

Strategy Management Analysis in the Face of Business Competition

Lod Sulivyo¹, Listiawati², Faye Maya Dewi³
Sekolah Tinggi Ilmu Ekonomi Ppi Tangerang, Banten, Indonesia^{1,3}
Universitas Bina Bangsa Serang, Banten, Indonesia²

e-mail: sulivyo.lod@stieppi.ac.id³, listiawati@binabangsa.ac.id², fayemayadewi@stieppi.ac.id³



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Abstract

This study aimed to examine the influence of cost focus and differentiation focus on business competition. The research adopted a quantitative approach, utilizing questionnaires distributed to a sample of 70 business actors who participated by completing questionnaires. The results support the hypotheses: cost focus positively and significantly affects business competition, as evidenced by a t-value of 3.009. Moreover, cost focus has a significant impact on differentiation focus (t-value: 72.926), while differentiation focus positively influences business competition (t-value: 9.825). The study also finds that cost focus has a significant effect on business competition, mediated by differentiation focus (t-value: 82.751). These findings emphasize the importance of both cost management and differentiation strategies for enhancing business competitiveness.

Keywords: Cost focus, Differentiation, Business competition



1. Introduction

Business activities either in the field of services or goods carried out in Indonesia continue to increase[1]. Many new companies have sprung up, both small capital to large capital. Not only from within the country but companies from outside also do not want to lose to enliven the business industry in Indonesia[2]. This certainly has an impact on the increasingly competitive level of business competition in Indonesia[3]. Companies that want to excel must have more value which makes the company different from other similar companies[4]. To get more value and place in the hearts of consumers, the company must first determine its business strategy[5]. This strategy will determine the survival of the company[6].

Business strategy is the determinant of a company's success in this hotel[7]. With increasing competition in this industry, hotels must continue improving the strategies created and implemented[8]. The strategy created must be a dynamic strategy that suits the needs and desires of consumers[9]. The way to establish an effective and efficient business strategy for a company in this case is that the hotel must first look at strengths, weaknesses, opportunities, and, threats from inside and outside the company[10].

Every company needs a business strategy if a business or company wants to grow and prosper in today's fierce global competition[11]. The business strategy that a company creates is different from that of a company[12]. Organizations use business strategies to highlight the basic steps they plan to take to achieve their goals. Business strategy is a policy and guideline that determines how a company competes in the industry, specifically how it achieves a competitive advantage[13]. Commerce methodology is additionally called useful trade methodology since it is coordinated to the work of administration exercises such as promoting technique, generation or operation technique, and deals procedure[14]. The strategy at the business unit level is aimed at managing the activities and operations of a particular company[15]. The business strategy emphasizes increasing a company's competitiveness of a company in the particular industry or market segment it serves[16].

Business-level strategy aims to develop a business that can gain a competitive advantage over its market or industry competitors[17][18]. Porter mentions there are three strategies in the business unit, namely: 1). Cost Leadership, this strategy is chosen by companies that have a wide scope of competition (competitive scope)[19]. In this strategy, the company strives to achieve the lowest cost compared to other companies in one industry[20]. The advantages of corporate costs can come from the proper application of production technology, having access to raw materials that are more profitable than competitors, and so on the benefit gained from implementing this strategy is that it inhibits the entry of potential competitors who want to enter the same industry[21]. 2). Differentiation, companies that choose this strategy should strive to be unique in certain dimensions of the products they produce, where the uniqueness is considered valuable to consumers. 3). Focus, the company selects one or more segment groups within the industry and develops strategies suitable for that segment[22]. Also, select segments that other competitors with broader market coverage cannot adequately serve[23]. Focus strategies can be divided into two types: cost-oriented and differentiation-oriented[24].

The general pattern of competitive cards in the market usually has five forces competing with each other for maximum profit[25]. included. These forces come from five competitiveness in the industry: 1) Threat of new entrants. New entrants bring new skills and a desire to gain significant market share and resources. The severity of the threat posed by new entrants depends on the barriers that exist in dealing with existing competitors that new entrants can foresee[26]. With high barriers to entry and new entrants facing severe retaliation from existing competitors, it is clear that new entrants do not pose a serious threat to entry. 2) Customer bargaining power. Buyers or customers can also lower prices in response to higher quality or more service and can compete with each other for all members of the industry. 3) Supplier bargaining power. The supplier can harness the bargaining power of industry participants by raising the price or lowering the quality of purchased goods and services[27][28]. This is a way for influential suppliers to curb the profitability of an industry where selling prices cannot offset rising costs. 4) Threats to alternative products or services. Product/service companies often face fierce competition with products/services from other industries that may offer consumers alternatives[29]. A product can be a replacement or replacement for another product if the

consumer believes that the product or service performs a similar function[30]. Competitive pressure from alternative products or services is that the product goes through different forms of differentiation strategies such as competitive pricing, different qualities, better service, etc. under consumer demand. Motivates companies to implement strategies that convince customers that they are different. Or a combination. Five). Competition between existing candidates. Competition between existing competitors by taking the same form to compete with positions in strategies such as price competition, product recognition, and advertising competition.

2. Research Method

Inquire about strategies include a extend of approaches, such as test, exploratory, and naturalistic inquire about strategies. In this specific ponder, the analysts selected for study methods to accumulate information inside particular real-world settings. During the data collection process, the researchers introduced various manipulations, including the administration of questionnaires, tests, and structured interviews. The study sample consisted of 70 individuals involved in business activities. For data analysis, the analysts utilized the SEM (Structural Equation Modeling) procedure, utilizing the Smart PLS 3.0 computer program as the chosen examination device.

3. Results and Discussions

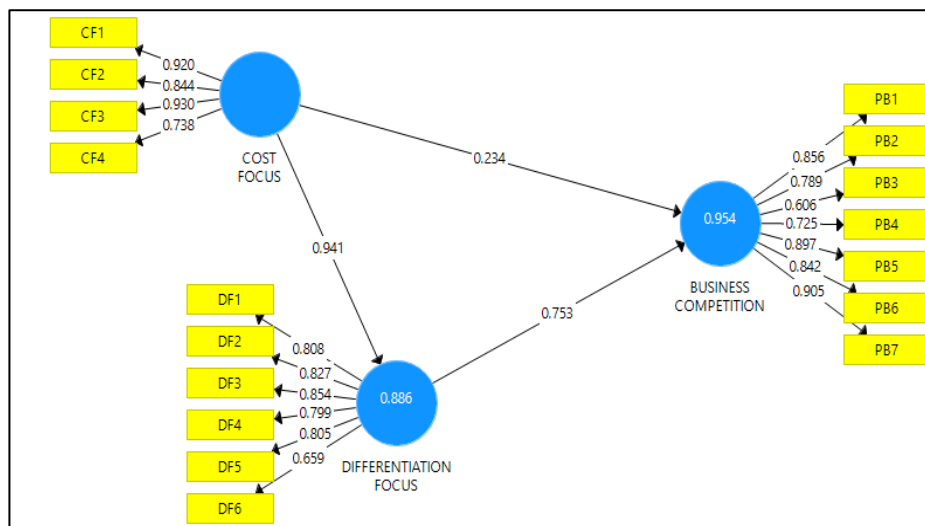


Figure 1. Output PLS Algorithm

3.1 Validity Test

Validity testing is conducted in two stages: concurrent legitimacy testing and discriminant legitimacy testing. In the convergent validity test, the factor loading values are examined to ensure their appropriateness. The discriminant validity test, on the other hand, involves comparing the loading values of the intended configuration with other configurations to determine their distinctiveness. The loading values of the intended configuration should be higher than those of any other configuration to establish discriminant validity.

Convergent validity

Table 1. Focus of Differentiation of Value Load Factor Variables

Variable	Indicators	Outer loading value	Value Standards	Notes
Differentiation Focus	DF1	0.808	0.6	Valid
	DF2	0.827	0.6	Valid
	DF3	0.854	0.6	Valid
	DF4	0.799	0.6	Valid

	DF5	0.805	0.6	Valid
	DF6	0.659	0.6	Valid

Source: Smart PLS 3.0 data

Table 2. Cost Focus Loading Factor Value

Variable	Indicator	Outer Loading Value	Value Standards	Notes
Cost Focus	CF1	0.920	0.6	Valid
	CF2	0.844	0.6	Valid
	CF3	0.980	0.6	Valid
	CF4	0.738	0.6	Valid

Source: Smart PLS 3.0 data

Table 3. Business Competition Value

variable	indicator	outer loading value	value standards	notes
Business Competition	PB1	0.856	0.6	Valid
	PB2	0.788	0.6	Valid
	PB3	0.606	0.6	Valid
	PB4	0.725	0.6	Valid
	PB5	0.897	0.6	Valid
	PB6	0.842	0.6	Valid
	PB7	0.905	0.6	Valid

Source: Smart PLS 3.0 data

Based on the table given, the information handling comes about utilizing the SmartPLS 3.0 strategy show that all stacking figure values for the pointers utilized in this think about illustrate focalized legitimacy. Each indicator's esteem surpasses or breaks even with the default limit of 0.6, affirming their legitimacy as solid measures for the aiming setup.

3.2 Discriminant validity

The discriminant authenticity test may be a regard of cross-loading calculate that's important to discover out whether the construct has an palatable discriminant regard that's by comparing the stacking regard on the arranging create must be more unmistakable than the stacking regard with other creates.

Table 4. Variable Cross-Loading Value

	Cost Focus	Business Competition	Differentiation Focus
CF1	0.920146	0.887035	0.853530
CF2	0.844275	0.836009	0.791113
CF3	0.929897	0.866344	0.880119
CF4	0.738036	0.637382	0.709536
BC1	0.803215	0.855919	0.858150
BC2	0.672237	0.788758	0.812587
BC3	0.487221	0.606310	0.662862
BC4	0.643239	0.724747	0.652046
BC5	0.908372	0.897489	0.848072
BC6	0.826462	0.842083	0.780360
BC7	0.920819	0.904700	0.866529
DF1	0.774124	0.736004	0.808037
DF2	0.720452	0.740925	0.826534
DF3	0.920146	0.887035	0.853530
DF4	0.839944	0.840246	0.798609
DF5	0.656582	0.783645	0.805085
DF6	0.484361	0.608041	0.658784

Source: Smart PLS 3.0 data

From Table 4, it is obvious that the relationship esteem for the arrangement with markers is higher compared to the relationship esteem for other setups. The comes about gotten from information preparing utilizing SmartPLS 3.0 demonstrate that the components of cost focus (X1), differentiation focus (X2), and business competition (Y1) demonstrate a stronger ability to predict the indicators within their respective blocks. Hence, we can confidently assert the validity of these associations within their specific blocks. Additionally, to survey discriminant legitimacy, the Normal Change Extricated (AVE) values are inspected. AVE scores surpassing 0.50 are considered great (Gozali & Latan, 2015). The AVE values in Table 5 are as takes after:

Table 5. Average Variance Extracted Research Model

Variable	Value Standards	AVE Value
Cost Focus	0.5	0.742
Business Competition	0.5	0.654
Differentiation Focus	0.5	0.631

Source: Smart PLS 3.0 data

Table 5 shows up that the AVE regard of the diagram appear was scored over 0.5 for all ponder components. Hence, the AVE esteem of the discriminant legitimacy test is as of now met in ensuing tests. Subsequently, the test comes about fulfilled Level 1 concurrent legitimacy and Level 2 discriminative legitimacy, approving this think about show.

3.3 Reliability test

Table 5 appears that the AVE esteem of the overview show was scored over 0.5 for all study factors. Hence, the AVE esteem of the discriminant legitimacy test is as of now met in ensuing tests. Subsequently, the test comes about fulfilled Level 1 concurrent legitimacy and Level 2 discriminative legitimacy, approving this think about show.

3.4 Composite Reliability

The composite unwavering quality test evaluates the unwavering quality of the information, with a composite unwavering quality esteem more prominent than 0.7 demonstrating tall unwavering quality. The comes about of information handling utilizing SmartPLS 2.0 for composite unwavering quality are displayed underneath:

Table 6. Composite Reliability Value Research Model

Variable	Composite Reliability	Standard	Notes
Cost Focus	0.920	0.7	Reliable
Business Competition	0.929	0.7	Reliable
Differentiation Focus	0.911	0.7	Reliable

Source: Smart PLS 3.0 data

Based on Table 6, typically the composite certainty score of the study show, demonstrating that the composite certainty score for each variable is more noteworthy than 0.7. The least esteem is 0.911 for the variable 'Focus on Differentiation' and the most noteworthy esteem is 0.929 for the variable 'Business'. Equivalent to competition. Data processing results show that the study model meets the combined reliability and high reliability test or reliability values.

3.5 Cronbach's Alpha

The taking after organize of testing for reliabilities is testing with Cronbach's alpha regard. This immovable quality test is invigorated by Cronbach's alpha and the expected regard is > 0.6 for all creates (Hussein, 2015). Here are the comes almost of the data for Cronbach's alpha regard inside the table underneath.

Table 7. Value Cronbach's Alpha Research Model

Variable	Cronbach Alpha	Standard	Notes
Cost Focus	0.881	0.6	Reliable
Business Competition	0.909	0.6	Reliable
Differentiation Focus	0.883	0.6	Reliable

Source: Smart PLS 3.0 data

Based on the calculation of the information in Table 7, the Cronbach's alpha estimates for the research study were 0.6 for each variable estimate, the lowest estimate for the central fetched variable was 0.881, and the highest estimate for the retail competition variable was 0.6. It shows that the value is 0.881. is 0.909. In the wake of these events, this way of thinking is the beginning of Cronbach. Two levels of rock solid quality testing combined with rock solid quality and Cronbach's alpha show that this study meets solid quality standards and can be a reliable estimation tool.

3.6 Hypothesis Test

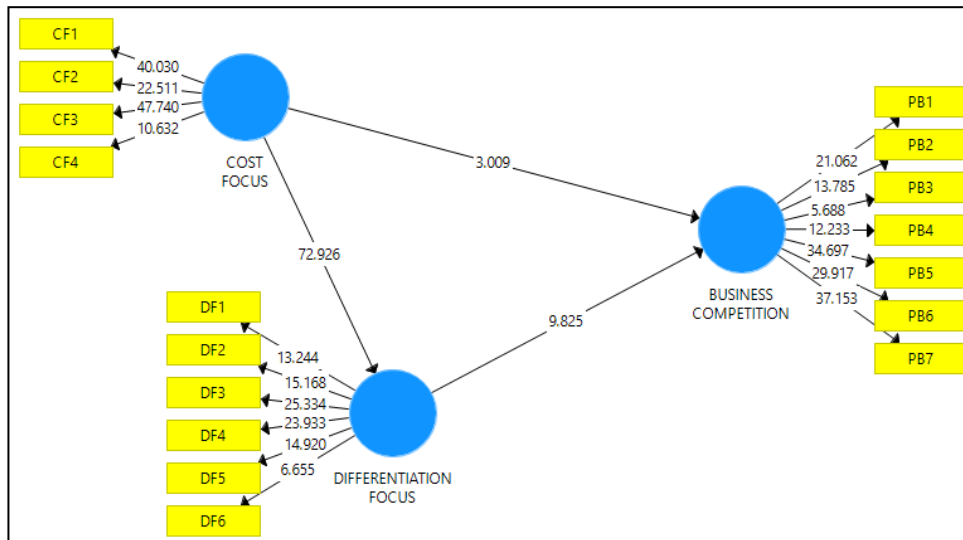


Figure 2. Bootstrapping Output Results

Table 8. Conclusion of Research Results

Hypothesis	Variables		Direct Effect	Indirect Effect	Total Effect	t-Values (>1.96)	Notes
	Exogenous	Endogenous					
1	Cost Focus	Business Competition	0.234	-	0.234	3.009	Significant
2	Cost Focus	Differentiation Focus	0.941	-	0.941	72.926	Significant
3	Differentiation Focus	Business Competition	0.753	-	0.753	9.825	Significant
4	Cost Focus → Differentiation Focus	Business Competition	0.941	0.753	1.694	82.751	Significant

Source: Smart PLS 3.0 data

3.7 Discussion

Based on the hypothesis-testing results of this study, the following conclusions can be drawn. Firstly, the primary hypothesis, Cost Focus, demonstrates a positive and significant impact on business competition, as evidenced by the t-score value of 3.009, which exceeds the standard value of 1.96. Additionally, the direct correlation coefficient between the two factors is 0.234, indicating a moderate relationship between Cost Focus and business competition. In this context, cost orientation has been found to be an influencing factor related to business competition. Then, the second hypothesis, focus on cost, has a T-score of 72.926 and a correlation coefficient of 0.941 between the two factors, showing a positive and significant effect on focus on differentiation. This indicates that Cost Focus plays a crucial role in differentiation.

The third theory, the center on separation, encompasses a positive and critical affect on the Commerce competition with a t-value of 9,825. In this case, it can be clarified that the center on separation contains a exceptionally solid affect on making strides the competitiveness of companies. The fourth theory, taken a toll center, contains a positive and noteworthy positive affect on the trade competition interceded by separation center, with a t-score esteem of 82,751. The center on separation plays a really imperative part in moving forward the relationship between the center on taken a toll and commerce competition.

4. CONCLUSION

This research aimed to investigate the impact of cost focus and differentiation focus on business competition. The study adopted a quantitative approach, utilizing a questionnaire distributed to 70 business individuals as the research sample. First, cost orientation was found to have a significant positive impact on business competition, as evidenced by a T-score of 3.009 above the standard threshold of 1.96. Furthermore, cost focus had a significant positive effect on differentiation focus with a T-score of 72.926. Additionally, a focus on differentiation showed a significant positive effect on business competition with a T-score of 9.825. Finally, the mediating role of differentiation focus in the relationship between cost focus and business competition was revealed with a T-score of 82.751. In conclusion, this research provides valuable insights for businesses regarding the importance of cost focus and differentiation in enhancing their competitiveness.

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