The Effect of Competitive Advantage, Internationalization on Profitability with R&D Intensity and Marketing Intensity as Antecedents: Evidence from Indonesian Manufacturing Companies

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Abstract: Companies are required to always have a strategy that can increase profitability and strengthen their competitive advantage. One of the factors that can affect a company's profitability is competitive advantage (CA) and Internationalization. In order to have CA and internationalization, the company can manage and utilize its various capabilities through research and development (R&D) and marketing methods owned by the company. This relationship is explained in the RBT and internalization theory. This study aims to analyze and explain the influence of CA and internationalization on profitability with R&D Intensity and marketing intensity as antecedents. This study uses a purposive sampling technique with several criteria so that a sample of 15 manufacturing companies listed on the IDX for the 2018-2022 period was obtained. The results of this study indicate that R&D Intensity and Marketing Intensity have a significant effect on CA, R&D intensity has no significant effect on Internationalization, Marketing Intensity and CA have a significant effect on internationalization, CA has a significant effect on Profitability, Internationalization has no significant effect on Profitability, CA can mediate the effect of R&D intensity and marketing intensity on profitability, and internationalization is not able to mediate the effect of R&D intensity and marketing intensity on profitability.

Keywords: Competitive Advantage, Profitability, R&D Intensity, Marketing Intensity

INTRODUCTION

Performance reflects the extent to which a company can run its business successfully (Andes et al., 2020). In particular, profitability is the main pillar for any company to survive in the long term (Alarussi & Alhaderi, 2018). Continuous challenges in the business environment, both locally and globally, require companies, especially in developing countries including Indonesia, to always have strategies that can increase company profitability and strengthen their competitive advantage. To achieve sustainability in a competitive environment, companies need to develop, implement, and maintain strategies that can improve their performance and profitability (Alarussi & Alhaderi, 2018).

Factors that can affect a company's profitability are Internationalization. Internationalization is very crucial because it is considered a method that can increase the company's capabilities in various countries and create economies of scale that cannot be obtained domestically (Filatotchev & Piesse, 2009). Research results (Hsu et al., 2013; Vithessonthi & Racela, 2016) found a significant relationship between Internationalization and company profitability. This relationship can be explained through the Internalization theory which assumes that companies can maximize their profits as high as possible (Buckley & Casson, 2020).

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The company's decision to enter the international market is influenced by the company's resources and capabilities, one of which is the ability to invest in the company's research and development (R&D) and marketing which aims to encourage the expansion of the company's overall growth potential (Filatotchev & Piesse, 2009; Tseng et al., 2007). Internationalization performed by the company is a form of a company's effort to penetrate the market or expand its market share. In the business world as a whole, market penetration is carried out to increase sales. Sales are one of the vital elements that are the focus of the company's targets. An increase in sales can lead to an increase in profit which is the goal of every company. Therefore, Internationalization is considered important for the company because it indicates the company's ability to operate globally.

The full advantage in internationalizing the company's business is also greatly influenced by the competitive advantage of a company. Competitive advantage is the existence of a superior company condition because the company has a successful strategy and is difficult for its competitors to imitate (Wijayanto, 2019). Companies that focus on long-term sustainability consider that strategies, intangible assets, or unique and difficult-to-imitate capabilities can achieve competitive advantage (Worokinasih et al., 2023). In order to have competitive advantage and internationalization that are not owned by other competitors, especially at the time of the current advancement of globalization, the company can manage and utilize its various capabilities through investment in its technology in the form of Research and Development and Marketing methods owned by the company (Barney et al., 2021). R&D as a form of innovation is an essential capability for companies in achieving Competitive Advantage (Wijayanto et al., 2020).

R&D involves the company's strategy in creating value either through innovation or creativity, increasing productivity, improving existing products, or introducing new products to the market (Mizik & Jacobson, 2003). R&D activities provide significant benefits for the long-term growth of a company (Koshksaray et al., 2023). Meanwhile, Marketing is one of the main resources and capabilities of a company that has a crucial role in introducing and promoting a company's brand and increasing the perception of the value of the company's products, and enabling the company to generate a competitive advantage (Koshksaray et al., 2023; Semenov & Randrianasolo, 2023; Wijayanto, 2019).

Likewise, when the global market becomes more diverse, companies have a greater ability to present marketing programs and practices globally (Tseng et al., 2007). Resource-based theory is one of the theories developed to explain the influence between resource-based such as R&D and Marketing expenditures with competitive advantage and internationalization (Barney et al., 2021; Olmos, 2011). This Competitive Advantage is what drives the Internationalization and profitability of a company. Research examining the relationship between Competitive Advantage and Internationalization is also still very rare.

The wide-open international business opportunities not only make Indonesia currently a host for several multinational companies but also encourage local companies to be involved in internationalization business activities. Concerning manufacturing companies in Indonesia, most of them have marketed their products abroad, so companies continue to compete in carrying out full internationalization and excel in exporting abroad. Manufacturing companies are also public companies

that represent company assessments in Indonesia and are competitive (Nuzula et al., 2023), so companies need to emphasize their attention to the strategies that must be carried out according to the stages passed in implementing exports, and pay attention to how to increase the company's competitive advantage through investment activities in R&D and marketing as an activity that complements the implementation of the company's internationalization and will benefit future sales profits.

Based on the implementation of the ASEAN Economic Community, the competition in the manufacturing industry between ASEAN countries has also increased along with the increasingly advanced development of globalization (Wijayanto, 2019). However, the competitiveness of the Indonesian manufacturing industry is quite weak. This is an important concern because Indonesia is a country with the largest market potential in the region. Based on the Global Manufacturing Competitiveness Index (GMCI) in 2016 and the projection for 2020, the competitiveness of the Indonesian manufacturing industry in the ASEAN region is still below Singapore, Vietnam, Malaysia, and Thailand. Indonesia was ranked 19th out of 40 countries in 2016 (Deloitte Touche Tohmatsu Limited & US Council on Competitiveness, 2016).

In addition, manufacturing companies still pay less attention to the importance of the role of intangible assets that a company can have. Based on the World Bank Enterprise Survey report in 2015 and 2023, shows that Indonesian manufacturing lags in terms of R&D compared to other countries. The percentage of Indonesian manufacturing companies that spent R&D in 2015 was only 5.1% compared to 14% in East Asia and Pacific countries. Meanwhile, the percentage of Indonesian manufacturing companies that spent R&D decreased to 4.7% compared to 15.6% in East Asia and Pacific countries (World Bank Enterprise Survey, 2015 and 2023). The Ministry of Industry also explained that R&D is still not deeply rooted, including in the Indonesian manufacturing sector which tends to adopt technology rather than conduct R&D directly (kemenperin.go.id).

The variables used in this study are competitive advantage, internationalization, profitability, R&D intensity, and marketing intensity which are combined in one research concept model that is still rarely studied by other studies. Especially in this study, testing competitive advantage with internationalization is a unique relationship and is still very rarely found in other studies. There is still rarely any treatment of Internationalization which is new in this study, so it needs to be analyzed and investigated further.

To get the right problem-solving steps and keep the analysis directed, this study focuses on implementing and testing many variable indicators and benchmarks that can be used to answer the above problems. The results of this research and problem-solving approach will later provide contributions, direction, knowledge, and considerations for decision-making and policies for company practitioners and readers regarding the description and findings regarding important factors that influence a company's profitability and how the implementation of R&D and marketing can influence a company's competitive advantage and internationalization activities.

METHODS

Population and Sample

The population in this study was all Manufacturing Companies listed on the IDX for the 2018-2022 period. This study uses a purposive sampling technique with several criteria so that a sample of 15 Manufacturing Companies is obtained. This study uses data from external sources, obtained from the Indonesia Stock Exchange (IDX) website www.idx.co.id, company financial reports, and annual reports.

Measurement

Exogenous variables consist of R&D intensity and marketing intensity. While endogenous variables consist of competitive advantage (Y1), internationalization, and profitability. R&D intensity is measured by the following indicators: (1) research & development expenditure to total sales (RDTS), which is R&D expenditure divided by sales; (2) R&D expenditure to total asset (RDTA), which is R&D expenditure divided by assets; (3) percentage increase in R&D investment (PIRDE). Marketing intensity is measured by the following indicators: (1) marketing expenditure to total sales (METS), which is marketing expenditure divided by Sales; (2) marketing expenditure to total asset (META), which is marketing expenditure divided by assets; (3) percentage increase in marketing investment (PIMKE).

Competitive advantage is measured using indicators formulated by Dickinson and Sommers (2012), include: (1) economies of scale are measured by the cost of sales (CoS) ratio, the ratio between cost of goods sold divided by net sales. Economies of scale allow companies to use resource capabilities such as technology and manufacturing quality to deliver products efficiently; (2) capital requirements are measured by capital intensity (CapInt), the ratio between depreciation costs divided by net sales. Companies that allocate large amounts of capital will also generate higher levels of profit; (4) power over suppliers is measured by operating liability leverage (OLLev), the ratio between operating liabilities divided by net operating assets, and inventory turnover (ITO), the ratio between cost of goods sold divided by inventory. Companies can set favorable lease terms or trade terms by utilizing their power over suppliers; (5) power over customers is measured by Receivables Turnover (RTO), the ratio between net sales divided by receivables. Power over customers can also be a potential source of competitive advantage for a company; (6) the credibility of the threat of expected retaliation is measured by financial leverage (FLev), the ratio between net financial obligations divided by common stockholders' equity, and excess funds (ExF), the ratio between net financial assets divided by net operating assets.

The company is said to be able to retaliate against new entrants or existing competitors, and the tendency to retaliate has the potential to create profits by preventing the entry of other companies. Internationalization is measured by the following indicators: (1) foreign sales to sales (FSTS), which is foreign sales divided by total sales; (2) scope (number of countries), which is the number of countries where the firm's foreign subsidiaries operate; (3) the number of overseas subsidiaries to total number of subsidiaries (OSTS), which is the number of overseas subsidiaries divided by total number of subsidiaries. Profitability is measured by the following indicators: (1) return on total asset (ROA), which is earning after tax (EAT)

divided by total assets; (2) return on equity (ROE), which is EAT divided by total equity; (3) net profit margin (NPM), EAT divided by total sales.

Data Analysis

The data analysis was conducted using Smart SEM-PLS (Structural Equation Modeling - Partial Least Square). SmartPLS was used because of its ability to test formative SEM models with indicators that have different measurement scales in one model, as well as its ability to process data with various forms of scales (such as ratio, nominal, interval, and others) in one model (Hair Jr et al., 2021). The research framework is shown in Figure 1.

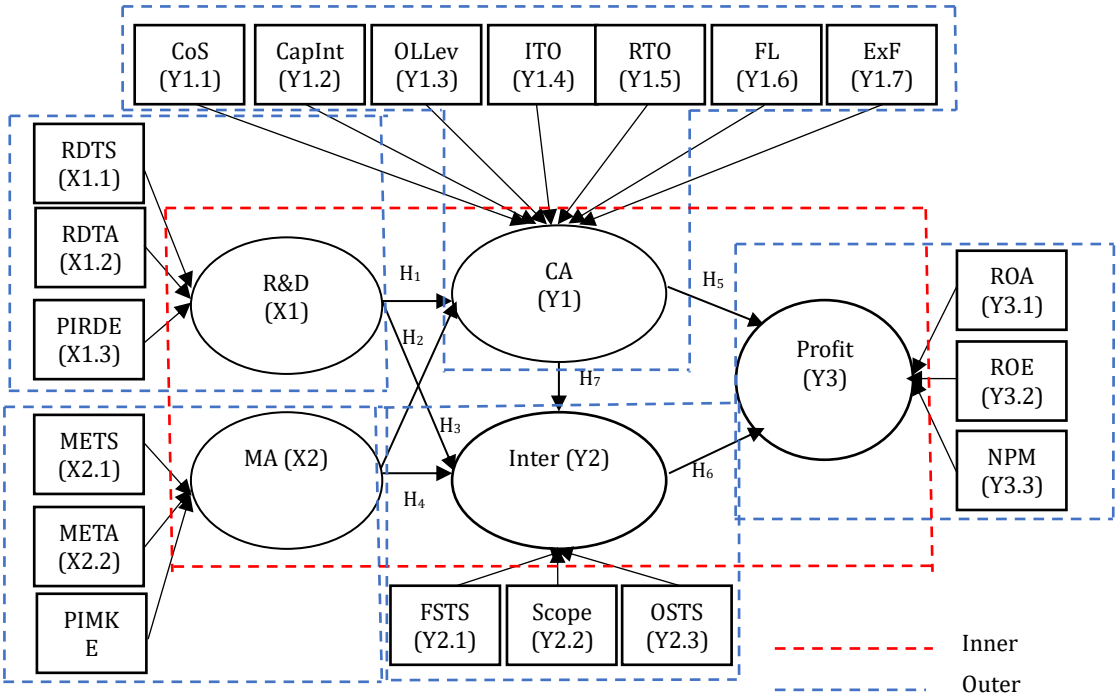

Figure 1. Research Framework

Description: R&D = Research & Development; RDTS = Reseach & Development to Total Sales; RDTA = Reseach & Development to Total Asset; MA = Marketing; METS = Marketing expenditure to Total Sales; META = Marketing expenditure to Total Asset; CA = Competitive Advantage; CoS = Cost of Sales; CapInt = Capital Intensity; OLLev = Operating Liability Leverage; ITO = Inventory Turnover; RTO = Receivables Turnover; FL = Financial Leverage; ExF = Excess Funds; Inter = Internationalization; FSTS = Foreign Sales to Total Sales; Profit = Profitabilitas; ROA = Return on Asset; ROE = Return on Equity; NPM = Net Profit Margin.

RESULTS AND DISCUSSION

Descriptive Statistics

The results of descriptive statistics analysis are shown in Table 1. The table shows that the overall average percentage increase in investment in the company's R&D

during the 2018-2022 period is 12.5%, in addition, the overall average percentage increase in investment in the company's Marketing during the 2018-2022 period is 22.73%. For competitive advantage, one of the overall average values of the company's Cost of Sales ratio during the 2018-2022 period is 0.70. Then the overall average value of the company's Foreign Sales to Sales ratio during the 2018-2022 period is 0.14 or 14%, which has increased significantly. For profitability, one of the overall average values of the company's ROA ratio during the 2018-2022 period is 0.31 or 31%. The average indicator value of each variable from 2018-2022 has fluctuated significantly.

Table 1. Descriptive Statistics

Variable	Indicator	Min	Max	Mean	Std. Deviation
R&D Intensity	RDTS	0.000	0.765	0.202	0.256
	RDTA	0.001	1.146	0.294	0.339
	PIRDE	-55.34%	304.90%	12.15%	84.66%
Marketing Intensity	METS	0.000	0.297	0.056	0.087
	META	0.000	0.788	0.086	0.199
	PIMKE	-68.62%	642.57%	22.73%	168.20%
Competitive Advantage	CoS	0.52	1.10	0.70	0.14
	CapInt	0.00	0.10	0.03	0.03
	OLLev	-7.89	11.76	1.01	2.90
	ITO	0.78	9.86	4.45	2.65
	RTO	2.07	34.13	7.58	7.28
	FL	-3.12	5.64	0.20	1.65
	ExF	-1.47	3.47	0.20	0.94
Internationalization	FSTS	0.00	0.95	0.14	0.25
	Scope	0	9	1.84	2.96
	OSTS	0.00	0.57	0.13	0.17
Profitability	ROA	-0.28	0.29	0.31	0.12
	ROE	-4.96	0.39	0.03	1.32
	NPM	-0.38	0.16	0.05	0.06

Furthermore, an inferential analysis was conducted to test the research hypothesis. The analysis was conducted using Smart SEM-PLS (Structural Equation Modeling - Partial Least Square). The results of data analysis using Smart SEM-PLS Software are shown in Tables 2 - 5.

Measurement Model (Outer Model)

Based on Table 2, The results of the research data analysis test related to outer weight show that there are seven invalid indicators, namely OLLev with a p-value of 0.900> 0.05, ITO with a p-value of 0.300> 0.05, RTO with a p-value of 0.238> 0.05, FSTS with a p-value of 0.097> 0.05, OSTS with a p-value of 0.573> 0.05, ROA with a p-value of 0.158> 0.05, and NPM with a p-value of 0.484> 0.05. In accordance with the research stages explained by (Hair Jr et al., 2021), if there is an invalid outer weight, then further testing is needed, namely the outer loading value test of each research indicator.

Table 2. Outer Weight Test Results of Research Indicators

Indicator	Outer Weight		T-Table	Description
	Original Sample (O)	P Values		
RDTS (X1.1)	0.423	0.002	3.117	Valid
RDTA (X1.2)	0.376	0.010	2.579	Valid
PIRDE (X1.3)	0.332	0.007	2.682	Valid
METS (X2.1)	0.547	0.000	3.668	Valid
META (X2.2)	0.437	0.001	3.184	Valid
PIMKE (X2.3)	0.217	0.042	2.031	Valid
CoS (Y1.1)	0.294	0.010	2.572	Valid
CapInt (Y1.2)	0.292	0.023	2.276	Valid
OLLev (Y1.3)	-0.013	0.900	0.125	Invalid
ITO (Y1.4)	-0.098	0.300	1.037	Invalid
RTO (Y1.5)	0.107	0.238	1.181	Invalid
FL (Y1.6)	0.298	0.030	2.177	Valid
ExF (Y1.7)	0.339	0.028	2.193	Valid
FSTS (Y2.1)	0.181	0.097	1.659	Invalid
*Scope (*Y2.2)	0.906	0.000	8.677	Valid
OSTS (Y2.3)	-0.049	0.573	0.563	Invalid
ROA (Y3.1)	0.498	0.158	1.411	Invalid
ROE (Y3.2)	0.425	0.046	1.993	Valid
NPM (Y3.3)	0.278	0.484	0.701	Invalid

Based on Table 3, it indicates that all outer loading values on the indicators used in this study have significant values. Then, multicollinearity measurements were carried out on the formative indicators.

Table 3. Outer Loading Test Results of Research Indicators

Indicator	Outer Loading		Description
	Original Sample (O)	P Values	
RDTS (X1.1)	0.891	0.000	Valid
RDTA (X1.2)	0.869	0.000	Valid
PIRDE (X1.3)	0.892	0.000	Valid
METS (X2.1)	0.879	0.000	Valid
META (X2.2)	0.852	0.000	Valid
PIMKE (X2.3)	0.675	0.000	Valid
CoS (Y1.1)	0.812	0.000	Valid
CapInt (Y1.2)	0.754	0.000	Valid
OLLev (Y1.3)	0.734	0.000	Valid
ITO (Y1.4)	0.673	0.000	Valid
RTO (Y1.5)	0.724	0.000	Valid
FL (Y1.6)	0.877	0.000	Valid
ExF (Y1.7)	0.817	0.000	Valid
FSTS (Y2.1)	0.722	0.000	Valid
*Scope (*Y2.2)	0.989	0.000	Valid
OSTS (Y2.3)	0.557	0.000	Valid
ROA (Y3.1)	0.885	0.000	Valid
ROE (Y3.2)	0.737	0.000	Valid
NPM (Y3.3)	0.888	0.000	Valid

Table 4 illustrates that the VIF values of all research indicators are below 5, meaning that there is no multicollinearity in the research measurement indicators.

Table 4. VIF Test Results of Research Indicators

Indicator	VIF
RDTS (X1.1)	2.134
RDTA (X1.2)	2.060
PIRDE (X1.3)	2.536
METS (X2.1)	1.489
META (X2.2)	1.687
PIMKE (X2.3)	1.422
CoS (Y1.1)	2.302
CapInt (Y1.2)	1.905
OLLev (Y1.3)	2.618
ITO (Y1.4)	2.588
RTO (Y1.5)	2.106
FL (Y1.6)	2.877
ExF (Y1.7)	2.086
FSTS (Y2.1)	1.614
*Scope (*Y2.2)	2.146
OSTS (Y2.3)	1.545
ROA (Y3.1)	3.207
ROE (Y3.2)	1.275
NPM (Y3.3)	3.530

Structural Model (Inner Model)

The following are the results of testing the inner model or structural model that has been carried out using SmartPLS software version 4.

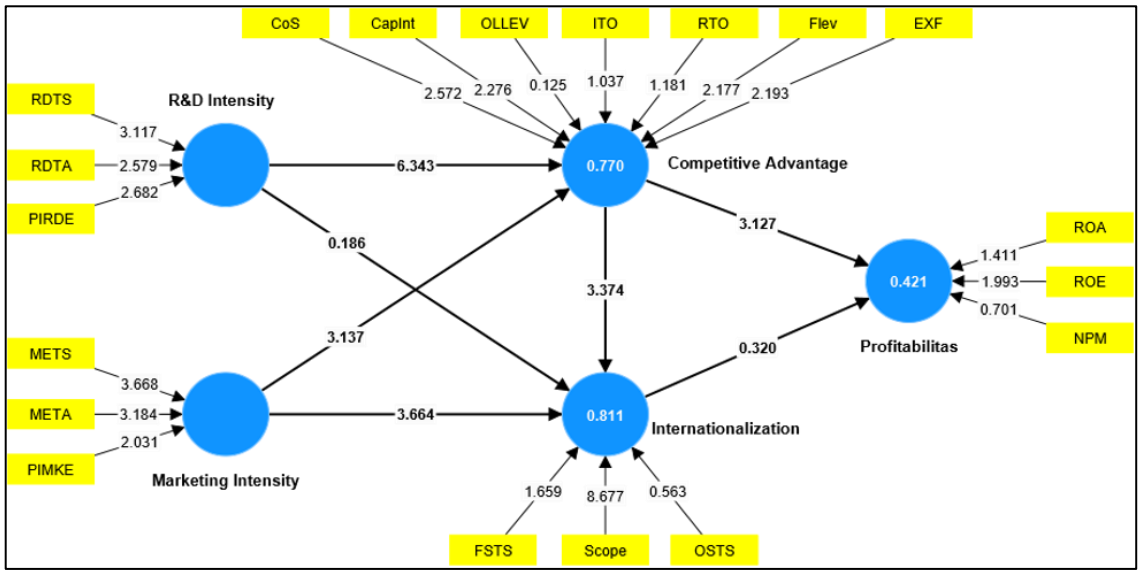

Figure 2. Results of Inner Model or Structural Model Testing

Table 5 indicates the R-square for the Competitive Advantage variable obtained at 0.770. This shows that 77% of the Competitive Advantage variable can be explained by the independent variables used, while the remaining 23% are other

independent variables not used in this research model. Then, the next R-square for the Internationalization variable was obtained at 0.811, while the remaining 18.9% are other independent variables not used in this research model. Furthermore, the R-square for the Profitability variable was obtained at 0.421, while the remaining 57.9% are other independent variables not used in this research model. Based on the calculation results, it is known that the Q2 value in this study is 0.975, which indicates that the magnitude of the diversity of research data that can be explained by the structural model is 97.50%, while the remaining 2.50% is explained by other factors outside the research model. These results indicate that the structural model in this study has good goodness of fit.

Table 5. R-Square Value

Variable	R^2
Competitive Advantage (Y1)	0.770
Internationalization (Y2)	0.811
Profitabilitas (Y3)	0.421

Table 6. Hypothesis Testing Results

Hypothesis Path	Original Sample	T-Table	P-Value	Decision
R&D *Intensity* → *Competitive Advantage*	0.582	6.343	0.000	Accepted
Marketing Intensity → *Competitive Advantage*	0.351	3.137	0.002	Accepted
R&D *Intensity* → *Internationalization*	0.021	0.186	0.852	Rejected
Marketing Intensity → *Internationalization*	0.407	3.664	0.000	Accepted
Competitive Advantage → Profitability	0.713	3.127	0.002	Accepted
Internationalization → Profitability	-0.076	0.320	0.749	Rejected
Competitive Advantage → *Internationalization*	0.525	3.374	0.001	Accepted
Analysis of Mediation				
R&D *Intensity* → *Competitive Advantage* → Profitability	0.415	2.652	0.008	Accepted
Marketing Intensity → *Competitive Advantage* → Profitability	0.250	2.046	0.041	Accepted
R&D *Intensity* → *Internationalization* → Profitability	-0.002	0.053	0.957	Rejected
Marketing Intensity → *Internationalization* → Profitability	-0.031	0.323	0.747	Rejected

Discussion

The results of the first hypothesis test show that R&D intensity on competitive advantage shows a coefficient of 0.582, with a t value of 6.343 which is greater than the t table value of 1.960 and a p-value of 0.000. These results indicate that R&D Intensity has a significant effect on competitive advantage. The results of this study support the Resource-based theory (RBT) which shows that R&D intensity is a variable that can affect competitive advantage. RBT explained by Barney (1991), states that R&D is a company resource that continues to grow and is used to create innovation, differentiation, and good quality in the company's products. The company's resources and capabilities through expensive activities such as extensive research and development, product design and quality, continuous innovation, and the use of sophisticated technology, the company can enjoy prices above the market and increase customer loyalty and with this strategy will help the company to obtain a high competitive advantage (Binh et al., 2022). The results of this study support previous studies conducted some prior studies (e.g., Chamsuk et al., 2017; Koshksaray et al., 2023; Wijayanto, 2019).

The results of the second hypothesis test show that marketing intensity on competitive advantage shows a coefficient of 0.351, with a t-value of 3.137 which is greater than the t-table value of 1.960 and a p-value of 0.002. These results indicate that Marketing Intensity has a significant effect on competitive advantage. The results of this study support the RBT which remarks that a company is a collection of resources and how the differences in each resource owned by the company affect its competitive position, including the marketing methods used by the company to promote its products in the market (Barney et al., 2021; Wernerfelt, 1984). Each company has a unique strategy for marketing its products. Companies that can introduce, promote, and increase the perceived value of their products effectively will have a better competitive advantage. This indicates that the marketing intensity of the company plays an important role in increasing the company's competitive advantage. The results of this study support previous research (Koshksaray et al., 2023; Wijayanto, 2019).

The results of the third hypothesis test indicate that R&D intensity on internationalization shows a coefficient of 0.021, with a t value of 0.186 which is smaller than the t table value of 1.960 and a p-value of 0.852. These results remark that R&D intensity has no significant effect on Internationalization. The results of this study do not support the RBT which states that the level of a company's R&D can have a significant effect on a company's internationalization. On the one hand, companies that spend a lot of money on R&D can feel pressured to expand the global market to cover these costs and increase revenue. On the other hand, the results of R&D can also be vulnerable to imitation or intellectual property rights violations, so companies may choose to refrain from international expansion. The results of this study in agreement with previous research by Purkayastha et al. (2015) which states that even though a company has R&D Intensity, it does not always produce a high Internationalization value. On the contrary, several studies have produced different conclusions such as (Binh et al., 2022; Li et al., 2012; Nam & An, 2017).

The next finding shows that marketing intensity on internationalization. The results of this study support the RBT which shows that companies that spend a lot of money on their marketing expenses tend to have wider geographical

diversification because companies have intangible assets such as brand recognition, reputation, and quality product advertising that are easily transferred to international markets and in various new markets (Olmos, 2011). The full advantage of internationalization is greatly influenced by the extent to which companies invest in marketing strategies and product advertising in the global market. With the increasing globalization of the market, it is believed that companies that allocate investment for advertising their products will generate greater sales in the international market compared to companies that do not make such investments. The results of this study are in line with some works (Olmos, 2011; Tseng et al., 2007). However, it differs from the results of previous studies conducted by Li et al. (2012).

The results of the fifth hypothesis test show that competitive advantage has a significant effect on profitability. The results of this study support the RBT by (Barney et al., 2021) which states that the competitive advantage achieved by a company will ultimately result in high profits and superior performance. The results of this study also follow the theoretical view that valuable and unique capabilities play a very important role in creating competitive advantages, which then contribute to increasing the company's profitability. The results of this study support previous studies (Čater & Pucko, 2005; Grant, 2001; Wijayanto, 2019).

The results of the sixth hypothesis indicate that Internationalization has an insignificant effect on profitability. The results of this study do not support the Internalization theory which states that companies can maximize their profits as high as possible (Buckley & Casson, 2020). With the results found in this study, on average companies tend to make profits that are smaller than the large costs that have been incurred by the company. Then, the results of this study are in accordance with the opinion of (Hennart, 2007) which states that internalization theory predicts that companies that are not at an optimal level of internationalization will experience lower performance or profitability. This statement follows the results of research and descriptive data that show companies tend to have a less-than-optimal level of internationalization, so this affects the company's lower performance or profitability. This finding is different from the results of previous studies (Hsu et al., 2013; Vithessonthi & Racela, 2016).

The results of the seventh hypothesis test remark that competitive advantage has a significant effect on internationalization. The results of this study support the RBT according to (Barney, 1991), where company resources and capabilities are the main factors that drive a company's competitive advantage. Strategic utilization of these resources can create competitive advantages, which then encourage companies to adopt global strategies by entering international markets. The strategic use of these resources can create competitive advantages, which then encourage companies to adopt a global strategy by entering the international market. The results of this study support the RBT which shows that when companies follow a global strategy, companies tend to prefer a high-control mode, especially if the company has valuable resources and capabilities (Afsharghasemi et al., 2013). The results of this study are in agreement with some antecedent works (Afsharghasemi et al., 2013; Falahat et al., 2022).

The results of indirect testing indicate that competitive advantage can mediate the effect of R&D intensity on profitability. These results validate or prove to be

following the RBT which has a view where there is a correlation between the value and scarcity of company resources with a competitive advantage, then the competitive advantage is also related to the level of performance of a company (Barney et al., 2021; Newbert, 2008; Peteraf, 1993; Wernerfelt, 1984). Also, this study reveals that competitive advantage can mediate the effect of marketing intensity on profitability. These results also validate or prove to be following the RBT which has a view where there is a correlation between the value and scarcity of company resources with a competitive advantage, then the competitive advantage is also related to the level of performance of a company (Barney et al., 2021; Newbert, 2008; Peteraf, 1993; Wernerfelt, 1984).

The next result shows that internationalization is unable to mediate the effect of R&D intensity on profitability. Through R&D expenditures, the company should be able to increase its capacity and ultimately lead to increased internationalization and profitability of the company. However, in this case, it can happen because the company may not be able to generate profits with sufficient costs by entering the international market. Lastly, the results indicate that internationalization is unable to mediate the effect of marketing intensity on profitability. The company has not been able to obtain high profitability when the company tries to enter the international market and adapt there, although the company also tries to form and build a positive image of the company through its marketing activities, but when the company tries to explore various new regions abroad, the company is still unable to generate large profitability.

CONCLUSION

Companies must be able to build competitive advantages so that they can also generate higher profitability. Companies can gain competitive advantages and high profitability if they can exploit and utilize various opportunities, resources, capabilities, and competencies that the company has as well as possible. That way, the company can gain superior value compared to other competitors and can maximize its profits as high as possible. Company management also needs to consider the opportunities, benefits, and risks that arise when the company decides to enter a foreign market. If the company is at an optimal level of internationalization, the company will produce higher performance or profitability.

This study is also limited to Manufacturing Companies listed on the Indonesia Stock Exchange in 2018-2022. Therefore, future research is expected to expand the scope of the research implementation time to be able to examine more actual issues and be able to enrich research results related to the same theme. In addition, further researchers can also explore Manufacturing Companies listed on the Indonesia Stock Exchange using broader variables or indicators. Future research can also examine Competitive Advantage and Internationalization, considering that these two topics are still rarely discussed, especially in Indonesia. In fact, if it is related to the situation in Indonesia, achieving highly competitive advantages and internationalization activities in overseas markets is very important and solutions should be sought to boost both of these problems.

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