

Strategic Plan, Human Resources Competencies, and Corporate Governance in Formulating Competitive Strategy and the Implication on Performance

(A Study at Business Units on Financial Service Sector of Indonesian State-Owned Enterprises)

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Abstract

The business Units on Financial Service Sector of Indonesian State-Owned Enterprises experienced the The business Units on Financial Service Sector of Indonesian State-Owned Enterprises experienced the issues of low company performance in the last five years. Those issues influenced by an inappropriate competitive strategy. It presumably due to the weaknesses on Strategic Plan, Human Resource Competencies, and Corporate Governance that does not implemented well. Therefore, this research aims to study about Strategic Plan, Human Resource Competencies, and Corporate Governance, and their influences on competitiveness and the implications on company performance of Business Units on Financial Service Sector of Indonesian State-Owned Enterprises. The nature of the study is conclusive. Referring to the research objectives, namely to obtain a description of the variables studied and uncover relationship between variables, then the design of study is conclusive study. The unit of analysis is business units within the State Owned Enterprises (SOEs) of financial services sector in Indonesia. Until 2013, the number of Financial sector SOEs in Indonesia is as much as 66 SOEs were scattered throughout the region in Indonesia. The observations using the coverage time that is cross section / one shoot. The analysis design used to test hypotheses and determine the relationship between the variables in this research is the Partial Least Square (PLS).

The results revealed Strategic Plan, Human Resource Competencies, and Corporate Governance, simultaneously and partially affect competitive strategy. But partially, Human Resource Competencies have a greater influence than Strategic Plan and Corporate Governance in influencing competitive strategy. Strategic Plan, Human Resource Competencies, and Corporate Governance simultaneously affect company performance through competitive strategy, but only Human Resource Competencies and Strategic Plan that have a significant influence on company performance through competitive strategy.

To improve the performance of the company, the business units within the financial services sector of state-owned enterprises in Indonesia, must simultaneously develop the competence of human resources, strategic plan, and corporate governance to support competitive strategy that affect the performance of the company. The results show that partially only Human Resource Competencies and Strategic Plan which contributed significantly to the company's performance through competitive strategy. Therefore, an increase mainly in the competencies of human resources, supported by an increase in strategic plan and corporate governance will have an impact on improving the competitive strategy which in turn would increase the company's performance.

Keywords: Strategic Plan, Human Resource Competencies, Corporate Governance, Competitive Strategy, Company Performance

INTRODUCTION

The financial services sector SOE have an important role in the economy and state finances as its core business related to regulatory issues, savings, and financing of public funds that could be used for economic and business development. The number of SOEs financial sector more than other sectors. Meanwhile, the contribution of dividend of SOEs still dominated by Pertamina. In 2013, Pertamina and PLN still dominate the dividend, amounting to 33.96%, while go public-SOE give a dividend of 44.22% from a

variety of sectors including the financial sector. SOE on financial sector includes banking, insurance and re-insurance, and securities. Among the SOEs of the financial sector role is community empowerment through the micro business credit. Besides SOE banks contributing a large in financing infrastructure and SMEs. Financial sector SOEs in insurance, underwriting and securities expected to prevent further decline in the price of government bonds through the purchase of government securities in the secondary market.

To more clearly see the performance of financial sector SOEs, the following is comparison chart of ROE of financial services sector SOE. The graph shows that the business sector of insurance and financing services sector is more volatile seen from the performance of its ROE .

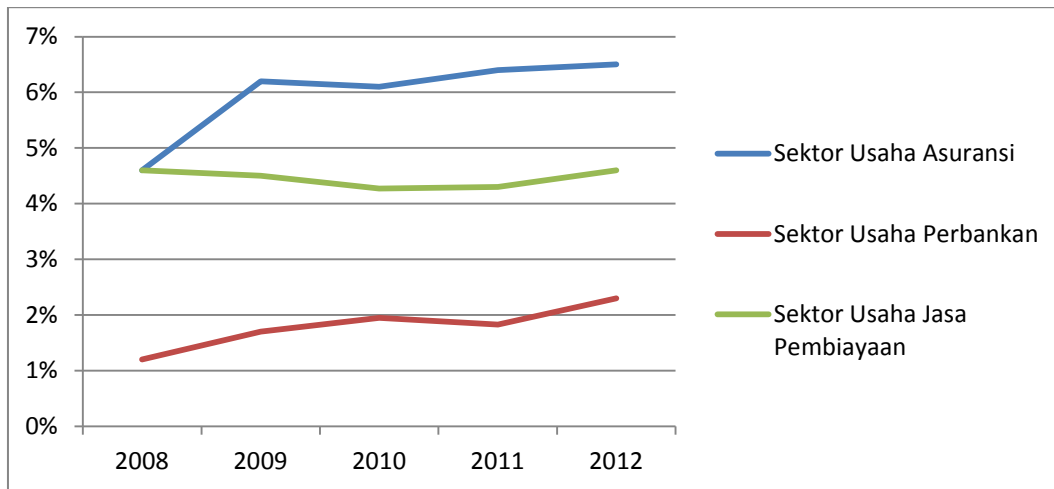


Figure 1

The Growth of ROE of Financial Sector of SOE's Business Units Year 2008 s.d. 2012

Although all business sectors fluctuated on one or a few years, state-owned banking sector is gradually continue to increase. Instability of SOE performance as measured by ROE shows that there are still problems in the SOE financial sector. It also illustrates that the performance of financial sector state-owned companies has not been in a good category. David (2013, p.324) mentions some financial ratios used to evaluate the strategy consists of: Return on Investment (ROI), Return on Equity (ROE), Profit Margin, Market Share, Debt to Equity, Earnings per share, Sales growth, dan Assets growth.

The instability of the financial sector SOE performance, presumably because of problems related to competitive strategy. In line with Porter generic strategies, according to Pearce & Robinson (2015) business will be successful if the company has several advantages relative to its competitors. There are three sources of competitive advantage on the cost structure of the business and its ability to differentiate its business compared to competitors, and focus. But there is a phenomenon in which the management system and technology that is not "longer" appropriate, Overstaffing of low ability HR, but understaffing of skilled and competent human resources, and limited funding for business development.

Alleged competitive strategy that has not appropriate related to the strategic plans made by the company. Efendioglu & Karabulut (2010, p.3) argued that "Strategic planning is important for strategic management of companies". The concept of strategy formulation in the opinion of Wheelen et al. (2015), includes four aspects, namely the mission, objectives, strategies, and policies. However indicated that not all employees in every part of the company is able to make decisions and take actions that support the company's mission, objectives, and strategies that have been set.

In addition to the strategic plan, good corporate governance (GCG) is also important in the formulation of competitive strategy. The term Corporate governance refers to the relationship between the board of directors, top management and shareholders in determining the direction and performance of the company (Wheelen et al. 2015, p.77).

In addition to the strategic plan, and corporate governance, there are indications of problems related to HR competencies. Akbar & Akbar (2010) measured the dimensions of HRM competencies based on relationship, processes, and capabilities.

Based on consideration of the above background, it is interesting to study about "Strategic Plan, Competence of Human Resources and Corporate Governance in the formulation of Competitive Strategy and Its Implication on the Performance of Business Units of the Financial Sector SOE In Indonesia.

LITERATURE STUDY

Strategic Plan

David (2013, p.35) explains :

The term strategic planning originated in the 1950s and was very popular between the mid-1960s and the mid-1970s. During these years, strategic planning was widely believed to be the answer for all problems. At the time, much of corporate America was "obsessed" with strategic planning. Following that "boom", however, strategic planning was cast aside during the 1980's as various planning models did not yield higher returns. The 1990s, however, brought the revival of strategic planning, and the process is widely practiced today in the business world. A strategic plan results from tough managerial choices among numerous good alternatives, and its signals commitment to specific markets, policies, procedures, and operations and in lieu of other, "less desirable" courses of action.

Efendioglu & Karabulut (2010, p.3) show that *Strategic planning is important for strategic management of companies.* That statement is in line with Tuclea *et al.* (2012, p.1224) who contend:

An essential component of strategic management is strategic planning, which can be defined as deliberate means of including factors and techniques in a systemic way to achieve specified tasks, providing direction and ensuring that the appropriate resources are available at a suitable place and time for the pursuit of objectives (Aldehayyat, 2011). Furthermore, strategic planning fosters and sustains the making of strategic decisions on a continuous basis, which involves a process of strategic development (Dyson, et al., 2007)

Wheelen *et al.* (2015, p.50)

Strategy formulation is the process of investigation, analysis and decision making that provides the company with the criteria for attaining a competitive advantage. It includes defining the competitive advantages of the business (Strategy), crafting the corporate mission, specifying achievable objectives, and setting policy guidelines.

Human Resources Competencies

The term competencies explained by Palan (2003, p.5) as :

The term 'competencies,'competence' and competent' refer to a state or quality of being able and fit. The English dictionary described the word 'competence' as the state of being suitable, sufficient, or fit. The workplace definition of 'competency' refers to a person's fitness with reference to his or her job

In the study of Keerthy & Jacob (2014, p.1113) "A Competency is the ingredients (skills, knowledge, attributes and behaviors) that contribute to excellence.

The role of human resources argued by Shamsudin, Subramaniam, and Ibrahim (2011, p.515) as :

Human resources are the most important asset in the organization and they, to a large degree, determine the competitiveness of the organization as they are irreplaceable, inimitable, rare and valuable resources

Akbar & Akbar (2012) measure HR competencies by three dimensions of : relationships, processes, and capabilities. These three dimensions are then measured by the following indicators:

- a. Credible activist : measured by Delivering results with integrity, Sharing information, building relationships of trust, doing HR with an attitude.
- b. Culture and change steward, measured by facilitating change, crafting culture, valuing culture, personalizing culture.
- c. Business Partner, measured by serving value chain, interpreting social context, articulating the value proposition, leveraging business technology.

- d. HR Expert, measured by implementation of workplace policies, advancing Hr technology, employee advocacy, technical expertise.
- e. Talent Manager, measured by Ensuring today's and tomorrow's talent, dan Developing talent.
- f. Organizational Designer, measured by shaping organization, fostering communication, dan designing rewards systems.
- a. Leadership and Management Competencies, diukur dari sustaining strategic agility, operations management, group/individual management, dan engaging customers.

Corporate Governance

The term Corporate governance refer to the relationship between board of directors, top management, and shareholder in determining the direction and performance of the company (Wheelen et al. 2015, p.77).

In evaluating corporate governance, Standard & Poor's (S&P) Corporate Governance Scoring System asses for aspects of (Wheelen et al. , 2015, p.89) :

- a. Ownership structure and influence
- b. Financial stakeholder rights and relations
- c. Financial transparency and information disclosure
- d. Board structure and process

Vintila, Paunescu, Gherghina (2015) study the relationship of corporate governance and financial performance, which corporate governance measured though :

- a. The characteristics of the board of directors (independence, size of board measured bu the number of direction, Advisory Committees, and gender diversity)
- b. The shareholder structure (the shares of institutional investors and those of CEO)
- c. The characteristics of CEO (tenure of CEO, age of CEO, and duality of CEO)
- d. The remuneration of CEO (base salary, bonuses, packages with stocks)

Competitive Strategy

Wheelen et al. (2015, p.203) describe there are three generic competitive strategy Porter intended to outperform other companies in an industry that is: cost leadership, differentiation, and focus. Refer to Pearce & Robinson (2015) business will be success if the company have several relative advantage above its competitors. Pearce & Robinson (2015) suggests several sources of competitive advantage that are low cost strategy, differentiation, focus, and speed-based strategy.

In line with the above opinion, Hitt, Ireland, Hoskisson (2015) suggests that the company may choose five business strategy to establish and maintain a company's strategic position compared to its competitors, by choosing one or a combination of strategies: cost leadership, differentiation, focused cost leadership, focused differentiation, dan integrated cost leadership/differentiation.

Company Performance

David (2013, p.324) use financial rasion to evaluate strategies : Return on Investment (ROI), Return on Equity (ROE), Profit Margin, Market Share, Debt to Equity, Earnings per share, Sales growth, Assets growth.

In measuring the performance of state-owned companies, the Ministry of State Owned Enterprises using some of the parameters described in the Decree of the Minister of State Owned Enterprises No. KEP-100 / MBU / 2002 dated June 4, 2002 on the Rating of Enterprises's Health. Wherein based on the Ministerial Decree, the health of SOEs is determined based on an assessment of the performance for the fiscal year concerned, which includes: (1) the dimensions of financial performance; (2) the dimensions of operational performance; and (3) the dimensions of administrative performance.

Previous Study

Festus, Folajimi, Samuel (2013) evaluating the strategic plan and performance as a catalyst for business continuity and stability in the financial sector in Nigeria. The findings indicate that strategic plan that is not instituted properly and in some cases are not executed in the financial sector that creates a serious

problem for the people of Nigeria. Efendioglu & Karabulut (2010) explores the impact of strategic plan on financial performance of the company in Turkey. The findings suggest there is a relationship of strategic plan and the company's performance in Turkey. Nandakumar, Ghobadian, O'Regan (2010) examines the moderating effects of the external environment and the organizational structure in the relationship between business level strategy and organizational performance showed that the dynamism and hostility environment acts as a moderator in the relationship between business level strategy and relative competitive performance. Akbar & Akbar (2012, p.10402) prove that human resource competency significantly influence bank performance. Wang (2007) identified strategic groups in the US banking Industry and test the structure of banks in each strategic group through case studies at De Novo Bank. The findings suggest that De Novo Bank lead to higher profitability by improving cost efficiency. Al-Beshtawi et al. (2014) examines the relationship between corporate governance with financial and non financial performance in commercial banking and Islamic banking in Jordan. Hahn & Powers (2010) extends the research on the quality of strategic planning, execution capability and performance of the company. It was found that in particular, banks pursuing cost leadership, differentiation, and focus strategies are consistent with the typology Porter. Bank with cost leadership affect the performance significantly higher than those who do not pursue a generic strategy.

HYPOTHESES

Based on the description of the concepts and previous research, it is proposed the research hypothesis:

- H1 Strategic Plan, HR Competencies, Corporate Governance affect competitive strategy in the Business Units of Financial Services Sector SOE in Indonesia either simultaneously or partially*
- H2 Strategic Plan, HR Competencies, Corporate Governance affect company performance in the Business Units of Financial Services Sector SOE in Indonesia either simultaneously or partially through competitive strategy.*

METHODOLOGY

Referring to the research objectives, namely to obtain a description of the variables studied and uncover relationship between variables, then the design of study is conclusive study. According to Malhotra (2010, p.104) "conclusive research is to test specifics hypothesis and examine specifies relationship" in which the conclusive research is a design study that aims to test hypotheses and determine the relationship between the variables.

The unit of analysis is business units within the State Owned Enterprises (SOEs) of financial services sector in Indonesia. Until 2013, the number of Financial sector SOEs in Indonesia is as much as 66 SOEs were scattered throughout the region in Indonesia.

The observations using the coverage time that is cross section / one shoot, "cross section/one shootin which one sample of respondent is drwan from the target population and information is obtained from this sample once " Malhotra (2010: 108).

The analysis design used to test hypotheses and determine the relationship between the variables in this research is the Partial Least Square (PLS).

RESULT OF RESEARCH

1. Goodness of Fit Model

Goodness of fit model aims to test whether the resulting models describe the actual conditions. The hypothesis is:

Ho : Model is goodness of fit (The resulting models describe the actual conditions)

Ha : Model is not goodness of fit (The resulting models do not describe the actual conditions)

This section will discuss the results of hypothesis testing using the Partial Least Square (PLS). Before the discussion, first the hypothesis will be analyzed for suitability test results model.

Compatibility Model Test - Analysis of Structural Model (*Inner Model*) and Measurement Mode (*Inner Model*)

The analysis of structural model (inner model) shows the relationship between the latent-variables. Inner models is evaluated using Goodness of Fit Model (GoF), which shows the difference between the values of the observations with the values predicted by the model. This test is indicated by the value of R Square on endogenous constructs. R Square is the coefficient of determination on endogenous constructs. According to Chin (1998), the value of R square of 0.67 (strong), 0.33 (moderate) and 0.19 (weak). Prediction relevance (Q square) or known as the Stone-Geisser's. This test is done to determine the predictive capabilities with blinfolding procedure. If the value obtained 0.02 (minor), 0.15 (medium) and 0.35 (large), can only be performed for endogenous constructs with reflective indicators. Here is the GoF value and Q-Square to construct:

Variables	<i>R Square</i>	AVE	Cronbachs Alpha	Composite Reliability	Q square
Corporate Governance	-	0.559	0.901	0.919	-
Strategic Plan	-	0.598	0.932	0.942	-
HR Competencies	-	0.587	0.882	0.908	-
Competitive Strategy	0.895	0.539	0.877	0.903	0.471
Company Performance	0.916	0.537	0.945	0.951	0.482

The table above has a value of R² on the criteria robust (greater than 0.6 = strong), and the value of Q square above the medium, so that it can be concluded that the model is supported by the empirical research or model is fit.

Measurement model analysis shows the relationship between manifest variables (indicators) and each latent variables. Analysis of the measurement model aimed at testing the validity and reliability of the dimensions and indicators used to measure each of the variables that are constructs. The analysis of measurement model can be explained by the value of discriminant validity, loading factor, Construct Validity and Composite Reliability. To see the discriminant validity, can be seen through the value of the square root of average variance extracted (AVE). Recommended value is above 0.5. Construct Validity explained by the value of loading factor. Chin (2000) said that if the loading factor of the measurement model is greater than 0.50 or t value of loading factor is greater than t table at the 5% significance, the dimensions can be declared valid in measuring variables. Composite Reliability and Cronbachs Alpha used to look at the reliability or the level of reliability in measuring the dimensions of the variables. If the value of Cronbachs Alpha is greater than 0.70 (Nunnaly, 1994), it is stated that dimensions and indicators is reliable to measure the research variables. From the table above shows that the values of AVE > 0.5, indicating that all of the variables in the model were estimated to meet the criteria of discriminant validity. Composite reliability and Cronbachs Alpha of each variable > 0.70 can thus be concluded that all the variables have good reliability.

Based on the framework of structural models in this study are:

$$SB = 0.300PS + 0.409SDM + 0.264TTK + \zeta_1$$

$$CP = 0.074SP + 0.371HRC + 0.120CG + 0.418CB + \zeta_2$$

Which are :

CP = Company Performance

SP = Strategic Plan

HRC= Human Resource Competencies

CG = Corporate Governance

CS= Competitive Strategy

ζI = Residual

The following figure show the complete line diagram :

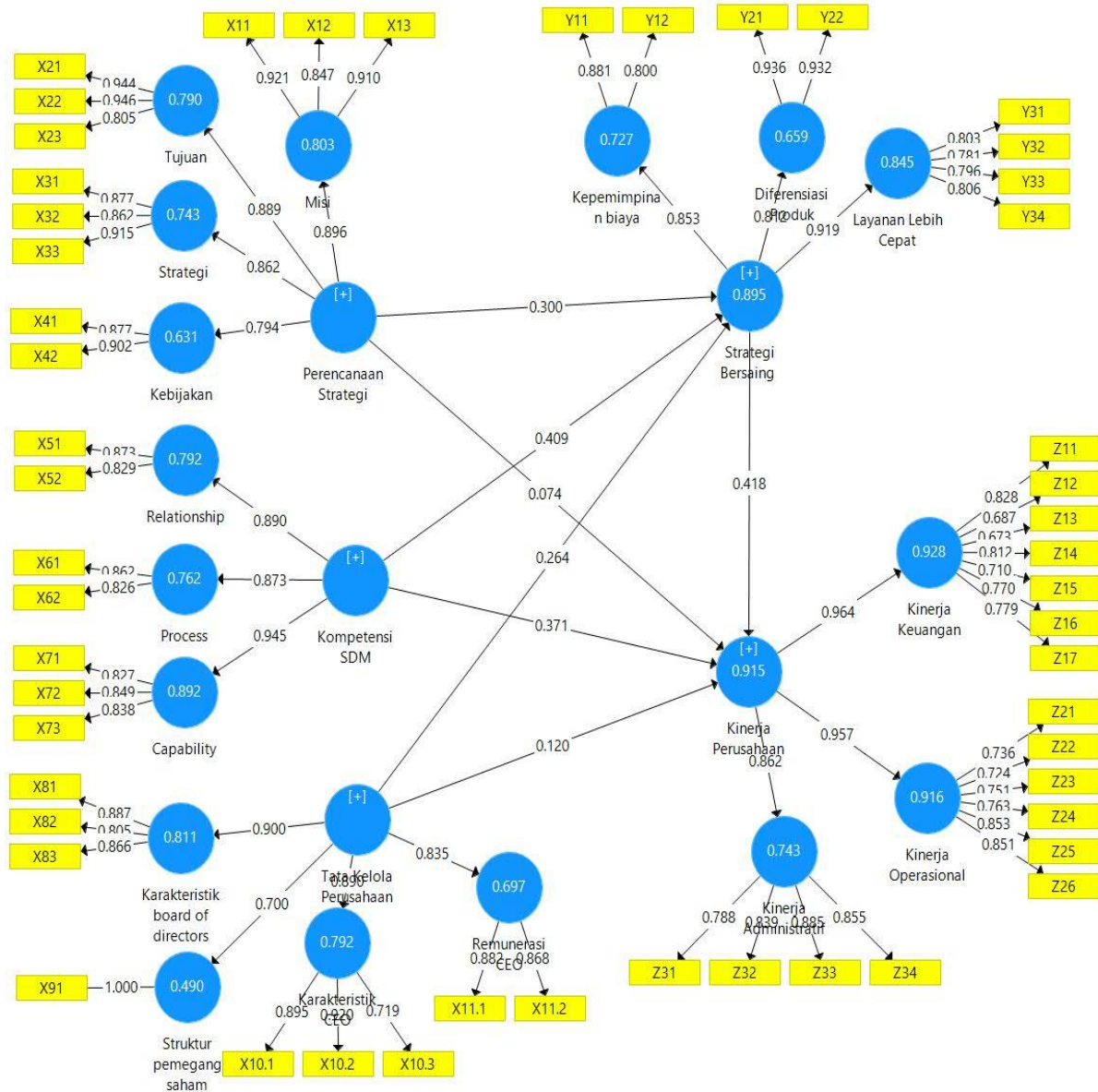


Figure 2
Complete Line Diagram of Research Model

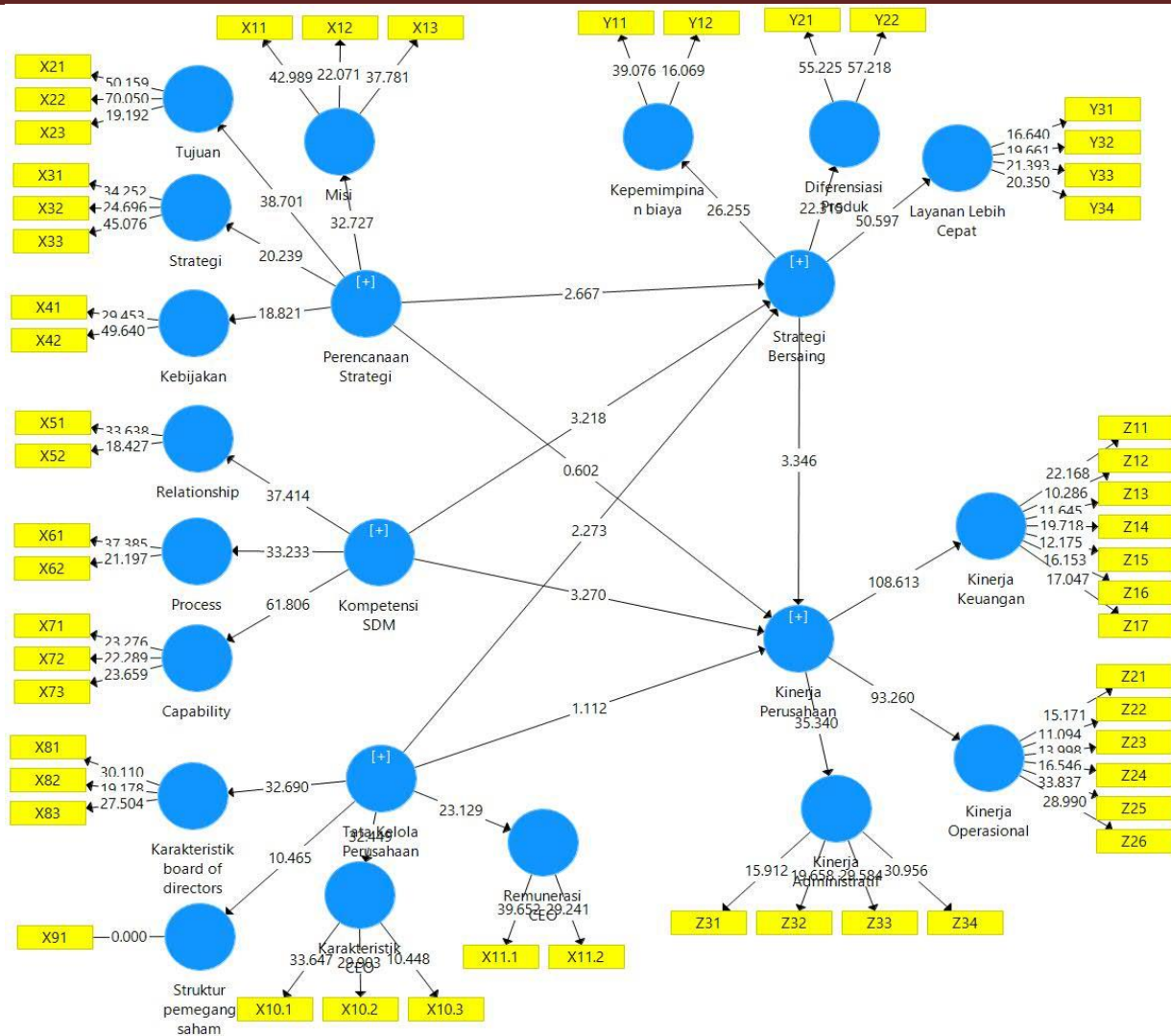


Figure 3
Line Diagram of t value

The use of Second Order on research models causes loading factor obtained explain the relationship between latent variables and dimension and between dimension-indicators. The following table presents the results of the analysis of the measurement model for each dimension on the indicator.

Table 2
LOADING FACTOR OF DIMENSION-INDICATOR

Variable	Indicator-Dimension	λ	t value	P Values
Strategic Plan	X11 ← Mission	0.921	42.989	0.000
	X12 ← Mission	0.847	22.071	0.000
	X13 ← Mission	0.91	37.781	0.000
	X21 ← Objectives	0.944	50.159	0.000
	X22 ← Objectives	0.946	70.05	0.000
	X23 ← Objectives	0.805	19.192	0.000
	X31 ← Strategies	0.877	34.252	0.000
	X32 ← Strategies	0.862	24.696	0.000
	X33 ← Strategies	0.915	45.076	0.000
Human Resource Competencies	X41 ← Policies	0.877	29.453	0.000
	X42 ← Policies	0.902	49.64	0.000
	X51 ← Relationship	0.873	33.638	0.000
	X52 ← Relationship	0.829	18.427	0.000
	X61 ← Process	0.862	37.385	0.000
	X62 ← Process	0.826	21.197	0.000
	X71 ← Capability	0.827	23.276	0.000
	X72 ← Capability	0.849	22.289	0.000
	X73 ← Capability	0.838	23.658	0.000
Corporate Governance	X81← Characteristic of <i>board of directors</i>	0.887	30.11	0.000
	X82← Characteristic of <i>board of directors</i>	0.805	19.178	0.000
	X83← Characteristic of <i>board of directors</i>	0.866	27.504	0.000
	X91←Shareholder Structure	1	-	-
	X10.1 ← Characteristic of <i>Top Management</i>	0.895	33.647	0.000
	X10.2 ← Characteristic of <i>Top Management</i>	0.92	29.903	0.000
	X10.3 ← Characteristic of <i>Top Management</i>	0.719	10.448	0.000
	X11.1 ← Remuneration of <i>Top Management</i>	0.882	39.652	0.000
X11.2 ← Remuneration of <i>Top Management</i>	0.868	29.241	0.000	
Competitive Strategy	Y11← Cost Leadership	0.881	39.076	0.000
	Y12← Cost Leadership	0.800	16.069	0.000
	Y21← Product Differentiation	0.936	55.225	0.000
	Y22← Product Differentiation	0.932	57.218	0.000
	Y31← Faster Service	0.803	16.64	0.000
	Y32← Faster Service	0.781	19.661	0.000
	Y33← Faster Service	0.796	21.393	0.000
Company Performance	Y34← Faster Service	0.806	20.35	0.000
	Z11← Financial Performance	0.828	22.168	0.000
	Z12← Financial Performance	0.687	10.286	0.000
	Z13← Financial Performance	0.673	11.645	0.000
	Z14← Financial Performance	0.812	19.718	0.000
	Z15← Financial Performance	0.710	12.175	0.000
	Z16← Financial Performance	0.770	16.153	0.000
	Z17← Financial Performance	0.779	17.047	0.000
Z21← Operational Performance	0.736	15.171	0.000	

Table 2
LOADING FACTOR OF DIMENSION-INDICATOR

Variable	Indicator-Dimension	λ	t value	P Values
	Z22← Operational Performance	0.724	11.904	0.000
	Z23← Operational Performance	0.751	13.998	0.000
	Z24← Operational Performance	0.763	16.546	0.000
	Z25← Operational Performance	0.853	33.837	0.000
	Z26← Operational Performance	0.851	28.99	0.000
	Z31 ← Administrative Performance	0.788	15.912	0.000
	Z32 ← Administrative Performance	0.839	19.658	0.000
	Z33 ← Administrative Performance	0.885	29.584	0.000
	Z34 ← Administrative Performance	0.855	30.956	0.000

Results of the analysis of the measurement model of the dimensions by the indicator suggests that such indicators are valid which most of the value of loading factor greater than 0.70 with a p value <0.05.

Measurement model of latent variables on the dimensions explain the extent of the validity of the dimensions in the study to measure latent variables. The following table presents the results of the analysis of the measurement model for each latent variable on dimension.

Table 3
LOADING FACTOR OF LATENT VARIABLE-DIMENSION

Latent Variable-Dimension	λ	t Value	P Values
Strategic Plan --> Mission	0.896	32.727	0.000
Strategic Plan --> Objectives	0.889	38.701	0.000
Strategic Plan --> Strategies	0.862	20.239	0.000
Strategic Plan --> Policies	0.794	18.821	0.000
HR Competensies --> Relationship	0.890	37.414	0.000
HR Competensies --> Process	0.873	33.233	0.000
HR Competensies --> Capability	0.945	61.806	0.000
Corporate Governance --> Characteristic of <i>board of Directors</i>	0.900	32.69	0.000
Corporate Governance --> Shareholder structure	0.700	10.465	0.000
Corporate Governance --> Characteristic of <i>Top Management</i>	0.890	32.449	0.000
Corporate Governance --> Remuneration of <i>Top Management</i>	0.835	23.129	0.000
Competitive Strategy --> Cost Leadership	0.853	26.255	0.000
Competitive Strategy --> Product Differentiation	0.812	22.315	0.000
Competitive Strategy --> Faster Service	0.919	50.597	0.000
Company Performance --> Kinerja Keuangan	0.964	108.613	0.000
Company Performance --> Operational Performance	0.957	93.26	0.000
Company Performance --> Administrative Performance	0.862	35.34	0.000

Results of the analysis of the measurement model of variables on the dimensions shows that all dimensions are valid with the p value <0.05.

In the following sections will explain the results of first hypothesis “Strategic Plan, HR Competencies, Corporate Governance affect on Competitive Strategy in the Business Units within Financial Services Sector SOE in Indonesia, either simultaneously or partially”.

The test results are described as follows:

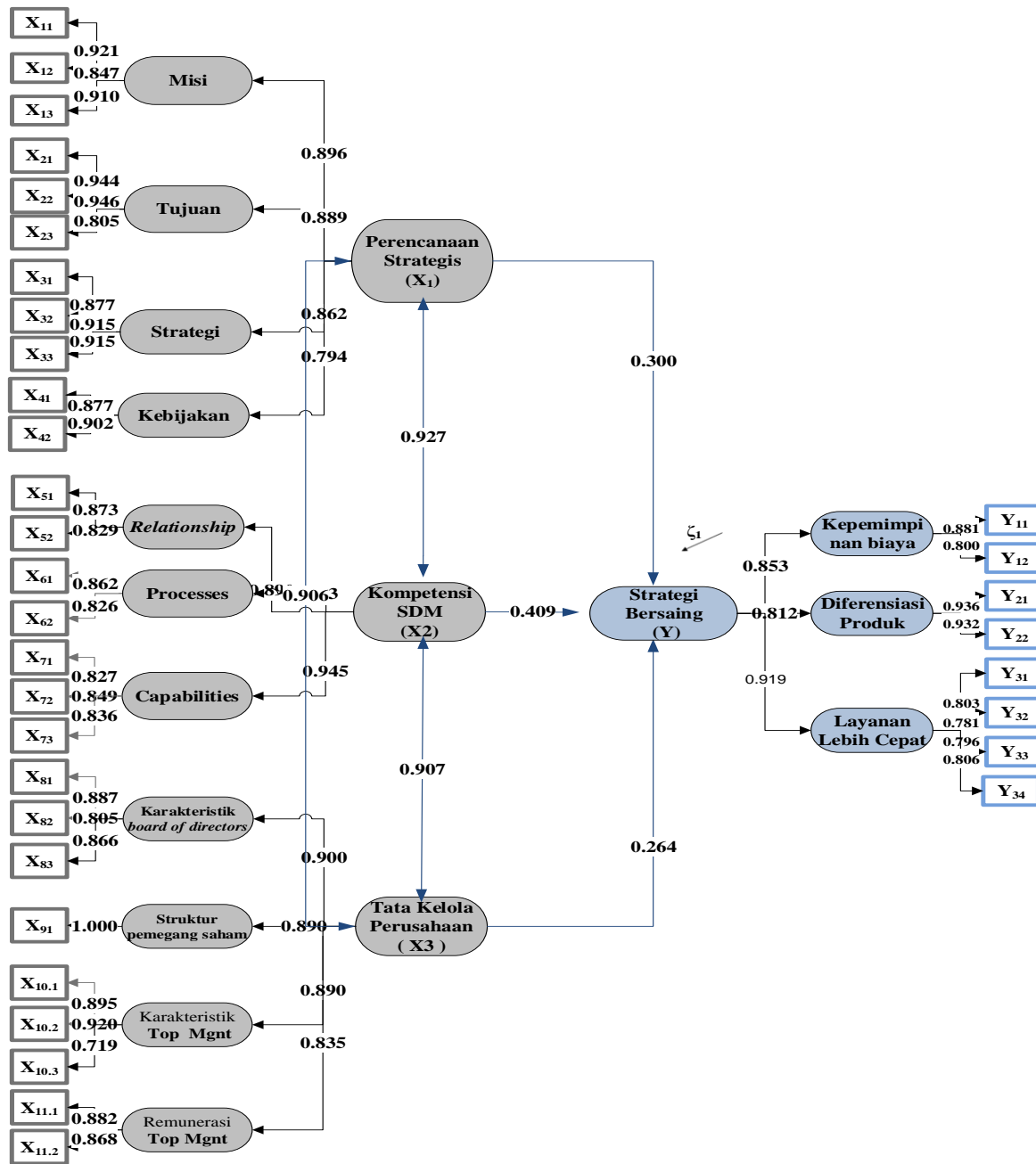


Figure 4
Test of Hypotheses 1

The following shows the results of hypotheses test either simultaneously and partially .

a. Simultaneous Testing of Hypotheses

The following shows the results of simultaneous testing of hypothesis 1:

Hypotheses	R ²	F value	Conclusion
Strategic Plan, HR Competencies, Corporate Governance →Competitive Strategy	0.895	175.712	Hypotheses accepted

* significant on $\alpha=0.05$ (F table =2.753)

Based on the table above it is known that on degree of confidence of 95% ($\alpha = 0.05$), simultaneously there is the influence of the Strategic Plan, HR Competencies, Corporate Governance on Competitive Strategy in the Business Units within financial sector of SOE In Indonesia, where the influence of third variable is equal to 89.5% while the remaining 10.5% influenced by other factors not examined.

b. Partial Testing of Hypotheses

Next is shown the results of the partial testing hypotheses 1 :

Hypotheses	γ	T value	Conclusion
Strategic Plan →Competitive Strategy	0.300	2.667*	Hypotheses accepted
HR Competencies→ Competitive Strategy	0.409	3.218*	Hypotheses accepted
Corporate Governance → Competitive Strategy	0.264	2.273	Hypotheses accepted

* signifikan pada $\alpha=0.05$ (t table =1.99)

In the above table it is known that the partial effect of the above three variables is significant in influence competitive strategy which the HR Competencies has a greater influence on competitive strategy.

The test results show that the implementation of HR competencies provide a higher impact on competitive strategy, rather than a strategic plan and corporate governance, although all three affect the competitive strategy simulatenously.

In the following sections will explain the testing result of hypothesis 2 “ *Strategic Plan, HR Competencies, Corporate Governance affect company performance in the Business Units within Financial Services Sector SOE in Indonesia through Competitive Strategy either simultaneously or partially*”.

The test results are described as follows:

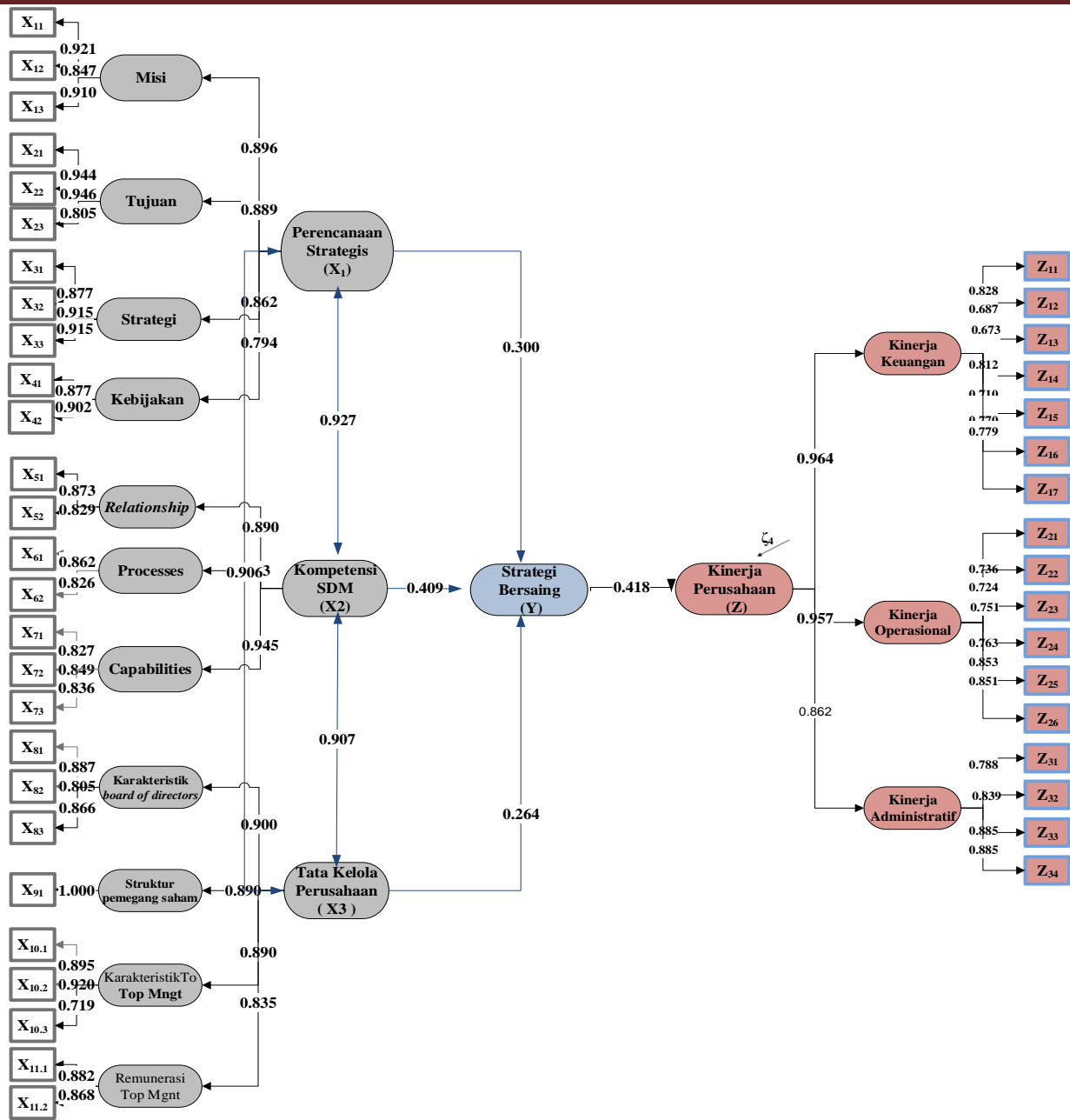


Figure 5
Testing of Hypotheses 2

a. Simultaneous Testing of Hypotheses

Tabel 6 SIMULTANEOUS TESTING OF HYPOTHESES 2			
Hypotheses	R ²	F value	Conclusion
Strategic Plan, HR Competencies, Corporate Governance →Competitive Strategy→Company Performance	0.407	10.462	Hypotheses accepted

* significant on $\alpha=0.05$ (F table =2.522)

Based on the table it is known that in the degree of confidence of 95% ($\alpha = 0.05$), simultaneously there is the influence of the Strategic Plan, HR Competencies, and corporate governance on corporate performance in the Business Units within financial sector SOE in Indonesia through Competitive Strategy.

These results indicate that an increase in the Strategic Plan, HR Competencies, and Corporate Governance will affect Competitive Strategy which will further affect the Company' Performance.

b. Partial Hypotheses Testing (indirect effect)

Hipotesis	$\gamma\beta$	F value	Conclusion
Strategic Plan \square Competitive Strategy \square Company Performance	0.126	2.097*	Hypotheses accepted
HR Competencies \square Competitive Strategy \square Company Performance	0.171	2.522*	Hypotheses accepted
Corporate Governance \square Competitive Strategy \square Company Performance	0.110	1.700	Hypotheses rejected

* significant on $\alpha=0.05$ (t table =1.99)

In the above table are known that partially there are indirect influence of the Strategic Plan and the HR competencies on company performance through competitive strategies, while the influence of corporate governance is very small.

Partially only HR Competencies and Strategic Plan that affect competitive strategy in improving corporate performance. These results also indicate that the most important priority for improvement in order to get the right competitive strategy is to increase of human resources competencies in an effort to improve the company's performance, which is followed by an increase in the strategic plan.

The aspects that affect the company's performance in addition to the variables studied among the government's policy of support for SOE development, macro-economic conditions, such as fluctuations in the rupiah, Bank Indonesia's interest rate, as well as global economic conditions that affect the international monetary situation.

The above results can be used to prepare formula in problems solving in an effort to improve the Company's Performance of the business units in the financial sector SOE in Indonesia through the development of competitive strategy which is supported by the ability of management to develop the competencies of human resources, developing a strategic plan, and corporate governance.

CONCLUSIONS AND RECOMMENDATIONS

Taken together, the strategic plan, human resource competencies, corporate governance, contribute to the competitive strategy of the business units within the financial services sector state-owned enterprises in Indonesia. However, HR competencies provide the highest contribution to the competitive strategy, followed by strategic plan and corporate governance. The dominance of the contribution of HR competencies to competitive strategy is because the financial services sector requires a high capability of the company's personnel to be able to provide services to customers and implement efficiencies in operating costs and service fees as well as creating a unique and varied products. Superior competence of human resources will be correlated with the understanding of the strategic plan and the development of corporate governance to enhance the company's competitive advantage. Therefore, the increase in a synergistic manner of these three variables will be more significant implications in improving the company's competitive strategy.

To improve the performance of the company, the business units within the financial services sector state-owned enterprises in Indonesia, must simultaneously develop the competence of human resources, strategic plan, and corporate governance to support a competitive strategy that affect the performance of company. The results show that partially, only HR Competencies which contributed significantly to the company's performance through competitive strategy. Therefore, an increase mainly in the competencies of

human resources, supported by an increase in strategic plan and corporate governance will have an impact on improving the competitive strategy which in turn would increase the company's performance. Thus, to improve corporate performance, it needs to be improved competitive strategy by improving the competence of human resources, supported by an increase in strategic plan and corporate governance.

The research findings in this paper, is expected to be a reference for academics to conduct development of research, which the results of these findings used to be part of the premise in developing the framework.

In the future be expected a study of all state-owned companies that is not only in the financial services sector, with a different point of view for example of specificity in the field of marketing management or human resource management.

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