

## The Influence of Competitive Strategy on Corporation Performance

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**Abstract:** In order to support the ability of business people to face all the challenges of increasingly fierce competition, many strategies must be prepared. Competitive strategy is able to affect the overall performance of the corporation in order to win the competition. The purpose of this research is to prove the outcome of Competitive Differentiation Strategy, Cost Leadership Strategy and Focus Strategy on Corporation Performance either simultaneously or partially. This research was conducted on sub-division corporation retail listed on the Indonesia Stock Exchange for the 2017-2019 period. The quantitative research used as methodology in this research, using 21 research samples over a period of three years so that 63 samples are obtained. The results showed that Differentiation, Cost Leadership, and Focus simultaneously had a significant outcome on NPM. Partially, differentiation has a positive outcome on NPM, while Cost Leadership and Focus have no significant outcome on NPM.

**Keywords:** Corporation Performance, Cost Leadership Strategy, Differentiation Strategy, Focus Strategy.

**Abstrak:** Guna menunjang kemampuan pelaku bisnis menghadapi segala tantangan persaingan yang semakin ketat banyak strategi yang harus dipersiapkan. Strategi bersaing mampu mempengaruhi keseluruhan kinerja perusahaan agar dapat memenangkan persaingan. Tujuan riset ini untuk mendapatkan bukti empiris terkait dampak dari Strategi Bersaing Diferensiasi, Strategi Kepemimpinan Biaya dan Strategi Fokus terhadap Kinerja Korporasi baik secara simultan maupun parsial. Riset ini dilakukan pada korporasi sub bagian *retail* yang masuk dalam Bursa Efek Indonesia Periode 2017-2019. Riset ini menggunakan metode kuantitatif, dengan 21 sampel riset yang dilaksanakan selama tiga tahun sampai diperoleh 63 unit sampel. Dari hasil riset ini, ditemukan bahwa Diferensiasi, Kepemimpinan Biaya, dan Fokus secara simultan berpengaruh signifikan terhadap NPM. Secara parsial Diferensiasi berpengaruh positif terhadap NPM sedangkan Kepemimpinan Biaya dan Fokus tidak berpengaruh signifikan terhadap NPM.

**Kata Kunci:** Kinerja Perusahaan, Strategi Diferensiasi, Strategi Fokus, Strategi Kepemimpinan Biaya.

## INTRODUCTION

Free competition in the era of globalization ASEAN economic community (MEA) requires every business to prepare many strategies to outperform the increasingly tight business competition. Companies will be required to continue to grow with the aim of survive and have a profitable in the community. The competitive strategy reflects the competitive advantage when the corporation faces challenges in terms of business competition. The selection of the right competitive strategy is driven by the many depositions of a number of industries due to the inability of businesses in competing. This is in accordance with the opinion (Kuntjoroadi and Safitri, 2011) that the management of the corporation must be able to determine the competitive strategy that will be used in order for the corporation to survive so that this strategy is able to overcome the strength of the business environment for the benefit of the corporation.

Based on the theory of agency according to (Jensen and Meckling, 1976) is a contract in which one main party (principle) involves the other party (agent), where the principle as the owner of resources gives authority to the agent to take care of the use and control of resources. When problems occur between principle and agent (conflict of interest) causes the corporation's performance to decrease. However, when the relationship between principle and agent can be controlled, the corporation's performance will be much better.

The design of competitive strategies will be increasingly needed, this is related to the corporation's desire to have guidelines in terms of decision making, either at the corporate level, business level, or functional level. An article posted on the business school's website mentions three reasons why competing strategies were initially primed to wither: (1) execution; (2) execution; (3) execution. Each corporation will certainly strive to capture the attention of consumers through the fulfillment of needs and wants such as price, quality of service and focus. According to Porter, the generic methodology is to discover a competitive advantage in manufacturing. Competitive methodology points to construct a productive and economical position against the conclusive powers in manufacturing competition. For this reason, in arrange to win the competition, corporations got to have a clear and precise generic methodology in arrange to have superior execution within the confront of progressively competitive competition (Rustamblin *et al.*, 2013). The competitive advantage of the corporation will be able to affect the overall performance of the corporation which in the end the corporation will get the expected profit.

Retail sub-division industry is an industry that sells items and services that have been increased the value of address the issues of individual, family, gathering or end-clients (Soliha, 2008). Through this manufacturing, different items sold can meet straightforwardly with clients, most of which are items that fulfill family needs counting nine fundamental fixings. The sub-division retail industry is developing exceptionally quickly so that it contributes in terms of exchange and utilization. Not as it were the sub-division industry retail but moreover plays a part in promoting residential items, particularly those delivered by smaller scale, little and medium ventures (MSMEs) as well as keeping up the steadiness of merchandise costs and helping the retention of labor. Indonesia as a country that builds, the growth rate of retail sub-division industry is influenced by the strength of people's purchasing power, the increase in the population, and the needs of the community for the fulfillment of consumer products. However, over the last few years the growth obtained by the retail sub-division industry has not been maximized even some retail suffered losses and

decreased sales.

Based on the retail sales survey conducted by Bank Indonesia (BI) retail sub-division sales in 2019 again decreased, recorded Real Sales Index (IPR) in November 2019 of 216.6 up 0.9 points from October. The figure grew 1.3% year on year (yoy), but slowed compared to the previous month's growth of 3.6% yoy. Bank Indonesia noted that a number of goods groups experienced a significant decrease compared to November. For example, vehicle fuel, information and communication equipment, cultural and recreational goods, and clothing needs. Regionally, the slowdown in sales was influenced by the decline in sales in a number of cities. Among other things, the decrease in sales occurred in the city of Medan by 6.5% yoy and in the city of Denpasar which decreased by 4.9 yoy.

**Table 1.** Growth of Modern Retail Sub Division in Indonesia

Year	Growth
2015	8%
2016	10%
2017	3,70%
2018	9%
2019	8%

Table 1 shows the rapid growth of Indonesia's modern retail sub-division from 2015 to 2019, but facing problems. The growth of modern retail sub-division industry has declined over the last few years due to changes in spending patterns in the community as well as tight competition in the retail sub-division industry which led to a decrease in sales. It can be concluded the need for the right strategy to achieve the expected profit.

One of Indonesia's major retailers that experienced a decrease in sales and impacted on the establishment of a number of outlets namely PT Hero Supermarket Tbk. The Hero Grocery store is an outlet for retail nourishment and refreshment that was established in 1971 with the primary store on Jalan Faletaha, Jakarta. As of now, Legend works nourishment and refreshment exchanging trade bunch Hero advertise Saint grocery store. In the interim, the non-food exchanging trade bunch is the Gatekeeper outlet, as a supplier of different wellbeing and magnificence items and the IKEA family apparatuses hypermarket. As a corporation, one of which is engaged in the Hero supermarket business, PT Hero Supermarket Tbk reportedly closed six stores on July 28, 2019. Usually the moment of major closure, after closing 26 Hero Grocery store outlets all through Indonesia in January. The six outlets that have been closed are Hero Express Cinere Shopping center, Hero Express Mampang, Hero Express Pondok Timur, Hero Express Jatimakmur, Hero Ektra Mitra 10 Cibubur, and Hero Ekstra Wisma Asri. Within the supposition of the Delegate Chairperson of the Indonesian Retail Business visionaries Affiliation (APRINDO), Tutum Rahanta said that the trade is right now retail developing quickly and competition is getting harder. Not to disregard, on September 13, 2019, Hero once more closed one of its outlets in Focuses Square, Lebak Bulus, South Jakarta. The thing that caused the closure of 7 Monster outlets all through 2019 was due to declining deals and changes in people's investing designs from huge outlets to little outlets, causing the corporation's achievement to moderate down. Based on the financial performance of PT Hero Supermarket Tbk suffered losses from 2017 to 2019. In 2017 it earned revenues of Rp 13.03 trillion but posted

a net loss of Rp 191.41 billion and in 2018 its revenue decreased by Rp 12.97 trillion with net losses increasingly swelled by Rp 1.25 Trillion due to restructuring costs of Rp 1.38 Trillion. In 2019 Hero's revenue again decreased by Rp 12.27 trillion but recorded a profit of Rp 70.64 billion. This shows that Hero Supermarket's growth is slowing and management needs to carry out various strategies to deal with the challenges of the sluggish retail sub-division industry.

Another wonder is the closing of retail outlets which not as it were hit Indonesia, but too other nations. The closure of retail outlets happened due to the company's destitute execution since 2018, proceeded until 2019, and come about within the closure of 4300 outlets. Universally 155 million square meters of arrival were closed due to retail outlets not being able to compete. As happened to major American retailer Victoria's Mystery, which closed 53 of its stores due to declining execution, Crevice, which closed 230 stores for all time over the following two a long time, detailed that same-brand store deals were down 7%, and JCPenney, which closed 27 of its stores, counting 18 division stores. full stores and 9 domestic and furniture stores as same-store deals fell 4%. The closure of different outlets amid 2017-2019 is a sign of the failure to compete with comparative corporation. For the world of retail sub-division manufacture, the competitive technique can be utilized as a kind of projection to confront competition between other retailers in the midst of the flow of different changes.

Many studies have been conducted to examine what factors are able to influence the corporation performance. Stand on previous research attend by Banker *et al* (2014) using analysis of panel data shows that cost leadership strategy and the differences of product have a significant outcome on the corporation's achievement but companies that implement product differentiation strategies are better for the long term compared to cost leadership strategies because cost leadership strategies are only temporary. While research conducted by (Kumar *et al.*, 2011) showed the cost leadership strategy has no outcome on the corporation's performance.

Research that attend by Rustamblin *et al.*, 2013) present that product differentiation strategies have a significant bounce on the corporation's achievement, while for cost leadership strategies and integrated strategies do not have a powerful relationship to the corporation's performance. And previous research conducted by (Suzan, 2015) showed that differentiation strategies, cost leadership strategies and focus strategies positively affect the achievement of balance scorecard-based companies.

Based on the above phenomenon, researchers are interested in trying to prove again the indicators in the competing strategy to find out if the competitive strategy of differentiation, cost leadership and focus on retail sub-division companies in 2017-2019 are appropriate so as to affect the corporation's performance.

## THEORITICAL REVIEW

The theory of agency. Jensen and Meckling introduced theory of agency in their research entitled Theory of the firm: Policy-making of behavior, agency costs and ownership structure. The agency proposed by (Jensen and Meckling, 1976) defines an agency relationship as an agreement in which one primary (principle) involves another party (agent), where the principle as the owner of the resource authorizes the agent to manage the use and control of resources. Theory of agency includes the bounding between principal and

agent in a corporation according to the definition of agency relationship, namely the separation between ownership and management control. Differences in interests will trigger agency conflicts. The agent is the manager and the principal is the shareholder. There is a possibility that the agent abuses the trust of shareholders to take advantage for himself. Corporation performance may decrease due to problems that occur between managers and shareholders (conflict of interest) in accordance with agency theory (Basuki, 2020). However, when the relationship between managers and shareholders can be controlled, the corporation's performance will be much better.

**Resource Based Theory.** Resource Based View (RBV) was first pioneered by Wernerfelt in 1984. This theory states that the corporation's resources and capabilities are crucial for the corporation, due to the basis of the corporation's competitiveness and performance. According to (Napitupulu, 2018), resource-based theory explains that competitive advantage in a corporation is the result of a combination of the corporation's resources and capabilities. The capabilities in question must be valuable, rare and cannot be imitated by competitors. Resource Based View theory is seen from the ability of a corporation's internal resources in exploiting internal resources so that it gives rise to competitive advantage.

**Differentiation Strategy.** The differentiation strategy emphasizes product excellence, development and introduction of new products to the market share which aims to find its own uniqueness to the products created by the corporation (Wibowo *et al.*, 2017). Differentiation strategy is differentiating the products/services offered by the corporation, namely creating something new and perceived by the whole industry as unique (Porter, 1980). With this strategy, the retail sub-division corporation will be able to maintain the corporation's condition where the corporation has a uniqueness that is more durable and difficult for competitors to imitate.

**Cost Leadership Strategy.** A cost leadership strategy is to achieve a comprehensive cost advantage (low cost position) in the corporation through a set of functional policies that are targeted at the target (Porter, 1980). Low costs relative to competitors become an advantage that is able to animate the whole strategy, although quality, service and other areas cannot be ignored. Firms in a low-cost position will earn above-average returns in their industry despite intense competitive forces. If a corporation can achieve and maintain cost advantage and control prices, then the corporation is said to be performing above average in its industry (Muiz and Sunarta, 2020).

**Focus Strategy.** Focus strategy is a system that is constructed to serve a certain target well and all functional policies are developed on the premise that this strategy is able to make the corporation master its narrow strategic target more out cohesively and efficiently than competitors who compete more broadly for the entire industry (Wibowo *et al.*, 2017). As a result, the corporation will achieve differentiation because it is able to meet target needs well, or even achieve both. Often, many companies in the implementation of their strategy are less focused so that it affects the use of resources that are not planned (Suzan, 2015). Companies that choose a focus strategy will potentially be able to generate above-average returns for their industry.

**Corporation performance.** Corporation performance (firm performance) recognize the final result of a corporation's operating activities for a certain period, usually one year (As'ari et al., 2020). The corporation's achievement recognizes an evaluation of the implementation of corporation policies. Measurement of corporation performance can be done using various indicators, including ROA, ROE, NPM and many other indicators. In this study, the corporation's performance measurement was carried out using the Net Profit Margin indicator.

**Net profit margin (NPM).** Profit margin in NPM can be used to gauge the degree to which the corporation's ability to generate net profit at a certain cost level. According to (Wibowo et al., 2017), the greater the amount of the profit margin, the higher the corporation's capability to achieve the profits. Meanwhile, a low profit margin indicates the corporation's low ability. It means that the higher the net profit margin amount, the better the corporation's performance and the profits earned by shareholders will increase

**Hypothesis Development.** The Outcome of Differentiation Strategy on Corporation Performance. Companies to get superior performance will choose a differentiation competitive strategy. High profit causes higher profitability value. The higher of benefit of a corporation, the higher the corporation's performance because the differentiation strategy emphasizes the uniqueness of the product so that it makes a difference with competitors and these differences reflect the advantages of the corporation's offering. It same as research attend by (Suzan, 2015), (Banker et al., 2014) and (Rustamblin et al., 2013) which state that differentiation competitive strategy has a positive outcome on firm achievement.

**H1:** Differentiation strategy has a positive outcome on corporation performance.

Cost Leadership Strategy outcome on Corporation achievement. A low-cost position will place the corporation in an advantageous position in the face of substitute products relative to the position of its competitors in an industry and if a corporation can achieve and maintain a cost advantage as well as control the price, then the corporation is said to be performing above average in its industry. It same as research attend by (Suzan, 2015), (Banker et al., 2014) and (Birjandi et al., 2014) which state that the competitive cost leadership strategy has a positive outcome on firm performance.

**H2:** Cost leadership strategy has a positive outcome on corporation performance.

The consequence of Focus Strategy on Corporation Performance. The focus strategy is shown to serve certain targets well, thus the corporation will be able to serve its contract key targets more successfully and productively compared to rivals who compete more broadly. Companies that choose a focus strategy will potentially be able to generate above-average returns for their industry. It same as research attend by Suzan (2015) and Hajar (2012) which states that a focused competitive strategy has a positive outcome on corporation performance.

**H3:** Focus strategy has a positive outcome on corporation performance.

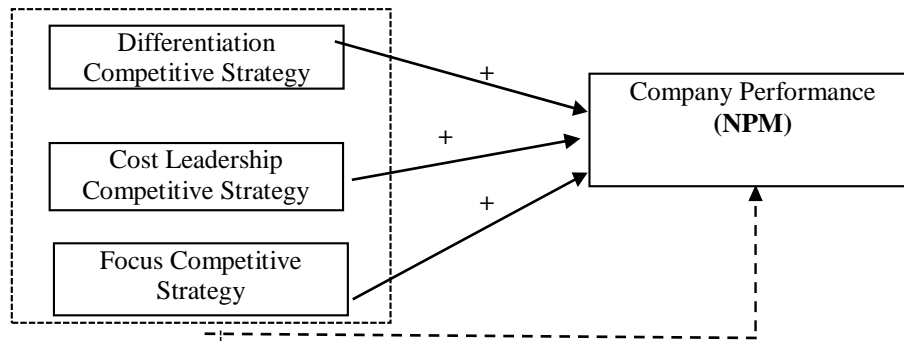


Figure 1. Research Model

Note:

Partial  $\longrightarrow$   
 Simultaneous  $----->$

## METHODS

This research explaining the management of quantitative data because it uses numbers and the analysis uses statistics. The reason for this study is making description about a factor used to gauge items or fields however do not yet know the connection between these elements or factors. In spellbinding exploration, scientists just depict the qualities or elements of a variable or a few factors in a circumstance (Indrawati, 2015). The examination methodology in this investigation is a contextual analysis and the unit of investigation utilized is to dissect at an authoritative level, in particular retail sub-division organizations recorded on the Indonesia Stock Exchange (IDX) from 2017 to 2019. Based on the involvement of researchers, this research is a study where there is no no pre-designed data or setting intervention. The relationship between the researcher and the thing being studied is independent, meaning that the researcher hardly knows who is being studied/respondents who provide data (Sugiyono, 2014). The background of this research is using non-contrived. Non-contrived is research that provides information about causal relationships by using actual environmental conditions or where the incident occurs normally and the researcher does not do any manipulation (Sekaran & Bougie, 2017). Based on the implementation time of this research using a Cross Sectional. Cross Sectional is a collecting the information in one period, then, at that point the information is handled, examined, and afterward information is made an inference (Indrawati, 2015).

The operational variables used in this study are as follows.

Differentiation Strategy. Differentiation is defined as the magnitude of the comparison between sales and COGS. The greater the result of this proxy, the sales performance of a corporation can be said to have increased due to differentiation.

$$\text{Differentiation} = \frac{\text{Sales}}{\text{COGS}}$$

Cost Leadership Strategy. Cost leadership is defined as the result of a comparison of sales to capital expenditure (CAPEX). The greater the results of this proxy comparison indicate a more efficient use of assets to obtain sales.

$$\text{Cost leadership} = \frac{\text{Sales}}{\text{CAPEX}}$$

Focus Strategy. Focus is defined as the result of a comparison of sales focus with total sales. The greater the results of this proxy comparison, the better the corporation's contribution in serving the segment.

$$\text{Focus} = \frac{\text{Sales Focus}}{\text{Sales Total}}$$

Population and Sample. The population can be explained not as it were as of the number that exists within the object or subject being considered but incorporates all the existing characteristics or properties of the subject or object. Whereas the test is the individuals of the selected population included within the think about, either to be watched, given treatment, or to be inquired for conclusions around what is being considered. The population of this research are retail sub-division corporation listed on the Indonesia Stock Exchange (IDX) in 2017-2019 which report financial statements and annual reports regularly and are open to the public totaling 21 companies. While the sample in this study used purposive sampling.

**Table 2.** Sampling Criteria

Criteria	Total
Retail sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2019	27
Retail sub-sector companies that do not consistently issue financial statements on the Indonesia Stock Exchange (IDX) in 2017-2019	(6)
Number of Research Samples	21
Total Data in Research (21 x 3 years)	63

The sample criteria in this research are retail sub-division corporation listed on the Indonesia Stock Exchange (IDX) in 2017-2019 and retail sub-division corporation that consistently publish business reports on the Indonesia Stock Exchange (IDX) in 2017-2019.

Data analysis technique. This research uses descriptive analysis techniques. The variables in this research were measured using the average value of the data studied (mean), the largest value of the data studied (maximum), the smallest value of the data studied (minimum), and the analysis used to measure the spread of the values of the variables. variables studied (standard deviation).

Regression Analysis Data Panel. This study processes data at different times from various companies studied or can be called a cross section as the object of research for retail sub-division corporation listed on the Indonesia Stock Exchange (IDX) with a total of 25 companies. The time series data that the researchers used in this study were 2017-2019.



**Panel data regression equation model**

$$Y = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + e \dots\dots\dots (1)$$

Note:

- Y = Company Performance (NPM)
- $\alpha$  = A Constant
- $\beta_1, \beta_2, \beta_3$  = Regression coefficient of each independent variable
- $X_{1it}$  = Differentiation strategy
- $X_{2it}$  = Cost leadership strategy
- $X_{3it}$  = Focus Strategy
- $e$  = *Error term*
- t = Time
- i = Company

(Basuki and Prawoto, 2016) expressed that there are a few sorts of approaches in the assessment technique for board information relapse models, specifically the Common Outcome Model, Fixed Outcome Model, and Random Outcome Model. The Common Outcome Model expects that the conduct of a partnership's information is something similar in different time-frames. The Ordinary Least Square (OLS) approach or least-squares strategy to gauge the board information model can be utilized in this technique. The Fixed Outcome Model is as yet assessing board information utilizing a spurious variable strategy to catch block contrasts between organizations. The board information assessment model is regularly additionally alluded to as the Least Squares Dummy Variables (LSDV) method. While the Random Outcome Model assessments aggravation factors that are probably going to be interrelated between people just as additional time. The upside of utilizing this model is to disposes of heteroscedasticity. There are a few tests that should be possible in picking a board information relapse model as indicated by (Basuki and Prawoto, 2016), to be specific the Chow test, Hausman test, and the Lagrange multiplier test. The Chow test is done to appraise board information as a determinant between the fixed result model or the normal result model which will later be utilized in research. The Hausman test is a test done to assess board information as a determinant between the fixed result model or the irregular result model which is more suitable to utilize. In the mean-time, the Lagrange multiplier test was led to assess the board information as a determinant between the arbitrary result model or the normal result model which is more proper to utilize.

Coefficient of Determination Test (Statistical Test R<sup>2</sup>). The coefficient of assurance (R<sup>2</sup>) is basically used to gauge how far the model's capacity to clarify the variety of free factors in the exploration led by specialists (Ghozali, 2018). The worth of the coefficient of assurance is somewhere in the range of nothing and one. On the off chance that a little outcome is acquired, it shows the capacity of the independent variable in clarifying the variety of the dependent variable is very restricted. A worth near one implies that the independent variable in the investigation nearly gives all the data that will be utilized to anticipate the variety of the reliant variable. As such, the higher the coefficient of assurance in the examination, the better the capacity of the free factor to clarify the conduct of the dependent variable.

**Coefficient of Determination**

$$Kd = R2 \times 100\% \dots\dots\dots (2)$$

Note:

Kd = Coefficient of Determination

R2 = Coefficient of Correlation

F test. This test is utilized to decide how much impact the independent factors together have on the reliant variable (Sujarweni, 2015). hypothesis testing is finished by looking into the importance esteem acquired in the investigation. H0 is dismissed and Ha is acknowledged whether the importance esteem is underneath 0.05, so it tends to be finished up all the while that the free factor (X) influences the reliant variable (Y). In the event that on the opposite H0 is acknowledged and Ha is dismissed, the importance esteem is above 0.05, it tends to be closed at the same time that the independent variable (X) does not influence the dependent variable (Y).

T test. This test is utilized to verify that the independent variable has a huge relationship in part with the free factor. The fractional test standards in the exploration theory are if H0 is dismissed and Ha is acknowledged whether the importance esteem is underneath 0.05, so it tends to be inferred that the free factor (X) influences the dependent variable (Y). Then again, H0 is acknowledged and Ha is dismissed if the importance esteem is above 0.05, it tends to be presumed that the free factor (X) does not influence the reliant variable (Y).

**RESULT**

Descriptive Analysis. The consequences of the factual trial of Differentiation methodology cost leadership methodology and focus methodology on corporation achievement can be concentrated further in table 3 below.

**Table 3.** Descriptive Statistical Results

	NPM	Differentiation	Cost Leadership	Focus
<b>Mean</b>	0,0202	1,4139	23,660	0,6082
<b>Minimum</b>	-0,1682	1,0161	0,9360	0,0333
<b>Maximum</b>	0,6076	2,6645	175,2576	0,9991
<b>Std. Dev.</b>	0,0998	0,4157	39,105	0,2766
<b>Observations</b>	63	63	63	63

This investigation comprises of four factors, one ward variable is partnership execution as estimated by net revenue (NPM) and three free factors, to be specific separation cutthroat methodology, cost initiative serious technique, and centered cutthroat system. The example of the examination object utilized in this investigation was 63 examples comprising of 21 retail sub-division organizations over a three-year time frame, in particular 2017 to 2019. Table 3 shows the aftereffects of engaging factual tests, the most extreme worth of the presentation of the reliant variable of

partnership execution as estimated utilizing NPM intermediary is 0.6076 possessed by Kioson Komersial Indonesia Tbk (KIOS), in 2018. The base value of - 0.1682 is possessed by Centratama Telekomunikasi Indonesia Tbk (CENT), in 2017. The mean value is 0.0202 and the standard deviation of 0.0998 implies that the mean is more modest than the standard deviation so the information differs or is fluctuating (tends not to be gathered).

Then the maximum value of the independent variable of differentiation strategy is 2.6645 owned by Matahari Department Store Tbk (LPPF), in 2017. The minimum value of 1.0161 is owned by Kioson Komersial Indonesia Tbk (KIOS), in 2019. The mean value is 1.4139 while the standard deviation of 0.4157 means that the mean is greater than the standard deviation so that the data does not fluctuate or is relatively homogeneous (tends to group).

The second independent variable is the Cost Leadership strategy with a maximum value of 175.2576 owned by Kioson Komersial Indonesia Tbk (KIOS), in 2019. The minimum value is 0.9360 owned by Centratama Telekomunikasi Indonesia Tbk (CENT), in 2017. The mean value is 23.660 while the standard deviation is 39.105, which means that the mean is smaller than the standard deviation so that the data varies or fluctuates (tends not to be grouped).

Then for the last independent variable, namely the Focus strategy with a maximum value of 0.9991 owned by Kioson Komersial Indonesia Tbk (KIOS), in 2019, and a minimum value of 0.0333 owned by Matahari Putra Prima Tbk (MPPA), in 2019. The mean of 0.6082 is greater than the standard deviation of 0.2766, which means that the data does not fluctuate or is relatively homogeneous (tends to group).

The Regression Analysis Panel. The board information relapse investigation procedure completed in this examination utilized Eviews 11 programming. There are a few tests that should be possible to decide the right method in assessing board information relapse. In the board information investigation procedure, there are three methodologies, specifically the normal result model, fixed result model, and arbitrary result model. The test was completed as a stage to guarantee the right model utilized in this examination, in particular the Chow test, Hausman test, and Lagrange Multiplier (LM) test. The Chow test is done to decide the normal result or fixed result model to be utilized. The rules for this test are the speculation  $H_0 = \text{Common Outcome Model}$ ,  $H_1 = \text{Fixed Outcome Model}$ . With the dynamic rules a meaning of 0.05. On the off chance that the likelihood worth of the chi-square cross-segment is under 0.05, then, at that point  $H_0$  is dismissed, so we will utilize the fixed result strategy. On the off chance that the likelihood worth of the chi-square cross-segment is more noteworthy than 0.05, then, at that point  $H_0$  is acknowledged, so the normal result strategy will be utilized. Table 4 beneath is the aftereffect of the Chow test utilizing the Eviews 11 programming.

**Table 4.** Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.379247	(20,39)	0.1911
Cross-section Chi-square	33.699760	20	0.0282

In light of table 4 the test outcomes can be inferred that H0 is dismissed so that in this investigation the board information relapse model with the fixed result model is superior to the normal result board information relapse model. After the Chow test, the subsequent stage is to test the fixed result technique with the irregular result utilizing the Hausman test.

The test was officially evolved by Hausman. Hausman has fostered a factual test to pick whether to utilize a fixed result or irregular result model in an examination. The rules for this test are H0 = Random Outcome Model, H1 = Fixed Outcome Model. In the event that the Cross-Section Random likelihood esteem is under 0.05, H0 is dismissed, so it's anything but a fixed result model. Assuming the Cross-Section Random likelihood esteem is more noteworthy than 0.05, H0 is acknowledged, so it's anything but an irregular result model. Table 5 is the consequence of the Hausman test utilizing the Eviews 11 programming.

**Table 5.** Hausman test results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.335557	3	0.3427

In view of table 5, the consequences of the Hausman test, show the probability value of an irregular cross-part of 0.3427 which is bigger than 0.05. In light of the test outcomes, it very well may be concluded that H0 is acknowledged, so that in this investigation the board information relapse model with the arbitrary result model is preferred utilized over the board information relapse model with the fixed result model. The subsequent stage is to test the normal result and common result strategy utilizing the Lagrange Multiplier Test.

The Lagrange Multiplier (LM) test is a test to decide if the irregular result model or the normal result model is the most fitting to utilize. The LM test was created by Breusch-Pagan. Table 6 beneath is the consequence of the Lagrange Multiplier Test utilizing the Eviews 11 programming.

**Table 6.** Lagrange Multiplier Results

	Cross-section	Test Hypotesis Time	Both
<b>Breusch-Pagan</b>	0.178696 (0.6725)	0.000635 (0.9799)	0.179331 (0.6719)

In view of table 6 the consequences of the lagrange multiplier test, the Breusch-Pagan (BP) probability esteem is 0.6725 which is more noteworthy than 0.05. In view of these information, it is inferred that H0 is acknowledged so that in this examination the board information relapse utilized, in particular the normal result model, is superior to utilizing the board information relapse model with the arbitrary result model.

From the after effects of testing the three models that have been done, the normal results model is the right model in this investigation. The test in this investigation was led to decide the connection between the independent factors on the dependent factors. Table 7

is the test consequences of the normal result model utilizing the Eviews 11 programming.

**Table 7.** Common Effect Significance Test Results

Variabel	Coefficient	Std. Error
C	-0.175629	0.050382
Differentiation	0.097336	0.031468
Cost Leadership	0.000465	0.000346
Focus	0.077739	0.044415

Based on table 7 equations of the board of information relapse condition portrays from the results of the Common Out comes significance test which reviews "The Influence of Competitive Strategy on Corporation Performance in Retail Sub-Division corporation listed on the Indonesia Stock Exchange in 2017-2019 are as follows.

**The Results of the Panel Data Regression Equation Model**

$$Y = -0.175629 + 0.0973 X1 + 0.0004 X2 + 0.0777 X3 \dots\dots\dots (3)$$

Note:

- Y = *Net Profit Margin*
- X1 = Differentiation
- X2 = Cost Leadership
- X3 = Focus
- e = Error term

The board information relapse condition portrays a consistent value of - 0.175629 which implies that if Differentiation, cost initiative and focus are viewed as fixed, the net overall revenue (NPM) will be - 0.175629. The Differentiation relapse coefficient (X1) is 0.097336, implying that each time there is an increment in the differentiation variable by one unit expecting different factors have a fixed worth, at the end of the day, the net revenue of retail sub-division organizations recorded on the Indonesia Stock Exchange (IDX) in 2017-2019 will expanded by 0.097336. Besides, the relapse coefficient of the expense administration procedure (X2) is 0.000465, implying that each time there is an increment in the expense initiative variable by one unit expecting different factors have a fixed worth, all in all, the net overall revenue of retail sub-division organizations recorded on the Indonesia Stock Exchange (IDX) in 2017 - 2019 will encounter an expansion of 0.000465. Furthermore, the relapse coefficient of the focus system (X3) is 0.077739, implying that each time there is an increment in the focus variable by one unit, expecting different factors have a fixed worth, as such, the net overall revenue of retail sub-division organizations recorded on the Indonesia Stock Exchange (IDX) in 2017-2019 will increment by 0.077739.

Testing the Coefficient of Determination (R2). The coefficient of assurance (R2) test is to quantify how far the capacity of a model while clarifying the variety of the reliant variable of an investigation (Ghozali 2013).

**Table 8.** Coefficient of Determination Test Results (R2)

Weighted Statistics	
R-squared	0.217135
Adjusted R-squared	0.177328
S.E. of regression	0.090605
F-statistic	5.454738
Prob (F-statistic)	0.002232

Depend on table 8 the results of the coefficient of assurance, the esteem of Balanced R-Square in this inquire about demonstrate is 0, 177328 or 17.73%. In this way, it can be over that the autonomous factors of Differentiation, Cost Leadership, and Focus are able to clarify the dependent variable, specifically Net Benefit Edge in retail sub-division corporation of 17.73%. Whereas the remaining 82.27% is clarified by other factors exterior of this study.

F test results. The F measurable test essentially appears whether all free or autonomous factors included within the demonstration have a joint impact on the dependent/bound variable (Ghozali, 2013: 98). In the event that the probability result (p-value) is less than 0.05, it can be over that H0 is rejected, which suggests that the independent variable influences the dependent variable at the same time. Table 9. Hasil Uji Common Effect

**Table 9.** Method: Panel EGLS (Cross-section Common effects)

Weighted Statistics			
Root MSE	0.087681	R-squared	0.217135
Mean dependent var	0.020297	Adjusted R-squared	0.177328
S.D. dependent var	0.099894	S.E. of regression	0.090605
Akaike info criterion	-1.903230	Sum squared resid	0.484345
Schwarz criterion	-1.767158	Log likelihood	63.95176
Hannan-Quinn criter	-1.849713	F-statistic	5.454738
Durbin-Watson stat	2.520419	Prob(F-statistic)	0.002232

The F test results within the table appear that the Prob (F-statistic) esteem of 0.002232 is littler than 0.05, then H0 is rejected, which implies that the Differentiation Methodology, Cost Leadership Methodology, and Focus Methodology have a critical concurrent outcome on Net Benefit Margin.

Test Results t. The t-test could be a theory test utilized to discover out that the autonomous variable contains a partially significant relationship with the subordinate variable. If the probability result (p-value) is less than 0.05, it can be over that H0 is rejected, which suggests that the independent variable somewhat influences the dependent variable.

**Table 10.** Common Outcome of Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.175629	0.050382	-3.485922	0.0009
Differentiation	0.097336	0.031468	3.093138	0.0030
Cost Leadership	0.000465	0.000346	1.344690	0.1839
Focus	0.077739	0.044415	1.750305	0.0853

## DISCUSSION

The outcome of Differentiation Strategy on Corporation achievement. Depend on the partial test results in table 9, it shows that the differentiation strategy has an outcome on the net profit margin (NPM) of retail sub-division companies in 2017 - 2019. Therefore, it can be concluded that retail sub-division corporation are able to introduce new (unique) products to consumers, develop as well as continuous innovation, providing excellent service to customers and it looks different from competitors in similar and dissimilar industries so as to generate maximum profit for the corporation and increase stable NPM. Thus, the retail sub-division companies obtain superior sales performance thereby increasing the corporation's performance or NPM. In line with the study attend by (Banker et al., 2014) and (Rustamblin et al., 2013) which state that differentiation strategy has a positive outcome on firm achievement.

The effect of Cost Leadership Strategy on Corporation achievement. Depend on the results of the partial test in table 9, it shows that the cost leadership strategy partially has no significant outcome on net profit margins in the retail sub-division companies in 2017-2019. Things that are indicated to have more influence on purchasing decisions are the distance between the retail outlets/stores to their homes, many consumers are bored with purchasing products that are only obtained at one outlet or consumers do not have much time to buy products directly to the outlets. This cost reduction is also able to condition consumers to expect lower prices every time they buy, they will compare the offer prices or they will not shop at all. Currently, consumers have been spoiled with buying necessities online. Household needs or other needs can already be done online, all consumer needs are available in one application such as those offered by the marketplaces Tokopedia, Bukalapak, Shopee, Blibli and Lazada. Consumers will be more interested in the marketplace in addition to time efficiency as well as the variety of products offered in one appeal. In line with the study attend by (Kumar and Strandholm, 2002) and (Rustamblin et al, 2013) which state that the cost leadership strategy has no outcome on corporation performance.

The Influence of Focus Strategy on Corporation Performance. The results of the partial test in table 9, shows that the partial focus strategy has no significant out come on net benefit margins in the retail sub-division companies in 2017-2019. This indicates that the focus strategy carried out by retail sub-division corporation listed on the Indonesia Stock Exchange for the 2017-2019 period does not affect purchasing decisions. Consumers tend to prefer looking at various types of goods rather than just one item in one outlet. Currently, consumers can shop for various household and other products in one online application, such as those offered by the marketplaces Tokopedia, Bukalapak, Shopee, Blibli and Lazada. Consumers will also be more interested in the marketplace because various products can be directly obtained. This is in line with study attend by (Suci, 2009) explain that the focus strategy has no outcome on corporation performance.

## CONCLUSION

The aims of this research were to decide the outcome of the impartial variables including differentiation strategy, cost leadership approach and focus strategy on the established variable, namely corporation performance in retail sub-division businesses indexed on the Indonesian stock trade for the 2017-2019 period. The research sample was

63 data consisting of 21 companies with a research period of 3 years. Depend on the results of descriptive analysis and discussion, it can be known how many things are as follows.

Depend on the results of the descriptive analysis test, the dependent variable net profit margin (NPM) during 2017-2019 contains cruel esteem littler than the standard deviation so that the information shifts or is fluctuating (tends not to be gathered). While the first independent variable, namely the differentiation strategy during 2017-2019, has a mean value higher than the standard deviation so that the information does not fluctuate or is relatively homogeneous (tends to be clustered). The second independent variable of cost leadership strategy during 2017-2019 has a mean value smaller than the standard deviation so that the information varies or is fluctuating (tends not to be grouped). And the third independent variable, namely the focus strategy during 2017-2019, has a mean value greater than the standard deviation, which means that the data does not fluctuate or is relatively homogeneous (tends to be clustered).

Depend on the simultaneous significance test (F statistic test) differentiation strategy, cost leadership strategy and focus strategy simultaneously have 17.73% outcome on corporation performance in retail sub-division corporations listed on the Indonesia Stock Exchange in 2017-2019 and 82.27% are affected by other variables do not mention of this research.

Depend on the results of the partial test, the differentiation strategy has a positive outcome on corporation performance, while the cost leadership strategy has no outcome on corporation achievement and the focus strategy has no outcome on corporation performance in retail sub-division companies listed on the Indonesia Stock Exchange in 2017-2019.

Suggestions for further researchers established on the study that has been done and the conclusions and testing of this research, namely this research proves that the corporation's achievement is influenced by the independent variable by 17.73%, therefore there are other variables that must be investigated in order to know other independent variables that affect corporation performance. Further researchers can conduct research on competitive strategies with other variables as well as using a dynamic system approach so that the overall competitive strategy can be seen. This research can be used as a model for the development of knowledge related to the aspect that support the efforts to improve the achievement of companies in the retail sub-division.

Suggestions for companies are expected that this research can provide benefits for companies as material for corporation development and knowledge about factors that can affect efforts to enhance the companies's achievement in the retail sub division Companies can pay attention to and implement differentiation strategies, cost leadership strategies and focus strategies so that the corporation's performance is getting better and can attract investors. As for investors, this research can be used as a means of objectivity to make decisions in investing by not only looking at how the profitability of the retail sub-division corporation is getting, but also considering it from the point of view of differentiation strategy, cost leadership strategy and focus strategy that can increase the level of Net Profit Margin. (NPM) of the corporation, so that potential investors are interested in investing by looking at the increasing performance of the corporation.



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