

ABSTRACT

THE INFLUENCE OF GENERIC COMPETITIVE ENVIRONMENTAL STRATEGIES ON MARKET VALUE IN MANUFACTURING COMPANIES LISTED ON INDONESIA STOCK EXCHANGE

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The objective of this research is to provide empirical evidence on how market value the generic competitive environmental strategies pursued by the companies. This research uses price book value (PBV) as a measure of market value. The sample of 113 manufacturing companies listed on Indonesia Stock Exchange period 2014 – 2017 were analyzed through panel regression of fixed effect model and tested by using E-Views 9.

The analysis shows that generally, the generic competitive environmental strategies positively and significantly enhance market value of the company. Specifically, based on the coefficient and the significance level of confidence of regression result shows that markets place a higher value on companies pursuing a cost leadership strategy than differentiation strategy. The findings align legitimacy and stakeholder theory as well as resource based theory arguments, and supports previous literature.

Keyword: Cost Leadership Strategy, Differentiation Strategy, Market Value.