

Competitive Advantage Mediates Innovation Strategies and Efficiency in Achieving Property Company Performance in Central Java

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Abstract. This study examines the effect of innovation strategy, company efficiency, and competitive advantage on the performance of housing developer companies in Central Java. The main problem in this research is how performance improvement can be obtained through innovation strategy and competitive advantage either directly or through competitive advantage intervening variables. In this study, the population is managers or above, housing developer companies in Central Java who are members of the Central Java REI association and have ongoing housing projects. The simple random sampling technique was used as the sampling technique in this study. The data collection method used in the research was a questionnaire distributed both through online media and by direct visits to 200 respondents who met the criteria from a total of 350 companies that are members of the Central Java REI association. This study uses a Structural Equation Model (SEM) running AMOS 26 software to manage data. From testing the hypothesis of this study, several conclusions were obtained. First, there is a significant positive effect between competitive advantage on developer company performance; second, there is a significant positive effect between innovation strategy variables on developer company performance; third, innovation strategy has a positive effect on competitive advantage; fourth, there is a positive effect on company efficiency on developer company performance and fifth, company efficiency positively affects the competitive advantage of housing developer companies in Central Java.

Keywords: Innovation Strategy; Company Efficiency; Competitive Advantage; Company Performance; Housing Developer Company

INTRODUCTION

Companies established by the founders of companies generally have several goals, profits and profits are one of the main goals of the company's shareholders and board of directors so that the company can continue to run and can provide welfare for shareholders and employees who work in it. This certainly spurs companies to find ways on how to improve their company's performance. According to Wolff (2006), there are 2 dimensions of company performance but they are still very related, namely the profitability dimension and the growth dimension. The tight competition for performance, especially in the two dimensions of performance as proposed by Wolf & Pett, requires housing development companies to increase their competitive advantage in order to win the competition and be able to survive.

Research on company performance in the past has not developed as well as performance research at this time, in the past as long as the company was able to make a profit, the company's shareholders and directors felt fine. Over time, the study of company performance is growing and the higher the level of urgency which causes the assessment of whether a company is good or bad from its performance from many factors. Like Bouranta's research, et al (2017) stated that there are performance dimensions in their research, including; financial performance (revenue & profit), service quality performance,

and customer-focused performance. From the opinion presented by the expert, it is the basis for determining the factors that have an influence on the company's performance in this study. In housing developer companies, the performance factor is important to pay attention to and is one of the key factors in the company because of the fierce competition that occurs in the world of housing developers, this is supported by the increasing supply of ready-to-build houses in Central Java which shows that the level of competition between housing developer companies is getting higher every year.

The reason Central Java was chosen to be the area where this research was conducted is because in Central Java there are currently many developer companies that focus on selling simple housing and there is still little research that discusses business conditions in the world of property in Central Java. From the infographic above, it shows that residential property in Central Java is increasing year by year, which means that the level of competition that occurs in the property sector in Central Java is also higher. Both because of competition and the demand to continue to survive, each company becomes a competition to find and create strategies that can improve company efficiency and improve company performance more than before.

Figure 1. Central Java Property Demand Index Trend Q1 2018 – Q1 2022



The information obtained on the property demand graph in Central Java in the 3rd quarter of 2021 began to decline, which is inversely proportional to the supply of housing in Central Java which adds to the factors that require housing developer companies in the city of Central Java to further improve their performance in order to continue to survive and can develop. To show the real situation of performance problems experienced by developer companies in Central Java in the post-pandemic period, a pre-survey was conducted which aimed to validate the existence of problems that needed to be found for solutions.

The results of the pre-survey that have been carried out from 10 sources of housing developer companies in Central Java show that as many as 35% of companies have good performance, as many as 47.5% of companies have poor performance, and the remaining 17.5% of companies abstain (answer not know). The results of the pre-survey explained that there are performance problems that are still not optimal in housing developer companies in Central Java, as evidenced by 47.5% of companies that stated that their companies experienced performance problems in the post-pandemic period of 2022.

With problems in the performance of housing developer companies in Central Java in the post-pandemic period, it is necessary to immediately find a solution. To build company performance can be done through increasing innovation strategies, efficiency, and competitive advantage which are expected to be able to improve company performance. The company's competitive advantage and its performance have a good relationship almost throughout the organization. These profits lead the company towards achieving high profits. (Kalaitzi, & Tsolakis, 2022). This opinion supports the possibility that competitive advantage has a positive influence on the company's performance. According to Guo et al (2022) stated that Based on a sample of digital start-ups (start-ups), it was revealed that innovation strategies are the starting point of the impact mechanism and are positively related to the performance of digital start-ups (start-ups). Innovation strategy is one of the variables offered in this study to help solve performance problems in companies. As for other variables, efficiency can also be a strategic choice to improve company performance. Revenue efficiency is essential for the continuity of any business, showing how well a company generates revenue by utilizing available resources (Lin, et al, 2022). Therefore, it is necessary to seek a study of previous research support in this case.

Based on previous scientific references, it was found that in the variable of competitive advantage on company performance by Kalaitzi, & Tsolakis, (2022) it was found that there was a positive influence of the company's competitive advantage on company performance, but it was not in line with Putri et al. (2016) it was found that there was no influence on company performance. Then in the variables of innovation strategy on company performance by Guo, et al, 2022 it was found that there was a positive and significant influence of innovation strategy on company performance, while research conducted by Gupta (2021) stated that innovation strategy had a negative influence on company performance. In Eidizadeh's research, et al (2017) stated that there is a significant positive influence of innovation strategies on the company's competitive advantage. Contrary to the research by Rahmadi (2020) which states the opposite. In the efficiency variable on competitive advantage, Lafuente (2019) stated that there is a positive influence of company efficiency on the company's competitive advantage. However, the research presented by Nela et.al (2019) found that there was no significant influence of company efficiency on the company's competitive advantage. In the relationship of efficiency variables to company performance, researcher Phillips et.al (2018) stated that there is a significant positive influence of company efficiency on company performance, while researcher Gyan (2017) stated that efficiency in companies has no influence on company performance.

Based on the background that has been explained, the formulation of this research problem still has problems in the performance of housing developer companies in Central Java, especially in this post-pandemic period. There are companies that are affected by the consequences of the ongoing economic crisis, especially housing developer companies in the property sector in Central Java that will be examined. From the explanation of the background of the problem, the formulation of the problem in this study is "How to build company performance through efficiency, and innovation strategies and competitive advantages of the company":

1. How does the company's competitive advantage affect the company's performance in housing developer companies in Central Java ?
2. How does the innovation strategy affect the company's performance in housing developer companies in Central Java ?

3. How does innovation strategy affect competitive advantage in housing developer companies in Central Java ?
4. How does company efficiency affect company performance in housing developer companies in Central Java ?
5. How does company efficiency affect competitive advantage in housing developer companies in Central Java ?

METHOD

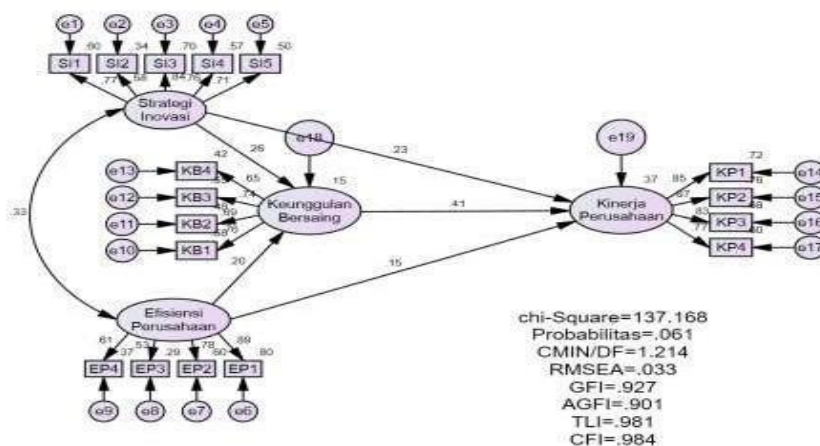
Population is a collection of individuals or research objects that have predetermined qualities and characteristics. Based on these qualities and characteristics, a population can be understood as a group of individuals or objects of observation that have at least one characteristic in common. The population in this study is companies in the property sector engaged in housing developers in Central Java who are members of the REI association which totals 350 members consisting of housing developer companies. Hair et al (2010) stated that for the maximum likelihood analysis technique with SEM, the appropriate sample size ranged from 100-200 respondents, so it was decided that the sample in this study was 200 which had met the minimum sample limit. From this statement, the researcher decided that the number of samples to be studied to take the middle value is approximately 200 middle- and medium-class housing developer companies in Central Java province. For the respondents to be scrutinized is the site-manager or at the same level. Because of these considerations, sampling is carried out using the probability sampling method.

The data analysis technique for this research uses AMOS with the SEM method. The SEM method can measure the influence between factors whose dimensions have been identified from the construct and at the same time (Ferdinand, 2002). SEM is carried out to test whether the model described corresponds to actual reality. SEM tests the goodness of fit criteria.

RESULTS AND DISCUSSION

The results of data processing for SEM full model analysis are shown in Figure 2 , Table 1 and Table 2.

Figure 2. Result of Structural Equation Models Testing



The test of the model hypothesis shows that this model is in accordance with the data or fit to the data used in the study as seen in the following table:

Table 1. Results of the Structural Equation Model (SEM) Feasibility Test

<i>Goodness of fit index</i>	<i>Cut-off value</i>	Model Research	Model
<i>Chi-square</i>	Expected < Chi Square (x2 Table), where sig a = 0.05 and df = 224 then x2 Table = 138,8114	137,168	Fit
<i>Significant probability</i>	≥ 0.05	0,061	Fit
RMSEA	≤ 0.08	0,033	Fit
GFI	≥ 0.90	0,927	Fit
AGFI	≥ 0.90	0,901	Fit
CMIN/DF	≤ 2.0	1,214	Fit
TLI	≥ 0.90	0,981	Fit
CFI	≥ 0.90	0,984	Fit

For statistical tests on the relationship between variables which will later be used as a basis to answer the research hypothesis that has been proposed. The statistical test of the processing results with SEM was carried out by looking at the level of significance of the relationship between variables shown through the Probability (p) and Critical Ratio (CR) values of each relationship between variables. After the SEM assumption test is met, the next step is to look at the relationship between the research variables to prove the correctness of the hypothesis in the research. It is said to have a significant influence if the CR value is >1.97 and the significant value < 0.05. Table 2 of the Regression Weight test is as follows.

Table 2. Regression Weight Structural Equational Model

No.	Hypothesis	Estimate	S.E.	C.R.	P	Result
H1	Competitive Advantage affects Company Performance	0.459	0.093	4.940	0.000	Significant Positive
H2	Innovation Strategy affects Company Performance	0.209	0.070	2.978	0.003	Significant Positive
H3	Innovation Strategy affects Competitive Advantage	0.214	0.073	2.937	0.003	Significant Positive
H4	The Company's efficiency affects Company Performance	0.149	0.074	2.025	0.043	Significant Positive
H5	The Company's efficiency affects Competitive Advantage	0.179	0.078	2.293	0.022	Significant Positive

Based on the data in the table above, if the C.R value shows a number above 1.96, then there will be an indication of influence. In addition, if the p-value is below 0.05, this also indicates that there is a significant effect. (Ghozali, 2017)

DISCUSSION

The Influence of Competitive Advantage on Company Performance

With the implementation carried out by housing development companies in Central Java in achieving competitive advantages, competitive prices, good management skills, company advantages, and not easy to imitate, companies can be able to improve company performance. Through the analysis of the competitive advantage confirmation, it can be seen that the indicator that has the highest value is the competitive price indicator (KB1). With this ability and emphasis on the application of competitive prices in developer companies, it is evident from various measurement parameters that it is able to improve company performance. In accordance with the research conducted by Majeed (2011) which explains that in an organization there is a positive influence of competitive advantage that affects its performance.

The Influence of Innovation Strategy on Company Performance

Through the implementation carried out by housing development companies in Central Java, such as the adoption of new technologies, continuous improvement in service quality, innovative approaches in marketing, rewards for employee creativity, and organizational restructuring, the company has succeeded in strengthening its innovation strategy. Through the analysis of innovation strategy confirmation, it can be seen that the indicator that has the highest value is the new approach in marketing (SI3). With this ability and emphasis on a new approach to marketing in developer companies, it is evident from various measurement parameters that it can improve company performance. As per the research conducted by Guo et al (2021) which explained that innovation strategies have a significant positive effect on the performance of *digital start-up companies*.

The Influence of Innovation Strategy on Competitive Advantage

With the implementation carried out by housing development companies in Central Java in the application of new technology, continuous improvement of service quality, new approaches in marketing, appreciation for employee creativity, and adjustment of organizational structure can make the company able to improve its innovation strategy. Through the analysis of innovation strategy confirmation, it can be seen that the indicator that has the highest value is the new approach in marketing (SI3). With this ability and a new approach to marketing in developer companies, it is evident from various measurement parameters that it can increase the company's competitive advantage. As explained in research conducted by Eidizadeh et al. (2017), it has been identified that there is a significant positive impact of a company's innovation strategy on the relationship between competitive advantage and company performance.

The Influence of Company Efficiency on Company Performance

With the implementation carried out by housing development companies in Central Java in the implementation of efficient operational costs, efficient use of labor, efficient use of work equipment, and efficient use of raw materials can make companies able to increase

efficiency. Through the efficiency confirmatory analysis, it can be seen that the indicator that has the highest value is the efficient use of operational costs (EP1). With this capability and an emphasis on the efficient use of operational costs in developer companies, it has been confirmed through various measurement parameters that the ability to improve company performance can be achieved. As observed in a study conducted by Phillip et al. (2017), the study indicates that there is a positive and significant impact of company efficiency on company performance.

The Influence of Company Efficiency on Competitive Advantage

With the implementation carried out by housing development companies in Central Java in the implementation of efficient operational costs, efficient use of labor, efficient use of work equipment, and efficient use of raw materials can make companies able to increase efficiency. Through the efficiency confirmatory analysis, it can be seen that the indicator that has the highest value is the efficient use of operational costs (EP1). With this ability and emphasis on the efficient use of operational costs in developer companies, it is evident from various measurement parameters that it is able to increase the company's competitive advantage. In accordance with the research conducted by Lafuente, et al (2020) which explained that there is a significant positive influence of company efficiency on competitive advantage.

CONCLUSION

Based on the results of research and discussion on " Competitive Advantage Mediates Innovation Strategies And Efficiency In Achieving Property Company Performance In Central Java ", the following conclusions can be drawn:

1. Competitive advantage has a positive effect on the company's performance.
2. Innovation strategies have a positive effect on the company's performance.
3. Innovation strategies have a positive effect on the company's competitive advantage.
4. The Company's efficiency has a positive effect on the company's performance.
5. The efficiency of the company has a positive effect on the company's competitive advantage.

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