

Assessing porter's diamond model to analyze the development of the property indus...

[Government](#), [Capitalism](#)



Assessing Porter's diamond model to analyze the development of the
Property Industry in Indonesia. -----

----- Abstract

----- This study applies Porter's diamond framework, which tries to identify the sources of international competitive advantage to Property in Indonesia. The study also aims to shed some light on the competitive structure of the property industry. The findings are generally supportive of Porter, meaning that the diamond framework works in a developing Indonesia's setting. The results suggest, however, some major areas in the framework (especially domestic rivalry and the role of government) because back in Indonesia, property is one of the most profitable industries. Since Indonesia growth good in the economic, falling interest rates and buyer rising purchasing, that's the major factor which developing shine of this industry. Factor Conditions Indonesia is a developing country with a large and rapidly growing population, but according from BPS (Indonesia data, year 2011) there are approximately 14 million families or equal to 23% of the 62 million families in Indonesia that do not have homes or place for living and this makes Indonesia property industries are remarkable. Not only the local players can see great prospects of this industry but foreign investors also see the huge opportunities and big benefits potential from Indonesian property industry. Demand Conditions High demand for property is also supported by the condition of Indonesia's good growth economic, in 2011 Indonesia's economic growth to 6. 5% while the economy world in general only 4. 4%. Also property prices in Indonesia

are still relatively cheap in Asia but the value of the re-turn of the highest. It encourages property within the country and all of these reasons are pushing the demand for property growing very rapidly. In addition, the government is also having difficulties to provide housing for middle-class families down. Housing demand could reach 900, 000 units per year while occupancy troops only 80, 000 units a year provided by the government, so it is wide very open for private property companies in Indonesia to create and marketing their property to consumers. Related and Supporting Industries One of the strongest hypotheses proposed by Porter (1990) is that the internationally competitive industries of a nation tend to cluster together. Such as the bank, advertising company, building materials or interior design which confirm this hypothesis to make property industry more develop and developing. As the case of relationship between bank and property developer, they mutually got benefit from each other. In Indonesia, bank had many product packages that provide solutions for various needs of mortgages dreams with ease and comfort prioritizing consumer, loans with very competitive interest rates, so then it is a very attractive way for consumer to purchase a property by using bank's money. Firm Strategy, Structure and Rivalry Key of success strategy and structure factors in the property industry are by evaluating business strategies for growth (new markets or existing markets by using internal cash flow or external), philosophy, policies, procedures and information systems management to develop and run a business as well as to determine whether the strategy management of this property are economically and financially viable. Success in implementing the strategies and product launches property in the market to increase the company's credibility. The

company's track record in the management and development activities are also reviewed with management credibility. Property management should have a clear plan for the development, re-development and acquisition or sale of assets. Management must improve the productivity and efficiency through cost management to maintain the stability of the company's property. But rivalry to face market competition is not something easy. To face competition in the Indonesian property industry, they are creating a different residence, because by creating unique residential and have never built before will add more value and also the company can create a character or charm for their consumers. Government The Government in Indonesia has not yet totality to support this industry. In the abroad country, the property market for medium-class closed to developers and investor. They are controlling the property but not like what happened in Indonesia, the government not paying so much attention to property industry and handing it over to private companies. By showing quite low numbers contributions the property sector if I compared with other countries, such as donations for Gross Domestic Product (GNP) in Singapore, Hong Kong, South Korea and Japan they are already above 20%, even in the United States is the locomotive of the property sector by showing above 30% of the contribution but Indonesia only got 10%. However, a number of developers from Asia such as Singapore, Korea, Hong Kong and Japan began to study and exploratory their property business to develop new projects and partnership with local investors in Indonesia. This is certainly a positive impact on the growth of the property market in Indonesia, but it is a bit delayed sometimes due to the regulations on property ownership by

foreigners are still not completely discussed by the government until now. And I think to solve this problem the government should pay more supports and make it perfect related to the regulations, in order to ensure the security of foreign investors to invest but the government must also remain concerned and pro-market interests in the county. Word Count: 869