



ISSN: 0976-3031

Available Online at <http://www.recentscientific.com>

CODEN: IJRSFP (USA)

International Journal of Recent Scientific Research
Vol. 10, Issue, 08(B), pp. 34109-34112, August, 2019

**International Journal of
Recent Scientific
Research**

DOI: 10.24327/IJRSR

Research Article

THE ROLE OF BEST-VALUE COST LEADERSHIP FOR PURSUE MARKET POSITION AND SUPERIOR FINANCIAL PERFORMANCE

Wilhelmus Hary Susilo., Lusiana Herawati and Joko Agus Setyono

University of Persada Indonesia Y.A.I

DOI: <http://dx.doi.org/10.24327/ijrsr.2019.1008.3823>

ARTICLE INFO

Article History:

Received 12th May, 2019

Received in revised form 23rd June, 2019

Accepted 7th July, 2019

Published online 28th August, 2019

Key Words:

Cost leadership, market position, and financial performance.

ABSTRACT

The best-value cost leadership would have a primary to pursue integration strategies in business, cause in disruptive era need the agile management for interaction between corporate and stakeholder more tightly. Actually, the basis of the market-based - research within the best-value cost leadership management could improve to the integration strategic to reach the market- positions in global competitive advantage. Furthermore, the corporate with some generic strategy would improve the capital investment and well cash-flow with liquid condition that would made some improvement to firm-value. The long-run firm with the superior financial performance could affect to capacity utilization and sustainable interconnection with an entire consumers.

Copyright © Wilhelmus Hary Susilo et al, 2019, this is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution and reproduction in any medium, provided the original work is properly cited.

INTRODUCTION

The situations of market position have emergence- age that made some corporate always update data and target market to understand of the movement demand in among consumers. The global market need to be explore more sharp and the competitive intelligent should have the hard working to identify global market changes and made some journey to anticipated the competitors (Shelby D Hunt & Morgan, 1995; Hunter, 2014; Pelin & Shelby, 2012; Shelby, 2012). Furthermore, the corporate have the strategic competitive intelligent to understanding the global market for having data for the research and develop product (Lindsey Hall, Baker, Andrews, Hunt, & Rapp, 2016; Shelby & Sreedhar, 2012). Recently, the global market have need some treatment to the corporate to entry new market (Öztamur & Karakadılar, 2014; Timsit, Castiaux, Truong, Athaide, & Klink, 2015). Hence, some researcher inquiry the cost leadership for market position with the competitive advantage and financial performance, that finding have inconsistency and could be study to the next step with compare between some country for winning the competition in industrial era 4.0 and disruptive innovations. Furthermore, the venture should applied the cost driver for made the strategies and winning new-market, handle the product development, market value, social capital, relational capital and well transaction cost analysis by the firm (Berniker

& McNabb, 2005; Gliubicas & Kanapickienė, 2015; Krafft, Albers, & Lal, 2004; Laurino & Beria, 2014; Taghieh, Taghieh, & Poorzamani, 2013; Terpstra & Verbeeten, 2013; Zhang & Fung, 2006; S. Zhao, Oduncuoglu, Hisarciklilar, & Thomson, 2014). This inquiry would exploring how strategic cost management with best value of the cost leadership should be effectively to improve market position in disruptive economics for global market that basis conducted market-based research management for winning the global competitions.

LITERATURE REVIEW

The critical review would be achieve the new concept for this inquiry conduct within the compare from among the research result to supported the correlated among latent construct of exogenous construct (best value cost leadership) and endogenous construct (market position and financial performance) that should be review conducted with market-base management inquiry.

Superior Financial Performance and Market Position

The superior financial performance should be provided by market position within the competitive advantage and other factors pertain; social capital, relational capital, market value, social performance, innovations within intensity and market orientation. Hence, the superior financial performance could achievement basis from corporate reputations, CSR intensity.

Moreover, The well supply chain integration, marketing system and operations capability also the management accounting would increased the financial performance. (Yu, Ramanathan, & Nath, 2013; G. Zhao, Feng, & Wang, 2015) (Aspara & Tikkanen, 2012; Guiral, 2012; Ho, Nguyen, Adhikari, Miles, & Bonney, 2017; Macinati & Anessi-Pessina, 2014; Pradhan, 2016; Zhang & Fung, 2006; G. Zhao et al., 2015).

Actually, the financial resources comparative category with the parameter pertain; the cash resources and an access to financial market become one of the competitive advantage resources could influenced to the market positions. The stresses of the financial resources were the market segment, comparative advantage, the heterogeneous firm in many industries, and the market place positions (Gabrielsson, Seppälä, & Gabrielsson, 2016; Shelby D. Hunt, 2013; Shelby D Hunt & Morgan, 1995; Pelin & Shelby, 2012; Shelby & Sreedhar, 2012; Susilo, 2016) Moreover, the market position with competitive advantage has very influences by resources advantage with the dimensions as follow; human resources, financial resources, legal aspect, that to attempt the successfully need some well managerial action. Future more, the firms in disruptive era of industrial 4.0 have to focus on investments for facing the dynamic competitions, cause the newest technology always create something new and futuristically product and service (Shelby D. Hunt, 2013; Shelby, 2007; Shelby & Sreedhar, 2012).

The Best- Value Cost Leadership

The cost leadership’s strategies have contingency impact on strategic cost management as cost driver for winning the competitions to entry new- market conducted with the advance social- media and the market orientation to well identified for market-base management approach to anticipate the emerging economies (Öztamur & Karakadılar, 2014; Reid & Brady, 2012). Furthermore, the corporate has applied some generic strategies as firm strategy in incremental innovations within technologies era has making improvement the market position within competitive advantage, market orientation and supply chain that could an impact to firm performance (Lechner & Gudmundsson, 2012) (Gunday, Ulusoy, Kilic, & Alpkan, 2011; Liu, Ke, Kee Wei, & Hua, 2013; Yamin, Gunasekaran, & Mavondo, 1999).

The Conceptual Frame

The latent construct of exogenous construct (best value cost leadership) and endogenous construct (market position and financial performance) that should be review conducted with market- base management inquiry

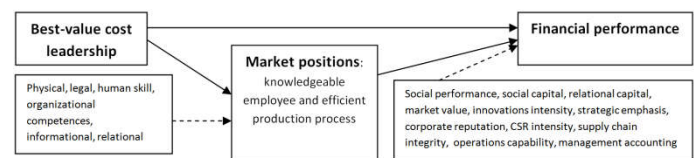


Figure 1 The Conceptual frame work to pursue the market position and financial performance

The Hypothesis

The hypothesis alternative testing were to be confirm with the data and market- based management research that should be tested that conducted with hybrid full model with structural equations model to be state as follow:

- H₁:** The best value cost leadership is positively confirmed to the market positions in firms within heterogeneous industries.
- H₂:** The best value cost leadership is positively confirmed to the financial performance in firms within heterogeneous industries.
- H₃:** The market position is positively confirmed to the financial performance in firms within heterogeneous industries.
- H₄:** The best value cost leadership and market position have contributions to the financial performance in firms within heterogeneous industries.

Methods

The method in this inquiry was conducted with the quantitative approach and design for this research would be use the survey design and confirmed strategy in structural equations model(Augusty, 2014b; Hendar, Ferdinand, & Nurhayati, 2017)

Sample and data collection

The respondent which participated came from the many heterogeneous industries in Jababeka Cikarang, West Java. The data was collected from the board of directors in among the corporate in many industries. The sample in this study conducted with area sampling to the particular locality (Sekaran U and Bougie R (2016).

Measurement of variables and data analysis

The instrument of the cost leadership, market position and financial performance was conduct with self administered questionnaire that uses the rating scale for entire latent construct in market base management research in financial performance. (Sekaran U and Bougie R (2016). Furthermore, the distributed with the independently cross-sectional collected method and conducted with the rating scale as the ratio data scale (0 to 10 very agree). Hence, The confirmed strategy approach conducted with the structural equations model in the two step phase process among variables (Hair, Black, Babin and Anderson, 2010)(Augusty, 2014a).

CONCLUSIONS

The inquiry to pursue and increase the financial performance in many industries that conducted with market base management research in financial performance could be achieved with well participated from the heterogeneous industries (Dijk, Orsato, & Kemp, 2015; Dong, Zhang, Hinsch, & Zou, 2016; Fan, Xia, Zhang, Zhu, & Li, 2016; Ho et al., 2017; Pradhan, 2016; Rodriguez Cano, Carrillat, & Jaramillo, 2004). The results from this analysis could have contribution for the body of knowledge Resource- Advantage theory for the competitions and financial performance also for the managerial implication for practice in heterogeneous industries. The future research has been inquiry with develop the confirmed latent construct and the replication with permission to an authors.

Acknowledgement

We would like to thank you very much for the Expertise and Experience Learning Club, Faculty of Business and Management, University Of Persada Indonesia Y.A.I. To In

Kind Workshops E&EL CLUB LABORATORY FEB UPI Y.A.I.

References

- Aspara, J., & Tikkanen, H. (2012). Creating novel consumer value vs. capturing value: Strategic emphases and financial performance implications. *Journal of Business Research*. doi: 10.1016/j.jbusres.2012.04.004
- Augusty, F. (2014a). *Metode Penelitian Manajemen : Pedoman Penelitian untuk Penulisan Skripsi, Tesis dan Disertasi Ilmu Manajemen* (Vol. 5). Semarang: Balai Penerbit UNDIP.
- Augusty, F. (2014b). *Structural Equation Modelling Dalam Penelitian Manajemen*: Fakultas Ekonomi dan Bisnis Universitas Diponegoro.
- Berniker, E., & McNabb, D. E. (2005). Applying Matrixed Pareto Analysis With Activity Based Costing For Operations And Cost Management. *Journal of Business and Management*, 11(1), 73-88.
- Dijk, M., Orsato, R. J., & Kemp, R. (2015). Towards a regime-based typology of market evolution. *Technological Forecasting and Social Change*, 92, 276-289. doi: 10.1016/j.techfore.2014.10.002
- Dong, X., Zhang, Z., Hirsch, C. A., & Zou, S. (2016). Reconceptualizing the elements of market orientation: A process-based view. *Industrial Marketing Management*, 56, 130-142. doi: 10.1016/j.indmarman.2015.12.005
- Fan, D., Xia, J., Zhang, M. M., Zhu, C. J., & Li, Z. (2016). The paths of managing international human resources of emerging market multinationals: Reconciling strategic goal and control means. *Human Resource Management Review*, 26(4), 298-310. doi: 10.1016/j.hrmr.2016.04.003
- Gabrielsson, M., Seppälä, T., & Gabrielsson, P. (2016). Realizing a hybrid competitive strategy and achieving superior financial performance while internationalizing in the high-technology market. *Industrial Marketing Management*, 54, 141-153. doi: 10.1016/j.indmarman.2015.07.001
- Gliaubicas, D., & Kanapickienė, R. (2015). Contingencies Impact on Strategic Cost Management Usage in Lithuanian Companies. *Procedia - Social and Behavioral Sciences*, 213, 254-260. doi: 10.1016/j.sbspro.2015.11.534
- Guiral, A. (2012). Corporate Social Performance, Innovation Intensity, and Financial Performance: Evidence from Lending Decisions. *Behavioral Research in Accounting*, 24(2), 65-85. doi: 10.2308/bria-50096
- Gunday, G., Ulusoy, G., Kilic, K., & Alpkan, L. (2011). Effects of innovation types on firm performance. *International Journal of Production Economics*, 133(2), 662-676. doi: 10.1016/j.ijpe.2011.05.014
- Hendar, H., Ferdinand, A. T., & Nurhayati, T. (2017). Introducing the religio-centric positional advantage to Indonesian small businesses. *Management & Marketing*, 12(1). doi: 10.1515/mmcks-2017-0006
- Ho, K. L. P., Nguyen, C. N., Adhikari, R., Miles, M. P., & Bonney, L. (2017). Exploring market orientation, innovation, and financial performance in agricultural value chains in emerging economies. *Journal of Innovation & Knowledge*. doi: 10.1016/j.jik.2017.03.008
- Hunt, S. D. (2013). A general theory of business marketing: R-A theory, Alderson, the ISBM framework, and the IMP theoretical structure. *Industrial Marketing Management*, 42(3), 283-293. doi: 10.1016/j.indmarman.2013.02.002
- Hunt, S. D., & Morgan, R. M. (1995). The comparative advantage theory of competition. *The Journal of Marketing*, 1-15.
- Hunter, G. K. (2014). Customer business development: identifying and responding to buyer-implied information preferences. *Industrial Marketing Management*, 43(7), 1204-1215. doi: 10.1016/j.indmarman.2014.06.008
- Krafft, M., Albers, S., & Lal, R. (2004). Relative explanatory power of agency theory and transaction cost analysis in German salesforces. *International Journal of Research in Marketing*, 21(3), 265-283. doi: 10.1016/j.ijresmar.2003.11.001
- Laurino, A., & Beria, P. (2014). Low-cost carriers and secondary airports: Three experiences from Italy. *Journal of Destination Marketing & Management*, 3(3), 180-191. doi: 10.1016/j.jdmm.2014.05.001
- Lechner, C., & Gudmundsson, S. V. (2012). Entrepreneurial orientation, firm strategy and small firm performance. *International Small Business Journal*, 32(1), 36-60. doi: 10.1177/0266242612455034
- Lindsey Hall, K. K., Baker, T. L., Andrews, M. C., Hunt, T. G., & Rapp, A. A. (2016). The Importance of Product/Service Quality for Frontline Marketing Employee Outcomes: The Moderating Effect of Leader-Member Exchange (LMX). *Journal of Marketing Theory and Practice*, 24(1), 23-41. doi: 10.1080/10696679.2016.1089762
- Liu, H., Ke, W., Kee Wei, K., & Hua, Z. (2013). Effects of Supply Chain Integration And Market Orientation On Firm Performance. *International Journal of Operations & Production Management*, 33(3), 322-346. doi: 10.1108/01443571311300809
- Macinati, M. S., & Anessi-Pessina, E. (2014). Management accounting use and financial performance in public health-care organisations: evidence from the Italian National Health Service. *Health Policy*, 117(1), 98-111. doi: 10.1016/j.healthpol.2014.03.011
- Öztamur, D., & Karakadılar, İ. S. (2014). Exploring the Role of Social Media for SMEs: As a New Marketing Strategy Tool for the Firm Performance Perspective. *Procedia - Social and Behavioral Sciences*, 150, 511-520. doi: 10.1016/j.sbspro.2014.09.067
- Pelin, B., & Shelby, D. H. (2012). Alliance market orientation, new product development, and resource advantage theory. *Journal of Business & Industrial Marketing*, 27(7), 592-600. doi: 10.1108/08858621211257365
- Pradhan, S. (2016). Impact of corporate social responsibility intensity on corporate reputation and financial performance of Indian firms. *Verslas: teorija ir praktika*, 17(4), 371-380. doi: 10.3846/btp.17.11123
- Reid, M., & Brady, E. (2012). Improving firm performance through NPD: The role of market orientation, NPD orientation and the NPD process. *Australasian Marketing Journal (AMJ)*, 20(4), 235-241. doi: 10.1016/j.ausmj.2012.05.011

- Rodriguez Cano, C., Carrillat, F. A., & Jaramillo, F. (2004). A meta-analysis of the relationship between market orientation and business performance: evidence from five continents. *International Journal of Research in Marketing*, 21(2), 179-200. doi: 10.1016/j.ijresmar.2003.07.001
- Shelby, D. H. (2007). Economic growth: should policy focus on investment or dynamic competition? *European Business Review*, 19(4), 274-291. doi: 10.1108/09555340710760116
- Shelby, D. H. (2012). The evolution of resource advantage theory: Six events, six realizations, six contributions. *Journal of Historical Research in Marketing*, 4(1), 7-29. doi: 10.1108/17557501211195046
- Shelby, D. H., & Sreedhar, M. (2012). Managerial action and resource advantage theory: conceptual frameworks emanating from a positive theory of competition. *Journal of Business & Industrial Marketing*, 27(7), 582-591. doi: 10.1108/08858621211257356
- Susilo, W. H. (2016). An Impact of Behavioral Segmentation to Increase Consumer Loyalty: Empirical Study in Higher Education of Postgraduate Institutions at Jakarta. *Procedia - Social and Behavioral Sciences*, 229, 183-195. doi: 10.1016/j.sbspro.2016.07.128
- Taghieh, M. B., Taghieh, S., & Poorzamani, Z. (2013). The effects of relational capital (customer) on the market value and financial performance. *European Online Journal of Natural and Social Sciences*, vol.2, No. 3(s), pp. 207-211.
- Terpstra, M., & Verbeeten, F. H. M. (2013). Customer satisfaction: Cost driver or value driver? Empirical evidence from the financial services industry. *European Management Journal*. doi: 10.1016/j.emj.2013.07.001
- Timsit, J.-P., Castiaux, A., Truong, Y., Athaide, G. A., & Klink, R. R. (2015). The effect of market-pull vs. resource-push orientation on performance when entering new markets. *Journal of Business Research*, 68(9), 2005-2014. doi: 10.1016/j.jbusres.2015.02.014
- Yamin, S., Gunasekaran, A., & Mavondo, F. T. (1999). Relationship between generic strategies, competitive advantage, and organizational performance: An empirical analysis. *Technovation*, 19, 507-518.
- Yu, W., Ramanathan, R., & Nath, P. (2013). The impacts of marketing and operations capabilities on financial performance in the UK retail sector: A resource-based perspective. *Industrial Marketing Management*. doi: 10.1016/j.indmarman.2013.07.014
- Zhang, Q., & Fung, H.-G. (2006). China's social capital and financial performance of private enterprises. *Journal of Small Business and Enterprise Development*, 13(2), 198-207. doi: 10.1108/14626000610665908
- Zhao, G., Feng, T., & Wang, D. (2015). Is more supply chain integration always beneficial to financial performance? *Industrial Marketing Management*, 45, 162-172. doi: 10.1016/j.indmarman.2015.02.015
- Zhao, S., Oduncuoglu, A., Hisarciklilar, O., & Thomson, V. (2014). Quantification of cost and risk during product development. *Computers & Industrial Engineering*, 76, 183-192. doi: 10.1016/j.cie.2014.07.023

How to cite this article:

Wilhelmus Hary Susilo et al. 2019, The Role of Best-Value Cost Leadership For Pursue Market Position And Superior Financial Performance. *Int J Recent Sci Res*. 10(08), pp. 34109-34112. DOI: <http://dx.doi.org/10.24327/ijrsr.2019.1008.3823>
