

Multiple Managers, Competing Strategies and Business Unit Performance: A Case Study of PINDAD Company, Indonesia

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Abstract

The existence of PT PINDAD (PERSERO) is very important in an effort to realize the independence of the industry, especially for the growth of high-tech industry that is strategic. However, the phenomenon that occurred since the monetary crisis to date that the business performance of PT PINDAD (PERSERO) tends to be unstable and the contribution of dividends to the state is still low. This is thought to still have weaknesses in the competitive strategy implemented and not fully utilize multi roles manager on business unit well. This paper presents a study of multiple managers, competing strategies and business unit performance at PINDAD Company, Indonesia. This work needs to be done as an effort to improve the performance and sustainability of PT PINDAD (PERSERO) business in the future. Explanatory survey research method has been used, where the subject of this research is middle manager and research object covering all the characteristics related to multi role manager, competitive strategy, and business unit performance at PT PINDAD (PERSERO). Hypothesis analysis and test using Regression and Correlation Analysis. The results revealed that multi-manager managers dominated by change agent strategies, competitive strategies dominated by cost leadership strategies have been well implemented, and business unit performance showed excellent performance. The performance of PT PINDAD (PERSERO) business unit is influenced by Multi roles managers (as strategic partners, administrative experts, superior employee drivers, agents of change) and competitive strategies (Cost Leadership, Differentiation, Focus and Speed). Multi roles managers have a higher impact than the implementation of competitive strategies on performance (financial, customers, internal business processes, learning and growth of the company) PT PINDAD (PERSERO) business unit.

Keywords: *Multi roles manager; Competitive strategy; Business unit performance; PINDAD*

1. Introduction

The defense industry products, especially the Main Weapon System (*ALUTSISTA*) [1,2], continue to support the basic needs of Defense Security Industry of the Republic of Indonesia but also required by other Institutions / Institutions to support the implementation of their respective principal tasks. Users of Defense Industry products in addition to the National Army of Indonesia (*TNI*) or Indonesian republic police (*POLRI*), as well as other Institutions, such as the Ministry of Home Affairs with Local Government (*OTDA*) and others. Implementation of the acquisition of the defense equipment is carried out following the procurement procedures of goods / equipment with the requirements of procurement of

goods / tools Private Goods with the status of confidential. Indonesia's Defense Industry relies on a market that can gradually develop [3], namely: (1) the domestic market, among others including (a) the Government, as the main user, namely the Ministry of Defense (*KEMHAN*), the Indonesian National Army (*TNI*), the Police of the Republic of Indonesia, and the Ministry of the Republic of Indonesia and their staff; (b) State Enterprise: Includes Companies under the coordination of the Ministry of State-Owned Enterprises (SOEs) and their staffs; (c) Private Companies; Namely PT / CV or private company that conducting business activities in Indonesia; and (2) The need for Defense Industry Products in global / regional markets, especially PT PINDAD (*PERSERO*) whose existence assumes technology transfer mission from the government [4]. It is necessary for the mastery of various types of high technology in supporting the process of industrialization in Indonesia. Its products can be marketed globally/regionally.

Referring to the main task of the TNI, the TNI's main concern is how to empower all existing components, especially the production of PT PINDAD (*PERSERO*), which will support the defense of NKRI. Performance of PT PINDAD (*PERSERO*) needs to be improved, and supported on an ongoing basis. The military business undertaken by PT PINDAD (*PERSERO*) and all its characteristics is a large chain in the development of the defense industry in the Republic of Indonesia that is not separate from each other. Based on the phenomenon found in the preliminary study, that the Defense Industry in Indonesia, especially PT PINDAD (*PERSERO*) whose existence takes the mission of technology transfer, is required for the mastery of various types of high technology in supporting the Defense Industry in Indonesia, namely: Implementing integrated efforts in the field of defense equipment And industrial security and equipment to support national development and specifically to support the defense and security of the Republic of Indonesia [4]. The phenomenon faced by PT PINDAD (*PERSERO*), as a result of limited funding (financial perspective), so that business development is very slow; Lack of customer satisfaction resulting in reduced sales volume (customer perspective), internal business processes that are not yet optimal, resulting in high dependence on imported raw materials (internal business process perspective); Learning and slow corporate growth (learning perspective and company growth), due to limited resources owned by the company in the form of facilities and infrastructure. It requires substantial funds for revitalization and technology transfer.

Other phenomena faced by PT PINDAD (*PERSERO*), according to the results of interviews limited to some managers associated with the divisions contained in PT PINDAD (*PERSERO*), namely [4]:

- a. Ability in the achievement of market share (market share) is not optimal, judging from the achievement of always below target;
- b. The success of keeping customers on time, often get complaints. It is seen from the rate of return (return) is high enough;
- c. The success of attracting new customers with exhibits and promotions has not yet been optimized. This is evident from the absence of increased customer;
- d. Customer satisfaction by fulfilling customer desire not yet optimal. This is evident from the number of customer complaints on the quality and quantity in meeting the target.

Other phenomena, namely [4]: (1) the lack of success in innovating product development. This is evident from the last 5 years has not shown innovative products; (2) has not demonstrated the success of operating process efficiently and effectively. This is evident from the amount of operational costs that have been spawned in the last 5 years; (3) the lack of success in providing post-sale service that satisfies the customer. This is demonstrated by the absence of a satisfactory warranty. The symptoms that lead to the problem, are: (1) the absence of increased competence of employees; (2) not yet optimal improvement of information system capability in providing / producing required

information; (3) Not yet realized a comfortable working environment and conducive to motivating employee achievement.

In other words, the performance of PT PINDAD (*PERSERO*) business unit covering customers, finance, internal business processes, and learning & corporate growth is allegedly not optimal yet, even decreasing, and unstable. Based on the results of researches by Ulrich in [5] and Wang & Niu in [6], if it is related to the phenomenon of PT PINDAD (*PERSERO*), then it is reasonable to suspect that the decreasing and unstable business performance of Defense Industry in Indonesia, especially PT PINDAD (*PERSERO*) inappropriate competing strategies that do not concern or involve business unit managers in strategy formulation and are less based on opportunities and challenges. Where multi-role managers as strategic partners, as administrative experts, as a driver / advocate superior employees, and as an agent of change is necessary in an effort to achieve the competitive advantage of organizations to achieve optimal benefits and able to change the bureaucratic way into a competitive culture in the business unit PT PINDAD), not running well.

In addition, it is viewed from an external point of view that the Indonesian Defense Industry, particularly PT PINDAD (*PERSERO*) tends to be in demand, such as demand, but it is still underutilized by such opportunities or opportunities. Multi role Variables Managers, competitive strategies, and business unit performance are allegedly related to each other, in order to realize Defense Industry business in terms of PT PINDAD (*PERSERO*) is healthy and profitable, either through the division of profit (dividend) or multiplier effects in the absorption of labor through partnerships and community development program. Thus, the performance of the business unit with all its characteristics is interesting to be studied further, as it will be useful not only for the development of science, especially strategic management [7,8], organizational behavior [9], and human resource management [10-14], but also will benefit the defense industry in Indonesia generally and PT PINDAD (*PERSERO*) in particular to inventory alternative business unit performance enhancement by studying multi role manager and competitive strategy.

Motivated from above explanation, this paper presents a study of multiple managers, competing strategies and business unit performance at PINDAD Company, Indonesia. Explanatory survey research method has been used, where the subject of this research is middle manager and research object covering all the characteristics related to multi role manager, competitive strategy, and business unit performance at PT PINDAD (*PERSERO*). The rest of this paper is organized as follow: Section 2 presents the information about PT PINDAD (*PERSERO*). Section 3 presents proposed method based on explanatory approach. Section 4 presents obtained results and following by discussion. Finally, Section 5 concludes this work.

2. PINDAD (*PERSERO*)

The multi-role managers in this study are the role of managers or officials in the business unit related to human resource management within the business unit, which is expected to add value and delivering result to the superiority of the organization or company. This is in line with the opinion of Ulrich in [5], the entire human resources in the organization. By implementing the four new roles of human resources above, it is hoped that they will become human capital which is very important in creating competitive advantage. So as a measuring tool to obtain information in this study using the instrument performed by Ulrich in [5] which is then adjusted and developed based on the reality of events that occurred in the business unit PT PINDAD (*PERSERO*).

The current research also focuses on the variables of the organization's external business environment contained within it from the macro environment and industrial environment. In this study, the external environment is a great opportunity or opportunity that has the potential to produce a profitable profit for PT PINDAD (*PERSERO*) in supporting the

defense agency such as making the main tool of defense system (*ALUTSISTA*) for TNI and others.

In this study, which serve as a benchmark or indicator in competing strategy variables is a generic strategy that refers to a strategy developed by Porter on cost leadership [15], differentiation and focus strategy, plus Bradley's opinion of speed and flexibility [16]. In this case, each business unit emphasizes on how to compete with its competitors to gain competitive advantage by using one of the strategies, two strategies or all three of these Porter's strategies of cost leadership, differentiation, and focus strategy [15].

From the five kinds of strategy is expected to know which competitive strategy is most suitable and able to be developed by each business unit at PT PINDAD (*PERSERO*) which researched, thus making the company have competitive advantage from other competitors. Thus the making of each indicator of this competitive strategy variable refers to the generic strategy of Porter in [15] and Bradley in [16] that is tailored to the existence of the Defense Industry business unit. Cost leadership dimension (cost leadership strategy) or determination of low cost strategy consists of: how to happen the achievement of economies of scale in operations, how to successfully control the operating costs used, how the level of timeliness in entering the market, and how the success rate applying the principle of operational efficiency. The dimension of differentiation strategy consists of: how the success rate of the company innovates, how the success rate for continuous improvement in all aspects, how the company's success rate improves the product design offered, and the success rate and role of R & D in new product development. Focus dimension (cost-based and differentiation-based), consists of indicators: how the level of effectiveness of the determination of market segmentation, how the level of ability to serve and satisfy the needs & desires of customers.

The speed dimension (speed) consists of: how the speed of following up the innovation / research conducted by R & D to be produced; How fast marketing new products to market before marketed by competitors. In order to improve the performance of business units or companies can be obtained by applying one of the competitive strategies by a company as expressed Porter in [15] who argues that if a company can achieve and maintain the overall cost advantage, then the company will be a company that performs above average in the industry. If a company can achieve and maintain differentiation it will be an above-average performer in its industry, and if the company can achieve sustained cost advantage (focus cost) or differentiation (focus of differentiation) in its segment and the segment is structurally attractive, Will be an above average company in its industry. Based on research conducted by Barney and Wright in [17], Nandakumar, *et al.* in [18] and Teeratansirikool and Siengthai in [19], empirically in his research proved that the relationship between competitive strategy and organizational performance is positive and significant improve performance organization. In particular it is also evident that differentiation strategies not only have a direct and significant effect on organizational performance but also have a direct and significant impact on organizational performance through financial measures. The success of any organization or company is reflected in how its achievements have been achieved over a given period, which in turn depends heavily on the business strategy it employs. In today's era of competition, however, organizations need the right competitive strategy, but also manage it. The impact of the right strategy will be reflected in the results obtained. In this case, every organization or company must understand that the need to provide impetus not only to financial results, but also to customer satisfaction, business processes, and operational aspects in the creation of learning and growth environments within the organization. The next variable is business unit performance, where the success rate of business unit or company in its business operation can be assessed by using Balanced Scorecard (BSC), where BSC is a method of appraising the performance of the business unit of the company by considering four perspectives in measuring the performance of the company's business unit: Financial perspective, customer perspective, internal business process perspective and learning process perspective and growth. From these four

perspectives emphasizes the financial and non-financial perspective. If related to the implementation of Decree of SOE Number: KEP-100 / MBU / 2002 applied to PT PINDAD (*PERSERO*), where aspects of ministerial decree (Financial aspect, Operational Aspect, and Administration Aspect) are covered inside Four perspectives in the Balanced Scorecard (BSC). Referring to the Balanced Scorecard (BSC) theory developed by Kaplan & Norton in [12] and collaborated with the SOE Minister, the following indicators are made: the dimension of financial perspective consists of: how the ability to achieve targeted income, Return on capital (ROE), how the ability to meet the target return on investment (ROT), how the ability to achieve profit growth targets. The customer perspective dimension (Customer Perspective) consists of: how to achieve market share, how to keep customers on time delivery, how to attract new customers with exhibitions and promotions, how to give satisfaction to customers by fulfilling customer's wishes. Dimensions Internal Process Perspective consists of: how to innovate and develop new products, how to operate efficiently and effectively, and how the post-sale service satisfies customers. Dimensions Learning and Growth Perspective consists of: how the ability/competence of employees, how the ability of information systems, how the work environment is comfortable and conducive in motivating employee achievement.

3. Proposed Method

This research uses explanatory method. This method is in accordance with the proposed Kerlinger in [21], aims to test the hypothesis that has been formulated previously. Although the description also contains a description, but as a relational study the focus lies in the explanation of relationships among variables, as a consequence of this research is required to operationalize more fundamental variables to the indicators. In accordance with the proposed hypothesis, in the research will be used statistical studies that are suitable for causation, namely by using multiple linear regression models. This model will reveal the magnitude of the effect of causal variables on the variables.

In order to test the hypothesis that has been formulated, this research using Multiple Regression Analysis. Kerlinger in [21] and Hair, *et al.*, in [22] agree that *Multiple Linear Regression* is intended to explain and / or predict a certain dependent variable by studying a set of independent variables.

With Multiple Regression Analysis can be known the amount of change of certain variables, which is explained by changes in other variables, and is the smallest average expressed by the amount of regression coefficient number, while the magnitude of the smallest average change in the square is expressed by the amount of coefficient of determination (Determinant Coefficient).

The assumptions underlying this multiple linear regression analysis: Data are drawn from normally distributed populations; Relationships between variables must be linear; and Level of measurement of all variables at least on interval scale. The multiple linear regression feasibility model in IBM SPSS is based on Riyadi in [23]:

- a. The regression model is said to be feasible if the p-value of ANOVA $< \alpha$ (0.05);
- b. The predictor used as a free variable should be feasible. This feasibility is known if the Standard Error of Estimate $<$ Standard Deviation;
- c. Regression coefficients must be significant. Testing is done by *t* test. Regression coefficient is significant if $t \text{ count} > t \text{ table}$ (critical value).

In IBM SPSS can be replaced by using the value of significance (sig or *p*-value) with the following conditions: If sig (*p*-value) < 0.05 , regression coefficient significant, and if sig (*p*-value) ≥ 0.05 ; Regression coefficient is not significant.

4. Results and Discussion

4.1. Description of Multiple Managers at the Business Unit PT PINDAD (*PERSERO*)

Multirole manager description on PT PINDAD (*PERSERO*) obtained and revealed through responses or answers of managers as respondents to the statements submitted in the questionnaire that includes several dimensions. The managerial multipart is measured through 4 dimensions and operationalized into 20 items in the questionnaire. Overall manager multirole condition at PT PINDAD (*PERSERO*) perceived by respondents in this case the manager as a representation of business unit manager PT PINDAD (*PERSERO*), as depicted in Table 1 as follow:

Table 1. Weighted Means Score Analysis Results Multirole Manager at Business Unit at PT PINDAD (*PERSERO*)

DIMENSION	Actual Score	Ideal score	WMS (%)	Exp
As Strategic Partner	723	1.190	60,76	High
As Administrative Expert	2.544	4.165	61,08	High
As Employee Champion	1.918	2.975	64,47	High
As Change Agent	2.140	2.975	71,93	High
Total	7.325	11.305	64,79	High

Source: Analysis Result with weighted mean score method (2016)

The implementation of multi-role managers as strategic partners in the business unit of PT PINDAD (*PERSERO*) has played a good role, such as the inclusion of business unit managers in the determination of annual Corporate Budget Plans (RKAP) implemented and the determination of the Company Long Term Plan (RJPP) With the Board of Directors and Commissioners; Participate in developing and implementing the vision, mission, and organizational values into strategies within their respective business units into operational actions, contributing by providing valuable input to the company's business management team, developing knowledge in all areas of business and instilling in the importance of orientation On customer needs. The role of manager as an administrative expert on PT PINDAD (*PERSERO*) business unit which has been well implemented, as it has done the activities that can improve the operational efficiency of the business unit, for example: making manpower planning and utilization, developing efficient documentation process, reengineering the work processes that are not relevant to the business activity And monitor administrative processes. The role of the manager as an employee champion for well-executed PT PINDAD (*PERSERO*) business units, such as the inclusion of managers to meet the personal needs of employees, in enhancing employee commitment, responding to employee ideas, aligning employee needs with expectations Organization, and in motivating employees to make the best contribution to the organization. The role of the manager as a change agent in the business unit of PT PINDAD (*PERSERO*) has been well implemented, such as the involvement of business unit managers in arranging and providing facilities to ensure that changes occur, in changing the bureaucratic procedures to be dynamic according to the needs of consumers, in determining management consultants to raise awareness of the need for change to all employees, in anticipating future problems and in developing organizational transformation processes in line with the development of the business environment. Furthermore, the results of Conner and Ulrich's in [24] study indicate that the role of strategic partner is more dominant than the role of administrative expert, the role of employee champion, and the role of change agent, Balanced. It is still relevant to this research that it has been implemented both as a strategic partner, administrative expert, superior employee as well as a change agent in multi-manager manager in a balanced manner by business unit manager PT PINDAD (*PERSERO*). The results of this study

reinforce the results of previous research that has been done by Yusoff & Abdullah in [25] and Wang & Niu in [6] by using questionnaires of the same relative content, resulting in a similar multi role sequences. According to Ulrich in [5], the need for organizational capability development leads to a new role of managers in implementing human resource functions. Thus the role of managers not only acts as an administrative expert but serves as a strategic partner, superior employee, and change agent, in which the four roles must be balanced. From the data and facts obtained concluded that the role as a change agent (change agent) has the largest contribution in forming multi-manager manager. This is not in line with the results of Ulrich in [5] which concludes that role as strategic partner occupies the highest position of contribution in supporting strategic work. Not soon the role of managers within the business unit of PT PINDAD (*PERSERO*) that the role as agent change that has been implemented most dominant. Multiple managers as agents of change are more dominant, because it is closely related to the role of managers in developing the process of corporate transformation in adjusting to the development of the environment and the role of managers in anticipating every problem of the company in the future.

This study tends to use the opinion of Ulrich in [5] from stating that HR is meant in the four new roles of Ulrich in [5] that is all the human resources within the organization. By implementing the four new roles of human resources above, they become a very important human capital in creating competitive advantage. The level of business competition in PT PINDAD (*PERSERO*) business unit now leads to global competition condition, where the market is faced with various choices of suppliers, both from domestic and abroad. This condition will have a negative impact on the business continuity of PT PINDAD (*PERSERO*) if no immediate improvement to a better direction.

Through the information obtained from business unit managers that market access is related to the proximity to consumers / customers and the suitability of consumers / customers is high, so this becomes a strength / excellence for PT PINDAD (*PERSERO*). This indicates that the easy market access and market power has become one of the advantages for PT PINDAD (*PERSERO*). However, business unit managers in fulfilling consumer / customer's desire there are still limitations in the delivery of information and promotion in order to get closer to the customer. Based on the facts and data of research results from the social aspect that the growth of PT PINDAD (*PERSERO*) is currently happening very good growth. This happens because PT PINDAD (*PERSERO*) at the beginning of its establishment is more political, not too pursuit of profit-oriented (profit oriented), but as development agent that is expected to be pioneer, driving, and balancing the growth of PT PINDAD (*PERSERO*) in addition, is expected to contribute in the form of dividends and taxes that benefit the country. Business unit managers recognize the importance of government regulation that supports to meet the needs of the country, and support to meet community needs within its business unit, whose realities fall into the high category. This is understandable because based on the results of limited interviews obtained information that the government intervention of PT PINDAD (Limited) limited, because it is designed to foster competition, as perceived by managers of business units today.

4.2. Description of Competing Strategy PT PINDAD (*PERSERO*)

Competitive strategy is considered to be successful with very high category by business unit managers is cost leadership strategy, differentiation, and focus, while speed strategy including high category strategy. These results indicate that the product produced by the business unit at PT PINDAD (*PERSERO*) has successfully implemented the cost leadership strategy as the most dominant factor (high), in addition to product differentiation strategy, and focus. The results of this study indicate that the products produced by PT PINDAD (*PERSERO*) business unit no longer require high operational costs. Business unit managers have been quicker in following up on research results and R & D studies, giving time and flexibility to salespeople who deal directly with customers, but have been able to create product differentiation to be superior products, and have been able to reduce operational

costs efficiently. Description of the business unit competitive strategy in detail can be seen Table 2 as follow.

Table 2. Weighted Means Score Analysis Results Competitive Strategy on Business Unit at PT PINDAD (PERSERO)

Sub Actual Variables	Actual Score	Ideal Score	%	Categories
Cost Leadership	1447	1785	81.06	Very High
Differentiation	3343	4165	80.26	Very High
Focus	1445	1785	80.95	Very High
Speed	1374	1785	76.97	High
TOTAL	6656	8330	79.90	High

Source: Analysis Result with weighted mean score method (2016)

From Table 2 above, the results of this study indicate that pricing strategy shows more dominant compared with the dimensions of differentiation, focus and speed, so that PT PINDAD (*PERSERO*) is considered capable to generate profit (profit) exceeds the target. This means that the implementation of competitive strategies developed by Porter in [15] and Bradley in [16] on the business unit of PT PINDAD (*PERSERO*) has been successfully implemented properly. Thus, the strategic cost leadership applied by PT PINDAD (*PERSERO*) is the predatory price determination, whereas PT PINDAD (*PERSERO*) lowers the market price with the aim of encouraging other companies in the country out of the industry. After the company (competitors) out, then PT PINDAD (*PERSERO*) will raise the price back and act as a monopolist. The results of the limited interviews also illustrate that when all small companies in Indonesia follow or follow the price policy set by PT PINDAD (*PERSERO*) with the assumption that the industry is formed on PT PINDAD (*PERSERO*) and a number of dominant foreign companies maximize profit with the constraints of demand Market and behavior of local companies, PT PINDAD (*PERSERO*) dominantly introduces other companies to sell the products they want at the price set by PT PINDAD (*PERSERO*) as the leader of the price. The difference between the quantity demanded by the market and the quantity produced by PT PINDAD (*PERSERO*) is the amount to be produced by PT PINDAD (*PERSERO*) as the dominant company.

The results of subsequent interviews indicate that the Business Unit within PT PINDAD (*PERSERO*) has differentiated by marketing products within and outside the country, engaging in creativity and talent by increasing the value of each product, conducting product engineering, And always strives to improve the company's reputation, distribute, and always improve the work skills of each personnel. In meeting the defense needs, one of which is light-based panels PT PINDAD (*PERSERO*), needs a defense tool in facing the era of globalization is increasing and increasingly complex types. One of the problems requiring the upgrading of facilities to meet the defense needs of lightweight, ceramic-based composite-based panels for tactical vehicle protectors that can support TNI equipment in performing their duties. In this case PT PINDAD (*PERSERO*) has established Incentive Implementation Team Increasing Researcher and Engineer Capability in all lines (Limited Interview Result, 2016).

The results of other interviews indicate that the application of technology and composite-ceramic hybrid appliances is indispensable for the manufacture of light bulletproof material panels as tactical vehicle protection. This is an innovation of material technology to ensure a strong, lightweight, and secure structure. Another thing is the high import requirement (United States, Netherlands, Denmark, and France) will be tactical vehicle protection material. In order to reduce dependence on overseas products, PT PINDAD (*PERSERO*) has been developing local materials and manufacturing technology. Furthermore, the main

material as the main constituent of national defense products is still dependent on imports from abroad with very expensive prices, and still the restrictions required in the purchase, so it is not easy to get it. What is the type and composition of ballistic hybrid composite panel materials that meet the technical specifications as tactical vehicle protection? Implementing Incentive Team for Improvement of Researcher and Engineering Capability established by PT PINDAD (*PERSERO*) has tried to fulfill technical specification as tactical vehicle protection. How to develop and apply the design and technology of composite hybrid material manufacturing material as tactical vehicle protection to realize the nation's independence in the field of defense industry in the form of tactical vehicle protection panel availability as a supporter of national armaments system.

Referring to the results of the limited interview, indicates that PT PINDAD (*PERSERO*) has implemented a differentiation strategy from Porter stating that there are two areas of conditions that must be met when the company decides to utilize this differentiation strategy [15]. Namely: the field of resources (resources) and the field organization. In terms of enterprise resources, it is necessary to enforce these high-strength strategies in terms of: product marketing, creativity and talent, product engineering, market research, corporate reputation, distribution, and job skills. While from the organizational side, the company must be strong and able to do: coordination among related management functions, recruit highly skilled personnel, and measure subjective incentives in addition to the objective. Similarly with the focus strategy, the interview results show that PT PINDAD (*PERSERO*) has focused on producing lightweight composite ballistic panel, reducing dependence on bulletproof material panel imports, increasing value added and problem solving problems in production process, upgrading material technology capacity for development Composite hybrid ballistic material products. This research aspect is relevant to Porter's view that the Organization with focus strategy focuses on the particular needs noticed by competitors. Focus strategies are used to build competitive advantage in a narrower market segment. In its implementation, especially in medium and large scale companies, the focus strategy is integrated with one of two other generic strategies, namely: a low cost focus strategy, where the firm creates price advantage in the target market as PT PINDAD (*PERSERO*) providing low cost programs in certain segments). Then PT PINDAD (*PERSERO*) has provided the benefits and high costs to be owned by a particular segment. Strategy focuses on differentiation of product characteristics (differentiation, focus), where focus strategy is intended to serve the needs of consumers who are relatively small, while in decision making to buy, relatively not influenced by price. Terms for the implementation of this strategy is the presence of market size (market size), there is good growth potential, and not too noticed by competitors in order to achieve success. This strategy will be more effective if the consumer needs a particular quirk that is not desirable by a competitor company. As PT PINDAD (*PERSERO*) has moved with this strategy by concentrating more on a particular market group (niche market), a certain geographic region, or product (goods or services).

Porter's strategy focuses on improving the competitive position of products and services within the industry or specific market segments that the company serves, so this strategy is also called generic strategy. The three generic strategies Porter developed as described above can help the organization gain a competitive advantage, which is cost leadership, differentiation, and focus [6].

No exception to the speed strategy, PT PINDAD (*PERSERO*) has conducted a study on developing the production of composite panel tested on a production scale with reference to research recommendations (design formulation and manufacturing technology), which demonstrates the need for speed strategy. The result of the interview shows that PT PINDAD (*PERSERO*) is trying to accelerate internal capability in fulfilling market demand, that is giving uniqueness to the product / service offered, the uniqueness can be seen from the characteristics of the product offering the values sought by the consumer or the expected by the consumer, Unique and different products in the eyes of consumers. However, unique

products are less valued by customers to justify high prices. When PT PINDAD (*PERSERO*) implements a price leadership strategy easily defeats the differentiation strategy. But the risk that in implementing this strategy a competitor can develop a way to mimic rapidly differentiating features. In other words, PT PINDAD (*PERSERO*) must constantly find a source of durable uniqueness that can be replicated quickly and cheaply by a competitor company. Thus PT PINDAD (*PERSERO*) is not able to achieve the optimal speed strategy. This is demonstrated by the primary data obtained through the questionnaire that the values for the speed strategy are in moderate conditions.

4.3. Description of Business Unit Performance PT PINDAD (*PERSERO*)

Business unit performance at PT PINDAD (*PERSERO*) has been able to show optimal performance. Based on the results of descriptive analysis indicates that the performance of business units in this case using balanced scorecard in the judgments consisting of: financial perspective, customer perspective, internal business process perspective, and learning and growth perspective has been able to display optimal performance. As can be seen from the data descriptive analysis results that most of the dimensions of business unit performance applied belong to very good criteria, as can be seen in Table 3 as follow.

Table 3. Weighted Means Score Analysis Results Descriptions of Business Unit Performance at PT PINDAD (*PERSERO*)

Actual Dimensions	Actual Score	Ideal Score	%	Categories
Financial Perspective	1.992	2.380	83,70	Very Good
Customer Perspective	4.500	5.355	84,03	Very Good
Intern Business Process Perspective	503	595	84,54	Very Good
Learning and Growth Perspective	1.469	1.785	82,30	Very Good
TOTAL	8464	10115	83.68	Very Good

The results of the analysis show that the internal business process perspective in business unit performance is better than the financial perspective, the customer perspective, and the learning and growth perspective of the company, realizing that the internal business process is a necessary thing to support success in innovating product development; Which is happening right now. While the financial perspective is the lowest dimension. Based on limited interviews with PT PINDAD (*PERSERO*) managers, efforts to improve the performance of PT PINDAD (*PERSERO*) business unit are plagued with finance to finance business operations, investments in new machinery, and additional working capital. It is not easy for PT PINDAD (*PERSERO*) to develop without injection from the government as a shareholder. Nevertheless, the business unit of PT PINDAD (*PERSERO*) expects to have a high profit from the average normal profit rate. From a customer perspective, business unit managers expect to be able to provide a sense of satisfaction to customers by fulfilling their customers' desires. But the fact is at this time more emphasis on attracting new customers through exhibitions and promotions, but through exhibitions and promotions take time to gain trust and cost is not small. Meanwhile, to keep old customers not well maintained such as on time delivery to customers is still often not met because there is still dependence of imported goods that are not always available when needed. From the perspective of internal business processes, business unit managers have strived to be able to provide satisfactory post-sale services to customers. Internal business processes need to be supported by innovation and product development that must be done continuously, where PT PINDAD (*PERSERO*) business unit manager cannot innovate and develop new products without

improving its internal business processes. So innovation and product development need to be continually done through internal business improvement. *Thus, the overall performance of business units at PT PINDAD (PERSERO) in general has performed very well.*

4.4. Effect Multirole Manager on Business Unit Performance at PT PINDAD (PERSERO)

Partially, multirole manager influence to business unit performance PT PINDAD (PERSERO). This proves that the more multi managers implemented by business unit manager PT PINDAD (PERSERO), then the business unit performance will be more optimal.

The partial effect of the multi-manager role on business unit performance is the contribution of the four roles that make up the manager's multi plan variables, namely the role contribution as a *strategic partner*, as an *administrative expert*, as an *employee champion* and as a *change agent*. Multirole manager affects the performance of business units at PT PINDAD (PERSERO). This shows that optimal business unit performance will be achieved if business unit managers successfully implement multi-manager manager well in the management of business process.

The results of this study support the results of research Teeratansirikool and Siengthai in [19], in the results of his research empirically found that multi role manager affects the improvement of business unit performance. Multirole managers are more dominantly influential to business unit performance as Ulrich in [5] research and previous research result done by Yusoff & Abdullah in [25], and Wang & Niu in [6]. This has been in accordance with the objectives of this research is to know and produce an analysis of the analysis of the effect of multirole managers on the performance of business units at PT PINDAD (PERSERO) as well.

4.5. The Influence of Competitive Strategy on Business Unit Performance of PT PINDAD (PERSERO)

Competitive strategy affects the performance of business units at PT PINDAD (PERSERO). The magnitude of competitive strategy influence on business unit performance is good category, where cost leadership strategy is the biggest strategy influences as the forming of competitive strategy with the highest coefficient of determination. The management of the business unit of PT PINDAD (PERSERO) has been in accordance with the business field of each engaged in a special business or thing that concentrates on a particular market group whose main consumers are mostly the Ministry of Defense. The results of this study indicate that the performance of PT PINDAD (PERSERO) business unit becomes better if the competing strategy is applied appropriately.

Furthermore, the strategy of differentiation, focus, and speed are continuously done by PT PINDAD (PERSERO) business unit by providing unique products / services to consumers, giving opportunity to R & D role in new product development and new ideas even in the implementation of R & D findings are often too late. This effort needs to be continuously carried out by each business unit PT PINDAD (PERSERO) by exploring the existing potential on resources owned by internal business units respectively. In line with the research that has been done by Nandakumar, *et al.* in [10], in which the results of his research have found that among the competitive strategies undertaken by manufacturing companies in the United Kingdom, *"That firms adopting one of the strategies, Cost-leadership or differentiation; Perform better than "stuck-in-the- middle" firms which do not have a dominant strategic orientation; This provides support for Porter's viewers.* The choice of the right strategy depends on the condition and direction of the organization's vision and mission.

Furthermore, in line with the results of research Teeratansirikool and Siengthai in [19], which empirically found that the relationship between competitive strategy and business

performance is positive and significant, improve organizational performance. In particular it is found that differentiation strategies not only have a direct and significant impact on business performance but also have a direct and significant impact on organizational performance through financial measures. This means that every organization or company must formulate and implement the best strategy choice in accordance with the resources and competencies of the organization in the face of competition. One alternative strategy that can be developed by an organization or company is a competitive strategy. Competitive strategies developed within the business unit level are the emphasis on improving the competitive position of a product or service in a specialized industry or in a market segment that is specifically served by that business unit. The competitive strategy as developed by Porter in [15], also emphasizes the increase in profits in the production and sale of products or services produced. But the smallest / lowest factor in the establishment of PT PINDAD (*PERSERO*) competitive strategy is the speed strategy. Another thing that often happens to salespeople who deal directly with customers, where the speed in using the resources of the company given to the sales force is still considered good, although not optimal, because it is limited by binding rules that do not provide flexibility to the sales force in decision-making Which requires immediate decision making, so that in order to get the order is always lost by the private sector.

Thus, the right competitive strategy is an important factor to be considered in achieving business unit performance. If the strategy of competing specifically the price leadership strategy, applied well and supports the vision and mission goals of the organization / company, it will improve the performance of the business unit but otherwise if the competitive strategy is not done well, it will not create optimal business unit performance.

4.6. The Effect of Multirole Managers and Competitive Strategies on Business Unit Performance

Multiple managers and competitive strategies determine the success of business unit performance. As indicated through the data of research results that the achievement of business unit performance is influenced by multi roles manager and simultaneous competitive strategy. The meaning is that if done together both manager multi plans variables and competitive strategy will be very strongly affect the performance of business units. This proves that if the business unit is run by managers with multi-manager oriented managers who run well and use the right competitive strategy then of course superior business unit performance will be achieved. Multiple managers on the performance of business units show a moderate contribution. Thus, it can be concluded that the partial influence of managers 'multi roles on business unit performance is due to the contribution of the four managers' roles, whereby the overall multi plans manager has a moderate influence on the business unit's performance. His highest contribution among managers' multi plans dimensions is the role of change agent and the smallest is the role of administrative expert.

This study is in line with the approach of resources based approach model, that the internal environment or internal resources are the main inputs and determinants of strategies to achieve high performance [26]. This is in line with strategic management approaches that make the external environment and the internal environment of the organization an input in strategy formulation [27]. In this case the external environment and or the internal environment are the inputs and determinants of the strategy. Business unit managers in PT PINDAD (*PERSERO*) have not fully utilized the opportunities available, which can be seen from not yet fast in facing the opportunities as seen in the strategy speed (speed). This means that business unit manager PT PINDAD (*PERSERO*) is still weak in following up the results of R & D innovation, not fast, and not timely in marketing the results of its products, so it is always unable to generate big profits or though profit is still with contribution margin (Contribution margin) is small. Furthermore, the cost leadership strategy (cost leadership) which is important in the competitive strategy because it is related

to the determination of the selling price in order to compete with competitors, namely how to get cheap raw materials, how to control operational costs, and how to apply efficiency in production. So it is easy for business unit manager PT PINDAD (*PERSERO*) in making cost leadership in its business unit. The performance of PT PINDAD (*PERSERO*) business unit has not yet reached its optimal performance, especially in the financial perspective, this fact is fairly based on the fact that until now generally still require additional working capital from the government, it is still difficult for PT PINDAD (*PERSERO*) to be able to develop independently and thoroughly because in addition to the shortage of working capital but also equipment for the production is getting old need to be rejuvenated again which requires a considerable investment, so still need a helping hand and policy from the government as a shareholder. Based on the facts of this study also found that business unit managers PT PINDAD (*PERSERO*) on one side have been paying attention and meet what is desired by the consumer but on the other side always lag in following up the results of R & D research to be produced commercially, so that when will be produced, The technology has changed. The results also show that business unit managers PT PINDAD (*PERSERO*) have met the multirole manager criteria as required by Ulrich in [5], but not yet fully utilize the attractiveness of the industry well, especially from the dimensions of economic factors (economy factors) and market forces (Market forces), because there are still many business opportunities that have not been able to be developed by business unit managers PT PINDAD (*PERSERO*). From the results of this study revealed that the performance of business units PT PINDAD (*PERSERO*), including perspective finance, Customer perspectives, internal business process perspectives, and learning and growth perspectives are greatly influenced by multi plan managers and competitive strategies, including cost leadership, differentiation, focus, and speed applied, so that in competitive strategies multi-manager capabilities should be manager role As a strategic partner, as an administrative expert, as an employee champion, and as a change agent. Thus the performance of business unit PT PINDAD (*PERSERO*) is expected to be achieved with better again.

5. Conclusion

Referring to the results of research and discussion, then obtained conclusions that can be formulated, as follows:

- a. Multiple managers applied to Business units at PT PINDAD (*PERSERO*) since 1997, covering the role of strategic partner, as administrative expert, superior employee, and as agent of change. These four dimensions simultaneously affect the performance of business units at PT PINDAD (*PERSERO*). Its meaning is multirole run by manager is not the main factor that influence to business unit performance, but there are other factors that influence bigger than Multirole Manager which not studied by researcher, like Government Policy, Regulator, and *etc.*
- b. Competitive strategy runs by PT PINDAD (*PERSERO*), more dominant on Cost Leadership, besides Differentiation, Focus, and Speed. Given the competition both domestically and abroad. Competitive strategy affects the Business Unit Performance at PT PINDAD (*PERSERO*). Its meaning is competitive strategy especially price leadership strategy at Business Unit PT PINDAD (*PERSERO*) is adequate and able to capture business opportunity. Competitive strategy is not a dominant factor affecting the performance of the Business unit, but there are factors not studied, such as Government Policy, Regulators, and *etc.*
- c. Multirole Manager (as a strategic partner, as an administrative expert, superior employee, and as agent of change) and Compete Strategy especially price leadership quite influential on Business Unit Performance at PT PINDAD (*PERSERO*) and become factors that need attention. The meaning is that the Competitive Strategy that has been implemented provides opportunities that need to be achieved and needs to be

supported by business unit managers who have the capabilities of Multirole Manager, namely the role of Strategic Partner, Administration Expert, Employee Champion and as Change Agent.

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