

THE EFFECT OF COMPETITIVE ADVANTAGE ON FIRM VALUE

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Abstract

This research aim unuruk Researching impact *Competitive Advantage* to *Firm Value* in the sector *Consumer Cyclical*s listed on the Indonesia Stock Exchange (IDX) during period 2021 – 2024. The methodology applied is quantitative with approach associative casual . Sample in studies This covering 60 companies with a total of 161 observation data after through the outlier filtering process . The data used diabolism from report annual and reports financial data released on the official BEI website as well as page company , then analyzed through regression line simple with SPSS version 24 assistance . Friends of study This show that *Competitive Advantage* has significant negative impacts towards *Firm Value* with level significant of 0.050. On the other hand , the coefficient determination (R^2) shows that *Competitive Advantage* no Can considered as the only determining factor *Firm Value* in the sector *Consumer Ciclycals* . implications from results study This is the need company For strengthen other elements such as performance finance , corporate governance , and management risk use can increase *Firm Value* with more optimal.

Keywords : *Competitive Advantage* , *Firm Value* , *Consumer Cyclical*s , Indonesia Stock Exchange

A. INTRODUCTION

Companies not only need to compete with competitors within country, but also with corporation international which has capital and capacity high innovation. In facing this competition, innovation become essential elements to differentiate yourself and produce mark more unique. Another challenge arises from change regulations in the industrial sector, demands for sustainability, and uncertain market changes. Companies are required to own ability to be fast adapt with change in environment and recognize chance new to innovate. Investors need ability flexibility and durability in respond challenges that arise (Detta et al., 2024).

Competitive *Advantage* basically originate from values or benefits generated by the company for its consumers. Consumers usually tend choose to buy goods that offer mark more from what they want or expect. Although Thus, the value it will also evaluated based on the price submitted. The product transaction will be happen if kinsmen feel that the product prices are comparable with the given biali (Nurul Azizah et al., 2022).

capable company ensure Company supply with high value will interesting interest potential new investors and increase reputation company as choice promising investment. For this reason, companies must fulfill the wishes of the holders shares and interested parties with centralize attention to improvement mark company (Andes et al., 2020).

Research conducted by (Prajati & Purwanto, 2024) also stated the same thing about mark high- ranking companies means the holders share will feel prosperous. With method This, mark something company clear can influential in the way investor's view of situation company and level success operational. The value of a the company is very crucial for candidate investors, especially road sector *Consumer Cyclical*s. In the sector *Consumer Cyclical*s, which often called as goods non-primary consumers, including industries that produce and distribute goods as well as services are heavily affected by conditions economy (Setiowati et al., 2024).

Based on the results of the analysis conducted by (Dwi et al., 2023) found that *Competitive Advantage* that is measured with *inventory turnover* has no effect significant to mark company. This explains that *Competitive Advantage* Which measured with *inventory* turnover unable increase mark company during that period.

Resource-Based View Theory

The Resource-Based View (RBV) theory explains that valuable assets, difficult found, cannot with easy copied, and cannot be replaced will emerge stable competitive *advantage* (Barney et al., 2001). In this case, the company that has Special internal capabilities have opportunity more big for increase mark company (Andes et al., 2020).

Competitive Advantage

Competitive Advantage is a statement that positions the product in the market and consists of from : statement regarding competitive focus ; evidence visible reality from benefit certain for customers, the combination from better costs , unique products , and protected market segments , evidence that direct benefits based on a group large number of customers, who are ready to pay more and more difficult found elsewhere (Nurul Azizah et al., 2022) .

According to research conducted by (Detta et al., 2024) Every business Of course just own *Competitive advantage* independently , where the company must be able to present innovation in order to be able to create more modern and sophisticated *competitive advantage* compared with other companies . This includes the ability to continue produce innovation that introduces objects and substances new that provides benefits significant for Humanity . Innovation is understood as a series of interconnected processes acceptance of new ideas as well as creation of new products that are appropriate with market demand . This series of innovation processes involves adjustment to products, ideas, services , and procedures that require development sustainable .

Firm Value

Firm value is reflection investor views on some success company mentioned , which is often associated with herga shares , When the share price falls, the value the company will also increases and this will strengthen market confidence , not only to performance at this time but also to potential company in the future front . The managers can fulfil expectations on holders shares through strong performance normal with develop valuable strategies (Setiowati et al., 2024) .

Company values can interpreted as the total funds invested by investors at the time will buy share company said . The increase mark share show that mark company increased , which means welfare for holder share can achieved well . The height mark company compared straight with welfare holder shares . With Thus , the value company can influence perception potential investors regarding condition company and level success its operations therefore, the company try do various steps to improve its value (Prajati & Purwanto, 2024) .

Competitive Advantage and Firm Value

Previous research indicates that there is impact positive between superiority competitiveness and value company . Advantages competitiveness possessed by a company capable strengthen trust from investors, bringing in investment new and also improve image company (Andes et al., 2020) . For example, in research (Dwi et al., 2023) convey findings that

superiority competitiveness measured through turnover inventory does not have impact significant to valuation company . This shows that several indicators of excellence competitive may not be effective in directly increasing .

Competitive Advantage Influential significant towards Firm Value

Competitive Advantage is basically originate from values or benefits provided by the company to its consumers . Generally , customers tend to choose to buy goods that offer more Lots mark than they expect or want . However mark it will also evaluated compared to with available prices . Transactions purchase will happen If consumer feel that the product prices are comparable with accepted value (Nurul Azizah et al., 2022) .

Research results conducted by (Prajati & Purwanto, 2024) indicates existence a positive statistically significant relationship between materiality competitive and value company . In other words, the more big excess superiority competitiveness owned by a company , then the more high value company the .

This view is in line with perspective *Resource-Based View* which states that assets are special and difficult to imitate will produce Superiority sustainable competitiveness , which in turn can produce mark for company in long time .

Based on analysis RBV theory and research results Next , it can be concluded that Superiority competitive is an element crucial in increase mark company .

H1 *Competitive Advantage* Influential positive towards *Firm Value*

B. METHOD

This research adopt method quantity tative with type research of a nature associative casual purposeful For explore impact *Competitive Advantage* (CA) against *Firm Value* (FV) in companies that are in Consumer cyclicals sector listed on the Indonesia Stock Exchange. Based on method election sample for research obtained information following, At first population analyzed consists of of 156 companies in the sector Consumer Cyclicals listed on the Indonesia Stock Exchange (IDX) for period 2021 to 2024. Of the total , 90 companies not providing an annual report during observed period so that crossed out from the list of ampel . In addition That there are 6 companies that failed publish report finance annual in a way comprehensive , so it is also removed from Research sample.

With thus appropriate number of Companies with established criteria are 60 companies . Considering the period studied menvangkuo four 2021-2024 should be there are a total of 240 observation

data (60 company multiplied by 4 years) . However , after done testing diagnostics on the data, found 79 data included in outlier categories that need to be removed in order to improve accuracy and constraints Research results . Finally , the total amount of observation data used in this research is 161 data.

Type of data source used in study This is secondary data obtained from report accessed finances via the official BEI website www.idx.co.id as well as page official the company concerned . The analysis process data is done with use approach analysis linear regression using SPSS Version 24. This technique used for test impact direct from Competitive Advantage to firm value.

With use method quantitative based on secondary data and techniques taking Samuel purposively, research This aim to provide a valid empirical picture regarding relation between *Competitive Advantage and Firm Value* in Consumer Cyclical Companies . The data filtering process that eliminates outliers ensures that results analysis more can reliable and reflective condition company with more appropriate .

C. RESULTS AND DISCUSSIONS

Descriptive statistical analysis used to describe characteristics of research data , including mark lowest , highest , average (mean), and deviation standard from every variables . In research this there are two variables main that is *Firm Value* and *Competitive Advantage* that has normalized into z-score form .

Table 1 Descriptive Statistical Test

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	Standard Deviation
FV	161	-0.23504	0.33384	-0.1762513	0.07866181
CA	161	-0.24546	0.25048	0.0080039	0.13031615

Data source Processed in SPSS 24 version

Analysis results show that variables *Firm Value* has mark the lowest is -0.23504 and the highest is 0.33384, with an average of -0.17625 and deviation standard 0.07866. This suggests that mark company generally be in a bit that population average with sufficient data distribution low based on deviation small standard .

On the other hand the variable *Competitive Advantage* shows mark minimum -0.24546 and maximum 0.25048, with an average of 0.00800 and a deviation of standard 0.13032. This finding indicates that *The competitive advantage* owned by the company is relatively balanced with the

average value of the population (mean approaching 0) but with level little data variation more big compared to with variables *Firm Value*.

In general , the results of these descriptive statistics show that the research data distributed well and homogeneously, so it is very suitable for use in analysis furthermore specifically in testing hypothesis use regression

T-test

It is known The Sig value of 0.050 is significant at 5% and the calculated T value is -1.979 so that can It is concluded that H1 is accepted as significantly negative. towards Firm Value.

Determination Coefficient Test

Table 3 Test of Determination Coefficient R²

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.156 ^a	0.024	0.018	0.07818881

Data source Processed in SPSS 24 *version*

The coefficient of determination (R²) is used to assess some big independent variables can explain changes in variables dependent . From the test results coefficient determination , obtained R Square value of 0.024 or equivalent with 2.4%. This indicates that independent variable X is only capable explains 2.4% of variation changes in values company , whereas the rest Yes, it is 97.6% influenced by other components that are not covered. in this research .

D. CONCLUSIONS

Based on analysis that has been conducted on the impact *competitive advantage* against *Firm Value* in the sector *consumer cyclicals* listed on the Indonesia Stock Exchange (BEI), several conclusion can taken as following :

The results of the t-test indicate that competitive advantage variables have significant negative impact to *Firm Value* with level significance of 0.050, this result shows that typing level company competitive advantage increased , occurred trend decrease in value company . This finding proves that competitive advantage in the field competitive is not always contribute positive to mark company in term time near . In analysis coefficient determination (R²) was found that superiority competitive only explains 2.4% variation in change mark companies , while the remaining 97.6% influenced by other variables that are not explored

in this study , such as performance financial , corporate governance , and external factors kind of condition economy macro. Overall This research emphasizes that superiority competitive is not the only one element crucial determining factor mark companies in the consumer cyclicals sector . Investors may be more highlighting other factors that are considered own impact more directly to mark company .

E. SUGGESTIONS

Based on the results of the study and the conclusions above, here are some recommendation :

1. For companies in the sector *Consumer Cyclicals*

Companies in the Consumer Cyclicals industry should not only focus on creating competitive advantage through product and service innovation , but should also manage competitive advantage by... a more approach comprehensive . This can achieved with strengthening risk management , implementation of good corporate governance , and strengthening financial strategy . With In this way , the competitive advantage that the company has will not only nature temporary , but can also have an effect real in increase in Firm Value.

Efficient risk management can increase investor confidence and reduce possibility losses that can erode Firm Value (Prajati & Purwanto, 2024) . In addition, the implementation of transparent and responsible corporate governance answer is also proven can repair ideals company in front holder shares and strengthen legitimacy companies on the stock exchange (Setiowati et al., 2024) . Furthermore , the strategy healthy finances , such as arrangement capital structure and profitability , will help company guard stability operational so that competitive advantage can be gained truly contribute to the improvement mark company .

In other words, managing competitive advantage in consumer cyclical companies will more effective If done through a combination innovation , good governance, management appropriate risk management , as well as a strong financial strategy . This approach this comprehensive will help company face frequent market changes are unstable and increase Attractiveness to investors .

2. For Investors

Investors are advised not to rely solely on the advantages competitive as size main in evaluate prospects something company . Although superiority competitive can become an indication positive related product differentiation or efficiency in operational elements fundamental like profitability , capital structure and corporate governance remain important aspects in maintain mark company in a sustainable manner .

Profitability such as ROE or ROA shows capacity companies to produce consistent profits . Research in the sector non- cyclical consumers in the 2016 – 2020 period showed that profitability

have impact positive to mark the company being measured with PBV (Gultom et al., 2022) . This means the more tall potential company to provide stable results for investors.

Capital structure ratio between debt and equity adalag element crucial in manage risk flexibility something company . A studies regarding Kompas index – 100 out of 2018 – 2022 in Indonesia show that profitability has a negative impact on capital structure actually has a negative impact on mark company (Wijaya et al., 2023) . This shows that uncontrolled use of debt can reduce mark company although condition its profitability pretty good.

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