

ABSTRACT

Agribusiness sector has good prospects and can still be developed, especially since Indonesia traditionally has several comparative advantages both from the demand side and supply side. However, the import of these goods is still quite large. This causes the domestic agro products will be increasingly marginalized in the presence of agro products from abroad. This is a concern, considering Indonesia is an agricultural country. Refers to the phenomenon it is intended to answer the research question of "how to build a competitive advantage strategy of agro products in the country".

In order to answer the formulated research problems, we developed a research model that involves four variables including business scale and innovation orientation as an exogenous variable, and competitive strategy and competitive advantage as an endogenous variable. Data on these variables obtained through interviews using questionnaires to 120 owners or managers of agro cultivation in the district of Semarang. These data are then analyzed using Structural Equation Modeling (SEM) analytical techniques.

The test results by using SEM analysis showed that the competitive strategy proved to be influenced by the scale of business and innovation orientation of the owners or managers of agro cultivation in the district of Semarang; while to enhance the competitive advantage can be achieved by the scale of business, innovation orientation, and a good competitive strategy.

Keywords : scale of business, innovation orientation, competitive strategy, competitive advantage