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Enterprise risk management and business strategy on firm performance: The role of mediating competitive advantage

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This research aims to know and analyze the contribution of enterprise risk management and business strategy to the competitive advantage and company performance of shipping companies listed on the Indonesia Stock Exchange. The company performance and competitive advantage of shipping companies listed on the Indonesia Stock Exchange fluctuate and are decreasing. The enterprise risk which is not well-managed can result in a decrease in competitive advantage and company performance. The shipping companies having no competitive advantage will have poor performance and lose in the competition with similar companies. This research uses Path Analysis with the analysis tool of Partial Least Square SmartPLS3 and its path coefficient significance test using a t-test. The total number of samples is 65 consisting of 13 companies with five years of observation taken using the purposive sampling technique. The result of this research states that shipping companies in Indonesia can increase their company performance through enterprise risk management. So, the companies must practice enterprise risk management properly where the aspect of risk management is integrated into the company strategy. Shipping companies in Indonesia can also increase their company performance through competitive advantage so that they can increase their revenue. Shipping companies can increase their company performance through business strategy, so they must implement a business strategy.

1. Introduction

Company performance measurement is conducted to know the success of a company in managing its operation (Endri et al., 2020). There are private shipping companies and state-owned companies, closed companies, and go-public companies. Public companies sell their shares to the public on the Stock Exchange. Public companies can be the barometer of competitiveness of the national shipping industry due to the information openness provided by the stock exchange authority. Company performance measurement is conducted by using a financial ratio like return on assets (ROA) (Shahnia et al., 2020). The performance of the shipping companies listed on the Indonesia Stock Exchange fluctuates and is decreasing. The decrease in financial performance does not occur automatically but it can be caused by the competitive advantage. Competitive advantage is the advantage over the competitors obtained by having the ability to do something better. The companies having no competitive advantage will have poor performance and lose in the competition with similar companies.

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Based on the background described above, some problems are identified as follows; (1) The company performance and competitive advantage of shipping companies listed on the Indonesia Stock Exchange fluctuate and are decreasing, (2) If not well managed, risk can cause the decrease of competitive advantage and company performance. This research aims to know and analyze the contributionof enterprise risk management and business strategy to the competitive advantage and company performance of the shipping companies listed in Bursa Efek Indonesia from 2015 to 2019.

This research has two independent variables, namely enterprise risk management, and business strategy, one dependent variable, namely company performance, and one intervening variable, namely competitive advantage. In some previous research discussing three related variables, namely enterprise risk management, business strategy and competitive advantage, Damayanti and Augustine (2019) explain that companies are recommended to implement formal enterprise risk management practices to obtain a competitive advantage and excellent performance. In the other research with three variables of enterprise risk management, business strategy, and company performance, among them; Majid et al. (2022), Lestari et al. (2020), Rehman and Anwar (20190, and Soltanizadeh et al. (2016) state that companies having a certain business strategy will support the formal risk management practices which in turn will achieve excellent performance in the market. In addition, competitive advantage is also the intervening variable between enterprise risk management practices and performance (Yang et al., 2018). In their research, Forsberg et al. (2022) state that there is good integration and mutual support among enterprise risk management, business strategy, and company performance. Whereas Chan et al. (2004), and Leonidou et al. (2015), mention the existence of sustainability and determination between business strategy and competitive advantage toward company performance.

2. Literature Review

2.1. Competitive Advantage

According to Kotler and Armstrong (2018), competitive advantage is the advantage over the competitors obtained by offering value to the consumers, either through a lower price or by providing more benefits that support a higher price. Competitive advantage is an ability to do something excellently so that a company defeats its competitors (Schermerhorn, 2012; Smith & Wright, 2004). Saluy et al. (2021) and Delery and Roumpi (2017) say that Human Resource practices can contribute to a sustainable competitive advantage in a company in addition to increasing employees' ability, motivation and opportunity. This is in line with the research by Potjanajaruwit (2018) that competitive advantage contributes to company performance. Competitive advantage is the advantage over the competitors obtained by having abilities to do excellently. The companies having no competitive advantage will have poor performance and lose in competing with similar companies (Wahyuni et al., 2022). Huang and Dai (2015) use data in their study, which is analyzed to determine the incomparable resources which allow them to achieve profitable competitiveness. Competitive advantage for the profit of a business group also implies the profit of a company (Bugador, 2015).

Another research Poulis et al. (2013) states the importance of the information communication technology (ICT) role in achieving a competitive advantage in the delivery environment of shipping companies. The research in three East Asia countries, Yang (2014) finds that the factors most able to measure the competitive advantage of a national commercial fleet are the number of ships, gross tonnage and dead weight tonnage, the number of seafarers, and the volume of cargo transported by the fleet. Another finding, Kuo et al. (2014) shows that dynamic capability has a positive correlation with a competitive advantage. The result of another research by Purwanto and Purwanto (2020) shows that the competition for industrial or company advantages cannot rely on one factor, either from the external or internal environment. According to Rasti-Barzoki and Moon (2020), the variable dimensions of competitive advantage are differentiation, cost leadership, and focus. Based on the opinion of these experts, it can be explained that competitive advantage is the advantage over the competitors obtained by having abilities to do something excellently, with the variable dimension of total revenue.

2.2. Enterprise Risk Management (ERM)

Meanwhile, the data of competitive advantage with the indicator of revenue of the shipping companies listed on the Indonesia Stock Exchange shows its decrease. Risk management is regarded as the design procedures and the implementation of procedures to manage business risk (Mondy, 2012). Competitive advantage itself can be contributed by Enterprise Risk Management (ERM). According to Chance and Brooks (2015) and Keown et al. (2020), the risk is the uncertainty of profit in the future. Risk as variability may occur related to the expected income flow and risk is faced in any activity, including business activity. The potential risk may occur at any time and cause loss for both individuals and the company. Based on the Standard of IS0 31000:2009 according to Purdy (2010), risk and risk management are intended to start the process of solving many inconsistencies and ambiguities among many different approaches and definitions. Shipping companies face various risks in their operation.

According to Moeller (2011), risk management is a process contributed by the Board of Directors, entity, and management team, which are designed to identify potential occurrences that may contribute to the entity. Disclosure risk management is classified as "destructive " if it discusses the information on threats or dangers which have or may have negative impacts on the company (Abdullah et al., 2015). ERM is different from traditional risk management. ERM is integrated risk management. ERM is meant by COSO as the process contributed by the board of directors, management, and other personnel in the entity, which is implemented in the strategy development and in the whole parts of the company, designed to identify potential occurrences that may contribute to the entity, and manage risks in line with the entity's risk appetite, to provide reasonable assurances for the achievement of the entity's target (Yang et al. 2018). The basics for the implementation of ERM are ISO 31000:2009 and ISO 31000:2009 which provide the principles, framework, and risk management process. The framework of risk management based on ISO 31000 starts by giving mandate and commitment, ISO 31000:2009 framework, followed by the framework of "Plan, Do, Check, Act" implementation. Florio and Leoni (2017) say that ERM practices are not only important for enhancing company performance but also help reduce various kinds of risk exposures. In the research by Bromiley et al. (2015), ERM is the integrated management of all risks faced by the organization, which inherently needs the alignment of risk management with the company's governance and strategy. Moreover, Hoyt and Liebenberg (2011), Samuel and Prasetyo (2020), and Yin et al. (2020) find a positive correlation between the value of the company and the use of ERM.

Based on various opinions from these experts, it can be concluded that ERM business strategy is a process of enterprise risk management designed and implemented in every company strategy to achieve the company's goals and maximize the value of the company, with the variable dimension of implementing ERM from both COSO and ISO 31000. According to the research by Khan et al. (2016), some factors motivating the company in the ERM process may be financial difficulties and related costs, low revenue performance, the opportunity for growth, and board independence. In addition, Arena et al. (2010) say that the bond of ERM finds the whole relations between risk management, business strategy, goal setting, and decision making. In another research, Brustbauer (2016) states that the implementation of the ERM concept can help small and medium-sized enterprises adapt to the changing environment to obtain a strategic advantage to enhance their competitiveness and business success. Research by Gena et al. (2020) concludes that there are three strategic focuses to develop the competitive advantage of the container shipping industry in Indonesia: ensuring demand sustainability, improving sustainable supply chain performance, and government support through regulations.

2.3. Business Strategy

In addition, to be contributed to ERM, competitive advantage can also be contributed by business strategy. Business strategy is implemented to obtain a competitive advantage in the market being served. According to Heizer et al. (2020), Ireland et al. (2017), Thompson et al. (2018), and Wheelen et al. (2018) strategy is a series of measures taken by the management to win the competition with the competitors. A strategy is also a tool for integrating and coordinating the commitment and actions designed to exploit the core competence and obtain a competitive advantage. Grant (2016) defines strategy as the focus on achieving certain goals by involving resource allocation and requiring consistency, integration, or cohesiveness between decision and action. Whereas business strategy according to Porter includes the limits of every business and the relationship between operation and company strategy together with the basics where every business unit can obtain and maintain a competitive advantage in its industry (Al Serhan et al., 2015).

According to Bailey and Peck (2013), business strategy is a medium that determines the long-term direction and the company area in determining how the company will obtain necessary resources for fulfilling the need of the market and stakeholders. The result of research by Abdulwase et al. (2020) shows that business strategy contributes to competitive advantage. The result of a good strategy, according to Choi and Lee (2002), starts from an appropriate planning process. Therefore, it is an important instrument to maintain service quality and success. Porter says that a company can obtain a differentiation-based competitive advantage by differentiating its products and services from the competitors (Yang et al., 2018). Agility shows the biggest contribution to company performance and competitive advantage (Eve et al., 2022; Abeysekara et al., 2019). Based on the opinions of those experts it can be concluded that business strategy is a medium that determines a long-term direction and how a company will obtain necessary resources for enhancing the competitive position of its products or services in the market segment being served and its designed to give a value to the customers. The indicator of cost leadership strategy is measured by the efficiency ratio of asset utilization.

2.4. Company Performance

Performance appraisal according to Schermerhorn et al. (2012) is a process of assessing performance systematically and giving feedback for the performance appraisal. Whereas according to Dessler (2010) performance appraisal is an evaluation of employee relative performance now and in the past against the job standards. The philosophy of modern performance appraisal emphasizes future performance and goals. The modern philosophy also emphasizes employee participation in achieving the goals established together with the supervisor and the result of knowledge (Newstrom, 2015). Based on the description above it can be concluded that company performance is the result of appraisal by the company as the description of the company activity achievement in managing its assets effectively in a period, with the variable dimension of Return On Assets (Razak et al., 2020; Endri et al., 2021).

This research aims to know and analyze some main variables such as Enterprise Risk Management (ERM) and business strategy which both directly and indirectly contribute to the variable of company performance mediated by the variable of

Competitive Advantages. This research uses qualitative data with a quantitative approach, and the correlation among variables can be hypothetically described in the form of a paradigm (Fig. 1).

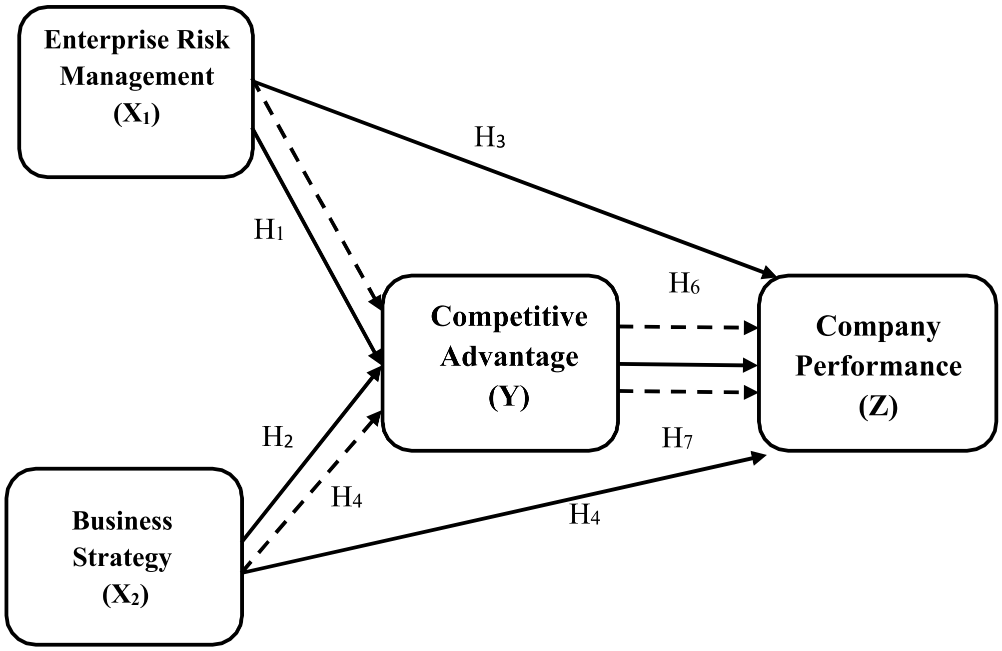

Fig. 1. Research Model

Then, the hypotheses to be proposed are:

H_1: *Enterprise Risk Management directly contributes to competitive advantage.*
H_2: *Business strategy directly contributes to competitive advantage.*
H_3: *Enterprise Risk Management directly contributes to company performance.*
H_4: *Business strategy directly contributes to company performance.*
H_5: *Competitive advantage directly contributes to company performance.*
H_6: *Enterprise Risk Management indirectly contributes to company performance mediated by competitive advantage.*
H_7: *Business strategy indirectly contributes to company performance mediated by competitive advantage.*

3. Research Methodology

This research uses Path Analysis with the analysis tool of Partial Least Square (PLS) using the SmartPLS3 application. Then, to examine the significance of the path coefficient, the t-test is used, and the resulting value of $t_{\text{he t-statistic}}$ is compared with the value of $t_{\text{he t-table}}$. In path analysis, the contribution of the independent variable to the dependent variable can be direct, or in another word, multiple regression analysis takes into account the direct contribution. In this research ERM and business strategy are independent variables, performance company is the dependent variable whereas competitive advantage is the intervening variable. Choosing the period is performed by considering the data adequacy and does not involve the period of the Covid-19 pandemic in 2020 because it can result in biased research. The sampling technique in this research is non-probability sampling, which is purposive sampling using certain criteria in choosing the research sample. The criteria are that the shipping companies are listed on Indonesia Stock Exchange from 2015 to 2019, the companies publish their financial reports consecutively from 2015 to 2019, and the companies are not delisted from 2015 to 2019. Based on these criteria, the total sample is obtained from as many as 65 financial reports from 13 companies for five years. The audited financial report is a financial report that has been audited by a public accountant and is submitted by a go-public company to the Indonesia Stock Exchange as one of the obligations in the information openness so that its validity can be assured. Whereas the secondary data is obtained from Indonesia Capital Market Directory (ICMD) and Indonesia Stock Exchange.

4. Results

4.1. Enterprise Risk Management Directly Contributes to Competitive Advantage

From the calculation, it is found that the path coefficient where ERM directly contributes to competitive advantage is 0.222. The path coefficient obtained is positive, indicating that high ERM can increase the competitive advantage. The value of t_{he}

$_{\text{t-statistic}}$ obtained is 2.538, whereas the value of $\text{t}_{\text{he t-table}}$ is 2.38. So, it can be concluded that ERM directly gives a positive and very significant contribution to competitive advantage.

4.2. Business Strategy Directly Contributes to Competitive Advantage

From the calculation, it is found that the path coefficient where business strategy directly contributes to competitive advantage is 0.259. The path coefficient obtained is positive, indicating that a high business strategy can increase the competitive advantage. The value of $\text{t}_{\text{he t-statistic}}$ obtained is 2.307, whereas the value of $\text{t}_{\text{he t-table}}$ is 1.66. So, it can be concluded that business strategy has a positive and significant direct influence on competitive advantage.

4.3. Enterprise Risk Management Directly Contributes to Company Performance

From the calculation, it is found that the path coefficient where ERM directly contributes to company performance is 0.005. The path coefficient is positive, indicating that enhancing ERM can enhance the company's performance. Meanwhile, the value of $\text{t}_{\text{he t-statistic}}$ obtained is 0.050, whereas the value of $\text{t}_{\text{he t-table}}$ is 1.66. So, it can be concluded that ERM does not directly influence the company's performance.

4.4. Business Strategy Directly Contributes to Company Performance

From the calculation, it is found that the path coefficient where business strategy directly contributes to company performance is 0.164. The path coefficient is positive, indicating that improving business strategy can enhance the company's performance. Meanwhile, the value of $\text{t}_{\text{he t-statistic}}$ obtained is 1.895, whereas the value of $\text{t}_{\text{he t-table}}$ is 1.66. So, it can be concluded that business strategy has a significant direct influence on company performance.

4.5. Competitive Advantage Directly Contributes to Company Performance

From the calculation, it is found that the path coefficient where competitive advantage directly contributes to company performance is 0.078. The path coefficient obtained is positive, indicating that a high competitive advantage can enhance the company's performance. The value of $\text{t}_{\text{he t-statistic}}$ obtained is 0.685, whereas the value of $\text{t}_{\text{he t-table}}$ is 1.66. So, it can be concluded that competitive advantage does not directly influence the company's performance.

4.6. Enterprise Risk Management Indirectly Contributes to Company Performance with the Mediation by Competitive Advantage

From the calculation, it is found that the path coefficient where ERM directly contributesto company performance with the mediation by competitive advantage is 0.017. The path coefficient obtained is positive, indicating that a high ERM can enhance the company's performance supported by competitive advantage. The value of $\text{t}_{\text{he t-statistic}}$ obtained is 0.534, whereas the value of $\text{t}_{\text{he t-table}}$ is 1.66. So, it can be concluded that ERM does not indirectly influence the company's performance with the mediation by competitive advantage.

4.7. Business Strategy Indirectly Contributes to Company Performance with the Mediation by Competitive Advantage

From the calculation, it is found that the path coefficient where business strategy indirectly contributes to company performance with the mediation by competitive advantage is 0.020. The path coefficient obtained is positive, indicating that a high business strategy can enhance the company's performance supported by competitive advantage. The value of $\text{t}_{\text{he t-statistic}}$ obtained is 0.589, whereas the value of $\text{t}_{\text{he t-table}}$ is 1.66. So, it can be concluded that business strategy does not indirectly contribute to company performance with the mediation by competitive advantage.

The whole results of the path coefficient and t-test concerning the contribution of ERM and business strategy to competitive advantage and company performance are summarized in Table 1.

Table 1
Summary of Path Coefficient and t-Test

Path	**Path coefficient**	$\mathbf{t}_{\text{-statistic}}$	$\mathbf{t}_{\text{-table}}$	
			α= **0.05**	α=**0.01**
Y – Z	0.078	0.685^{ns}	1.66	2.38
X1 – Y	0.222	2.538**	1.66	2.38
X1 – Z	0.005	0.050^{ns}	1.66	2.38
X2 – Z	0.164	1.895*	1.66	2.38
X2 – Y	0.259	2.307*	1.66	2.38
X1 – Y – Z	0.017	0.534^{ns}	1.66	2.38
X2 – Y – Z	0.020	0.589^{ns}	1.66	2.38

The result of this research shows that ERM directly gives a positive and significant contribution to competitive advantage, business strategy directly gives a positive and significant contribution to competitive advantage, ERM does not directly contribute to company performance, and business strategy directly gives a positive and significant contribution to company performance, a competitive advantage does not directly contribute to company performance, ERM does not indirectly contribute to company performance with the mediation by competitive advantage, the business strategy does not indirectly contribute to company performance with the mediation by competitive advantage. The path coefficients and t statistic can be seen in Fig. 2 and Fig. 3.

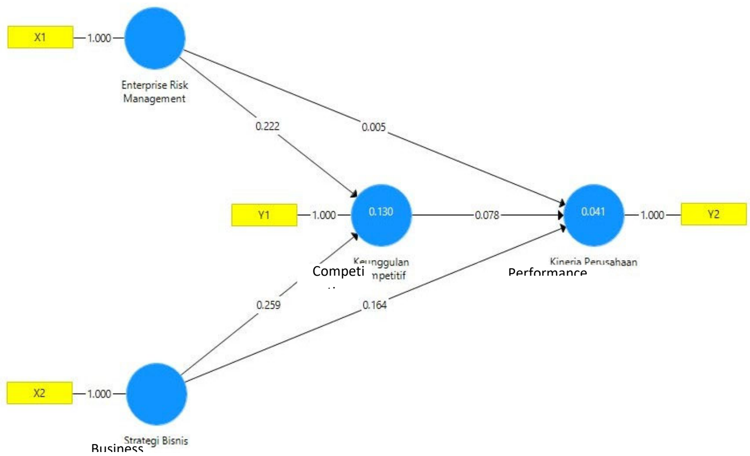

Fig. 2. Path Coefficients of the Contribution of ERM and Business Strategyto Competitive Advantage and Company Performance

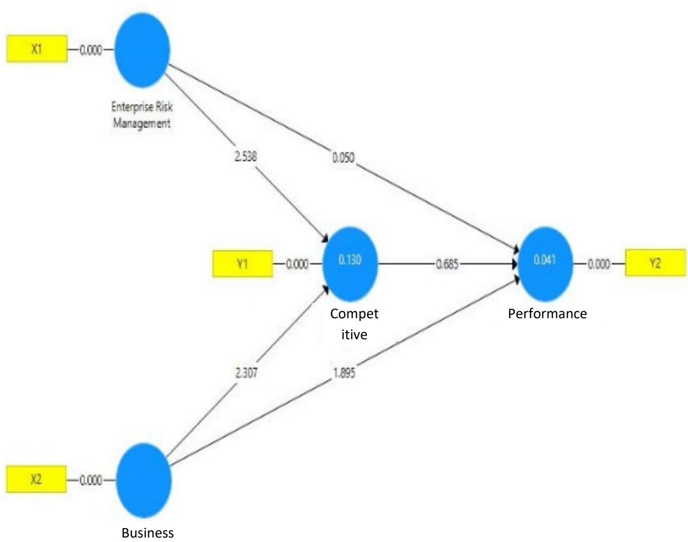

Fig. 3. $T_{statistic}$ of the Contribution of ERM and Business Strategy to Competitive Advantage and Company Performance

5. Discussion

5.1. Enterprise Risk Management to Competitive Advantage

The result of this research also shows that ERM directly contributes and is very significant to competitive advantage. ERM is a process of enterprise risk management designed and implemented in any company strategy to achieve the company goals and maximize the value of the company. By implementing ERM the risks that may occur have been anticipated so that the loss can be minimized and risk management can be integrated into the company strategy to take advantage of the existing strengths and opportunities and to decrease the weaknesses and threats so that the company can obtain advantages compared with the competitors. Such conditions will increase the competitive advantage, namely the advantage over the competitors obtained by having abilities to do something in better ways. The result of this research is in line with the research by Kwak et al. (2018), and Saeidi et al., 2019) that ERM contributes to competitive advantage. Another study by Yang et al.

(2018) also supports this research, where top management needs to have adequate education in finance to be able to practice risk management efficiently to get competitive in the market. Theoretically, Krause and Tse (2016), Meidell and Kaarbøe (2017), and Soin and Collier (2013) also support this research that ERM can reduce the cost related to business operation and facilitate competitive advantage and excellent performance. Thus, the finding of this research is in line with and confirms the results of previous research that ERM directly contributes to competitive advantage based on the research toward the shipping companies listed on the Indonesia Stock Exchange.

5.2. Business Strategy and Competitive Advantage

The result of this research also indicates that business strategy directly and significantly contributes to competitive advantage. Business strategy is the medium that determines the long-term direction and determines how a company will obtain the necessary resources for increasing the competitive position of company products or services in the market segment being served and which are designed to give value to the customers. With a business strategy, a company will use its resources efficiently to result in low-price services. With a low price compared to the competitors, the company's revenue will increase. Such a condition will enhance the competitive advantage, that is the advantage over the competitors obtained by having abilities to do something in better ways. Especially in national shipping transportation, the study by Gena et al. (2020) also supports this research, explaining that there are three strategic focuses to develop the competitive advantage of the container shipping industry in Indonesia: assuring the demand sustainability, improving the performance of sustainable supply chain, and government supports through regulations. The result of previous research is also in line with the research by Ali and Anwar (2021), Haque et al. (2021), and Nuraini et al. (2021) that business strategy contributes to competitive advantage. Through the research of containers at a port, D'agostini et al. (2019) have identified what strategy is liked to obtain a competitive advantage. Thus, the finding of this research is in line with and confirms the result of previous research that business strategy directly contributes to competitive advantage based on the research toward the shipping companies listed on the Indonesia Stock Exchange.

5.3. Enterprise Risk Management and Company Performance

The result of this research shows that ERM does not contribute to company performance. ERM is a process of enterprise risk management designed and implemented in every company strategy to achieve the company goals and maximize the value of the company. ERM has not been implemented in all shipping companies that become the sample. Only a small number have practiced ERM. In such a condition, risk handling is done not completely toward all the risks that occur and risk transfer cannot be done well. In addition, there is neither coordination with other functions such as finance and audit, nor Chief Risk Officer (CRO) causing the management is not so effective and efficient in achieving the company target. Such a condition will not enhance the company's performance, that is the result obtained by the company as the description of company achievement in managing its assets effectively in a period. However, research by Brustbauer (2016) and Kommunuri et al., 2016) shows that in the implementation, ERM has a significant impact on the strategic decision which finally can contribute to the company's performance. The result of this research is in line with the research González et al. (2020) that the implementation of ERM is not related to the change in company performance. But the result of this research is not in line with the research Wang et al. (2018) showing the weakness of ERM, with a systematically bad approach to the mechanism of revenue control, it will be able to contribute to the value of the company in the long term. Likewise, other researches by Anwar (2018), Florio and Leoni (2017), Barata et al. (2022), Yakob et al. (2020), and Zou and Hassan, 2017) are not in line and show that ERM contributes significantly to the company performance. Thus, the finding in this research is in line with and confirms the result of previous research that ERM does not directly contribute to company performance based on the research on the shipping companies listed on the Indonesia Stock Exchange.

5.4. Business Strategy and Company Performance

The result of this research also shows that business strategy directly and significantly contributes to company performance. Business strategy is the media that determines the long-term direction and determines how a company will obtain the necessary resources for increasing the competitive position of the company products or services in the market segment being served and is designed to give value to the customers. By implementing a business strategy, the company makes the efficiency of assets used to result in services. In addition, it will minimize operational costs. This will increase the company's profit. Increasing profit will enhance the company performance, that is the result obtained by the company as the description of company achievement in managing its assets effectively in a period. The result of this research is in line with the research by González-Rodrígueza et al. (2018) that business strategy contributes to company performance. In addition, the finding of Bayo-Moriones et al. (2021) also supports this research which confirms that a company with a quality strategy and the company adopting an innovation strategy and administrative assessment will have higher performance, and will obtain a higher return of equity. Thus, the finding of this research is in line with and confirms the result of previous research that business strategy directly contributes to company performance based on the research on the shipping companies listed on the Indonesia Stock Exchange.

5.5. Competitive Advantage and Company Performance

The result of this research also shows that competitive advantage does not contribute to company performance. Competitive advantage is the advantage over the competitor obtained by having abilities to do something excellently. The shipping companies listed in BEI have low revenue. It means that the companies are low in competitive advantage. Having no competitive advantage, the companies are constrained to use resources effectively and efficiently so that they cannot either offer their services at lower prices or give added value to the services being offered so that the service price is low, which finally cannot increase the company sales. Such a condition cannot contribute to company performance, that is the result obtained by the company as the description of company achievement in managing its assets effectively in a period. This research supports the previous finding which shows an indirect effect and shows no correlation between competitive advantage and performance (Baia et al., 2020; Finster & Hernke, 2014). The result of this research is not in line with the research by Parnell (2010), Potjanajaruwit (2018), Riyadi and Munizu (2022), and Yang et al. (2018), that competitive advantage contributes to company performance. Another empirical evidence also indicates that competitive strategy has a significant contribution to company performance Anwar (2018), and Gonzalez Sanchez and Morales de Vega (2018). Another finding Jamaludin (2021) states that competitive advantage contributes positively and significantly to company performance in the process of supply chain management through competition in profit. Thus, the finding of this research is not in line with and does not confirm the result of previous research that competitive advantage directly contributes to company performance based on the research on the shipping companies listed on Indonesia Stock Exchange.

5.6. Enterprise Risk Management and Company Performance with the Mediation by Competitive Advantage

The result of this research also shows that ERM does not indirectly contribute to company performance with the mediation by competitive advantage. Based on the result of research it is shown that ERM directly contributes to competitive advantage and competitive advantage does not directly contribute to company performance. This does not open the chances for the indirect contribution of ERM to company performance with the mediation by competitive advantage. A good ERM will increase competitive advantage, but competitive advantage does not enhance company performance. This finding is not consistent with the previous research by Kwak et al. (2018) and Saeidi et al. (2019) that ERM contributes to competitive advantage; Potjanajaruwit (2018) that competitive advantage contributes to company performance. The result of previous research, by Yang et al. (2018) shows that ERM significantly influences company performance and competitive advantage plays a role between ERM and performance. Companies are recommended to implement the formal practices of enterprise risk management to obtain a competitive advantage and excellent performance. Thus, the result of this research does not support the result of previous research based on the research on the shipping companies listed on the Indonesia Stock Exchange.

5.7. Business Strategy and Company Performance with the Mediation by Competitive Advantage

The result of this research shows that business strategy can contribute directly to competitive advantage and competitive advantage does not directly contribute to company performance. This does not open the chances for the indirect contribution of business strategy to company performance with the mediation by competitive advantage. A good business strategy will increase competitive advantage, but competitive advantage does not enhance company performance. This finding is not consistent with the previous research such as those conducted by Ali and Anwar (2021), and Haque et al. (2021) that business strategy contributes to competitive advantage; Ricardianto et al., (2022), Potjanajaruwit (2018) and Yang et al. (2018) but competitive advantage contributes to company performance. The research toward the shipping companies is not totally in line either, because the study by Yunus and Sijabat (2021), finds that in the Blue Ocean Strategy there is a potency of competitive advantage and an implication on the company performance. Thus, the result of this research does not support the result of previous research based on the research on the shipping companies listed on the Indonesia Stock Exchange.

6. Conclusions

Shipping companies in Indonesia can increase their advantage through enterprise risk management. So, they will implement the enterprise risk management appropriately where the risk management is integrated into the company strategy to take advantage of the existing strengths and opportunities as well as to reduce the weaknesses and threats so that they can obtain an advantage compared with the competitors. Shipping companies in Indonesia can enhance their company performance through enterprise risk management. So, they will implement the enterprise risk management appropriately where the risk management is integrated into the company strategy to take advantage of the existing strengths and opportunities as well as to reduce the weaknesses and threats so that they can obtain a better performance.

Shipping companies in Indonesia can implement enterprise risk management in practicing risk management by adopting both ISO 31000: 2009 and Enterprise Risk Management Framework based on COSO. By implementing Enterprise Risk Management they can achieve the objectives of company strategy as well as increase the competitive advantage and company performance. Shipping companies in Indonesia can enhance their company performance through their competitive advantage. So, they should increase their company revenue. They should increase their competitive advantage by increasing their company revenue. This can be done by making efficiencies in their operation so that they can offer their services at low prices to attract customers to use their services, which in turn will increase their company revenue. It is necessary to conduct further research by using more samples and extending the period of observation. In addition, further research can also use other indicators to result in research that can be generalized.

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