

Enhancing Business Value through Competitive Advantage Strategies in the Online-Based Fashion Industry in Surakarta

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ABSTRACT

Market actors are always developing business strategies to address the dynamics of economic change as a result of the altered market interpenetration brought about by globalization. Investigating the effect of business strategy on increasing business value through a competitive advantage approach is the goal of this study. The data was examined using linear regression with the intervening model after convenience sampling was utilized to choose 100 businessmen from Surakarta's online retail industry. According to the research findings, business strategy has a significant effect on competitive advantage, competitive advantage has a significant effect on business value, and business strategy has a significant effect on increasing business value through a competitive advantage strategy, indicating that increasing business value is the main goal of implementing strategy in business and products with uniqueness accompanied by innovation.

KEYWORDS: *business strategy, business value, competitive advantage*

INTRODUCTION

Market participants are continually developing new business strategies to deal with the dynamics of economic change as a result of globalization, which has altered how markets are interpenetrated. Businesspeople face numerous obstacles as a result of the fourth industrial revolution since consumers are more interested in items that are high-quality and affordable (low cost). Business professionals must, of course, adapt to this problem quickly by changing their quick-moving business plans (Valeria, 2017). In order to compete with both domestic and global competitors in today's increasingly complicated business environment, business professionals must be able to invent the best business tactics (Gomes, Najjar, & Yasin, 2018).

Business strategy is a concept for efficiently and effectively integrating organizational resources. To accomplish corporate objectives, business strategies are put into practice. Business strategy is used to differentiate products and services between organizations and rivals while providing customers with extra value (Brown, 2016). Businesses must pick

a competitive strategy with attention to low financing, marketing differentiation, and inventive differentiation in order to acquire a competitive edge and improve corporate value (Linton & Kask, 2017). Sometimes the business plan adopted by the company is not just one, but rather a combination of potential business strategies that could be used in order to carry out long-term survival (Islami, Mustafa, & Topuzovska Latkovikj, 2020).

The improvement of higher business processes, especially when these processes are also automated with technology and information (Miller & Brown, 2018), or the alignment of operational activities and business strategy, will be impacted by the right competitive strategy coupled with the implementation of adequate business processes (Miller & Brown, 2018). Operational costs can be decreased by business strategies that use information technology automation (Chang, Park, & Chaay, 2020). Since competitive advantage is currently seen as a business model that can optimize business value, it is expected that the relationship between strategy and business value is

How to cite this paper: Asih Handayani | Adcharina Pratiwi | Dasmadi "Enhancing Business Value through Competitive Advantage Strategies in the Online-Based Fashion Industry in Surakarta" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-7 | Issue-1, February 2023, pp.418-425, URL: www.ijtsrd.com/papers/ijtsrd52694.pdf



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related to competitive advantage (Al-Debei & Avison, 2018).

During the Covid-19 Pandemic, business value has fallen dramatically. In several places of the world, the epidemic has triggered a global economic crisis (Taufik & Ayuningtyas, 2020). A company strategy utilizing online media is the best course of action for business people since it implements health protocols by consistently exercising social distance (Gu, Han, & Wang, 2020). In order for company items to be properly appreciated by the public, internet business actors should execute their business strategies as effectively as possible. Research on business value has generated controversy, with some studies demonstrating that competitive advantage has an impact on business value (Valeria, 2017), while others demonstrate that business strategy, as implemented through policies on products, prices, personnel, corporate image, service quality, and product distribution, has an impact on competitive advantage (Maryani & Chaniago, 2019). It has also been demonstrated that gaining a competitive edge through entrepreneurial orientation elements can increase firm value (Manurung, Sugiarto, & National Conference, 2016). This means that efforts to create business value in online trade must focus on the proper business strategy by taking competitive advantage into account.

PROBLEM FORMULATION

Business people must be able to invent the best company plan to succeed in today's more complex business environment. This description leads to the formulation of the issue: Does the business strategy have an impact on increasing business value via a competitive advantage strategy?

RESEARCH OBJECTIVE

This study aims to determine the effect of business strategy in increasing business value through a strategy of competitive advantage.

LITERATURE REVIEW

Business Value

In management, business value is an informal term that includes all forms of value that determine the health and well-being of the firm in the long run. Business value is the output of company processes that includes advantages from process enhancements, efficiency, cost savings, and greater productivity. It can also be the value realized through internal business activities like procurement, marketing, and sales (Picoto, Belanger, & Palma-dos-Reis, 2017). The capacity of a corporation to reap benefits through cost effectiveness, differentiation, and intangibility is another definition of business value. As a result, it is clear that the creation of business value takes the

shape of an effect on the operational level, advantages from cost savings, an improvement in the quality of support and integration for business processes, as well as the availability and quality of information. Intangible factors are those that result from using applications, such as availability and quality of information or better decision support. Cost efficiency is defined as lower cost utilization ratios or cost reductions. Differentiation is defined as product quality, customer service, and timely delivery. As a result, business value is envisioned as a value-added advantage in business operations that results from initiatives for cost-cutting, distinctiveness, and intangibility (Rodrigues, Ruivo, & Oliveira, 2021).

Business Strategy

A business strategy is an outline of the actions and decisions a company plans to take to reach its goals and objectives. A business strategy defines what the company needs to do to reach its goals, which can help guide the decision-making process for hiring as well as resource allocation. A business strategy helps different departments work together, ensuring departmental decisions support the overall direction of the company. A firm organization's strategy is a plan that is implemented with consideration for the vision and mission as a guide for planning along with strategic techniques to attain goals (Maryani & Chaniago, 2019). Customers' traits, needs, and strategies of satisfying those demands must always be taken into consideration in business strategy. Online trading is a sophisticated form of trading, so developing a business strategy should be integrated into the operations of the business (Minja, 2020). Business strategy is primarily utilized to help businesses create and reap the rewards of competitive advantage in the market. Companies must consistently be consistent with their choice of business strategy by highlighting actions that are focused on achieving company objectives (Brown, 2016). Business actors can employ a variety of business strategies, including:

1. Cost leadership Strategy

Companies implement cost-leadership business strategies by marketing standard-quality goods and services to niche markets. The effectiveness and efficiency of the company's operations in terms of manufacturing and distribution are crucial to the success of executing a cost leadership strategy.

2. Differentiation Strategy

A business approach called differentiation involves taking a number of steps to generate items or services that are distinct from those of rival companies. Customers who seek a product that stands out from those offered by other companies are the focus of the

differentiation strategy. The differentiation approach is implemented by generating innovative products, namely through new techniques that can solve customer problems by creating new goods and services that can benefit customers.

3. Focus strategy

By using a focus strategy, a business can better meet the demands of sectors that specialize in particular products by specializing in those market segments. This focus strategy can be implemented by concentrating on market segmentation, such as focusing on young or old consumer groups, product segments with specific differences, and product segments depending on certain geographies.

4. Integrated Leadership/ Differentiation Strategy

Utilizing many features, integrated leadership/differentiation techniques are employed to efficiently generate goods and services. While differentiation refers to the capacity to make products or services distinctive, product efficiency refers to the capacity of resources to maintain low costs. Companies that can swiftly adapt to new technology and changes in the external environment typically succeed in adopting an integrated leadership/differentiation business strategy (Minja, 2020).

Competitive Advantage

Competitive advantage refers to factors that allow a company to produce goods or services better or more cheaply than its rivals. These factors allow the productive entity to generate more sales or superior margins compared to its market rivals. Competitive advantages are attributed to a variety of factors including cost structure, branding, the quality of product offerings, the distribution network, intellectual property, and customer service. Competitive advantage is the expansion of value or the capacity to provide benefits that are consciously generated by businesspeople for clients who receive benefits that outweigh the costs that ought to be borne (Maryani & Chaniago, 2019). Gaining a competitive edge involves working to improve the skills and talents of a company's human resources, which are then put to use in an analytical action on the company's strengths and weaknesses so that it may be assessed for business activities. Applying a lower pricing than competitors while keeping in mind the distinctiveness that offers additional benefits to customers will give you a competitive advantage (Voskresenskaya, Shandova, & Sofiienko, 2020).

Implementing a differentiation business strategy can help organizations get a competitive advantage since it allows them to distinguish themselves from rival businesses (Kim, Seok, Choi, Jung, & Yu, 2020).

According to Kotler et al. (2016), businesses can succeed in the marketplace if they can differentiate themselves from their rivals by making offers to customers that are assured to have value added (Kotler & Keller, 2016).

Hypothesis

Business strategy helps organizations create and capitalize on competitive advantages in the marketplace. Companies must consistently be consistent with their choice of business strategy by highlighting actions that are focused on achieving company objectives (Brown, 2016). The right company strategy can be chosen to gain a competitive advantage. 2019 (Maryani & Chaniago). Implementing a differentiation business strategy can help organizations get a competitive advantage since it allows them to distinguish themselves from rival businesses (Kim, Seok, Choi, Jung, & Yu, 2020). According to Kotler et al. (2016), businesses can succeed in the marketplace if they can differentiate themselves from their rivals by making offers to customers that are assured to have value added (Kotler & Keller, 2016). The results of the study (Maryani & Chaniago, 2019) show that business strategy variables influence competitive advantage variables. Thus, the hypothesis proposed in this study is as follows:

H₁: Business strategy has an effect on competitive advantage.

Implementing a differentiation business plan can help a firm gain a competitive edge since it will allow it to distinguish itself from rival businesses (Kim et al., 2020). According to research findings, increasing business value can be achieved through competitive advantage by paying attention to the entrepreneurial orientation factor, which is based on entrepreneurial orientation, adaptability to the environment, and creativity in innovation (Valeria, 2017). Competitive advantage is generated by influential companies in increasing business value (Manurung et al., 2016). Accordingly, the hypothesis proposed is as follows:

H₂: Competitive advantage has an effect on business value.

Businesses must pick a competitive strategy with attention to low financing, marketing differentiation, and inventive differentiation in order to acquire a competitive edge and improve corporate value (Linton & Kask, 2017). Sometimes the business plan adopted by the company is not just one, but rather a combination of potential business strategies that could be used in order to carry out long-term survival (Islami, Mustafa, & Topuzovska Latkovikj, 2020). Online business actors should implement their business strategies as effectively as possible to ensure

that their products are well appreciated by the public. The study's findings indicate that competitive advantage affects corporate value, although prior research has indicated that strategy affects competitive advantage (Valeria, 2017). (Maryani & Chaniago, 2019). Increasing business value is also proven to be increased through competitive advantage

by paying attention to entrepreneurial orientation factors (Manurung, Sugiarto, & National Conference, 2016). Based on the description, the hypothesis proposed is as follows:

H₃: The business strategy has an effect on increasing business value

Framework

Market participants are continually developing new business strategies to deal with the dynamics of economic change as a result of globalization, which has altered how markets are interpenetrated. Consequently, the following is the framework for considering company strategy in order to increase business value through a competitive advantage strategy:

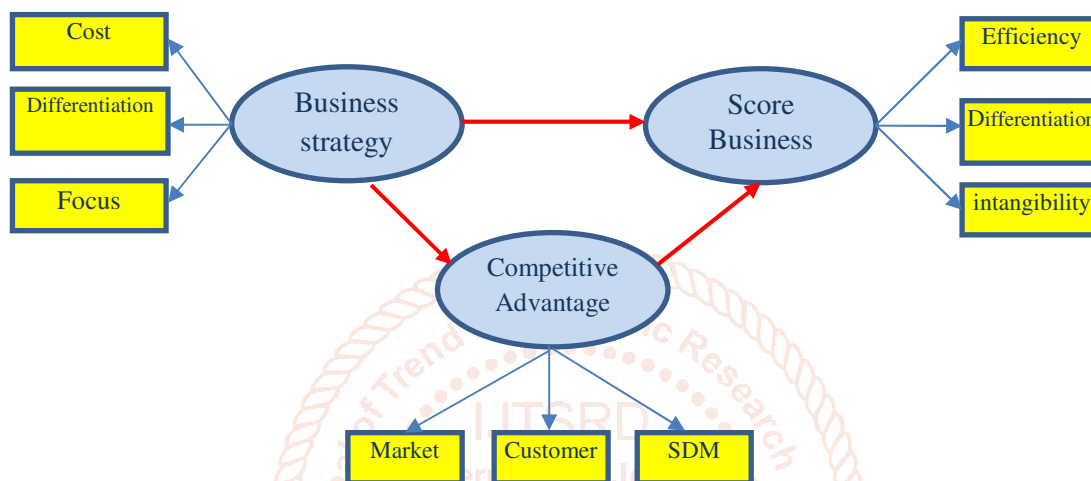


Figure 1. Thinking Framework

RESEARCH METHODOLOGY

Research Design

This study takes a quantitative method and an associative type. Knowing the relationships that exist between variables is the aim of quantitative associative design. To ascertain the impact of business strategy on boosting business value via a competitive advantage strategy, a quantitative associative study methodology was used.

Research Limitations

A study on businesspeople based on internet buying in Surakarta City examined how to increase business value through a competitive advantage strategy. In terms of being more concerned with having talks, the scope of this research is restricted to the role played by business strategy in boosting the value of online commerce in Surakarta City by pursuing a strategy of competitive advantage.

Variable Identification

The variables in this study consisted of: independent, dependent and intervening variables, while to find out more clearly the identification was carried out as follows.

1. The independent variable is a variable that influences other variables, the independent variable is business strategy (X).
2. The dependent variable is the variable that causes changes in the independent variable, the dependent variable is business value (Y)
3. The intervening variable is a variable that mediates or intermediaries between the independent and dependent variables, namely competitive advantage (Z).

Operational Definition and Variable Measurement

The operational definition is the value or characteristic possessed by the object of research with various variations to be studied in depth. The operational definition of research is.

1. Business strategy refers to the planning done by businesspeople in the online retail industry while paying attention to the vision and purpose as a guide for designing in accomplishing the primary goals of a company. Cost leadership strategy, differentiation strategy, and focus strategy are the measurement indicators. A Likert scale is used to evaluate business strategy.

- Business value, which includes benefits from process enhancements, efficiency, cost reduction, and enhanced productivity, or value acquired from internal operations, procurement, marketing, and sales, is the performance created by business actors in the online retail industry. Cost effectiveness, differentiation, and intangibility are metrics for gauging corporate value. A Likert scale is used to gauge business value.
- Gaining a competitive advantage means that online retailers may offer their customers more value. Market conditions, client needs, and firm resources are all indicators of competitive advantage. Using a Likert scale, competitive advantage is evaluated.

Population, Sample and Data Collection Techniques

Populations are both subjects and objects, and both might potentially be evaluated in a study. The target audience for the study is online shoppers in Surakarta. The convenience sampling method was used to choose the sample, which consisted of 100 internet retailers in Surakarta City.

Data Analysis

In this study, multiple linear regression with the intervening model is used to analyze data to understand how company strategy affects boosting business value through a competitive advantage approach. The use of the regression model with the intervening model as a research model is known as regression analysis with the intervening model.

RESEARCH RESULT

The effect of business strategy on competitive advantage

The effect of business strategy on competitive advantage is analyzed using the linear regression method, the following results are obtained.

Table 2. The Effect of Business Strategy on Competitive Advantage

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	8.872	2.226		3.986	.000	
	Business strategy	.613	.087	.579	7.035	.000	1.000

a. Dependent Variable: Competitive Advantage

The calculation for the relationship between business strategy and competitive advantage yielded a constant value (a) of 8,872; this demonstrates that without a business strategy, competitive advantage keeps growing, while the regression coefficient (b1) of 0.613 demonstrates that every improvement in business strategy has a positive impact on escalating competitive advantage. The findings of the hypothesis test indicate that H1 is accepted since business strategy significantly affects competitive advantage, with a significance value of 0.000 and a value of $p = 0.000 < 0.05$, respectively.

The effect of competitive advantage on business value

The results of the regression analysis for the influence of competitive advantage variables on business value variables are as follows.

Table 3. The Effect of Competitive Advantage on Business Value

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9.382	3.451		2.718	.008	
	Business strategy	.215	.154	.311	2.098	.002	.664
	Competitive Advantage	.643	.145	.484	4.425	.000	.664

a. Dependent Variable: Business Value

The calculation results for the effect of competitive advantage on business value obtained a constant value (a) of 9.382; this shows that without a business strategy and competitive advantage, business value continues to increase, while the regression coefficient (b1) of 0.215 indicates that every time an increase in business strategy has a positive impact in increasing business value, while the coefficient (b2) is 0.643 indicating that competitive

advantage makes a positive contribution to increasing business value. The influence of business strategy on competitive advantage has a sig value. 0.000. Since the value of sig. which obtained $<$ sign level. $\alpha = 0.05$, then H_0 is rejected and H_a is accepted. Means the hypothesis that says “business strategy has a significant effect on competitive advantage” is accepted. The influence of business strategy on business value has a sig value. 0.002. Since the value of sig. which obtained $<$ sign level. $\alpha = 0.05$, then H_0 is rejected and H_a is accepted. Means the hypothesis that says “business strategy has a significant effect on business value” is accepted.

The effect of business strategy in increasing business value through competitive advantage strategies
Multiple linear regression with intervening variables was used to test the impact of business strategy on boosting business value through a competitive advantage plan. The results are as follows.

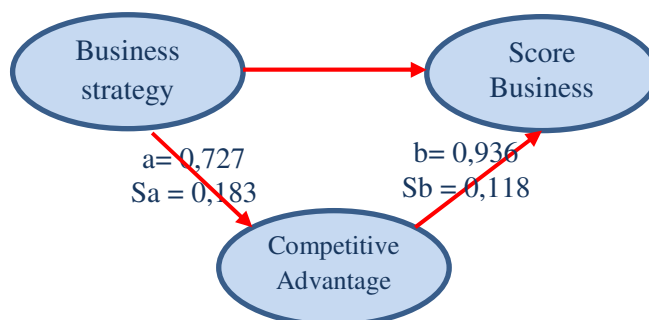


Figure 1. Multiple Linear Regression Model Intervening

The results of research on the effect of business strategy in increasing business value through a competitive advantage strategy with multiple linear regression with an intervening model are then carried out by calculating the Sobel test to determine the effect of business strategy in increasing business value through a competitive advantage strategy.

The results showed that the first equation obtained a regression coefficient for business strategy (a) of 0.727; this shows that business strategy makes a positive contribution in increasing competitive advantage, while the second equation shows that the coefficient of competitive advantage (b) is 0.936, which means that any increase in competitive advantage will make a positive contribution in increasing business value. The results of linear regression analysis with the intervening model show that the value of $t_{count} = 3.59$, while the value of t_{table} is 1.985. Based on the calculations, it is known that the value of $t_{count} > t_{table}$ ($3.529 > 1.985$), thus indicating that competitive advantage mediates the relationship between business strategy and business value, meaning that H_3 is accepted, which means that business strategy has a significant effect on increasing business value through a competitive advantage strategy.

DISCUSSION

Businesspeople must be able to invent the best company plan due to the increasingly complicated nature of commercial competition (Gomes et al., 2018). Businesses must pick a competitive strategy with attention to low financing, marketing differentiation, and inventive differentiation in order to acquire a competitive edge and improve corporate value (Linton & Kask, 2017). According to the research findings, business strategy variables have a significant impact on competitive advantage variables, business value variables have a significant impact on business strategy variables, and business strategy variables have a significant impact on increasing business value through competitive advantage strategies. Therefore, the research findings demonstrate that the primary goal is to increase business value. Implementing strategies in company and products with originality and creativity is a plus for competitive advantage.

The improvement of higher business processes, especially when these processes are also automated with technology and information (Miller & Brown, 2018), or the alignment of operational activities and business strategy, will be impacted by the right competitive strategy coupled with the implementation of adequate business processes (Miller & Brown, 2018). Companies can succeed in a competitive environment if they can differentiate themselves from their rivals by making offers to customers that are sure to add value. It is necessary to put into practice business strategies that can be integrated with company policies that understand market situations and conditions, customer needs, and company resources with a causality approach to the dimensions of competitive advantage because something that is different does not always have superior value (Kotler & Keller, 2016). Business value is influenced by competitive advantage (Valeria, 2017), but other research indicates that strategy also influences

competitive advantage (Maryani & Chaniago, 2019). It has also been demonstrated that factors related to entrepreneurial orientation can increase business value through competitive advantage (Manurung, Sugiarto, & National Conference, 2016).

CONCLUSION

The research findings demonstrate that increasing business value is the primary goal of implementing business strategy and that products with uniqueness coupled with innovation are added value to have an advantage in competing. Based on the research results, it is known that business strategy has a significant effect on increasing business value through a competitive advantage strategy.

SUGGESTION

Business strategy is the secret to success in the business world's fierce rivalry, thus it is hoped that businesses would make an effort to stand out from their rivals by emphasizing distinctive qualities that will serve as the primary criteria for customers.

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