

The Effect of Competitive Strategy and Product Quality on Business Performance

Study On: Unilever Indonesia Tbk

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KEYWORDS

Competitive Strategy,
Product Quality, Business
Performance

ABSTRACT

Currently, in the global market era, many daily necessities are circulating in the world goods market domestic and foreign products. Many companies are developing in Indonesia, both domestic companies and foreign investment companies. One of them is Unilever Indonesia which operates in the primary consumer sector. This research aims to describe efforts to create the influence of competitive strategy and product quality on business performance at Unilever Indonesia Tbk. The urgency of research is to fulfill assignments for the Strategic Management course and as a requirement to take the Final Semester Examination. This research is intended for readers as supporting material for further research in the future and is also useful for writers to develop the process of creating scientific work. This research uses a descriptive quantitative approach method with Explanatory Research research, using annual financial data for the last 3-year period. This method aims to find variable relationships that exist in a community. Using company financial reports to determine the results and influence of competitive strategy and product quality on company sales over several decades and determine the effectiveness of company strategy in the company's business performance. This research was created based on references from several journals by previous researchers with variables that are closely related to the title of the research created by the author.

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1. Introduction

Currently, in the global market era, there are many daily necessities on the market, both domestic and foreign products (Madjid & Hasan, 2022). Many companies are developing in Indonesia, both domestic companies and foreign investment companies (Chandrawulan & SH, 2022). One of them is Unilever Indonesia which operates in the primary consumer sector (Lestari & Hertati, 2020).

According to Abrar (2021), the primary consumer sector includes companies that carry out production and distribution in the form of goods and services which are then sold to consumers, but these goods are anti-cyclical so that demand is not influenced by economic growth (Chandra & Marlin, 2022); (Satwika & Dewi, 2018). From this statement it can be concluded that goods produced in the primary sector are not influenced by changes in the economic conditions of consumers of these goods because the goods are necessities needed by consumers in general (Wijiharjono, 2021).

At the close of trading Monday (11/9), the primary consumer goods sector strengthened 1.38% or 10.12 points to the level of 745.48. Throughout trading, the primary consumer goods sector touched its lowest daily level at 735.36 and its highest daily level at 745.48. Source: Indonesian Stock Exchange (2023)

For primary consumers, there are several sub-industries, one of which is the personal care products sub-industry (Haryono & Marniyati, 2017). Some of the products include bath soap, toothpaste, shampoo, body lotion, and various other types of body care products. Various products that have been circulating on the market certainly have competitors in the market, so the quality of a product is important. Product quality is the factors contained in an item or result that cause the item or result to be suitable for the item being produced. With competition in the market, we can use competitive strategies (Aghitsni & Busyra, 2022); (Asyhari, Pudjihastuti, & Kurdaningsih, 2018).

According to Porter, five competitive forces determine industry strength: (1) Potential new players; (2) Suppliers; (3) Buyer; (4) Substitution; and (5) Competitors in the industry (Wijiharjono, 2021). This means that how company leaders understand these five things will determine what strategy to choose. A predetermined strategy also influences product quality and the results of business performance. Business performance or business performance According to Satwika & Dewi (2018), is a factor that is commonly used to measure the impact of a company's strategy in facing competition. This understanding emphasizes that business performance is not something that can just happen but requires a process (Sugi & Hargyatni, 2024); (Wiguna, 2019); (Maisaroh, Hilal, & Hanif, 2022).

This study aims to determine the relationship between competitive strategy quality products and business performance at PT Unilever Indonesia. The Influence of Competitive Strategy on Product Quality. The Influence of Competitive Strategy on business performance (Asyhari et al., 2018).

The current research is "The Influence of Competitive Strategy and Product Quality on Business Performance". As supporting material for several previous researchers attached by the author, research taken by Rini Lestari and Lesti Hertati entitled "How the Influence of Business Strategy, Product Strength on the Quality of Management Accounting Information Systems: Case Study of Small and Medium Enterprises in Indonesia". The research was written by Setyani Dwi Lestari, Farah Margaretha Leon, Sri Widyastuti, Nora Andira Brabo, Aditya Halim Perdana Kusuma Putra regarding "Antecedents and Consequences of Innovation and Business Strategy on the Performance and Competitive Advantage of SMEs". Research was written by Tulus Haryono, and Sabar Marniyati "The Influence of Market Orientation, Product Innovation, and Product Quality on Business Performance in Creating Competitive Advantage"

The similarity between the current research and previous researchers is that there is a link between "The Influence of Competitive Strategy and Product Quality on Business Performance". The difference is the method used. The following are the results of discussions from previous researchers as a reference point and comparison material in table form:

Table 1. Previous Research

TITLE	METHOD	THEORY	RESULTS	SIMILARITIES/DIFFERENCES
The influence of competitive intelligence on competitive strategy and performance: a study of cafes and restaurants in Malang, Indonesia	quantitative	Competitive Strategy Theory by Porter	The research findings confirm the significant and positive impact of implementing Competitive Intelligence on Competitive Strategy and company performance in the market.	Similarities: Correlation Study Variables: Competitive strategy Differences: There are different variables and research locations
Antecedents and Consequences of Innovation and Business Strategy on the Performance and Competitive Advantage of SMEs	PLS quantitative	- Competitive advantage by Abdolmaleki & Ahmadian, - Business performance	Shows that as many as sixteen hypotheses designed based on a literature review show a positive and significant influence.	Similarities: Variable Correlation Study: Business Performance Differences: There are different variables and research locations
The Influence of Market Orientation, Product Innovation, and Product Quality on Business Performance in Creating Competitive Advantage	Associative Quantitative	- Product Quality - Business performance	Based on the results of the data analysis, product quality has a positive and significant effect on competitive advantage. Based on the results of data analysis, it is stated that business performance has a positive and significant effect on competitive advantage. These results show the	Similarities: Variable Correlation Study: Product Quality, Business Performance Differences: There are different variables and research locations

TITLE	METHOD	THEORY	RESULTS	SIMILARITIES/DIFFERENCES
			large influence of business performance on the company's competitive advantage from CV. MGA	

2. Materials and Methods

This research uses a descriptive quantitative approach method with Explanatory Research research, this method aims to find variable relationships that exist in a community. Quantitative research, according to Sugiyono (2019), is a research method based on the philosophy of positivism, as a scientific or scientific method because it fulfills scientific principles in a concrete or empirical, objective, measurable, rational, and systematic manner. Quantitative methods aim to test predetermined hypotheses that will be used to research certain populations and samples, collect data using research instruments, and analyze quantitative or statistical data. The general population in this research is all consumers who have used Unilever Indonesia products. The samples used are products from Unilever itself. 8 out of 10 respondents said that they use Unilever products for their daily needs, apart from product quality, economical prices also support the commitment of respondents.

Data collection is carried out to obtain the information needed to achieve research objectives. In this research, the data collection method used is the Document Study method, where the author uses financial report data information for the last 3 years as supporting material for this research.

Having a financial report can show the business performance of a company. The company's financial performance is also a factor that potential investors will look at. Maintaining and improving financial performance is an obligation for companies that must be maintained to maintain the existence of shares and a product that is marketed so that it can be sought after by investors and buyers. The following is financial data for the last 3 years at PT. Unilever Indonesia as supporting material.

RASIO KEUANGAN
FINANCIAL RATIOS

Dalam persentase atau kali In percentage or times

Keterangan	2022	2021	2020	2019	2018	Description
Margin Laba Bruto	46.3%	49.6%	52.3%	51.3%	50.5%	Gross Profit Margin
Margin Laba Usaha	17.1%	19.4%	22.0%	23.6%	29.5%	Operating Profit Margin
Margin Jumlah Penghasilan Komprehensif Tahun Berjalan	13.4%	14.5%	16.4%	16.5%	22.4%	Total Comprehensive Income for the Year Margin
Margin EBITDA	19.7%	22.1%	24.6%	26.2%	32.0%	EBITDA Margin
Labanya Usaha terhadap Ekuitas	176.9%	177.7%	191.4%	191.6%	166.9%	Operating Profit to Equity
Jumlah Penghasilan Komprehensif Tahun Berjalan terhadap Ekuitas	137.9%	132.3%	142.9%	134.2%	126.7%	Total Comprehensive Income for the Year to Equity
Labanya Usaha terhadap Jumlah Aset	38.6%	40.3%	46.0%	49.0%	60.6%	Operating Profit to Total Assets
Jumlah Penghasilan Komprehensif Tahun Berjalan terhadap Jumlah Aset	30.1%	30.0%	34.4%	34.3%	46.0%	Total Comprehensive Income for the Year to Total Assets
Aset Lancar terhadap Liabilitas Jangka Pendek	60.8%	61.4%	66.1%	65.3%	73.2%	Current Assets to Current Liabilities
Jumlah Liabilitas terhadap Ekuitas	358.3%	341.3%	315.9%	290.9%	175.3%	Total Liabilities to Equity
Jumlah Liabilitas terhadap Jumlah Aset	78.2%	77.3%	76.0%	74.4%	63.7%	Total Liabilities to Total Assets
Imbal Hasil atas Aset	28.7%	29.1%	34.8%	36.1%	46.3%	Return on Assets
Imbal Hasil atas Ekuitas	129.0%	124.4%	140.2%	116.7%	144.6%	Return on Equity

Angka-angka pada seluruh tabel dan grafik menggunakan notasi bahasa Inggris kecuali disebutkan lain. Numerical notation in all tables and graphs are in English notation, unless stated otherwise.

Figure 1. Financial Data of PT. Unilever Indonesia
Source: PT. Unilever Indonesia



Figure 2. Financial Ratio of PT. Unilever Indonesia
Source: PT. Unilever Indonesia

Financial Overview

Financial Highlights

LABARUGI AND COMPREHENSIVE INCOME REPORT OTHER STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Table and graph numbers are displayed
dalam miliaran Rupiah dan menggunakan notasi bahasa Inggris
kecuali disebutkan lain.

Numerical notation in tables and graphic are used in billions of
Rupiah and in English notation, unless stated otherwise.

Description	2022	2021	2020	2019	2018	Description
Net Sales	41,219	39,546	42,972	42,923	41,802	Net Sales
Cost Of Goods Sold	(22,154)	(19,920)	(20,515)	(20,894)	(20,697)	Cost of Goods Sold
Laba Bruto	19,065	19,626	22,457	22,029	21,105	Gross Profit
Operating Expenses	(11,996)	(11,947)	(13,006)	(11,908)	(8,781)	Operating Expenses
Operating Profit	7,069	7,679	9,451	10,121	12,324	Operating Profit
Profit before tax	6,994	7,497	9,207	9,902	12,148	Profit before income tax
Penghasilan						Tax
Laba	5,365	5,758	7,164	7,293	9,081	Profit
Amount Of Comprehensive Income for the Year	5,513	5,717	7,057	7,090	9,358	Total Comprehensive Income for the Year
Derjahan						
CRITDA	8,123	8,756	10,554	11,250	13,374	COITDA
Net income per Basic shares (in the value of gold)	141*	151*	188*	194*	238*	Basic Earnings per Share (in Rupiah full amount)

Laba bersih dengan pengaruh 220
Basic earnings per share (in Rupiah full amount) for the effect of ky 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In the case of the rhubarb, other flavours

in billion rupees, unless otherwise stated

Description	2022	2021	2020	2019	2018	Description
Current Assets	7,568	7,642	8,828	8,530	8,258	Current Assets
Amalah Assets	18,318	19,069	20,535	20,649	20,327	Total Assets
Term Liabilities Short	12,442	12,445	13,358	13,065	11,274	Current Liabilities
Total Liabilities	14,321	14,747	15,597	15,368	12,943	Total Liabilities
Ekuitas	3,997	4,321	4,937	5,282	7,384	Equity
Capital Kerja Bersih	(4,874)	(4,803)	(4,529)	(4,535)	(3,016)	Net Working Capital

Figure 3. Sales Graph of PT. Unilever Indonesia
Source: PT. Unilever Indonesia

Based on the theoretical basis and data above, the following framework can be created:

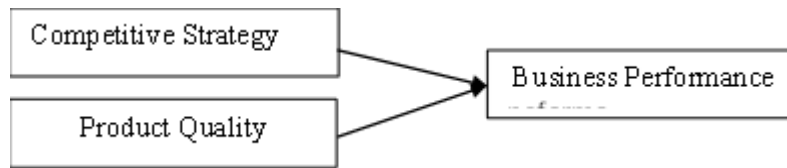


Figure 4. Financial Highlights of PT. Unilever Indonesia
Source: PT. Unilever Indonesia

3. Result and Discussion

Efforts to Increase Economic Growth by Emphasizing Poverty Rates in West Sumatra Province

The discussion in this research is to test the effect of implementing a competitive strategy on product quality and company performance using annual financial data for 3 years. Explained in a research framework consisting of; Competitive strategy, product quality, and business performance. **The Influence of Product Quality on Business Performance**

Market orientation has an influence on company performance at each different unit level. This research also explains that at the organizational level, the leader's culture will influence market orientation behavior, so that it can improve product quality which has an impact on increasing company performance. There are research results that show that the dimensions of existing product quality influence company performance. In this way, the company should be able to improve the various dimensions of its products so that they have the expected product quality. Likewise, the efforts made by various companies in building competitive strategies to create the company's competitive advantage.

We can see in the diagram image with a comparison of financial reports for the past 3 years that it is concluded that net sales have increased in 2022 but are not better than in 2020 and operating profit and profit for the current year have decreased compared to the previous year. Based on the results of field research, there was a decline in 2021 due to the coronavirus attack at that time which caused a pandemic, resulting in a decrease in purchases. It can be said that the results of the increase in purchases in 2022 which had decreased drastically in 2021 prove that there has been an increase in business performance.

Meanwhile, indirectly it is positive but not significant. The direct influence of product quality on competitive advantage is directly positive and significant, while indirectly it is positive and significant.

4. Conclusion

The ability of a company to compete with each other by producing a quality product to maintain a competitive advantage in the market which influences a company's business performance is the core of the discussion of strategic management. Without a competitive advantage, the company will only be able to receive normal returns, namely the level of profit that can be expected from other investments that have the same level of risk.

Without a competitive advantage, the company will only be able to receive normal returns, namely the level of profit that can be expected from other investments that have the same level of risk. Companies that can create sustainable competitive advantages do not only depend on one strength that the company has but also strive to design strategies that cover all aspects.

In this research regarding the Influence of Competitive Strategy on Product Quality and Business Performance, it can be concluded that product quality has a significant positive influence on business performance and creates a competitive advantage. Competitive advantage has a positive effect on business performance or business performance.

This research provides education regarding the importance of the influence of competitive strategy on product quality and business performance so that each company has added value and differentiating aspects in every activity and its management both in company management.

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