SUMMARY

JAKA PUJIYONO. The Influence of External Environment on Business Strategy and Organization Capabilities and Its Impact on Corporate Performance of Schedule Airline in Indonesia. Supervised by NUNUNG NURYARTONO, MANGARA TAMBUNAN dan SETIADI DJOHAR.

Derogulation in airline sector in 2001 and the issue of Airline Regulation of 2009 resulted in changes in the structure of airline industry in Indonesia. This changes led to the emergence of new scheduled airlines and thus caused tighter competition in this industry/business. The number of passengers kept increasing from year to year reaching the average growth of 15% annually within ten years. However, some scheduled airlines went bankrupt as a result of this. Airlines that were able to anticipate changes managed to survive or improve the performance of their companies while those failing to thrive had to face degrading performance.

The purpose of this study was test, analyze, formulate and recommend the influence of the external environment on the business strategies and capabilities organization and its impact on Airline performance. There were four variables used in this research consisting of External Environment, Business Strategy, organization capability, and company performance. The hypothesis of the research was that external environment could affect business strategy, organization capability, business performance, and that external environment had effect on company performance through business strategy and organization capability. The Methodology of the research was Mixed Methods and sequential explanatory. The respondents of the research were 34 executives of scheduled airlines. The analysis was done using PLS, and validity and reliability tests were done on the variables being studied and as well as factor analysis to know the extent of influence of each factor.

The result indicated validity and reliability of the instrument used. Meanwhile, the result of the test on the hypothesis were: a. The coefficient value of the external environment against business strategy of company was 0.339 with the calculation value of 10.75 in which the value of calculated t was bigger than t table of 1.96. This means external environment has direct and positive effects on business strategy of company. b. The coefficient value of external environment against business strategy of company was 0.447 with t calculation of 17.773 where t calculation value was bigger than t table of 1.96 and thus there was a direct positive effect of external value on organization capability. c. The coefficient value of external environment against company performance was 0.432 with t calculation value of 16.46 where the value of t calculation was bigger than t table of 1.96, and thus external environment had a direct positive effect on company performance. d. The coefficient value of business strategy against company performance was 0.298 with t calculation of 10.273 where t calculation was bigger than t table of 1.96, and thus business strategy had a direct positive effect on company performance. e. The coefficient value of organization capability against company performance was 0.580 with t calculation of 23.167 where t calculation was bigger than t table of 1.96, and thus organization capability had a direct positive effect on company performance.

Key words: business strategy, corporate performance, external environment; organization capability.