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BUSINESS RESEARCH PLAYS A CRUCIAL ROLE IN SHAPING THE STRATEGIC DIRECTION

Reza[1], Muhammad Ariefianto Pratomo[2] and Wilhelmus Hary Susilo[3*]

[123]MAGISTER MANAGEMENT Program, FEB University of Persada Indonesia Y.A.I

ORCID:000-0002-6758-1159, SCOPUS ID: 56539508300, WOS ID: HNC-4125-2023

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ABSTRACT

The concept of business research is essential for organizations seeking to make informed decisions and improve their operations. Business research involves the systematic investigation of various aspects of a business, such as market trends, consumer behaviors, and competitive analysis. By conducting business research, companies can gather valuable insights that can help them identify opportunities for growth, mitigate risks, and stay ahead of the competition. The distribution of a corporation's enduring, long-term financial backing, which includes debt, preferred shares, and common equity shares, is known as the capital structure. Towards the emergence of business models as crucial strategic and organizational concepts. These models are designed to enhance business performance through holistic approaches and strategic thinking, aiming to create new opportunities and gain a competitive advantage. In the development of the research model, a multiple regression model based on quantitative methods will be utilized. The objective is to create an alternative combination of capital structure and financial aspects, as well as to analyses the impact of company leadership and business policies on the performance of national private enterprises, with a focus on sustainable improvement.

KEYWORDS: - Business research, conceptual, strategic, performance.

1. INTRODUCTION

The organization's strategic initiatives aim to establish a competitive edge in the market and enhance overall performance by enhancing the efficiency and effectiveness of supply chain activities and processes through integrated collaboration and strategic coordination with suppliers, customers, and internal and external organizational process management. By optimizing core business processes within and across organizations, a competitive advantage can be achieved. The relationship between company performance and the emergence of electoral bias issues, the failure of mediation routes where supply chain integration (SCI) impacts the company's financial performance and the lack of comprehensive moderators is evident. To gain a more comprehensive understanding of the interconnectedness of supply chain integration (SCI) and corporate performance, it is essential to consider these issues, leading to the resource-based view (RBV) and positional advantage theory (PAT) as a more holistic scientific basis for understanding how SCI impacts corporate financial performance. This is particularly important for the three types of private-national company performance, namely operational, relational, and strategic performance. (Chang et al., 2016)

The significance of capital structure decisions among companies is underscored in the existing literature, as it can provide insights into the variations observed in the capital structure choices of similar national private firms. This understanding is crucial for both practitioners and scholars seeking to comprehend the impact of CEOs on decisions related to equity versus debt financing, short-term versus long-term debt financing, and the extent of debt financing in relation to tax considerations. CEOs of national private companies exhibit distinct leadership styles, values, and beliefs, which can influence the overall capital structure decisions of their respective organizations. This highlights the importance of considering the individual characteristics of CEOs when analyzing the determinants of capital structure choices within firms (Mundi and Kaur, 2022).

The issue of the consumer goods sector remains a popular choice for investors since the beginning of 2023 due to the economic recovery and increased purchasing power of the public. It is predicted that consumer goods will experience growth this year, driven by the rising activities and consumption of the public following the decline of the Covid-19 pandemic. 2. Despite the global economic challenges, the purchasing power of the Indonesian population has improved, as reflected in the domestic economic release for the fourth quarter of 2022. The Indonesian economy grew by 5.31% in 2022, higher than the 3.70% growth achieved in 2021. 3. Household consumption has been one of the key drivers. The growth rate of household consumption expenditure increased by 4.93% in 2022. Bank Indonesia (BI) recently released the Real Sales Index (IPR) for May 2023 at 234.2, showing a slight growth of 0.02% year-on-year. The performance of retail sales was mainly driven by the Food, Beverage, and Tobacco Group, which is part of the consumer goods sector. Despite a monthly contraction forecasted at -3.6% (mtm), a significant decrease from 12.8% in April 2023, the group is expected to maintain a growth rate of 3.2%. 4. The decline in sales performance was observed across all groups, particularly in the subgroups of clothing, food, beverages, tobacco, and information and communication equipment, in line with the normalization of public consumption after the period from March 23, 2023, to April 22, 2023.

The (IPR) as of April 2023 recorded at 242.9, with a year-on-year growth of 1.5% (yoy). In the financial report, the consumption and transactions in April 2023 will fall into the second quarter of 2023, which will soon come to an end at the end of June 2023. This gives optimism for the performance in the second quarter of 2023. In the long run, the downward trend in inflation and the mobility of the society will improve and drive demand. 2. However, the inflation data in Indonesia as of May 2023 is still at the level of 4%. Bank Indonesia targets, based on Regulation No.

101/PMK.010/2021 dated July 28, 2021 regarding the Inflation Targets for 2022, 2023, and 2024, at 3.0%, 3.0%, and 2.5% respectively, with a deviation of ±1%. Therefore, Indonesia still has homework to do in order to lower inflation in line with Bank Indonesia's target in the range of 3%. 3. Inflation causes the value of the currency to decrease, thus weakening purchasing power. This decline in purchasing power occurs due to price increases made by sellers in an effort to maintain profitability after inflation. However, if inflation decreases, prices will become cheaper and Bank Indonesia will not need to raise interest rates again to address inflationary pressures.

Throughout the year 2023, Indonesia's interest rate remained at 5.75% until May 2023. This has been advantageous for the consumer goods sector. In theory, when goods are cheap, consumer spending levels tend to be high. From a monetary perspective, a stable interest rate will prompt companies to assess risks, thereby encouraging more demand for funds from banks. Additionally, with inflation continuously decreasing, the 2023 Minimum Wage (UMP) also experienced an increase. In Jakarta, the UMP rose by 5.6%, while 33 other provinces saw increases below 10%. According to Minister of Manpower Regulation (Permenaker) Number18 of 2022 regarding the Determination of the Minimum Wage for 2023, the UMP increase should not exceed 10%. 2. These factors contribute to the bright outlook for the consumer goods sector in 2023. The fast-moving consumer goods (FMCG) sector is projected to experience growth of around 6.5% in 2023. The current expansion of the e-commerce market, which is filled with consumer goods products, is driving the performance of this sector (https://www.cnbcindonesia.com/market/20230614101723-17-445745/ , 2024).

The aim of this investigation related to the financial arrangement of a company, which includes the mix of equity and debt used to finance its operations and investments, is known as the capital structure. This structure determines the overall financial health and risk profile of the company, as well as its ability to generate returns for its shareholders. The capital structure of a firm is a crucial aspect of its financial management, as it influences the cost of capital, the risk of the business, and the potential for future growth. By adjusting the mix of equity and debt, a company can optimize its capital structure to achieve its financial goals and maximize shareholder value (Kim & Kim, 2019).

Business research within strategic decision-making relies heavily on the analysis of big data. Moreover, the utilization of large datasets plays a crucial role in informing and guiding the strategic decisions made within the business environment. The integration of big data into the research process enables organizations to gain valuable insights and make informed choices that can have a significant impact on their overall performance and success (Lyu & Chen, 2022; Tiwasing et al., 2024)

2. LITERATURE REVIEW AND HYPHOTESIS DEVELOPMENT

It is crucial to note that various studies have highlighted the impact of economic policy uncertainty on the real economy, emphasizing the potential for monetary policy to respond promptly to changes in economic conditions. However, the influence of uncertainty surrounding monetary policy on the dynamic adjustment of a nation's overall capital structure remains a topic of interest for researchers (Hatane, 2015). Presently, there exist significant methodologies for assessing incidents by documenting specific events in a chronological order, particularly focusing on market responses to policy announcements and constructing an uncertainty index (Li et al., 2020). One approach involves using government elections as a measure of uncertainty, although this method is not continuous due to the periodic nature of elections. Additionally, efforts have been made to gauge economic policy uncertainty through continuous monitoring of news coverage (Jiang et al., 2016).

The Resource-Based View (RBV) and Positional Advantage Theory (PAT) suggest that firms have unique bundles of resources, leading to resource heterogeneity across national corporations. This implies that some firms are more adept at certain activities due to their possession of distinct and valuable resources. By effectively leveraging these resources, firms can achieve superior performance, as long as these resources are valuable, rare, and difficult to imitate. This advantage can then be transformed into sustainable competitive advantage within the national corporations (Hary Susilo & Julius, 2019; Kaleka & Morgan, 2017). Furthermore, the ability of a firm to integrate activities and processes within and across national corporations is crucial for establishing competitive advantages. Conceptually, process-based resources facilitate information exchange and efficient flows of products/services, enabling firms to effectively address the changing needs of the supply chain among members (Hary Susilo & Julius, 2019; Madhok et al., 2010).

The integration of transformational leadership, team potency, transparent communication, and trust has been identified in the literature as crucial elements that can contribute to strategic business improvement and positively impact the financial performance of national private companies, as evidenced by various studies (Baird et al., 2020; Islam et al., 2021; Yue et al., 2019). The Resource-Based View (RBV) theory serves as a fundamental framework linking Strategic Competitive Intelligence (SCI) to firm performance by recognizing SCI as valuable heterogeneous resources. This perspective is further enriched by the (PAT), which underlines the importance of cost advantages and superior customer value advantages in establishing a firm's competitive position, as highlighted in the study by Chang et al. (2016). Building upon the theoretical foundations of RBV and PAT, the model and hypotheses presented in this study are developed to illustrate the relationship between strategic intelligence, firm performance, and competitive advantage, as depicted in Figure 1 (Chatterjee et al., 2021; Lu et al., 2021; Madhok et al., 2010):

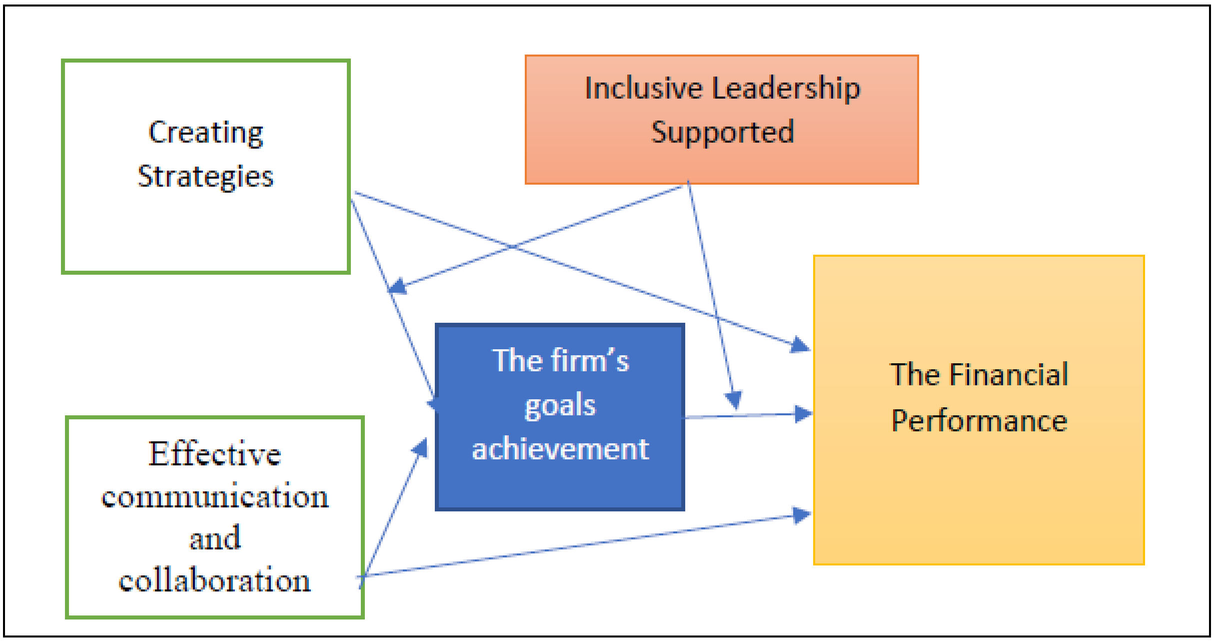

Figure 1. The conceptual model to attempt the Financial Performance within the National private companies

The process of business development involves identifying growth opportunities and creating strategies to capitalize on them, while integration refers to the combining of different components or entities to work together seamlessly. Business development focuses on expanding a company's reach and increasing its revenue streams, whereas integration aims to streamline operations and improve efficiency through the consolidation of resources. By merging the concepts of business development and integration, organizations can not only identify new opportunities for growth but also ensure that these opportunities are seamlessly incorporated into their existing operations for maximum impact and success (Nirwana et al., 2023; Taouab & Issor, 2019).

The complete facilitation of information exchange is essential for effective communication and collaboration among individuals or groups. Ensuring that information flows smoothly and efficiently can lead to improved decision-making, problem-solving, and overall productivity in various settings. By creating an environment that encourages open communication and sharing of ideas, organizations can foster innovation and creativity among their members. It is crucial to establish systems and processes that support the seamless exchange of information to enable individuals to work together towards common goals (Correia et al., 2021; Luscombe & Walby, 2017).

Strategic performance can be enhanced through careful planning and execution of key initiatives. The achievement of organizational goals and objectives relies heavily on the ability to strategically manage resources and make informed decisions. By focusing on long-term success and aligning actions with the overall mission of the organization, strategic performance can be optimized for sustainable growth and competitive advantage (Balsiger et al., 2023; Gulati et al., 2000).

The financial performance of a domestic private enterprise can be evaluated through various financial metrics and indicators. These may include profitability ratios, liquidity ratios, solvency ratios, and efficiency ratios. By analyzing these measures, stakeholders can gain insights into the company's ability to generate profits, manage its debts, and utilize its resources effectively. Additionally, comparing the company's financial performance with industry benchmarks and historical data can provide further context and understanding of its financial health and stability. Overall, assessing the financial performance of a national private company is crucial for investors, creditors, and management in making informed decisions and strategic planning (Kipley et al., 2012; Powell, 2014).

The scholars presented the main hypothesis derived from the literature review as follows: Ha1 posits that there are positive and significant factors that enhance the financial performance, with transformational leadership serving as the moderator variable.

3. RESEARCH METHOD AND RESULT

The study focuses on the population and sample, which consists of private National companies within the manufacturing industry in Indonesia. The analysis technique employed involves testing data within a regression model to assess the impact on the financial performance of these companies based on the formulated model. Additionally, the research model takes into account the interconnectedness between business strategic improvements and financial performance decisions. This is achieved by incorporating exogenously determined business integration development and perfect informational econometric models to elucidate the process of adjusting the company's capital structure. The modeling approach involves utilizing interrelated adjustment models multivariate to capture the complexity of these relationships (Md Altab et al., 2022; Pereira et al., 2021).

The results should be analysis of the company's financial performance reveals its ability to generate profits and manage expenses effectively. Evaluating the financial performance involves examining key metrics such as revenue growth, profit margins, and return on investment. Understanding the financial performance of a business is crucial for investors, stakeholders, and management to make informed decisions and assess the overall health of the organization. Sustainable revenue expansion in a privately-owned enterprise for long-term viability. Furthermore, the long-lasting business growth in terms of income generation within a privately held company. The business research within strategic decision-making by managers relies heavily on the analysis of big data and should be utilization of large datasets plays a crucial role in informing and guiding the strategic decisions made within the business environment. The integration of big data into the research process enables organizations to gain valuable insights and make informed choices that can have a significant impact on their overall performance and success. Importantly, the leadership support has the potential to significantly enhance and expedite financial performance (Md Altab et al., 2022).

The strategic goals of the organization are focused on gaining a competitive advantage in the market and improving overall performance by increasing the efficiency and effectiveness of supply chain activities and processes through integrated collaboration and strategic coordination with suppliers, customers, and internal and external organizational process management. This optimization of core business processes within and across organizations can lead to a competitive edge. The connection between company performance and the emergence of electoral bias issues, the failure of mediation routes where supply chain integration (SCI) impacts the company's financial performance and the lack of comprehensive moderators is apparent. To gain a more comprehensive understanding of the interconnectedness of supply chain integration (SCI) and corporate performance, it is crucial to address these issues, leading to (RBV) and (PAT) as a more holistic scientific basis for understanding how SCI impacts corporate financial performance. This is particularly important for the three types of private national company performance, namely operational, relational, and strategic performance (Altındağ & Bilaloğlu Aktürk, 2020; Awais et al., 2023; Hary Susilo, n.d.).

4. CONCLUSIONS

Theoretical and practical implications offer a clear understanding and agreement on the significant positive connections between distinct dimensions, despite variations in definitions and operationalizations of constructs. This focus aims to minimize the potential for biased results by considering direct, indirect, and moderating effects within transformational leadership. The conflicting findings regarding the impact of SCI on firm financial performance may stem from differences in the definitions and operationalizations of key constructs. These differences can have an impact on a firm's bottom line, and researchers should be mindful of this when striving to enhance strategic business practices for sustainable development and improved financial performance.(Arhinful & Radmehr, 2023; Ching et al., 2017)

The investigation pertaining to a company's financial arrangement, encompassing the combination of equity and debt utilized to fund its activities and investments, is referred to as the capital structure. This framework dictates the company's overall financial well-being and risk profile, as well as its capacity to generate profits for its shareholders. The capital structure of a company is a pivotal element of its financial management, as it affects the cost of capital, business risk, and potential for future expansion. Through adjusting the blend of equity and debt, a company can optimize its capital structure to attain its financial objectives and enhance shareholder value. Strategic decision-making in business research heavily relies on the analysis of extensive data. Furthermore, the incorporation of large datasets plays a critical role in informing and guiding strategic decisions within the business environment. The integration of big data into the research process empowers organizations to acquire valuable insights and make well-informed choices that can significantly impact their overall performance and success (Asif et al., 2022; Jeff Boakye et al., 2020).

Essential aspects for future research lies in demonstrating how influencing the financial performance of private national companies can impact organizational design, policy decision-making, and play a significant role in corporate decision-making to foster sustainable business development (Homburg et al., 2020). Utilizing a high-dimensional factor model to gauge monetary policy uncertainty within a vast data setting, along with dynamic adjustments, could potentially decrease the speed of adjustment of the capital structure of National Private Companies. This approach aims to bolster strategic business development, achieve sustainability in business operations, and explore new market opportunities (Aksoy et al., 2020).

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The scholar declared no potential conflicts of interest with respect to the investigated, authorship, publication within this manuscript.

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