



Green Products Strategy Impact of Generic Porter Strategy on Company's Performance

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ABSTRACT

The strategy is now essential for a company, especially in the dynamic era as it is today. A good strategy is needed to overcome the business issues, but it must also prioritize environmental factors. The strategy used in this study was adopted from generic porter strategy. As we know this strategy has been widely used by many companies in the world for 3.5decades. On the other hand, any strategy must also always consider the environment to be a green product that is friendly to the environment. The aims of this study is to, first, how the influence of porter generic strategy on firm performance, second, how the green products strategy reinforces the influence of porter generic strategy (differentiation and cost leadership [CL]) on the company's performance. The method used in this study to answer the first objective was with multiple regression analysis. Meanwhile, to answer the second objective used Moderated multiple regression (MMR). This study was conducted on companies that have been certified environmental impact assessment in the province of Daerah Istimewa Yogyakarta and Central Java with 264 of the 723 respondent companies (respond rate of 34.025%). The results showed that there's influence between porter generic strategies with the company's performance. These studies also showed that the green products strategy may strengthen the influence of positive differentiation strategy on company performance, while the green products strategy did not strengthen and positively influence the CL strategy on corporate performance.

Keywords: Generic Porter Strategy, Differentiation Strategy, Cost Leadership Strategy, Green Products Strategy

JEL Classifications: M31, Q5

1. INTRODUCTION

Researchers have studied a number of issues of the company in pursuing a strategy towards the environment, this environment affects the competitive advantage that ultimately will improve the performance of the company, if the company's program carried out in a planned and well executed, would affect sustainable competitive advantage (Christmann and Taylor, 2002; Darnall and Carmin, 2005). Scanning the environment is a key factor for sustainable competitive advantage and it is becoming increasingly important in the theory and practice of the company (Analoui and Azhdar, 2002).

Companies based on resources are expected to be able to identify environmental competitive advantage so as to create sustainable

performance of the company as well (Klassen and Whybark, 1999). From the theory of competitive advantage strategy implies Porter's theory with generic strategy, that an attempt would be able to become the winner of the competition when it has the strategic advantage, which includes two main points namely the differentiation and the cost leadership synchronized with focus on a certain segment.

Why is Porter's theory of competitive advantage that is used as reference in this study, because first, this theory has been used by the study as a reference for 3.5 decades, and secondly, it must be admitted that the results still have not found a way that is consistent with the theory of Porter (research gap), which still have a inconclusive statement of confusion Porter strategy

research results on the company's performance, as shown in Table 1.

However, researchers have also been tried and conduct research to solve the conclusions yet that node with a variety of moderating variables, in the hopes of conclusion strengthened. Those studies were as in the Table 2.

Considering the wide range of variables moderation have been applied by numerous researchers (Table 2) and also produced various research results, this indicated the not-fit generic strategies porter on the company's performance, so it was necessary to search on the exact breakdown.

According Pretorius (2008) in order to make the company's competitive advantage strategy with good performance and growth, it's suggested to implement green products. This green product must be friendly to the environment, the company's commitment to the environment is absolutely necessary, research and development and cross - functional integrated will significantly affect positively on the performance of the company (Chun and Chun, 2010).

1.1. Formulation of the Problem

Results of the studies on the relationship between Porter generic strategies on the company's performance was done at manufacturing (Allen et al., 2008) there were unrelated, there was even negative as performed by Kim et al. (2004); Muafi (2010) and in the meantime, according to Nandakumar et al. (2011) had a weak relationship.

According Pretorius (2008) in order to make the Porter Generic Strategies in companies with good growth and performance, it must implement green products. This green product must be friendly to the environment, the company's commitment to the environment is absolutely necessary, research and development and cross-functional integrated will significantly affect positively on the performance of the company (Chun and Chun, 2010).

The problems mentioned above shows that there are still gaps that push further to discover better in order to create a mutually supportive environment that will create good - healthy competitive and sustainability.

So the essence of the problems that would be posed in this study were, (a) Are there any correlation of characteristics of generic strategies porter on the company's performance? (b) Do green products moderate the relationship of each characteristic of generic strategies porter on the company's performance?

1.2. Research Purposes

So that the objectives to be accomplished in this study were (a) testing empirically the relationship of each characteristic of generic strategies porter on the company's performance? (b). Empirically test the moderating effects of green products on the relationship of each characteristic of generic strategies porter on the company's performance?

1.3. Empirical Position of This Research

The position of this research is to solve the problem of the influence of generic porter strategies on corporate performance that is still asymmetrical, by adding green product variables as moderating variables, such as Table 3.

2. STUDY OF THEORY AND HYPOTHESIS DEVELOPMENT

Competitive strategy aims to establish a favorable position and sustainable to the forces that determine industry competition (Porter, 1985), especially supported by multidimensional environmental factors with various factors including environmental impacts, such as the biosphere, customers, employees, local communities, and other stakeholders (Sharma, 2000).

Trends in demand for green products going on these two decades, caused by the knowledge and coverage, environmental awareness and public opinion, as well as legislation.

2.1. Generic Porter Strategies

Porter generic strategy known as the competitive advantage strategy, which includes two things namely diversification and cost leadership synchronized with focus on specific market segments. The fundamental relationship between practice and theory of sustainable competitive advantage is, the concept of "fit strategic" of one of three types of the following possibilities (Porter, 1996): (a) The consistency between the activities and the overall strategy; (b) activities of organizational functions reinforce each other,

Table 1: Various conclusions of the researchers about generic strategies porter with corporate performance

Conclusion	Researcher
No corelation	White (1986); Zajac and Shortell (1989); Jennings and Lumpkin (1992); Kotha and Vadlamani (1995); Richardson and Dennis (2003); Zahay and Griffin (2004); Powers and Hahn (2004); Valos et al. (2007); Allen et al. (2007); Allen et al. (2008); Pretorius, (2008); Box and Miller (2011)
Weak corelation	Murray (1988); Peter and Parsinia (1988); Merrilees (2001); Allen and Marilyn (2002); Stretch (2003); Spanos et al. (2004); Allen and Helms (2006); Hopkins (2008); Heinz and Guldenberg (2010); Mansour and Lotayif (2010); Hahn and Powers (2010); Nandakumar et al. (2011); Parnell (2011)
Negatively related	Kim et al. (2004); Muafi (2010)
Positively related	Lynch et al. (2000); Darrow et al. (2001); Blankson and Kalafatis (2001); Kumar et al. (2002); Parnell (2006); Jones (2006); Koo et al. (2007); Ormanidhi and Omer (2008); Solberg and Durrieu (2008); Bordean et al. (2010)
Strong corelation	Aneel (1986); Dess and Davis (1984); Miller (1988); Barbara and Helms (1992); Lassar and Jeffrey (1996); Mavondo (1999); Hlavacka et al. (2001); Anthony et al. (2003); Akan et al. (2006); Marlin et al. (2007); Salavou (2010)

Table 2: Some moderation variables used to unravel causes summed yet of research findings about relationship of porter generic strategies on corporate performance

Moderation variable	Conclusion	Researcher
Volume output	The output volume moderated the strong relationship between generic porter strategy and the company's performance	Aneel (1986)
Frequency of reporting	Frequency of reporting did not moderate the relationship between generic porter strategy and the company's performance	White (1986)
Formal control	There's a strong relationship between generic porter strategy and the company's performance	Miller (1988)
Competitors, certification community health	Competitors, certification, community health and the availability of human resources moderated the relationship between generic porter strategy and the company's performance	Zajac and Shortell (1989)
Company size	Company size did not moderate the relationship between generic porter strategy and the company's performance	Jennings and Lumpkin (1992)
Company size weakly moderated the relationship between generic porter strategy and the company's performance	Spanos et al. (2004) Heinz and Guldenberg (2010)	
Company size strongly moderated the relationship between generic porter strategy and the company's performance	Hlavacka et al. (2001)	
Focus behaviour and contracts	Focus behavior and contracts moderated strong relationship between generic porter strategy and company's performance	Lassar and Kerr (1996)
The age of the company, Market share, and orientation growth	The age of the company, market share and orientation growth weakly. Moderated the relationship between generic porter strategy and organization's performance	Heinz and Guldenberg (2010)
Location	The relationship between generic porter strategy and company's performance was strongly moderated by location	Hlavacka et al. (2001)
The ownership status	The relationship between generic porter strategy and company's performance was strongly moderated by the ownership status	Marlin et al. (2007)
The relationship between generic porter strategy and company's performance was weakly moderated by the ownership status	Heinz and Guldenberg (2010)	
Marketing	The relationship between generic porter strategy and company's performance was moderated positive toward marketing	Solberg and Durrieu (2008)
The relationship between generic porter strategy and company's performance was weakly moderated toward marketing	Heinz and Guldenberg (2010)	
The relationship between generic porter strategy and company's performance was strongly moderated toward marketing	Aneel (1986)	

it has also been framed as "inter-functional coordination," and (c) optimizing the activity or routine.

2.2. Porter generic Strategic Relations and Corporate Performance

Characteristics of industrial companies based on the problem will determine the performance of the company (Barney, 1986). To investigate the relationship strategy and performance, many researchers began to take advantage of the approach and found generalization in industry, particularly those proposed by Porter (1980; 1995).

Research on one of the strategies namely differentiation strategy which stated that differentiation positively associated with firm performance (Koo et al., 2007) and was supported by Parnell (2011), in a study stating that the differentiation strategy had a strong relationship with the company's performance. Thus the hypothesis that researchers ask are:

H1=Differentiation Strategy and a positive effect on company performance.

Strategy two, namely cost leadership strategy where the expectation of prices of products and services increasingly

Table 3: Comparison research alike (the relationship between porter generic strategies in corporate performance) and previous

Researcher	Sample	Classification	Performance measurement	Analysis	Moderation variable
Aneel, (1986)	Oligopoly company	Cost leadership, differentiation	Utility	Game theory	Volume output and marketing
Dess and Davis (1984)	22 companies	Cost leadership, differentiation and focus	Marketing growth and ROA	Regression factor analysis	None
White (1986)	69 companies of 12 company group that are available in PIMS	Cost leadership, differentiation	ROI and marketing growth	Frequency distribution	Reporting frequency
Miller (1988)	89 companies in quebec province, Kanada	Cost leadership	ROI and net income	Correlation and multiple regression	Formal control
Zajac and Shortell (1989)	476 hospitals	Cost leadership, differentiation	Profitability	Chy squared	Competitor, certification, community health and human resources availability
Jennings and Lumpkin (1992)	56 the Texas savings and loan (S and L) industry	Cost leadership, differentiation and focus	ROA	MANOVA/ MANCOVA	Size of company
Lassar and Kerr (1996)	81 manufacturing company	Cost leadership, differentiation and focus	Distribution intensity (scale of 1–5)	Duncan multiple range test and ANOVA	Focus behaviour and contract
Lynch et al. (2000)	344 CEO respondents of logistics companies	Cost leadership, differentiation and focus	NPM, ROA, ROE, position of competition	SEM (lisrel)	None
Hlavacka et al. (2001)	81 respondents of hospital patients	Cost leadership, differentiation and focus	Customer service, control of operating expenses, income growth and the development of new services	MANCOVA	Comany size and location
Allen and Marilyn (2002)	221 workers at the MBA program	Cost leadership, differentiation and focus	Total income, total net income and total assets	Regression	Nope
Anthony et al. (2003)	255 students of MBA	Cost leadership, differentiation and focus	Latent variables	SEM	Nope
Spanos et al. (2004)	1921 observation of industrial clasification greek standard	Cost leadership, differentiation	Profitability	Regression	Company size
Allen and Marilyn (2006)	226 adult employees	Cost leadership, differentiation and focus	Total income growth, total assets, net income, growth in market share	Corelation	Nope
Marlin et al. (2007)	173 respondents	Cost leadership, differentiation	Operating margin, ROA, daily profit per patient	ANOVA	Ownership status
Solberg and Durrieu (2008)	213 (11%) small and medium enterprises in England	Cost leadership, differentiation and focus	ROI	EQS model (Bentler and Wu, 2002)	Direct and indirect marketing
Nandakumar et al. (2011)	124 CEO-level respondents	Cost leadership, differentiation and focus	Competitive performance relative, ROA and ROS	ANOVA	Nope
This research, Asep, tulus and Wisnu (2018)	246 manufacturing companies and services	Cost leadership, differentiation	Growth in sales, profits, market segments, the competitive position of the company, current ratio, ROA, ROE and ROS	MRA	Green products

MRA: Multiple regression analysis, ROA: Return on assets, ROS: Return on sales

become low due to production efficiency, this will further strengthen the product's position in the marketplace, which ultimately will improve the performance of the company (Kumar et al., 2002; Jones, 2006; Bordean et al., 2010). So the hypothesis proposed is:

H2=Cost leadership strategy affects and is positive on company performance.

2.3. Green Products

Analysis and constructive criticism of Porter generic strategies in the concept of hyper-competition, D'Aveni (1995) asserted that, in the context of technological breakthroughs must be relentless, because it is impossible to achieve sustainable competitive advantage, because companies must constantly reinvent new sources for achieving a competitive advantage. This approach can be applied to certain products and processes using "green technology," but can hardly be applied to a broader global vision in responsible business behavior.

While green product itself has a strategic capability that is difficult for competitors to replicate, because: (1) The green product has market opportunity that is unique, (2) the uniqueness of the product that is affected by products that are environmentally friendly and socially, (3) the company can form green products with environmental standards, through the proactively involvement with various government agencies, (4) the company can patent environmentally friendly products and the production, with the method used to generate revenue for the company, (5) the relationship between corporate performance and value chains are unique and environmentally friendly is causally ambiguous for competitors, (6) the ability of the dynamic that underlies the development of green products that are environmentally friendly to grow over time, and thus can not be easily copied by competitors, and (7) the reputation of the company that is responsible for environment will evolve continuously and long-term, thus cannot be easily replicated by competitors (Michalisin and Stinfield, 2011). So that the third and fourth hypothesis in this study are:

H3=Green products reinforce influence and positive of differentiation strategy on corporate performance.

H4=Green products reinforce influence and positive of cost leadership strategy on corporate performance.

3. METHODOLOGY

This research was an applied research that applied the theory in enterprise applications. The instrument used was multiple regression analysis to answer the first research purposes, and moderated multiple regression to answer the second purpose of this research.

3.1. Research Model

The research model adopts the generic porter theory with green products as a moderating variable, as well as the company's performance as the dependent variable, to make it more convenient as in Figure 1.

3.2. Research Population

This research used populations of the "directory of large and medium manufacturing industry" of the Central Bureau of Statistics (BPS) in the Province of D. I Yogyakarta and Central Java, published by the Central Bureau of Statistics (BPS) in 2010. Of the 723 questionnaires sent, there were 246 companies sent the complete questionnaire answers so that the response rate of this research was 34.025%.

3.3. Variables Research and Measurement

First, the variable of differentiation, adopted from Nandakumar et al. (2011) with six indicators, namely the development of new products or adapt existing products to better serve customers, the level of new products introduced in the market, the emphasis on new products which are sold in the market, the intensity of advertisement and marketing, development and utilization of the salesperson, the last one is development of a strong brand identification. Second, variable of cost leadership, this variable is adopted from Nandakumar et al. (2011) with six indicators, namely the emphasis on efficient use of materials or components, the emphasis on cost reduction, the emphasis on operational efficiency, the emphasis on the utilization of production capacity, the emphasis on price competition and an emphasis on the control of sales expenses, general and administrative. Third, variable of green products as moderating variables on the company's performance over competitive advantages which include four indicators: First, the company choose the material product that produces the least pollution to product development or design, the second, the company choose the material of products which consume the most less energy and resources to perform product development or design, the second, the company uses the least amount of material (reduce) for products in doing product development or design, the third, the company carefully uses if the products are easy to be recycled, reused, and easily biodegradable (decompose) to conduct product development or design, is adopted from Chen et al. (2006). Fourth, the performance of the company Nandakumar et al. (2011) with nine indicators, namely sales growth, net profit growth, changes in the market segment, return on assets, return on equity (ROE), return on sales (ROS), current ratio, success and overall company performance and the competitive position of the company. Overall these variables using a Likert scale of 7 points.

4. DATA ANALYSIS

Validity and reliability, in order to test the feasibility of this test according to Allen and Bennett (2010), first data should be normal so that the test of data normality is necessary. With

Figure 1: The research model

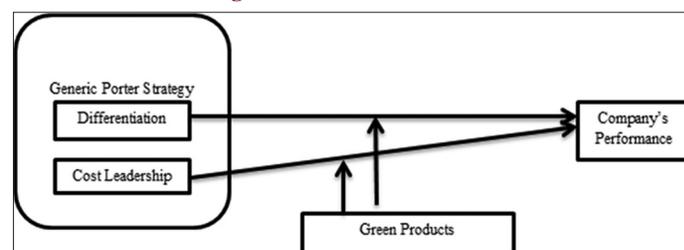


Table 4: Conclusion of validity and reliability

Research variable	Research item	Validity using factor analysis			Reliability	
		Construct validity (component matrix)	Construct validity (anti image correlation)	Face validity (KMO and Bartlett's test)	(Corrected item-total correlation)	Internal consistency (cronbach alfa)
Differentiation (D)	D1	0.625	0.755	0.769	0.416	0.702
	D2	0.595	0.740		0.401	
	D3	0.610	0.768		0.414	
	D4	0.679	0.756		0.480	
	D5	0.705	0.786		0.504	
	D6	0.599	0.810		0.399	
Cost leadership (CL)	CL1	0.761	0.741	0.760	0.564	0.693
	CL2	0.690	0.803		0.483	
	CL3	0.604	0.800		0.393	
	CL4	0.573	0.704		0.371	
	CL5	0.594	0.739		0.384	
	CL6	0.553	0.784		0.362	
Company's performance (CP)	KP1	0.623	0.707	0.707	0.434	0.674
	KP6	0.679	0.673		0.474	
	KP7	0.775	0.693		0.452	
	KP8	0.668	0.760		0.419	
	KP9	0.625	0.720		0.381	
Green products (GP)	PH1	0.153	0.500	0.515	0.153	0.348
	PH2	0.172	0.506		0.172	
	PH3	0.234	0.518		0.234	
	PH 4	0.186	0.543		0.186	

Table 5: Results of variable reliability research test

Variable	Number of the question	Number of valid item	Alfa cronbach coefficient
Company's performance (CP)	9	5	0.702
Differentiation (D)	6	6	0.693
Cost leadership (CL)	6	6	0.674
Green product (GP)	4	4	0.346

Kolmogorof - Smirnov test showed significant normality at 1%. Conclusion of Validity and Reliability are as Table 4.

Due to the moderating variables of this (green products) that the reliability of ineligible reliable, while using construct validity with anti image correlation method showed that this variable is valid, though not reliable, the authors took the decision to keep receiving or using GP variable, and this variable was also important, because it is used as a moderating variable in this study. Further in Table 5

The first classical assumption test, multicollinearity test, in which Variance Inflation factor (VIF) either at differentiation variable (D) and Cost Leadership (CL) were at each value of 1,335 as being at $0.1 < VIF < 10$ (Ghozali, 2009), so it could be concluded that this multiple regression model, there're no multicollinearity symptoms. Second, heteroskedastic test, the Glejser test in which absolute residuals as dependent variable was not significant to the independent variables D and CL, it means that the data has been homoskedastic. Third, autocorrelation test, the test of Durbin Watson (DW) test, DW test showed that 1972 were located in the area where there was no autocorrelation.

Multiple regression test provides a description of mathematical functions, namely:

$CP = a + \beta_1 D + \beta_2 CL + \varepsilon$ and moderation regression test, $KP = a + b_1 D + b_2 PH + b_3 D * PH + \varepsilon_2$ and $CP = a + b_1 CL + b_2 PH + b_3 CL * PH + \varepsilon_3$. This moderation regression test, before executing interaction, centering was first performed, in order to avoid multicollinearity (Flores et al., 2008).

From Table 6, it is known that the ANOVA test had well goodness of fit ($F = 67.779$, $P < 0.01$). Differentiation variable (D) was significant at $\alpha 1\%$ with t-student of 5.897. So the H1, which stated that the differentiation strategy significantly and positively related to the company's performance was acceptable or significant. Similarly, the variable of Cost Leadership (CL) was significant at $\alpha 1\%$ with t-student of 5.739. So the H2, which stated that the cost leadership strategy was significantly and positively related to the company's performance was acceptable.

From moderation regression test, the results showed that the interaction between differentiation variables (D) with green products (GP) could be concluded that the strategy of Green Products (PH) positively strengthened the relationship the strategy of differentiation (D) toward Company Performance (CP), while interaction of cost leadership variables strategy (CL) with the strategy of green products (GP), in which the value of t-student was 0.312, not significant at $\alpha = 5\%$, so it can be concluded that the strategy of Green Products (GP) did not strengthen the positive relationship of strategies Leadership Cost (CL) in Company Performance (CP).

5. CONCLUSIONS OF THE STUDY

The results of multiple regression models such as Table 7, the hypothesis 1 and 2 (H1 and H2) differentiation Strategy (D) and Cost Leadership (CL) were positively related to Company

Performance (CP), so in this study, it supported the theory of Porter about generic strategies for competitive advantage, as well as supported by the researchers include Aneel (1986); Dess and Davis (1984); Miller (1988); Barbara and Helms (1992); Lassar and Jeffrey (1996); Mavondo (1999); Hlavacka et al. (2001); Anthony et al. (2003); Marlin et al. (2007); Salavou (2010).

In the most profitable strategy, which is built on differentiation strategy, is offering customers toward something they value the competitors do not have, but most companies want, the company's efforts to differentiate itself from competitors and focusing energy only on the product or service of companies (MacMillan and McGrath, 1997). In fact, a company has the opportunity to distinguish itself at every point where it comes in contact with customers. With the distinguishing product from other similar products resulted into a unique product, with the benefitable promotion to consumers (Kippenberger, 2000). The benefit products will improve the perception of the product (Srinivasan and Brian, 2002) and will ultimately improve company performance (Selnes, 1993).

As well as cost leadership (CL), where the company which has a competitive price, will be attracting many new customers and retain existing customers (Munnukka and Pentti, 2012) maintain this becomes even more important, since the price has a negative impact on consumer demand (Chen et al., 2005), in addition, to defend itself from scale of economic prices increasingly rising high and maintain the viability of the company.

In the moderation regression model, Hypothesis 3 (H3), Green Products strategy (GP) strengthen positive relationships of differentiation strategy (D) in Company Performance (CP). This study supports the case as research by Koo et al. (2007) Hlavacka et al. (2001); Anthony et al. (2003); Will et al. (2006); Marlin et al. (2007); Salavou (2010) which stated that differentiation positively associated with the company's performance.

Differentiation strategy is the competitive advantage strategy involving the creation of unique products, technology, service, marketing efforts, cooperation between companies, suppliers, and distribution channels (Priem et al., 1997). Differentiation leading to strong competition should have a high market share with a low cost (Aneel, 1986) while the market orientation has positive impact of differentiation, when compared with the cost leadership (Kumar et al., (2002). Aneel (1986) in his study stated that there's a strong relationship between differentiation and cost leadership on the performance of the company, which also depends on: (1) Differentiation that drives cost position even lower, (2) differentiation in competition to the strong competition should have a high market share at a low cost. The same thing was stated by Parnell (2011), in a study stating that the differentiation strategy has a strong relationship with the company's performance.

The company's performance can be improved effectively by diversification due to the following (Rijamampianina et al., 2003): (a) Effectiveness of diversification could increase competitive advantage in the future (b) The effectiveness of diversification worldwide must remain on business core (c) The effectiveness

of diversification could improve organizational capability, and (d) Most important is the effectiveness of diversification could improve the profitability/companies profit.

On Hypothesis 4 (H4), Green Products Strategy (GP) does not strengthen positive relationships of Cost Leadership strategy (CL) on the company's performance (CP). Aspects of this research as well as the results of the research by Powers and Hahn (2004); Valos et al. (2007); Allen et al. (2008); Boxes and Miller (2011) which stated that it is not enough to implement a cost leadership strategy in the absence of economic support factors. It's also supported by the statement that the Strategy of Leadership Cost (CL) in developing countries cannot be implemented effectively (Baack and David, 2008), this is because the company, in a country like this is still in a state of high economy, such as still the presence of distortion of allocation problems efficiency, and various market imperfections and externalities, including transaction costs (Herbert, 1996).

In order to improve the competitiveness of the company in the future and encourage the creation of products that are friendly to the environment, the encouragement is necessary from the government in the form of regulations on incentives for the companies that use green products (Thiam, 2012), such as the ecological tax reform and restructuring subsidies (Welfens, 1999). If this is not encouraged by the government, then this makes the consumer will pay a higher rate (premiums) to the purchase of green products compared with conventional products (Okada and Mais, 2010).

Besides that, in the markets of developing country, the major in building a competitive advantage is by focusing on intensive knowledge on business services (Javalgi et al., (2011), it is indicating a direct relationship exists between the purchase of green products with environmental knowledge and attitudes (Martin and Antonis, 1995). With the increasing number of green products output consumed by consumers is expected that the production output of green products more efficient, and will encourage cost-efficient as well. In addition, optimality of assurance model/ the warranty on the product could be used for optimization of guarantee/warranty in the product which are friendly to the environment (Lin et al., 2007). Guarantee or warranty of green products can be used as a framework of public marketing planning to see the impact of government policy on green products, so that the proactive orientation on the environment over a green product marketing policy could be implemented economically, in addition to the legal and political (Debbie, 2000).

6. DISCUSSION

Along with the similar studies that have not elaborated on and still not concluded the findings of research on the effects of competitive advantage theory of generic Porter strategy on the company's performance, even with various moderating variables still leaves the problem which is still not knoted, the researchers tried to propose a green products variable as a moderating variable, researcher trying to bridge this gap, it is not merely submitted by the writer, but from Pretorius (2008) suggested that Porter

Table 6: Summary of hypothesis testing

Independent variable	Regression model		Moderation regression model			
	β	t	Differentiation		Cost leadership	
	β	t	β	t	β	t
Differentiation (D)	0.260	5.897***	0.292	7.166***		
Cost leadership (CL)	0.257	5.739***			0.291	6.552***
Green products (GP)			0.234	3.125***	0.309	3.773***
D×GP			0.090	2.420**		
CL×GP					0.019	0.312*
F test	67.779		47.464		42.083	
R ²	0.358		0.370		0.343	
Adj R ²	0.353		0.363		0.335	

Dependent variable=Company's performance (CP)***P<0.01, **P<0.05, *P<0.10

Table 7: Summary of research hypothesis conclusions

Hypothesis	Test results	Conclusion
Multiple regression		
H1=Differentiation strategy positively related to company's performance	Positive, significant	Hypothesis is supported
H2=Cost leadership strategy positively related to company's performance	Positive, significant	Hypothesis is supported
Moderation regression model		
H3=Green products (GP) strengthen positive relationship of differentiation strategy (D) on company's Performance (CP)	Positive, significant	Hypothesis is supported
H4=Green products (GP) strengthen positive relationship of Cost leadership strategy (CL) on company's performance (CP)	Positive, not significant	Hypothesis is rejected

generic strategies could make company's performance with good growth must implement green products. The results showed that the hypothesis 1 and 2 (H1 and H2) differentiation Strategy (D) and Cost Leadership (CL) are positively related to Company's Performance (CP), Hypothesis 3 (H3) strategy of Green Products (GP) strengthen positive relationships of differentiation strategy (D) in Company's Performance (CP), On Hypothesis 4 (H4), Green Products (GP) does not strengthen positive relationships of Cost Leadership strategy (CL) on company's performance (CP). However, this study leaves some limitations, first, the samples of this study was in certain areas, namely Yogyakarta and Central Java, this could lead to sample only distributed in a narrow area, making it possible not to show proper sample population. Second, in response to questions about the company's performance, this study used self-report method, it is very possible that common method bias may occur. Third, model of regression moderation on interaction variables Leadership Cost (CL) and Green Products (GP) stated that the Strategy of Green Products (GP) does not strengthen positive relationships Strategy of Leadership Cost (CL) in Company's Performance (CP), so that the support for the theory and Further application of the theory are necessary, such as the exploration of government regulation of a company that produces environmentally friendly green products (D'Souza et al., 2006).

Due to there are some limitations of the study, the first expected, future research sample expanded. Second, the method of self-report could be overcome by examining companies that have gone public (quantitative). Third, it needs further exploration regarding government regulations that support the creation of environmentally friendly products (green products), thereby increasing the public interest (market orientation) to have the intention to buy on green products (Gellynck et al., 2012; Brown and Izhar, 2010), but the company also needs to explore to the strategy to be able to adapt themselves with government

regulations with an internal learning company (Kamukama et al., 2011) and eventually become the organization's culture (Peretz and Yitzhak, 2012). The Managerial Implications of this study could be used as a reference for improving the company's performance, practitioners need to consider, first, the strategy of competitive advantage (differentiation strategy and cost leadership strategy) is required to improve the performance of the company. Second, the green product is currently required and necessary for sustainability and creating customer loyalty and create consumer purchasing power, which will ultimately improve the company's performance.

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