

CHAPTER THREE: Research Methodology

3.1 Strategic analysis

Strategic analysis is used as the research method (Hitt, Ireland, and Hoskisson, 1999). The case analysis started with familiar with the facts featured in the case and the focal firm's situation. Recognition of symptom is the second step of effective case analysis. A symptom is an indication may do not tell the actual causes of a problem. The focus of the case analysis should be on the actual causes of a problem, rather than on its symptom. The strategic analysis requires examination of the economies environment of the company. The analysis then determine of the essential characteristics of the industry, to note its development and trends, and to estimate future opportunity and risk for firm.

3.2 Situation Analysis

Situation analysis normally starts with general environment analysis. The effects of globalization on Cacao International and its industry shall be considered. Following the evaluation, the general environmental trends need to be evaluated for their impact on the focal company's strategy and on the industry in which it competes in the pursuit of strategic competitiveness.

After analyzing the general environmental trends, Porter's Five Forces model is a useful tool for industry analysis (Booth and Philip, 1998). The five forces model suggests that industry's potential profitability is a function of the interactions among supplier power, buyer power, potential entrants, substitute products, and rivalry among competitors (Porter, 1980). By using this tool, a firm is challenged to understand an industry's profit potential and the strategy that should implemented to establish a defensible competitive position of a given industry's structural characteristics.

Internal analysis is used to assess the strengths and weaknesses of the firm. Internal analysis is conduct using a value chain analysis that facilitates moving

from the external environment to the internal environment (Porter, 1985). Analysis of the primary and support activities of the value chain provides opportunities to understand the external environmental trends affect the specific activities of Cacao International.

3.3 Identification of Environmental Opportunities and Threats and Firm Strengths and Weaknesses (SWOT Analysis)

The outcome of the situation analysis is the identification of a firm's strengths and weaknesses and its environmental threats and opportunities. The SWOT analysis analyzes the strengths and weaknesses and the opportunities and threats for configuration that the benefit or do not benefit a firm's efforts to achieve strategic competitiveness. The key objective of conducting a SWOT analysis is to determine how to position the firm so it can take advantage of opportunities, while simultaneously avoiding or minimizing environmental threats. Results from a SWOT analysis yield a valuable insights into the selection of strategies a firm should implement to achieve strategic competitiveness.