CHAPTER 4

DISCUSSION AND ANALYSIS

A. General Description of Research Object

The object of this research was the top management of BPJS Ketenagakerjaan Central Java and Special Region of Yogyakarta. Based on the survey results around January until March 2019, the number of questionnaires distributed was 91 questionnaires for 13 offices having 7 questionnaires for each office. Each of BPJS Ketenagakerjaan office in Central Java and Special Region of Yogyakarta has different sum of top management based on their level office. Hence, almost all of offices didn't return all the questionnaires because they don't have at least 7 people as their top management. As a result, there were 67 questionnaires returned. It happened due to the limited number of employees in the top management of each BPJS Ketenagakerjaan office. From the questionnaires returned, all the questionnaires were able to use for data processing and would pass the validity, reliability, multiple linear regression, and other tests.

Table 4.1
Characteristics of Respondents Based on Questionnaire Filling

Information	Total	Percentage
Distributed Questionnaires	91	100%
Returned Questionnaires	67	73.62%
Incompletely filled questionnaires	0	0
Completely Processed Questionnaires	67	73.62%

Source: Primary data (2019)

Table 4.2
Characteristics of Respondents Based on the Office Location

No.	Location of Office	Total Respondents	Percentage
1.	Semarang Region Office	6	9%
2.	Semarang I (Pemuda)	0	0
3.	Semarang II (Majapahit)	4	6%
4.	Surakarta	6	9%
5.	Kudus	5	8%
6.	Purwokerto	5	7%
7.	Pekalongan	6	9%
8.	Ungaran	5	7%
9.	Tegal	5	7%
10.	Cilacap	6	9%
11.	Magelang	6	9%
12.	Klaten	6	9%
13.	Yogyakarta	7	10%
Total Office		67	100%

Source: Primary data (2019)

The respondents of this study came from 12 BPJS Ketenagakerjaan offices in Central Java and Special Region of Yogyakarta that are listed in Table 4.2. The highest contributors of respondents were from the BPJS Ketenagakerjaan office in Yogyakarta as many as 10%, followed by BPJS Ketenagakerjaan office in the Semarang Region Office, Cilacap, Magelang, Surakarta, Klaten, and Pekalongan with the percentage of 9%. Therefore, BPJS Ketenagakerjaan office in Purwokerto, Ungaran, Kudus, and Tegal follows with 7%, while the least came from BPJS Ketenagakerjaan office in Semarang II (Majapahit) with the percentage of 4%.

B. Analysis of Respondents Characteristic

The characteristics of respondents observed in this study include gender, age, stratum, and length of work period. The results of frequency distribution about the characteristics of respondents that have been studied are presented as follows:

1. Gender Characteristic

The following is a table comparing the number of respondents based on gender.

Table 4.3
Characteristics of Respondents by Gender

Gender	Frequency	Percentage
Male	40	59.70%
Female	27	40.30%
Total	67	100%

Source: Primary data (2019)

According to the Table 4.3, it appears that out of a total of 67 respondents, there are 40 male respondents with the percentage of 59.70%. Meanwhile for female respondents there are 27 respondents with the percentage of 39.71%.

2. **Age Characteristic**

The following is a table which compare the respondent based on their age.

Table 4.4
Characteristics of Respondents by Age

Age	Frequency	Percentage
20-30 years	12	17.91%
30-40 years	20	29.85%
40-50 years	26	38.80%
>50 years	9	13.43%
Total	67	100%

Source: Primary data (2019)

According to table 4.4, it appears that out of a total of 67 respondents, with the 12 respondents aged 20-30 years is amount 17.91%. Meanwhile, for respondents aged 30-40, there are 20 respondents with the percentage of amount 29.85% while for respondents aged 40-50, there are 26 respondents with the percentage of 38.80%. Finally, there are 9 respondents who are 50 years or above with the percentage of 13.43%.

3. **Education Level Characteristic**

The following table compares the respondents based on the education level.

Table 4.5
Characteristics of Respondents by Education Level

Education	Frequency	Percentage
D3	1	1.49%
S1	57	85.07%
S2	9	13.43%
Total	67	100%

Source : Primary data (2019)

According to table 4.5, it appears that out of a total of 67 respondents, one of them was D3 graduates or if presented using percentage, it is 1.49%, while respondents who are S1 graduates were 57 people with the percentage of 85.07%. Therefore, the respondents who are S2 graduates were 9 people and with the percentage of 13.43%.

4. **Work Period Characteristic**

The following is a table which compare the respondents based on the work period.

Table 4.6
Characteristics of Respondents by Work Period

Work Period	Frequency	Percentage
1-5 years	11	16.41%
6-10 years	4	5.97%
11-20 years	40	59.70%
>20 years	12	17.91%
Total	67	100%

Source : Primary data (2019)

According to the Table 4.6, it appears that the total of respondents is 67 respondents. It was divided by 4 categories of work period. There were 12 respondents who have working period between 1-5 years with the percentage of 16.41%. Then, respondents who have a working period of 6-10 years were 4 people with the percentage of 5.97%. Meanwhile, the respondents having working period of 11-20 years were 40 people with the percentage of 59.70%. Therefore, there were 12 respondents who have working period of more than 20 years with the percentage of 17.91%.

C. Descriptive Statistics Test

Descriptive statistical test in this study presents a number of data from each research variable, there are Business Strategy (BS), Firm Performance (FP), and Management Control System (MCS). The data shows that the information about the minimum value, maximum value, mean, and standard deviation of each of the research variable. The results of the descriptive statistics are presented in table 4.7 below:

Table 4.7
Result of Statistic Descriptive Test

Variable	N	Minimum	Maximum	Mean	Std.Deviatiom
Business Strategy	67	30	40	35.48	7.829
Firm Performance	67	25	45	36.22	19.904
Management Control System	67	61	80	70.30	31.819

Source: SPSS output from primary data processed (2019)

Based on table 4.7, there are 67 samples used in this research. The descriptive statistical test results are used to describe or explain the number of answers given by respondents in each research variable. The explanations are as follows:

1. The business strategy variable has a minimum value of 30, a maximum value of 40, and a mean of 35.48 with a value for the standard deviation of 7.829. It indicates that the minimum value of the business strategy variable is on scale and the maximum value is on Likert scale while the average value

of respondents' answers is on a scale of 4 in a Likert scale. On the other hand, the standard deviation is 7.829.

2. The firm performance variable has a minimum value of 61, a maximum value of 45, and a mean of 36.22 with a value for the standard deviation of 19.904. It means that the minimum value of the firm performance variable is on Likert scale and the maximum value is Likert scale. Meanwhile, the average value of respondents' answers is on a scale of 4 in a Likert scale.

3. The management control system variable has a minimum value of 37, a maximum value of 80, and a mean of 70.30 with a value for the standard deviation of 31.819. It means that the minimum value of the business strategy variable is on Likert scale and the maximum value is on Likert scale while the average value of respondents' answers is on a scale of 4 in a Likert scale.

D. Instrument and Data Quality Test

1. Result of Validity Test

According to Sugiyono (2012), a research result can be said to be valid if there is a similarity between the data collected and the actual data that occurs in the object studied in the study. Validity test is one form of testing that has the purpose to prove the extent to which a measuring instrument can measure what should be measured so that a valid instrument can be obtained with a high level of validity. Validity test can be done by comparing r count with r table at a significance level of 5% or 0.05.

Meanwhile, Sugiyono (2012) states that an instrument is declared valid if the error probability level (sig) 0.05 and the calculated r value obtained > r table value. On the other hand, an instrument is declared invalid if the error probability level (sig) ≥ 0.05 and the calculated r value obtained < r table value.

Table 4.8
Result of Validity Test

Variable	Statement	r_{count}	r_{table}	Information
Business Strategy	BS1	0.744	0.244	Valid
	BS2	0.750		Valid
	BS3	0.527		Valid
	BS4	0.656		Valid
	BS5	0.549		Valid
	BS6	0.461		Valid
	BS7	0.522		Valid
	BS8	0.668		Valid
	BS9	0.645		Valid
Firm Performance	FP1	0.835	0.244	Valid
	FP2	0.777		Valid
	FP3	0.714		Valid
	FP4	0.647		Valid
	FP5	0.762		Valid
	FP6	0.726		Valid
	FP7	0.763		Valid
	FP8	0.839		Valid
	FP9	0.316		Valid

	MCS1	0.531		Valid
	MCS2	0.623		Valid
	MCS3	0.721		Valid
	MCS4	0.664		Valid
	MCS5	0.755		Valid
	MCS6	0.671		Valid
	MCS7	0.683		Valid
Management Control System	MCS8	0.645	0.244	Valid
	MCS9	0.763		Valid
	MCS10	0.565		Valid
	MCS11	0.651		Valid
	MCS12	0.727		Valid
	MCS13	0.618		Valid
	MCS14	0.609		Valid
	MCS15	0.679		Valid
	MCS16	0.701		Valid

Source: SPSS output from primary data processed (2019)

Table 4.8 shows the results of the validity test for all of the variables in this research. Each question item has a Pearson Correlation value (r_{count}) greater than r_{table} (0.244) so that all statement items used in the research questionnaire are stated as valid for measuring each variables.

2. **Result of Reliability Test**

The reliability measurement was done by using Cronbach's Alpha statistical test. According to Sekaran and Bougie (2016), a research instrument has sufficient reliability if the Cronbach's real Alpha coefficient

if it is greater or equal to 0.60. The reliability test results in this study are presented in table 4.9 as follows:

Table 4.9

Result of Reliability Test

Variable	Cronbach's Alpha	Standard of Reliability	Information
BS	0.792	> 0.60	
FP	0.830	> 0.60	Reliable
MCS	0.914	> 0.60	

Source: SPSS output from primary data processed (2019)

Based on the results of table 4.9, the value of Cronbach's Alpha for all research variables are greater than 0.60. Hence, it can be concluded that all the variables contained in this study are reliable which means that the statement or question in the questionnaire is consistent when applied on the same subject.

E. Classic Assumption Test

1. Result of Normality Test

Normality test is useful to investigate whether the residual value was distributed normally or not. The normal result from this test would support regression test. The normal P-P Plot standardized residual will provide the normality result in visual. Normal residual is when the dots location is around the diagonal line. The normality test conducted in this research is One Sample Kolmogorov–Smirnov Test that is by looking at the significance value with standard 0.05. Santoso (2012) states that if the significance value > 0.05 then the data is normally distributed, whereas if

the significance value is < 0.05, the data is not normally distributed. The

results of the normality test are shown in the following results:

a. Substructure 1

Table 4.10
Result of Normality Test

Type of Test	N	Sig	Information
One-Sample Kolmogorov-Smirnov Test	67	0.295	Data is normally distributed

Source: SPSS output from primary data processed (2019)

According to the results of the normality test presented in table 4.10

above, it can be seen that the asymp value. Sig. (2 tailed) is 0.295 which

is more than or > alpha (α = 0.05). It means that the classical

assumptions for normality tests are fulfilled and it can be concluded that

the data used is normally distributed.

b. Substructure 2

Table 4.11
Result of Normality Test

Type of Test	N	Sig	Information
One-Sample Kolmogorov-Smirnov Test	67	0.591	Data is normally distributed

Source: SPSS output from primary data processed (2019)

According to the results of the normality test presented in table 4.11

above, it can be seen that the asymp value. Sig. (2 tailed) is 0.591 which

is more than or > alpha (α = 0.05). It means that the classical

assumptions for normality tests are fulfilled and it can be concluded that

the data used is normally distributed.

2. **Result of Multicollinearity Test**

According to Gujarat dan Porter (2012), multicollinearity test is conducted by looking at the value of VIF (Variance Inflating Factor). If the VIF value is less than 10 and or the tolerance value is > 0.01, then there is no multicollinearity between the independent variables and otherwise. Based on the multicollinearity test for regression of substructure 1 and substructure 2, the following results are obtained:

Table 4.12
Result of Collinearity Test for Substructure 1

Variabel	Collinearity Statistics		Information
	Tolerance	VIF	
BS	0.793	1.260	Non Collinearity
MSC	0.793	1.260	

Source: SPSS output from primary data processed (2019)

Based on table 4.12, the results of the multicollinearity regression test for substructure 1 indicate that the VIF and tolerance values for the business strategy variable is amount 1.260 <10 and 0.793> 0.1 while for the management control system variable is amount 1.260 <10 and 0.793> 0.1. Based on the data, it can be concluded that the substructure 1 regression model in this research is not categorized as multicollinearity.

Table 4.13
Result of Collinearity Test for Substructure 2

Variabel	Collinearity Statistics		Information
	Tolerance	**VIF**	
BS	1.000	1.000	Non Collinearity

Source: SPSS output from primary data processed (2019)

Based on table 4.13, the results of the multicollinearity regression test for substructure 1 indicate that the VIF and tolerance values for the business strategy variable are 1.000 <10 and 1.000 > 0.1. Based on the information stated previously, it can be concluded that the substructure 1 regression model in this study did not categorized as multicollinearity.

3. **Result of Heteroscedasticity Test**

Gujarat and Porter (2012) states that heteroscedasticity test aims to test whether in a regression model, there is variance or residual inequality from one observation to another observation. The heteroscedasticity test results in this research are presented as follows:

Table 4.14
Result of Heterocedasticity Test for Substructure 1

Independent Variable	Sig Value	Information
Business Strategy	0.331	Non Heterocedasticity
Management Control System	0.970	Non Heterocedasticity

Source: SPSS output from primary data processed (2019)

Based on the heterocedasticity test results shown in table 4.14, it is known that the variable business strategy has a significance value of 0.331

> alpha (α = 0.05) and the variable of management control system has a significance value of 0.970 > alpha (α = 0.05). This shows that all of independent variables have a significance value greater than alpha that is 0.05 so that the regression model in this research is declared free from heteroscedasticity problems.

Table 4.15
Result of Heterocedasticity Test for Substructure 2

Independent Variable	Sig Value	Explanation
Business Strategy	0.775	Non Heterocedasticity

Source: SPSS output from primary data processed (2019)

Based on the heterocedasticity test results shown in table 4.15, it is known that the variable business strategy has a significance value of 0.775 > alpha (α = 0.05). It shows that independent variable of business strategy has the significance value greater than alpha which is 0.05. Hence, the regression model for substructure 2 is declared free from heteroscedasticity problems.

F.   Hypothesis Testing

1. Result of Coefficient Determination Test (R^2)

The T-test is used to find the effect of partially independent variables on the dependent variable. Therefore, the results for each hypothesis are known. Based on the T-Test that has been done for regression of substructure 1 and substructure 2, the following results are obtained:

Table 4.16
Result of Coefficient Determination Test for Substructure 1

Substructure	Adjusted R Square
1	0.209

Source: SPSS output from primary data processed (2019)

Based on table 4.16, from the results of the regression coefficient determination test for substructure 1, the adjusted R square value is 0.209 which means that the independent variable BS and the intervening variable MCS are able to explain FP dependent variable by 20.9%, the remaining 79.1% is influenced by other variables not examined.

Table 4.17
Result of Coefficient Determination Test for Substructure 2

Substructure	Adjusted R Square
2	0.194

Source: SPSS output from primary data processed (2019)

Based on table 4.17, from the results of the regression coefficient determination test for substructure 2, the adjusted R square value is 0.194 which means that the independent variable BS is able to explain the MCS intervening variable by 19.4%, the remaining 80.6% is influenced by other variables not examined.

2. **Result of Multiple Linear Regression Analysis**

The T-test is used to observe the effect of partially independent variables on the dependent variable so that the results for each hypothesis are known. Based on the T-Test that has been done for regression of substructure 1 and substructure 2, the following results are obtained:

Table 4.18
Result of Regression T-Test for Substructure 1

Model	Unstandardized Coefficients		Beta	Sig
	B	**Std. Error**		
BS	0.363	0.196	0.228	0.069
MCS	0.265	0.097	0.335	0.008

Source: SPSS output from primary data processed (2019)

Based on table 4.18, from the results of multiple regression for substructure 1, it can be seen that the significance value for the business strategy variable (BS) is 0.069 while for the management control system (MCS), it is 0.008. The business strategy variable have the significance level of >alpha 0.05, which means that the independent variable of management control system does not influence the dependent variable firm performance while for the independent variable of management control system has a significance level< alpha 0.05, which means that the management control system influence the dependent variable firm performance.

Table 4.19
Result of Regression T-Test for Substructure 2

Model	Unstandardized Coefficients		Beta	Sig
	B	**Std. Error**		
BS	0.916	0.223	0.454	0.000

Source: SPSS output from primary data processed (2019)

Based on table 4.19, the results of multiple regression for substructure 2 shows that the significance value for the business strategy variable is 0.000.

Business strategy variables have a significance level of <alpha 0.05, which means that the independent variable business strategy influences the intervening management control system variable.

3. Result of Path Analysis

The following is a complete picture of sub-structure along with path analysis of the research model based on table 4.17 and table 4.18:
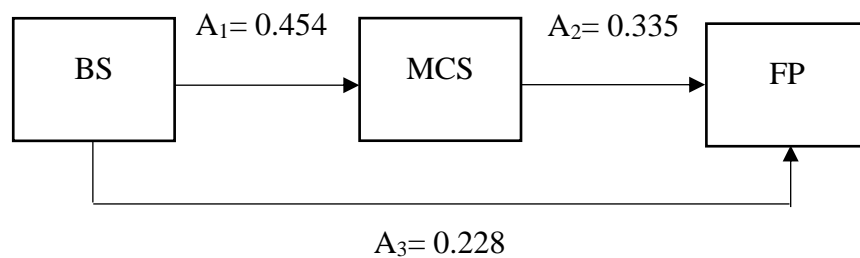

$A_1 = 0.454$ $A_2 = 0.335$

BS   MCS   FP

$A_3 = 0.228$

Diagram 5. Result of Path Analysis

Based on the previous analysis such as the coefficient of determination, the T-Test, and the path analysis, it can be used to answer the hypotheses that have been formulated as follows:

1. The Influence of Business Strategy Towards Firm Performance

Based on table 4.18, the average respondent's answer on the low business strategy variable when compared with other variables is not high enough to influence firm performance variable. After T-Test based on table 4.18 shows that the business strategy variable has a significance value of 0.069 is > alpha 0.05 with a positive β coefficient of 0.228. Since the significant level is > alpha 0.05, the business strategy does not affect the firm performance even though the

direction of the β coefficient is positive. As a result, it can be concluded that hypothesis 1 is declared **rejected.**

2. **The Influence of Business Strategy Towards Firm Performance Through Management Control System**

Business strategy (BS) directly or indirectly influencing firm performance (FP) through management control system (MCS). To investigate which the most appropriate path is, the path analysis is illustrated below:
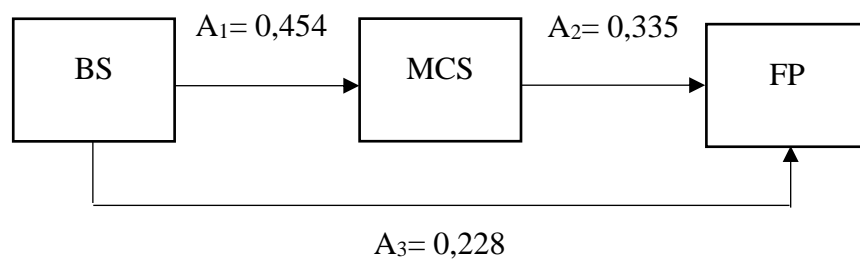

Diagram 6. Result of Path Analysis

$(A_1 \text{ x } A_2)$ $\geq$ A_3^2

$(0.454 \text{ x } 0.335)$ $\geq$ 0.228^2

0.15209 $\geq$ 0.051984

The comparison of multiplication between the standardized coefficient from BS towards MCS (A_1) with the standardized coefficient from MCS to FP (A_2) of 0.15209> standardized coefficient BS towards FP (A_3) of 0.051984. Thus, the most appropriate path to the influence of BS towards FP is through indirect path. Referring to to that explanation, Hypothesis 2 is declared **accepted**.

Tabel 4.20
Summary of Hypotheses Test Results

Code	Hypotheses	Result
H_1	Business strategy has positive effect on the firm performance	Rejected
H_2	Business strategy has positive effect on the firm performance and management control system as the intervening variable.	Accepted

Source: Primary Data (2019)

G. Analysis

1. The Influence of Business Strategy Towards Firm Performance

Based on the results of multiple linear regression test, it was found that the results of the statistical test showed the significance value of the business strategy variable of 0.069 or greater than 0.05. This shows that the business strategy variable (X) does not affect firm performance. Therefore, the first hypothesis (H1), namely the business strategy, has the positive effect on the firm performance is rejected.

The results of this study are not consistent with the research result from Marri, *et.al* (2018), Anwar and Hasnu (2016), and Zott and Amit (2008) stating that business strategies have a positive effect on firm performance. This shows that the business strategy does not have an influence on the firm performance. Hence, the increase of the firm performance can't be observed only from whether or not a firm implement business strategies.

The failure of implementation business strategy to increase the firm performance is caused by their ineffective management control system. BPJS Ketenagakerjaan in Central Java and DIY need to find core

competencies in their business through business strategy making. This process requires changes in the culture, structure, and management system in the firm. Thus, various actions in the process of strategy and policy in an organization or firm by paying attention to changes in internal and external factors become the direction or implementation of the firm business strategy that would not influence the firm performance.

2. **The Influence of Business Strategy Towards Firm Performance Through Management Control System.**

Based on the results of the path analyst test, it was found that the business strategy coefficient on firm performance through the management control system was 0.15209 greater than the standardized coefficient business strategy for the management control system of 0.051984. Hence, the most appropriate path to the effect of business strategy on firm performance is the indirect path. Therefore, hypothesis 2 is declared accepted.

The results of this study are consistent with the research conducted by the results of research from Bin-Nashwan (2017), Acquaah (2013), Peljhan & Tekavcic (2008), and Kober, Ng, and Paul (2007) that support a strong relationship between business strategy, firm performance, and management control system. This indicates that better business strategy will improve firm performance through a good management control system.

Anthony and Govindarajan (2007) states that the management control system are tools to implement strategies and to achieve the firm objectives. One of the major objectives of firm is to increase their performance. The findings show that the management control system influence the implementation of business strategy, which in turn influence performance. Thus, management control system is needed in business strategy making to increase the firm performance.

Ideally, the role of strategy is dynamic, involving managers in continually assessing the way combinations of environmental conditions, technologies and structures enhance performance. Management control system has the potential to support managers in this process by assisting them in the formulation, implementation and monitoring of strategies. Overall, management control system influences the implementation and monitoring of strategies, providing feedback for learning and information to be used interactively to formulate strategy further. It is argued that managers and other employees need to display performance-driven behavior (i.e. goal-oriented behavior) for effective and efficient management control to be achieved. This research shows that the combination of performance-driven behavior and regular use of management control system leads to improved results in achieving the greater firm performance.