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THE EFFECTS OF COMPETITIVE STRATEGIES ON THE PERFORMANCE OF CONSTRUCTION ORGANIZATIONS IN INDONESIA

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Abstract -- *This study was aimed at examining the effect of competitive strategies and performance of construction organizations in the large construction industry in Indonesia. This study adopted a quantitative research approach using a questionnaire survey to obtain data from 260 senior managers and CEOs of enormous construction organizations in Indonesia. Using Partial Least Square (PLS), we examined the relations between the constructs discussed in the study. We found out that competitive strategies affected the performance of construction organizations; competitive strategies positively impacted on the organizational performance. These findings showed that we needed to harmonize a competitive strategy as a prerequisite to achieving superior performance. We believed that this study positively contributed to the role of competitive strategy and the performance of large construction organizations in Indonesia and ongoing discussions on issues arising in construction management in development.*

Keywords*: Competitive strategies; Organizational performance; Large construction organization; Construction management*

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INTRODUCTION

The construction sector plays a very significant role in developing the national economy. The construction industry is the fourth largest economic sector and accounts for 10.2% of the nation's income. However, investment in the construction sector has not shown a significant increase since there are three main problems faced by entrepreneurs, namely unstable prices of building materials, falling demand, and high levels of competition. The price of building materials determines the work contract

This study was conducted in Jakarta Capital Special Region taking into accounts several considerations as follows: 1) Most of the largest construction service companies (contractors) were domiciled in Jakarta, 2) Provincially, the benchmark value of the construction due to the value of construction is greater than that of other provinces by 25.6%.

Construction organizations are now struggling to survive in an ever-changing business environment (Yesil & Kaya, 2013). They strive to be more relevant in a competitive, creative, and innovative way (Oyewobi et al., 2016). This matter is because the organization's response to changes in the competitive environment is very high depending on how well they align their characteristics with the strategy (Claver-Cortés et al., 2012; Wilden et al., 2013). Competitive strategies are primarily the result of decision patterns made by managers to guide an organization about how to compete in a highly competitive business environment, by adding value to processes that can affect organizational performance (Bozkurt et al., 2014; Acquaah & Agyapong, 2015).

Organizational performance in this study is financial performance and QHSE management performance (Quality, Health, Safety, and Environment) as a measure for performance in the field of non-financial management and risk. Various factors that influence organizational performance have been identified (Wilden et al., 2013).

Based on the background described above, the results of the previous study have shown us that competing strategies, organizational characteristics, and organizational performance are very important concepts in research and business strategy studies. The problem statement from the current study is "Does the competitive strategy affect the performance of construction industry organizations."

Literature review and hypotheses development

The theoretical framework in this study relates to variables that will be a limitation of problems such as competitive strategies and organizational performance.

Competitive Strategy

This study considers Porter's generic typology as the dominant paradigm of a competitive strategy (Tansey et al., 2014; Ho, 2015) stated that companies could do some activities to win competition sustainably, namely as follows: 1) differentiation strategy, namely efforts to provide products that unique and provide added value to customers; 2) cost leadership strategy, namely lower operating costs, so the company worked at a level of efficiency better than that of its competitors; and 3) focus strategies, namely efforts to serve specific niche market segments, so the company could render optimal services for specific markets or certain customer groups (niche markets) (Schermerhorn, 2003).

Organizational performance

In this study, we measured organizational performance employing measures of non-financial performance and financial performance. Research organizations also argued that for several organizational performance dimensions such as financial and non-financial measures (Wilden et al., 2013), they were: 1) QHSE management performance (Quality, Health, Safety, and Environment), OHSAS 18001 Application: Occupational Health & Safety Management Implementation ISO 14001: Environmental Management Systems (2013) and 2) Risk Management ISO 9001: 2015: Quality & Risk Management; Whereas to measure financial performance of income, costs, and profits.

Competitive strategy and performance

Competitive strategies are primarily the result of decision patterns made by managers to guide an organization about how to compete in a highly competitive business environment, by adding value to processes that can affect organizational performance (Bozkurt et al., 2014; Acquaah & Agyapong, 2015). Seedee (2012) argues that each generic strategy involves fundamentally different routes to achieve performance, and organizations must decide what competitive advantage to pursue (cost leadership, differentiation or focus) to achieve the above organizational performance.

However, organizations that intend to pursue one of these strategies, especially in project-based industries, with each being unique, must bargain and take advantage of all possible sources of cost benefits, such as economies of scale, access to mass purchases proprietary material and technology (Gabrielsson et al., 2015). Although the existing literature in both the fields of construction and strategic management supports the idea that each of the three generic strategies influences organizational performance differently, they are thus employed by organizations that want to outperform their competitors (Acquaah & Agyapong, 2015).

Hypothesis

H1, Competitive Strategy positively impacts on the Organizational Performance.

METHOD

Based on the objectives of the study, this study is hypothesis testing. It means that it is a study aimed at explaining the nature of a particular relationship or influence or determine the difference between groups or the independence of two or more factors in a situation (Sekaran & Bougie, 2016). Hypothesis testing will examine the effect of competitive strategy with organizational performance. The type of investigation of this study is a causal study, namely a study intended to find the cause of one or more objects of the problem. The level of intervention of the researcher is a study with minimal interference; that is, the study is conducted in a natural environment with minimal involvement and standard workflow. The context or situation of this research study is an uncontrived setting study. It means that this study is conducted in a natural environment where work is proceeding normally (Sekaran & Bougie, 2016).

The unit of analysis is representing individuals and organizations, which refers to the level of unity of data collected during the data analysis stage (Sekaran & Bougie, 2016). In the case of a statement of problems related to organizational performance, the unit of analysis is an organization. Representative individuals in the organization will be treated as one unit, in this case, senior managers (project managers) and Managing Director (CEO) of construction work services (contractors) since they are believed to

know more about the complex construction industry field and have complete knowledge about organizational strategies and strategic issues. The time horizon is cross-sectional data, which is done by collecting data that is only once collected daily, weekly or monthly to answer questions and study's statements in the questionnaire. The study employed quantitative data analysis techniques through test equation models and Partial Least Square (PLS) structural equation models that were often called soft modeling.

Population and sample

The target population in this study was the large construction work service industry in Jakarta Capital Special Region. The sample criteria (unit of analysis) in this study that acted as respondents were representative individuals in the organization who would be treated as one unit. In this case, the acting respondents were a Senior Manager (project manager) and Managing Director (Chief Executive Officer-CEO) of construction qualification service companies (contractors) since they were believed to know more about the complex construction industry field and have complete knowledge about organizational strategy and strategic issues. We acquired the sampling using a Purposive Sampling Technique, namely sampling techniques with specific criteria, namely large construction work service companies in DKI Jakarta. The samples that were used were limited to certain types of people who could provide the desired information since they were those who had it by the criteria set by the researcher (Sekaran & Bougie, 2016). In this study, the population amounted to 762 large construction work service companies in DKI Jakarta. To calculate the number of samples (sample size), we used Krejcie's and Morgan's Tables. Based on those tables, the number of samples (sample size) used in this study was 260 large construction service companies.

Questionnaire

The data used in this study were primary and secondary data in this study, we collected the primary data using a questionnaire method conducted personally and directly (personally administering questionnaires) (Sekaran & Bougie, 2016). The questionnaires used in an important survey were first tested instruments (pretesting of a structured question), to ensure that questions were understood by respondents (i.e., there was no ambiguity in the question) and that there were no problems with wording or measurement. The pretest was conducted on 30 respondents.

The validity test was conducted to find out how well a research statement item could be used to measure the study's variables and the reliability test was conducted to measure the consistency of the measuring instruments employed to measure the study's variables. Based on the results of the pretest of 30 respondents for both the validity test and reliability test, we found out that all items in the questionnaire were valid and reliable. Therefore, the questionnaire that had been designed could be used in interviewing those 260 respondents.

Independent variables

The independent variable was Competitive strategy (X). Operationally, a competitive strategy variable is a competitive strategy in a business where the organization/company in conducting its business must implement a sustainable competitive strategy, by applying differentiation strategies, cost leadership strategy, and focus strategy. With a differentiation strategy, companies strived to create and market unique products for various customer groups aimed at creating superior customer's needs in one or some product attributes to develop customer satisfaction and customer loyalty (Morshett et al., 2006). Cost leadership strategy is a company's effort to produce competitive advantage by implementing the lowest costs in the industry with a focus on cost control that is very efficient in all fields of operations (Porter, 1980; Porter, 1985). Focus strategy requires companies to concentrate on specific market segments or niche markets with the main goal of serving customers relatively better than competitors (Schermerhon, 2003). A competitive strategy is measured by submitting 48 item statements.

Dependent variables

The dependent variable was Organizational performance (Y). Operationally, performance appraisal is a systematic effort to compare what someone achieves compared to the previously-made standards with details for the QHSE Management dimension, Risk Management, Financial Performance. Operational QHSE (Quality, Health, Safety, and Environment) is the total composite product and service character of marketing, engineering, manufacturing, and maintenance through which the product and service will meet the expectations of the customer. Risk Management at ISO 9001: 2015 is a systematic approach to risk, which is considered as a separate management standard outside the quality management system. Financial Performance (revenue, cost, profit) is a company's ability to manage and control the resources it has. Organizational performance is measured by submitting 18 item statements.

RESULTS AND DISCUSSION

Table 1, Table 2, and Table 3 show descriptive statistics on Competitive strategies.

Table 1. Strategi Diferensiasi

		N	Minimum	Maximum	Mean	Std. Deviation
a11	on Schedule	260	2,00	4,00	2,7231	,56970
a12	provision of facilities	260	2,00	4,00	2,7077	,65106
a13	high quality	260	2,00	4,00	2,7385	,73051
a14	responsive client	260	2,00	4,00	2,6923	,65579

Table 2. Cost Leadership Strategies

		N	Minimum	Maximum	Mean	Std. Deviation
a21	strict control	260	3,00	5,00	3,5615	,59605
a22	price competition	260	3,00	5,00	3,5615	,59605
a23	security efficiency	260	2,00	4,00	3,3577	,54075
a24	operating efficiency	260	2,00	5,00	3,3115	,70236

Table 3. Focus Strategy

		N	Minimum	Maximum	Mean	Std. Deviation
a31	unique design	260	2,00	5,00	3,1038	,52797
a32	special products	260	3,00	4,00	3,5577	,49762
a33	segment target	260	2,00	5,00	3,4346	,65727
a34	product offer	260	2,00	4,00	2,8192	,67642

High quality got a high response to the differentiation strategy amounting to 2.7385 even though there were actually many opinions ranging from fewer than three which were neutral indicating that the construction industry paid little attention to differentiation strategies. The findings showed us that the company currently used a focus differentiation strategy. Porter (1985) stated that this strategy created a safe position by concentrating on smaller market segments (niches) with the basic principle of using a differentiation strategy that was better than that of its competitors. The characteristic of using this strategy was that the company focused on the market share of the contractor; moreover, it always avoided a direct competition against its competitors, especially in terms of selling prices. The company strived to build buyer perceptions of service excellence, distribution networks, and images that were different from that of its competitors, so it had such high quality.

The results of the study showed us that tight control and price competition obtained the highest response equal to 3.5615 for cost leadership strategies since this strategy was the company's efforts to produce competitive advantages by achieving the lowest costs in the industry. The company's focus on implementing a cost leadership strategy was on highly efficient cost control in all areas of operations to achieve important value chain activities at lower costs than competitors. Special products obtained the highest response equal to 3.5577 indicating that this strategy required the company to concentrate on specific market segments or market niches (market niches) with the main goal of serving customers in the segment relatively better than that of its competitors. One important thing that the company had to take into consideration was its ability to do the segmentation well, so it could be well-known to clear customer groups, clear geographical areas or definite product lines and services. Table 4, Table 5, and Table 6 showed the descriptive statistics on the organizational performance.

Furthermore, in terms of strategic definitions, the quality was defined as anything capable of meeting the customers' desires or needs. The point was that quality had to be planned so as not to cause disappointment in the future and not to adversely affect the cost and reputation of the project in the long run. An imperfect implementation process would produce poor results and a negative risk, the result of which maintenance and prevention costs would be expensive.

Table 4. QHSE Management

		N	Minimum	Maximum	Mean	Std. Deviation
d11	quality management	260	2,00	4,00	2,9385	,73788
d12	good quality management	260	2,00	5,00	3,6038	,60307
d13	Health management	260	2,00	4,00	3,2154	,66906
d14	good Health management	260	2,00	4,00	3,2077	,68853

Table 5. Risk Management

		N	Minimum	Maximum	Mean	Std. Deviation
d21	customer needs	260	3,00	5,00	3,5615	,59605
d22	organization goal	260	3,00	5,00	3,5615	,59605
d23	involvement of the parties	260	2,00	4,00	3,3577	,54075
d24	achievement of success	260	2,00	5,00	3,3577	,81429
d25	focus on improvement	260	2,00	5,00	3,2115	,59394
d26	data analysis and evaluation	260	3,00	4,00	3,5115	,50083
d27	the interest of suppliers	260	2,00	5,00	3,3885	,78047

Table 6. Financial Performance

		N	Minimum	Maximum	Mean	Std. Deviation
d31	increase in income	260	2,00	3,00	2,4500	,49845
d32	reduced costs	260	3,00	4,00	3,5115	,50083
d33	increase in profit	260	2,00	5,00	3,3885	,78047

Customers' needs and organizational goals obtained the highest response amounting to around 3.5615 due to the fact that the main focus of risk management was to meet the customers' needs and to strive to exceed the customers' expectations. Continuous success could be achieved if an organization attracted and retained the customers' or other interested parties' trust. Every aspect of interaction with the customers provided an opportunity to create more value for the customers in order to understand the current and future customers' needs

The reduced cost was a factor needed by the construction service industry since Construction Project Costs were costs incurred to run a project. Financing policies were usually influenced by the financial condition of the pertinent company.

It was very important to calculate the project's costs in order to control the existing resources taking into consideration the limited resources that were available. Accordingly, a cost engineer played two roles, namely estimating the project's costs and controlling the realization of costs in accordance with the limits existing in the estimation.

Measurement Model Testing (Outer Model)

Evaluation of the outer model is a measurement model to assess the validity and reliability of the model. Through the algorithm iteration process, measurement model parameters (convergent validity, discriminant validity, composite reliability, and Cronbach's alpha) are obtained including the value of R2 as the accuracy parameter of the prediction model.

Table 7. Outer Loading

	Original Sample (O)	Sample Mean (M)	T Statistics (|O/STERR|)
a11 <- CS1	0,730	0,702	5,398
a12 <- CS1	0,920	0,898	8,824
a13 <- CS1	0,931	0,908	8,827
a14 <- SC1	0,876	0,849	7,077
a21 <- CS2	1,000	1,000	
a21 <- CS	0,906	0,907	57,385
a22 <- CS2	1,000	1,000	
a22 <- CS	0,906	0,907	57,385
a32 <- CS3	0,887	0,890	48,494
a32 <- CS	0,720	0,725	15,441
a33 <- CS	0,748	0,747	17,263
a34 <- CS3	0,740	0,742	11,666
d11 <- OP1	0,826	0,828	30,341
d12 <- OP1	0,804	0,804	25,547
d13 <- OP1	0,761	0,763	13,666
d14 <- OP1	0,755	0,749	11,365
d21 <- OP2	0,693	0,686	9,860
d22 <- OP2	0,693	0,686	9,860
d24 <- OP2	0,820	0,820	28,789
d24 <- OP	0,810	0,810	25,212
d25 <- OP2	0,743	0,739	15,595
d25 <- OP	0,746	0,743	15,489
d26 <- OP2	0,871	0,874	64,033
d26 <- OP	0,907	0,908	85,214
d27 <- OP2	0,867	0,867	36,208
d27 <- OP	0,913	0,911	54,048
d31 <- OP3	0,771	0,768	13,485
d32 <- OP3	0,890	0,892	53,347
d32 <- OP	0,907	0,908	85,214
d33 <- OP3	0,923	0,923	84,829
d33 <- OP	0,913	0,911	54,048

An indicator is declared valid if it has a loading factor above 0.5 of the intended constructs which can be seen from the results of the smart

PLS 3 on the outer algorithm loading and the t statistics on the bootstrapping outer loading. The validity test for the reflective indicators employs a correlation between the item scores and construct scores. Measurements with reflective indicators indicate a change in an indicator in a construct if other indicators of the same construct change (or are removed from the model). Smart PLS 3 output for loading factors generated results as follows in Table 7.

Table 8. Cross Loading Table

	OP	OP1	OP2	OP3	CS	CS1	CS2	CS3
a11	0,171	0,110	0,189	0,205	0,168	0,730	0,164	0,296
a12	0,237	0,159	0,270	0,222	0,209	0,920	0,206	0,361
a13	0,183	0,326	0,192	0,196	0,196	0,931	0,144	0,416
a14	0,101	0,138	0,127	0,104	0,179	0,876	0,187	0,357
a21	0,515	0,291	0,693	0,584	0,906	0,202	1,000	0,518
a21	0,515	0,291	0,693	0,584	0,906	0,202	1,000	0,518
a22	0,515	0,291	0,693	0,584	0,906	0,202	1,000	0,518
a22	0,515	0,291	0,693	0,584	0,906	0,202	1,000	0,518
a32	0,751	0,490	0,728	0,748	0,720	0,207	0,437	0,887
a32	0,751	0,490	0,728	0,748	0,720	0,207	0,437	0,887
a33	0,765	0,553	0,760	0,801	0,748	0,095	0,508	0,579
a34	0,341	0,354	0,394	0,433	0,494	0,539	0,416	0,740
d11	0,647	0,826	0,632	0,596	0,465	0,140	0,281	0,510
d12	0,525	0,804	0,492	0,523	0,378	0,120	0,213	0,380
d13	0,356	0,761	0,341	0,378	0,315	0,452	0,199	0,400
d14	0,422	0,755	0,378	0,487	0,335	0,039	0,204	0,330
d21	0,515	0,291	0,693	0,584	0,906	0,202	1,000	0,518
d22	0,515	0,291	0,693	0,584	0,906	0,202	1,000	0,518
d24	0,810	0,502	0,820	0,664	0,575	0,176	0,372	0,582
d24	0,810	0,502	0,820	0,664	0,575	0,176	0,372	0,582
d25	0,746	0,508	0,743	0,588	0,439	0,162	0,252	0,406
d25	0,746	0,508	0,743	0,588	0,439	0,162	0,252	0,406
d26	0,907	0,598	0,871	0,890	0,731	0,174	0,521	0,655
d26	0,907	0,598	0,871	0,890	0,731	0,174	0,521	0,655
d27	0,913	0,578	0,867	0,923	0,733	0,185	0,484	0,670
d27	0,913	0,578	0,867	0,923	0,733	0,185	0,484	0,670
d31	0,573	0,496	0,594	0,771	0,667	0,199	0,537	0,631
d32	0,907	0,598	0,871	0,890	0,731	0,174	0,521	0,655
d32	0,907	0,598	0,871	0,890	0,731	0,174	0,521	0,655
d33	0,913	0,578	0,867	0,923	0,733	0,185	0,484	0,670
d33	0,913	0,578	0,867	0,923	0,733	0,185	0,484	0,670

For cross-loading, it was expected that each indicator block had a higher loading for each latent variable measured compared to the indicator for other latent variables as listed in Table 8.

Table 9. Test for the goodness of fit criteria

	AVE	Composite Reliability	R Square	Cronbachs Alpha
OP	0,754	0,948	0,588	0,934
OP1	0,619	0,867	0,418	0,800
OP2	0,616	0,905	0,936	0,876
OP3	0,747	0,898	0,900	0,832
CS	0,680	0,894		0,838
CS1	0,754	0,924	0,047	0,888
CS2	1,000	1,000	0,822	1,000
CS3	0,668	0,799	0,576	0,515

Based on the criterion test AVE showed in Table 9, composite variable and Cronbach alpha indicated that all dimensions of over 0.5 meant that the criteria for the goodness of fit had met the criteria. While the value of R2 of organizational performance was 0.558; it showed that the organizational performance could be explained by a competitive strategy amounting to 0.558 percent while the rest was explained by other variables not included in the model.

Prediction relevance Q square was known as Stone-Geisser's that conducted to determine the predictive capability with the blindfolding procedure. If the value obtained was 0.02 (small), 0.15 (medium) and 0.35 (large). They could only be conducted for the endogenous constructs with reflective indicators as listed in Table 10.

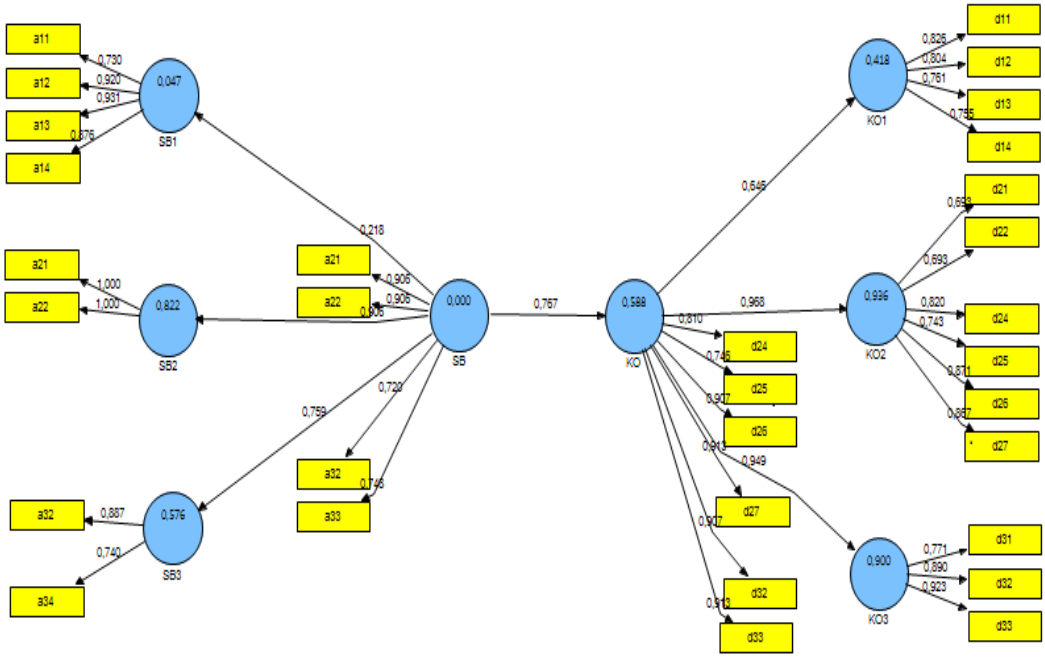
Table 10. Prediction relevance (Q square)

	1-SSE/SSO	
OP	0,418	>0,35; had a large predictive power
OP1	0,235	>0,15 had a moderate predictive power
OP2	0,556	>0,35 had a large predictive power
OP3	0,668	>0,35 had a large predictive power
CS	0,468	>0,35 had a large predictive power
CS1	0,034	>0,02 had a small predictive power
CS2	0,819	>0,35 had a large predictive power
CS3	0,378	>0,35 had a large predictive power

Hypothesis testing

The hypothesis test in Fig. 1 and Fig. 2 showed that the value of the effect of the competitive strategy on organizational performance was 0.767 with t stat amounting to 18.091, indicating that the hypothesis was accepted, so the more enhanced the competitive strategies were, the more enhanced the organizational performance would be.

Figure 1. Algorithm model (shows the size of the original sample)



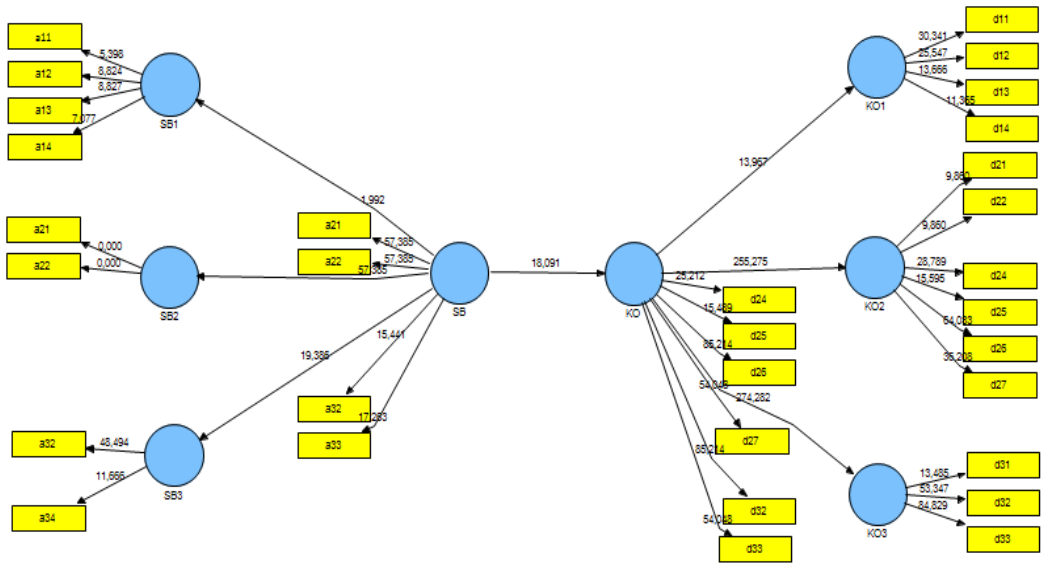


Figure 2. Bootstrapping model (shows t stat)

Table 11. Bootstrapping showed the size of t stat

	Original Sample (O)	T Statistics (|O/STERR|)
OP -> OP1	0,646	13,967
OP -> OP2	0,968	255,275
OP -> OP3	0,949	274,282
CS -> OP	0,767	18,091
CS -> CS1	0,218	1,992
CS -> CS2	0,906	57,385
CS -> CS3	0,759	19,386

Table 11 also showed that cost leadership was a determinant of competitive strategies making the organizational performance increase because the original sample of cost leadership was greater than the dimensions of other competing strategies.

Discussion

Competitive strategies determined how a company created competitive advantages in achieving its goals. Through competitive strategies, the company created better customer value than that of competitors. Competitive strategies could be differentiation strategies, cost advantages, or focus on certain niche markets. Choosing one or more than three competitive strategies, namely cost leadership, differentiation, or focus, in the end, was to create competitive advantages, so the company was capable of achieving its business performance as expected.

This study supported the opinion made Bozkurt et al., (2014); and Acquaah & Agyapong (2015) stating that competitive strategies were the results of decision patterns made by managers guiding organizations on how to compete in a hypercompetitive business environment, adding value to processes that could affect performance organization. This study argued that the idea underlying the generic strategy concept was that competitive advantages were at the core of any strategies. Therefore, in order to achieve competitive advantages, this study suggested that organizations need to make decisions, build appropriate organizational structures and apply a good management style to achieve the desired competitive advantage and reach within it.

Cost leadership was the dominant determinant of competitive strategies that affected the organizational performance since the overall cost advantages in industry could be achieved through a set of functional policies aimed at the main target by requiring aggressive construction of efficient scale facilities, viable businesses to achieve cost reduction due to experience, strict cost control and overhead, avoidance of marginal customers, and minimizing costs in various fields such as service, advertising and others.

To be able to outperform a high competition in the construction service industry in this regional autonomy, construction services business entities conducted large managerial control over tight cost control. Strict cost control was carried out to take the necessary steps for construction services business entities in minimizing costs while maintaining the quality and quantity of the quality produced during the construction process by carrying out a Construction Method that was effective and efficient in its implementation. Finally, the main benefit of the overall cost excellence strategy was the probability of winning an increasingly-high competition in the construction service industry due to the fact that it was supported by the company's internal operational efficiency experience that positively impacted on the company's profits

The relations between the cost excellence strategies and organizational performance were already explained by several theories and empirical studies. Porter (1980) stated that industrial organizations could achieve competitiveness by adopting cost leadership. Cost leadership strategies were developed to obtain operational efficiency according to Banker et al. (2014), so industrial organizations could offer cheaper products and services to customers to increase market share (market share) which in turn would increase revenue and net profit. To improve competitiveness and performance, industrial organizations had to reduce costs and tightly control unexpected costs (overhead costs), so that operational activities became more efficient and cheaper compared to that of its competing industry organizations according to Baroto et al. (2012) and Miles (2013).

This study also supported the opinion of Allen and Helms (2006) conducting a study to look at the relations between Porter's generic strategies and the performance of industrial organizations. In those studies, both researchers found out that cost leadership that was a strategy of Porter's generic strategy significantly impacted the performance of industrial organizations. In his study, Banker et al. (2014) found out that cost leadership positively impacted on the performance of industrial organizations. In his research, Indounas (2015) concluded that there was a positive influence between the pricing strategies and the performance of industrial organizations. Price strategies had to do with cost excellence strategies, so the cost of production, manufacturing, and services that were efficient and inexpensive would make industrial organizations offer products and services that were cheap according to the customers' needs that in turn would be the market share.

Nevertheless, there are inconsistencies in the results of empirical research. For example, Parnell (2012) found out that cost leadership negatively impacted performance in industrial organizations in Turkey

Porter (1980) stated that industrial organizations could achieve competitiveness by adopting a cost advantage strategy. Cost leadership strategies were developed to obtain operational efficiency, according to Banker et al. (2014). To improve competitiveness and performance, industrial organizations had to reduce costs and tightly control unexpected costs (overhead costs), so the operational activities were more efficient and cheaper compared to that of its competing industry organizations (Baroto et al., 2012). The findings of several empirical studies revealed that cost leadership strategies (cost leadership) positively impacted on the performance of industrial organizations (Banker et al., 2014). Likewise, in other studies, stated that there was a positive influence between the pricing strategies and the performance of industrial organizations

CONCLUSION

Competitive strategies affected the organizational performance in the construction service industry prioritizing cost leadership based on low-cost attributes and innovative attributes. This study revealed several competing strategies in the context of development. This study developed Porter's generic evaluation of competitive strategies providing empirical evidence that each of these three generic strategies affected the organizational performance. Findings of this study were consistent with a finding of the previous studies focusing on specific industries; moreover, they contributed to the literature applying some of the results of higher performance strategies

The findings of this study have implications for managers of construction organizations and researchers in construction management. Based on the contingency theory, it was important that managers identify and determine their strategic actions that would guarantee their organizational performance in a competitive environment such as construction. The findings of this study were limited due to the fact that there were no comparative studies that had been conducted before. The data that were used were cross-sectional, and they involved 260 large construction organizations; this study was based on the construction industry in Indonesia. However, some of the variables and constructs used in this study had theoretical supports and had also been empirically validated in previous studies. However, there was no guarantee that the steps that were taken are perfect. It was, therefore, recommended that further studies be conducted to assess how the soft infrastructure created relations between competitive strategies and the performance of construction organizations to improve the generalization of the findings. Thus, it might show how strategies and soft infrastructure would impact on the performance in different contexts.

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