer the competition of each company but already competition between alliances. Many companies in the world have joined together to form alliances (Milgrom and Roberts, 1995). The implication of the existence of a world free trade agreement is that trade alliances are demanded to be ready to fight in the competition.

This is done to be able to create competitive advantage from the resources it has, not just rely on comparative advantage which has been a strategy of countries in the world in competition, but can also be realized by producing goods and services that are quality. This means that compliance can be met (comformance) between those set by the company and customer demand. Howard Douglas and William (2001). The influence of the development of information technology and manufacturing produced by other similar industries in increasingly advanced competition, also greatly affects the national industry, because the possibility of competitors can produce goods/ services quickly and of high quality. The advancement of manufacturing technology which is characterized by mass production accompanied by innovation, can make products produced become cheaper and highly functional. In addition, domestic market conditions that are open result in products produced by national manufacturing companies also having to compete with foreign products domestic or overseas licenses, whereas in foreign markets products companies must compete with similar products produced by other countries. Business competition that is getting tougher and more intensive should trigger companies to always try to formulate and perfect their business strategies so as to create strategic excellence and competitive advantage. To find out how far the effectiveness of implementing its strategy, a company must be able to measure its business performance.

A company is said to have a competitive advantage if the company is seen as superior to its competitors, for example in the quality and price of products produced by, the success of a business can be achieved on condition that it has a competitive advantage that continues to be maintained. Therefore, the company's business strategy is also called the competitive advantage strategy. Competitive advantage can be achieved in various ways, including offering products with minimum prices, or offering products that are unique and more specific than competitors or focus on certain market segments. Porter (1999. p. 54). Daniel and Reitsperger (1991) research on the implementation of a competitive advantage strategy by using competitive advantage has an effect on performance in strategic industries, showing that the strategy of competitive advantage simultaneously has a positive effect on performance, good service. Directly the strategy of competitive advantage has a positive effect on performance and a positive effect, so that the total positive effect. It can further be explained that the quality of implementing a better competitive advantage strategy and the design of a management accounting system in accordance with company characteristics can determine company performance, success and failure of the company in its performance, can be explained by the quality of the competitive advantage and design strategy.

In line with the competitive advantage strategy, as the company's efforts in winning increasingly competitive competition today quality or quality, cost and time are very important factors to meet the needs and desires of consumers or customers, and are the key to success in competitive advantage. Quality, cost and time constitute the performance of an organization that is very important, whether profit-oriented or not, both small and medium-sized companies, and those that produce goods or services or both. The ability of an organization or company to produce quality goods and services, at a low cost and on time is the key in winning the competition which is the prospect of long-term success. One approach used to control quality is integrated quality management (total quality management or TQM). TQM is a system that is implemented in the long term and continuously to satisfy customers by improving the quality of the company's products and services (Anthony et al., 1995. p. 8). According to Antony (2003. p. 23), Atkinson et al. (1993. p. 395) Total quality management is an effort made continuously by everyone in an organization to understand, meet and exceed customer expectations. There have been many studies that show that quality management influences performance organization. The results of Cascio (1995. p. 34-45) show that there is a relationship between the dimensions of quality and organizational performance. This study also shows that corporate typology influences the relationship between quality dimensions and organizational performance. Other research conducted by, this study examines the effect of quality management practices on company performance and competitive advantage.

A review of some of the existing literature shows that most companies that are ISO 9000 certified make certification an important first step towards implementing TQM. The results of a survey of the International Standardization Agency for the International Organization for Standardization (ISO), until the end of 1999 ISO 9000 has been implemented in 150 countries in the world by 343,643 companies. This number has increased by 26.4% from the previous year (1998), namely 271,847 companies in 141 countries, this data shows a phenomenal picture. PT Sucofindo in collaboration with the National Standardization Center (Pustan) of the Ministry of Trade and Industry, conducted a study in 1998 of 150 respondents of companies in Indonesia that have obtained ISO 9000 certificates, in this study found empirical evidence that the acquisition of ISO 9000 certificates, triggered several increases the operating parameters include; internal improvements, improved documentation, improved processes, better working relationships between work units, focus on

customers, reducing scrap/rework, increased productivity and external enhancements, concern about quality.

Empirical research conducted by Banker et al. (1993. p. 33-35) regarding the adoption of new manufacturing practices (TQM/JIT and Teamwork) illustrates that TQM manufacturing practices emphasize more employees in solving problems, working in teamwork, and generating innovative approaches to improve production. According to them employees are asked to identify ways to improve manufacturing processes, reduce damage and ensure that company operations run efficiently. Previously Voss (1987. p. 236) conducted research on automobiles component factories and several other industries, the results giving an overview of traditional manufacturing practices that tended to depend on machine functions or processes, separate line personnel with their coworkers, employees became experts in their fields due to processes work done repeatedly in a large batch with the same material. The resulting product is released through a quality control system carried out by the quality control department at the end of production. Siegel et al. (1997. p. 288-298) also state that traditional manufacturing practices emphasize mass production systems, optimization is achieved through a continuous flow of production, inventories are determined and responsibility for product quality often lies in a separate quality control department; employees are monitored continuously and usually only do a certain activity. Quality will determine consumers' perceptions about a company's products and the company's image itself.

This image has a long-term impact on competition and will take a long time to change. In the global market, quality has an increasingly important role because it has international implications both for product manufacturers and countries. Therefore quality has a strategic and operational role for the company so that it will determine competitive advantage. Activities related to quality are activities carried out because they may or have produced poor quality or defects. Costs to carry out these activities are called quality costs (cost of quality or COQ), which are costs that arise because they may or have produced poor quality products. This definition implies that quality costs are related to subcategories of activities related to quality, control activities and product failure activities (failure activities). Control activities carried out by an organization to prevent or detect poor quality (because bad quality might occur). So, control activities consist of prevention and assessment activities. Control costs are costs incurred to carry out control activities. Meanwhile, product activities fail to be carried out by an organization or by its customers to respond to poor quality, poor quality has indeed happened.

Quality improvement from period to period can increase profitability and customer satisfaction. This requires a directed quality management system that as a whole will improve company performance (Das et al., 2012). Measuring or evaluating company performance as a strategic information tool is designed as needed, therefore the key methods of performance measurement indicators must be adjusted not only with an internal approach, but also with an external approach, and performance measurement not only from a financial approach but also with a non-financial approach (Ichiowski et al., 1997). To support the company's needs in order to achieve success in the future with a competitive strategy, management accounting as an information provider for internal parties develops a performance appraisal tool called the balanced scorecard. (Hutabarat, 1997. p. 2). Furthermore Mulyadi (1997) mentioned that the global business environment, producers no longer control the business, but the customer is in control. The focus of management attention is no longer sufficiently directed at internal company issues, but it needs to be focused on external parties - to customers who are the main reason the company is in business. Since management will behave in accordance with measured performance, thus performance measures must be designed to shape management behavior in accordance with the demands of the business environment facing the company, the balanced scorecard perspective is able to answer the business environment.

2. SERVICE STRATEGY

Strategy is a plan that is put together or combined with strengths and weaknesses to face challenges and take advantage of opportunities that exist through the integration of all units incorporated in the organizational system. In a strategy, victory is everything, strategy is not a book that contains rules, a blueprint or a collection of programmed instructions. Strategy is a theme that provides unity of direction for individual decision making both in organizations and in person. The main objective of the strategy is to guide management decisions in order to form and maintain a company's competitive advantage, so that the company can achieve success. In its journey, the concept of strategy continues to experience development. This can be shown by the different concepts over the past 30 years (Fitz, 2000. p. 3). For details, you can see the following developments: Chase et al. (2001. p. 5) defines service strategy as a tool to achieve company goals in relation to long-term goals, follow-up programs, and priority allocation of company resources. Chandler further stated that a good understanding of the concept of strategy and other related concepts, will greatly determine the success of the strategy drawn up. The concepts according to Boulter et al. (1999. p. 7) are as follows: (a) Distinctive competence, i.e. actions taken by a company in order to perform activities better than its competitors. This distinctive competence includes labor expertise and resource capabilities. (b) Competitive advantage, is a specific activity developed by a company to be superior to its competitors. According to what is meant by strategy is the rules in making decisions and determining the guidelines needed to achieve goals. According to Gronroos (1990. p. 12) defining service strategy is a unified, comprehensive, and integrated plan that is related to the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization. The aim of strategy formulation is to make the best set of decisions from the use of limited and changing sources. Decision making is a process, as stated by; states that strategic management is a process, an approach to addressing the competitive challenges and organization faces. Here it is clearly distinguished between strategy and strategy management. According to Zipkin (1991),

strategic management is that set of managerial decisions and actions that determine the long run of a corporation's performance. It includes environmental scanning, strategy formulations, strategy implementation, evaluation and control. The study of strategic management therefore emphasizes the monitoring and evaluating or environmental opportunities and contraints in the light of the corporation's strengths and weaknesses. Wruck and Jensen, (1994. p. 26) formulates management strategies as; the set of decisions and action results in the formulation and implementation of plans designed to achieve a companie's objective.

Wilburt (2002) further defines strategy as the process of identifying, choosing and implementing the most effective (profitable) means of ensuring long term compatibility between the internal skills and resources of an organization and the competitive, economic ang social environment within which the organization operates. Young et al. (1989) says strategy,… the formulations and implementation of plans and carrying out activities relating to matters which are vital, pervasive or continuing importance to the total organizations. Porter (1985. p. 2-3) links strategy with organizational efforts to achieve competitive advantage, it is even said that strategy is an important tool in order to achieve competitive advantage. This is in line with the strategic objectives of maintaining or achieving a position of excellence compared to competitors. The implication of the study is that the organization is said to achieve an advantage if the organization can take advantage of opportunities from its environment, which allows the organization to draw benefits from the fields that are its strengths. From the various definitions of service strategy beforehand, in principle they view that service strategy is a form or plan that integrates the main objectives, policies, and series of actions in an organization into a unified whole. The service strategy can also be considered as a series of management decisions and actions to determine the company's medium and long-term performance. Strategy is also a process to stimulate the current environment and the environment in the future, formulate company goals, make, implement and control decisions that are focused on achieving the company's goals in the current environment and the environment in the future.

3. COMPETITIVE ADVANTAGE

There are several concepts that emphasize the value of competitive advantage from having core competence. This concept has not only changed the competitive engineering model that previously only relied on market based compensation, but has changed to a resource based orientation, and even emphasized on the capabilities based competition model (Porter, 1993. p. 24). The advantage of this model compared to the previous model is that it is not easily imitated by competitors, because what was developed was not on product technology, but rather emphasized on the success of internal coordination between production skills and technology. Competitive advantage is determined by management's ability to consolidate various resources to form a formidable competition. This depends on how to turn important processes into strategic capabilities that continuously provide high value to consumers. High value for consumers is basically the way that is done in order to create good working culture conditions. The internal culture adopted from the company's external situation cannot be separated from changes in competition, where competitors will try to be able to combine the capabilities of more competitive resources. These conditions require internal efficiency in order to add comparative value. With the formation of efficiency there will be a struggle for competition between businesses by (Ichiowski et al., 1997). The step that must be taken is to hold a bargaining with suppliers to obtain materials efficiently. While the explanation of the business capability process with the efficiency achieved by each company as emphasized by Smith et.al (1991. p. 19). The company's strategy in general is always based on conditions of comparative advantage and competitive advantage. Comparative advantage is the advantage in the factor of production, while competitive advantage is the superiority of the structure of the business world. Industry excellence is determined by the form of firm strategy, condition factors (quality of production factors), market power in the country (domestic potential) and the availability of related industries or related industries (adequate and supporting industries). Some opinions put more emphasis on competitive advantage. As stated by Hendriks and Singhal (1997) that the structure of industrial independence that has strength in competitive advantage is more important than comparative advantage.

According to Drucker, (1990) the comparative advantage of a company lies in the ability to drive sources of excellence (skills and resources), position of excellence (customer superior value, relatively low cost), performance (success and satisfaction) and sustainability (investment). Douglas and William (2001) said that this comparative advantage occurs because of the endowments in a country from low labor costs, low energy, abundant raw materials, adequate infrastructure and the creation of a business climate. While competitive advantage is seen from the ability to compete, namely the amount of promotional costs, market share, product quality and marketing, and distribution of goods sold. Excellence is also a real foundation so that companies have the ability to compete, including the type of equipment, the location of agents and distributors as well as the research and development of Drucker, 1990. Seeing the superiority of product value must also be seen in terms of consumers. Activities that can increase added value for producers, should also be able to increase added value for consumers, so that in transactions or marketing products can increase surpluses, both for producers themselves and for consumers. In order to improve the competitive advantage of the company Khim (1998) states that there are four traditional sources of competitive advantage, namely technology, protection from the government, adequate and cheap capital ownership, and economies of scale. Among these sources of competitive advantage, mastery of technology plays an important role. Creating and maintaining sustainable competitive advantage is a task that must be realized and becomes an important foundation in realizing strategies and supporting activities. Porter (1993. p. 32 says, the focus of the company to maintain and create competitive advantage is to achieve great performance. Companies can achieve good performance if they meet the following conditions: First, clear objectives and fulfillment of management function policies (such as production and marketing) always the collective shows the strongest position in the market, secondly, these goals and policies grow based on strength, and are continuously updated in accordance with changing opportunities and threats of the external

environment, third, must have and exploit special competencies (distinctive competency) as driving factors) to run the company and can be done dynamically.

3.1. The Emergence of Competitive Advantage

Competitive advantage begins to arise when two companies move in the same market and by supplying the same customers), one company has a competitive advantage over the other company when the company gets a level of profit, or has the potential to get higher profits. Grant (1995. p. 147) competitive advantage is the capability to surpass competitors over what is assumed to be the main target of a company's performance, namely profitability. It is also possible that competitive advantage is not characterized by higher profitability, a company can expect to exchange profits with market share (which at its peak can damage competitors). Or a company can just ignore the amount of profit because of the owner's policy, giving gifts to employees or executive employees. For differences in profit to occur between two competing companies, changes must be made. Sources of change may be sourced from outside as well as from within the industry. Therefore, the potential to build competitive advantage depends on the extent of changes that occur and the extent of differences in the basic resources of a company. The more complex an industrial environment is, the greater the number of sources of change, and the greater the difference from the resource and profitability package that the industry has, which means the greater the spread of profitability in the industry. The world oil industry in the 1960s and British beverage companies during the 1970s were industries with a fairly stable environment and companies that were not too diverse; competitive advantage tends to be small and the difference in profit is not striking. The children's toy industry, by contrast, is experiencing a huge change in demand, technology and models. The search for something new and the success of several companies in creating unique things further adds to the spread of profitability among companies.

Sources of interference that create opportunities to gain competitive advantage can also come from the internal environment. Internal change is caused by innovation. Innovation not only creates competitive advantage, but also becomes the basis for undermining the competitive advantage of other companies. Innovation is usually thought of in terms of technical terms, namely the embodiment of new ideas and knowledge in new products or processes. But in a business context, innovation has also formed a new approach in doing business. Innovative strategies tend to be the basis of most success in most industries, far more than just product innovation. Many creative business strategies contain little product innovation. Innovation usually requires imagination, intuition and creativity, not analysis in a deductive sense. However, there are frameworks and approaches that are very useful in identifying new ways to compete. By mapping the activities carried out by the company and the relationships that occur between these activities, the value chain can be representative of the company, which is then manipulated to be able to propose new approaches to competition. The way companies run their business in an industry and the range of activities they cover is very often the result of a convention. According to Benson (1991. p. 151), by reconstructing and reorganizing the value chain, a company can change its "rules of the game" with the aim of: (1) Capitalizing different competencies; (2) Capturing ignorance of competitors; and (3) Build barriers to protect excellence that is created.

Developing a new value chain configuration in order to take advantage of the competitive advantages of other companies and the comparative advantage of other countries is the main driving force for strategic change in large companies around the world. More and more companies are withdrawing from activities where they do not have a clear competitive advantage, with the aim that they can concentrate on activities that they have competitive advantage. Once formed, a competitive advantage is directly confronted with the possibility of being eroded by competition. The speed to overcome a competitive advantage by competitors depends on the competitor's ability to deal with it, either through imitation or innovation. The essence of the competitive process is the imitation of a company's strategy that benefits from competitors. In order to maintain competitive advantage, a barrier is needed so that these advantages cannot be copied by competitors. Rumelt in Benson (1991. p. 153) uses the term "isolation mechanism" to explain the obstacles that limit the balance between individual companies. The more effective this isolation mechanism works, the longer a competitive advantage can be maintained from competitors' attacks. Empirical studies show that the process of competition that can destroy the competitive advantage of market leader companies is a slow process of Benson et al. (1991. p. 154). To identify the source of the isolation mechanism, it is necessary to test the imitation process in competition.

The first ruler of a strategic position has access to resources and capabilities that his followers cannot match. A simple form of mastery is the existence of a patent or copyright. By owning a patent or copyright, the first mover owns a technology, product, or design that is not legally imitated by his followers. Quick mastery of a strategic position provides another resource advantage. The old proverb that reads "success breeds success" is in line with the existence of other resource advantages. The second source of the first ruler or first mover is the experience factor. A company that has benefited from the beginning can use its experience as a basis for further cost reduction. Therefore, cost advantages can be cumulative.

3.2. Competitive Advantage Strategy

Cooper (1989. p. 39), Grant (1995. p. 164), Cooper and Kaplan (1988. p. 430) define three competitive advantages or generic strategies found in a company, namely: (1) cost leadership or cost-minimization strategy. (2) differentiation or innovation strategy. (3) focus or imitation strategy. A company can achieve a rate of profit or greater potential profits over its competitors in one or two ways (Hoccut, 1998): (1) either by supplying similar products or services at a lower price; or (2) by supplying a differentiated product or service in such a way that customers are willing to pay a price premium that exceeds the additional costs of differentiation. In the previous case the company had a cost advantage; in the latter case, is the advantage of differentiation. In pursuing cost advantages, the company's goal is to become a cost leader in the industry or industry segment. Cost leadership is a unique position in the industry, demanding that companies "discover and exploit"

all sources of cost advantage. Differentiation of a company from its competitors can be achieved when the difference provides something unique and valuable to the buyer more than just a cheap price. A company distinguishes itself from competitors when it provides a unique, more valuable value to buyers than just low prices. The advantage of differentiation arises when a company through differentiation is able to get a premium price in the market, which exceeds the cost of building that differentiation. Differentiation relates to efforts to understand products or services and understand customers. Efforts to get a differentiation advantage will bring the company to business strategy. The basics of differentiation are also the basics of business strategy. The two sources of competitive advantage explain two approaches to fundamentally different business strategies. A company that competes on the basis of low costs can be distinguished from competing companies through differentiation in the placement of markets, resources, capabilities, and characteristics of the organization. Porter (1980. p. 41) views cost leadership and differentiation as mutually exclusive strategies. Companies that are stuck in the middle may also suffer from a blurred corporate culture in the organization of conflicting organizations and motivational systems. Grant (1995. p. 165).

4. THE EFFECT OF SERVICE STRATEGY ON COMPETITIVE ADVANTAGE

Service strategy is a unified, comprehensive and integrated plan that links the strengths of a company's strategy with environmental challenges and is designed to ensure that the company's main objectives can be achieved through proper implementation by the company (Gronroos, 1990. p. 6). Furthermore Wetzels (1998. p. 13), said that A strategy of a corporation forms a comprehensive master plan stating how the corporation will achieve its mission and objectives. The service strategy is a comprehensive plan of how the company achieves its mission and objectives. Researchers are more interested in understanding the service strategy put forward by Wheelen and Hunger because they view that strategy is a comprehensive planning that looks ahead by integrating the company's mission and goals. Strategy is a process to manage (to image) the mission of the organization related to the environment at hand. The strategy can also be considered as a series of management decisions and actions to determine the company's medium and long term performance. Strategy is also a process to stimulate the present environment and the environment in the future, formulate company goals, implement, and control decisions that are focused on achieving the company's goals in the current environment and the environment in the future. A company is said to have a competitive advantage if the company is seen as more than its competitors, for example in terms of the quality and price produced. Barney (1991. p. 23). The success of a business can be achieved on condition that it has a competitive advantage that continues to be maintained. Therefore, the company's business strategy is also called the competitive advantage strategy. Porter in Grant (1995. p. 75).

According to Robbins (2001. p. 430), there are three kinds of strategies related to competitive advantage, namely: (1) innovation strategy; (2) cost-minimization strategy; and (3) imitation strategy. The concept of a competitive advantage strategy proposed by Porter (1980, 1985. p. 23-90) consists of: (1) cost leadership; (2) differentiation; and (3) focus. Each of these strategy advantages must be adapted to the environment both the external environment and internal environment faced by the company in dealing with competitors. In general, overall cost leadership can be used as a superior strategy in the competition, because the company is in a lower cost condition, while differentiation or innovation technology can also be used as a tool that can excel in competition because it is always innovating products that are supported by research and development the strong one. Likewise with the imitation strategy which is a combination of lower cost and innovation also has its own advantages, because companies can choose when the strategy uses the lower cost, and when to use the innovation strategy, the company can also emulate the strategies that have been successful by innovators or success among cost leadership and differentiation then emulate it to be used as a strategy (Cooper and Pamela, 1998). Budi (1995 stated that the key factors to gain competitive advantage are: Cost effectiveness, Integration of activities, Coherence within all units of an organization, continual improvement, delivery of products and services, customer satisfaction, Accurate allocation of cost. activities must be carried out at the lowest possible cost. This means that the company is a producer that produces products at a low cost. Low costs do not mean the cheapest costs, which often sacrifice quality and customer satisfaction.

5. METHODOLOGY AND MEASUREMENT MODEL

Quantitative methods were used this study. Data collection using questionnaires. Sampling is based on simple random sampling technique on Fuctional Units in Indonesia SOE's Indonesia. The data were measured using Likert scale five-point. Structural equation modeling based on component or variance (PLS-SEM) is used for analysis tool. Evaluation of PLS-SEM model includes evaluation of measurement model (outer model) and structural model (inner model). In this study, exogenous and endogenous variables are latent variables. The latent variable measurement model in this research includes: (1) the first order is the dimension measurement model.

Hair Jr. et al. (2014) based on the framework developed in this study, for the purpose of testing the hypothesis is made the structure of the analysis of the overall research variable which is a combination of the measurement model and structural model that describes the causality relationship between exogenous variables and endogenis variables. Hair Jr. et al. (2014). States that to build an indicator precisely the formative combination of indicators. If it is reflective and if a combination. Indicators represent consequences that reflect or cause constructs. if there are consequences and if formative causes. If the assessment of changes in nature, all items will change in the same way (assuming they are both coded), if it is reflective and if not formative.

Materials and Methods: Research Methodology: The method used in this study is descriptive and feripicative research. The

population in this study is the manufacturing industry in South Sumatra as many as 104 companies. 104 samples were obtained through a simple random sampling technique using the Hair Jr., et al. (2014).) as follows:

Hypothesis: Service strategy influences competitive advantage statistical hypothesis:
H_0: $\gamma_{1.3} \leq 0$: No Service strategy influences competitive advantage
H_1:$\gamma_{1.3} > 0$: There is a Service Strategy influencing competitive advanta the test statistic used is

$$t = \frac{\hat{\gamma}_{1.3}}{SE(\hat{\gamma}_{1.3})}$$

The observation unit in this study are people who work in related sub-sections as service providers in the manufacturing industry. This research uses primary and secondary data, while the data collection method used is a questionnaire. Validity test is done which is used to determine the eligibility of items in the questionnaire to determine the variables and the reliability test to measure the reliability of the object being measured. Data analysis was performed by descriptive and verification analysis. Descriptive analysis is performed with balanced categorization using inter quartile range (Cooper and Schindler, 2006). Verification Analysis used to test the hypothesis in this study is to use structural equation modeling (SEM) or variance based components known as Lisrel.

6. RESULTS AND DISCUSSION

To measure each variable a questionnaire was used with statements that were adjusted to the concept being built. Service Quality Variable is measured by 15 statements and competitive advantage with a range of the lowest value of one and the highest value of 5 (five), the total value of the statement and the percentage of respondents' answers can be seen in the following table:

Service quality variables: From the table above it can be explained that the information technology variable has a maximum total score or criterion value (if each item gets the highest score) is 4500 (highest score 5 × number of statements 15 × number of respondents 90). The total score collected from respondents was 3154. Service quality towards competitive strategy: In the variable Competitive Strategy has a maximum total score or criterion value (if each item gets the highest score) is 4950 (highest score 5 × number of statements 11 × number of respondents 90). The total score of the results of data collection from respondents amounted to 3752, thus the quality of the management accounting system has a value, namely (3752: 4950) × 100% = 75.80% of the criteria set. If interpreted, the value of 86.67% is included in the excellent category. Research instrument quality testing: In this study data collection was carried out using a questionnaire instrument, therefore the research instrument needs to be tested to determine its validity and reliability. Validity Test: The statistical technique used to test validity is Pearson's Moment product correlation. The calculation is done using SPSS software ver. 20 for Windows. The following presents a resume of the calculation results for testing the validity of research instruments for each variable and its items.

Based on Table 1, it can be concluded that all items of the instrument statement regarding the service strategy variable are declared valid for use in data processing and analysis, because all Correlation values are greater than criteria (0.3), so that validity is fulfilled (Table 2).

Based on Table 3, it can be concluded that all items from the statement instrument regarding Competitive Advantage variables are declared valid for use in data processing and analysis, because all Correlation values are greater than criteria (0.3), so that validity is fulfilled. Reliability test: Testing the reliability of research instruments conducted internally. The general criteria used are: an internally reliable instrument if the Cronbach's Alpha coefficient >0.60 (Sugiyono, 2008). The following resumes the calculation results for testing the validity of the research instruments for each variable.

From Table 4, it appears that each measurement instrument is reliable because the Cronbach's Alpha coefficient of each variable is >0.60, it shows that the instruments of the three variables can be relied upon to be used as data collection tools. Seeing the coefficient value of each sub-structural part seen in the value of beta standardized coefficients. In this study, the path analysis used to influence service quality on service strategies. The equation formula is used to see the direct effect.

Effect of Service Strategy on Competitive Advantage: For the first sub-structure calculation of path coefficients is done with the help of SPSS to determine the effect of service strategy on competitive advantage. The path coefficient results can be seen in the standardized coefficients (Beta) column of the SPSS output. The results of the calculation of the path coefficient are presented in the following Table 5.

The results of the calculation of the coefficient of influence (path coefficient) in Table 5 above shows for the variable effect of service strategy on competitive advantage obtained path coefficient (Pyx1) of 0.504. To find out the error value of the first sub-structure equation, it can be seen the value of R Square on the coefficient of determination together from the service strategy to competitive advantage.

R square value of 0.512 (Table 6). And the test results can be said that the contribution of the variable influence of service strategy on competitive advantage of 51.2% while the remaining 49.8%

Table 1: Frequency of respondents' answers

Variabel	The highest score	Statement items	Total maximum value	Total respondent score	Percentage of respondents' answers (%)	Interpretation
Service quality	5	15	8500	3154	80.09	Very good
Competitive strategy	5	17	4950	3752	65.80	Very good

Source: Primary data processed, 2019

Table 2: Service strategy validity test results

No.	Correlation	Value R limit	Remarks
1	0,377	0,3	Valid
2	0,785	0,3	Valid
3	0,804	0,3	Valid
4	0,825	0,3	Valid
5	0,395	0,3	Valid
6	0,779	0,3	Valid
7	0,788	0,3	Valid
8	0,874	0,3	Valid
9	0,803	0,3	Valid
10	0,850	0,3	Valid

Source: Primary data processed, 2019

Table 3: Test results of competitive advantage validity

No.	Correlation	Value R limit	Remarks
26	0,767	0,3	Valid
27	0,488	0,3	Valid
28	0,473	0,3	Valid
29	0,786	0,3	Valid
30	0,338	0,3	Valid
31	0,610	0,3	Valid
32	0,675	0,3	Valid
33	0,547	0,3	Valid
34	0,575	0,3	Valid
35	0,670	0,3	Valid
36	0,444	0,3	Valid

Source: Primary data processed, 2019

Tabel 4: Nilai cronbach's alpha

Variable	Cronbach's alpha	Criteria	Information
Service quality	0,804	0,6	Reliabele
Competitive strategy	0,701	0,6	Reliabele

Source: Primary data processed, 2019

is explained in other variables not included in the observation of this study. The path coefficient for other factors not included in the specifications is = 0.689.

The structural equation for the first substructure of the path analysis obtained is:

$$Y=0.453X1+0.291\ X2+0.689$$

The structural model influences the effect of service strategy on competitive advantage.

Results of coefficient of path structures influence of effect of service strategy on competitive advantage.

From the coefficients in Table 7, it can be seen the results of statistical tests for, where results can be seen in the value of beta standardized coefficients for service quality of 0.504 with a significant value of 0.001 which means that service quality has a significant positive effect on competitive advantage, because the alpha value that has been determined is 5 % is greater than the significance value of the statistical test. Based on the calculation of the path coefficient,

Table 5: Effect of service strategies on competitive advantage of coefficients

Model 1	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
(Constant)	9.065	4.873		1.860	0.073
Competitive strategy	0.453	0.123	0.504	3.694	0.001

Dependent Variable: Competitiveness, Source: Primary data processed, 2019

Table 6: Contribution of variables effect of service strategy on competitive advantage model summary

Model summary				
Model	R	R square	Adjusted R square	Std. error of the estimate
1	0.716[a]	0.512	0.679	4.33818

[a]Predictors: (Constant), service Strategi[b], Source: Primary data processed, 2019

Table 7: Coefficients between variables coefficients[a]

Model 1	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
(Constant)	9.065	4.873		1.860	0.073
Competitive strategy	0.453	0.123	0.504	3.694	0.001

[a]Dependent variable: Competitive advantage. Source: Primary data processed, 2019

it can be calculated the magnitude of the effect of service strategy on competitive advantage the influence of service quality variables partially can be calculated by multiplying the value of the service quality path coefficient with the correlation of service quality variables and competitive advantage. From the results of calculations for the variable Influence of Service Strategy on Competitive Advantage obtained path coefficient of 0.504 and the correlation of variables Influence of Service Strategy on Competitive Advantage of 0.620. Based on the data, the partial effect (determination coefficient) of information technology on competitive advantage is =0.504´0.620=0.313 or 31.3%. The calculation results show the effect of service quality on competitive advantage obtained by 31.2% with a positive direction. So the contribution of service quality will increase competitive advantage by 31.3%.

The hypothesis proposed is that there is an influence of the quality of the quality of Information technology on the quality of management accounting information. The results of statistical testing show that the quality of the quality of information technology has a positive and significant influence on the quality of information management accounting systems in the fields in the districts and cities in southern Sumatra so that the hypothesis can be confirmed by data.

7. CONCLUSIONS

Based on these phenomena, problem formulation, hypotheses and research results, the conclusions of this study are: Study of

the influence of service strategies on competitive advantage that is integrated, flexible, easy to access and accurate has not been fully implemented because it is caused by managers who do not fully understand technology information, information technology has not yet been reliably carried out meaning it produces accurate and timely information reflecting the results of properly authorized transactions of all activities carried out in the organization properly incorrectly.

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