THE IMPACT OF BUSINESS ENVIRONMENT ON STRATEGIC DECISION MAKING IN RETAIL INDUSTRY AT MAKASSAR CITY

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ARTICLEINFO	ABSTRACT
Keywords: Business Environment, Strategic Decision Making Retail Industry	The purpose of this study was to determine whether there is an influence of internal environment, external environment to strategic decision making in retail industry at Makassar city. The sample of this research was 85 owner or manager minimarket retail. The method used in this study is quantitative method with multiple linear regression analysis techniques. The data used are secondary data and primary data, hypothesis testing uses the coefficient of determination test (R^2), hypothesis F Results, and hypothesis T Results.
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1. INTRODUCTION

There are many factors that can influence company decision making which will ultimately affect company performance, including the business environment. The business environment can be divided into internal and external environments. Acceleration of environmental change that creates uncertainty in the business environment is expected to affect the strategic plan that will be formulated and subsequently affect the company's performance. One of the factors from the external environment that is currently highly considered in making company policies is technological development.

The current era of globalization requires all industries to always improve performance and efficiency in running their business. These demands are absolute and become a necessity so that every company can compete and maintain the viability of the company. This does not rule out the possibility for companies engaged in the retail industry to experience a problem in running their business.

In a business environment, where changes in the business environment will occur at any time with the movement of changes from one or a combination of factors that exist in the business environment. This situation has an impact on the emergence of various business opportunities or becomes an obstacle in doing business. There are symptoms of global market globalization which are influenced by trade and investment liberalization policies in the Asia Pacific, creating many business opportunities for producers and foreign capital investors.

The retail business in Indonesia itself has experienced an increase which is marked by the increasing number of retail businesses that have growth up. According to data from the *Global Retail Development Index (2017)* released by AT Kearney, the Indonesian retail market is ranked 8th in the world. Currently Indonesia has invested in infrastructure, especially sea and land transportation options to push growth and offer access to less densely populated areas, coupled with other factors such as a large population, growing middle class and an increase in internet and smartphone users will make the retail industry grow well in the coming years.

Seeing these conditions, the retail industry is faced with strategic decision-making conditions that must be appropriate by considering the business environment which consists of internal and external conditions of the company so that it can compete with the national and international retail industry. Based on CEIC data, the retail industry will grow by 28.2% in early 2022.

The growth of the retail industry occurred after the introduction of the regional autonomy era. The establishment of a large-capacity retail industry (minimarkets, supermarkets and hypermarkets) is a source for district and city governments to increase their own regional income, including the city of Makassar which is the provincial capital which is the center of government as well as a business center in South Sulawesi.

2. LITERATURE REVIEW

Retail

According to *Kotler and Armstrong* (2007: 333) retailing is All activities involved in selling goods or services directly to the final consumer for personal, non-business use. In another hand, according to *Berman*

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and Evans (2007: 4) retailing is Business activities involved in selling goods and services to consumers for their personal, family or household use. Based on the definitions of retailing above, the writer can conclude several things as follows:

1. Retailing is a business which is the last link in the distribution channel.
2. Retaliing is a collection of various activities, but the most important is the activity of selling directly to consumers.
3. The products offered in this retail business can be in the form of goods or services or a combination of the two.
4. Consumers who are the target market are end consumers which is consume products for personal, family and household use.

Company Internal Environment

The internal environment is the things that can be controlled by the company. It is from this internal environment that the company must be able to read its strengths and weaknesses, so that it can be used as a competitive advantage in entering the market. The company's ability to analyze the internal environment is a factor that can create an advantage over its competitors. Things that can be included in this internal environment include management and organizational structure, organizational policies, financial resources, human resources, employee attitudes and behavior.

Company External Environment

David (2010), Duncan (1972) explains what is meant by the company's external environment (external business environment) are various factors outside the organization that must be taken into account by the company's organization when making decisions. The company's external environment is all events outside the company that have the potential to affect the company (Chuck Williams, 2001:51).

Pearce II and Robinson (2013) define the external environment as factors beyond the control that influence the company's choice of direction and actions, which in turn also affect its organizational structure and internal processes. External environment analysis needs to be carried out to identify the major opportunities and threats faced by an organization. This identification needs to be done so that the organization's management can formulate strategies to take advantage of these various opportunities and avoid or minimize the impact of potential threats that arise. The external environment referred to here is government policies both in the fields of law and politics, economic conditions, population demographics, technological changes, and social factors and people's lifestyles.

Strategic Management

Strategic Management can be defined as the art and knowledge of formulating, implementing, and evaluating cross-functional decisions so that an organization is able to achieve its goals (David, 2010). Strategic management can also be defined as a series of decisions and actions that result in the formulation and implementation of plans to achieve company goals (Pearce and Robinson, 2013). According to Glueck and Jauch (1991), strategic management is the flow of decisions and actions that lead to the development of effective strategies to achieve company goals.

Strategic Management has the same meaning as Strategic Planning (David, 2010). The term Strategic Management often refers to used by academics, while in the world of business practitioners, Strategic Planning is the term that is more widely used. Strategic planning results from difficult managerial choices over the best available alternatives by considering changes in the business environment to determine the best course of action that will provide the most benefits to the company.

Establish a business strategy that aims to develop a business that enables the company to gain a competitive advantage over its competitors in a market or industry. Porter (1989), mentions that there are three generic strategies for business units that can be the choice of companies from various industries to gain competitive advantage for the company's business. The three strategies are cost leadership, differentiation, and focus.

Other opinions regarding the strategy quoted from several experts adapted by Freddy Rangkuti (2017) are as follows:

a) Chandler (1962) Strategy is a tool to achieve company goals in terms of long-term goals, follow-up programs, and resource allocation priorities.
b) Learned, Christensen, Andrews, and Guth (1965) Strategy is a tool for creating competitive advantage. So, one of focus of strategy is to decide whether the business should exist or not exist.
c) Porter (1985) Strategy is a very important tool to achieve competitive advantage.

d) Hamel and Prahalad (1995) Strategy is an action that always increasing and continuous and carried out based on the point of view of what is expected by customers in the future.

So, strategic planning almost always starts from "what could happen" rather than starting from "what happened". Companies need to look for core competencies in the business they do. The first definition of strategy put forward by Chandler (1962:13) states that "Strategy is the long-term goal of a company, as well as the utilization and allocation of all important resources to achieve these goals". Based on the previous elaboration, the things that can be included in strategic planning are the goals to be achieved by the company, the selection and development of strategies, and the determination of policy guidelines to be used.

Conceptual Framework
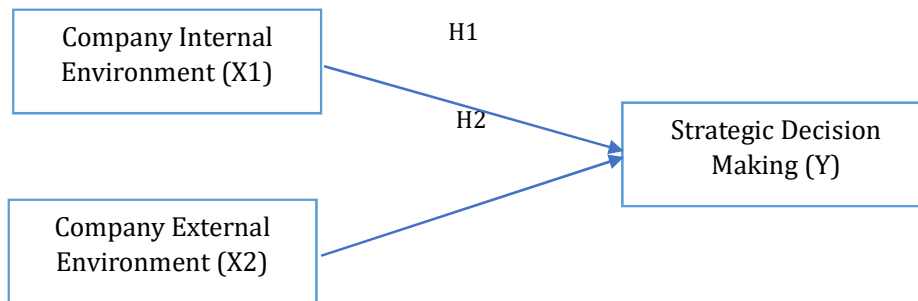Based on the description above, it can be built research framework as follows:

Figure 1. Research Framework

Research Hypothesis
Based on the problem formulation and conceptual framework above, the research hypothesis put forward by the researcher is as follows:
1. Company internal environment has a positive and significant influence on strategic decision making.
2. Company external environment has a positive and significant influence on strategic decision making.

3.   METHOD
The population is a generalized area consisting of objects/subjects/that have certain qualities and characteristics determined by researchers to study and then conclusions are drawn (Sugiyono, 2015:80). The population in this study is the entire minimarket retail industry in Makassar City in 2022 with a total of 561 minimarkets. The sampling method used the Slovin technique with an error tolerance of 10%, so that a sample of 85 minimarkets was obtained. The data collection method in this study is to use a questionnaire. The questionnaire was used as a data collection tool in this study using a list of statements, and the research instrument was directed according to the variables used in the research model.

Types of Research Data
The primary data source by distributing research questionnaires to respondents or research sample. The secondary data in thisn studyare journal articles, books website, and website validate data relating to the research conducted. Operational definition of research variables :

Table 1. Operational definition of research variables

Variable	Defenition	Indicator	Size
Company internal environment (X1)	The company's internal environment is the things that can be controlled by the company. It is from this internal environment that the company must be able to read its strengths and weaknesses, so that it can be used as a competitive advantage in entering the market.	• Management and organizational structure. • Organizational policies • Financial resources • Human Resources • Employee attitudes and behavior	Likert
Company external	The company's external environment is all events outside the company that have the potential to affect the company	• Government policy (politics and law) • Economic conditions	Likert

environment (X2)		• Population demographics • Technology • Social factors and community lifestyle
strategic decision making (Y)	Strategic Management can be defined as the art and knowledge of formulating, implementing, and evaluating cross-functional decisions so that an organization is able to achieve its goals (David, 2010).	• Goals to be achieved • Strategy selection and development Likert • Determination of policy guidelines

Measurement Scale
The scale used in this measurement is the likert scale. To reduce the impact of bias and the occurrence of concetration of data during analysis, the scale used can be seen in the following table :

Table 2. scale

No	Questions	Score
1.	Strongly Disagree (STS)	1
2.	Disagree (TS)	2
3.	Disagree (KS)	3
4.	Agree (S)	4
5.	Strongly Agree (SS)	5

Data analysis techniques
Data analysis was carried out by the method multiple regression analysis use SPSS ver 26

4. RESULT AND DISCUSSION

Based on research conducted on 85 owners/managers of minimarket retail companies in Makassar City, the results obtained by using descriptive and verification methods. The results of this research and discussion contain an analysis of the findings regarding the internal environment (X1), the external environment (X2), and strategic decision making (Y). The results of the research and discussion in the research that the authors conducted are as follows:

Strategic decision making = 2.254 + 0.207 internal + 0.287 external

From the results of the multiple regression equation, the meaning that can be interpreted is the constant value stating that if the internal environment (X1) and the external environment (X2) are equal to zero (0) and are fixed, the success in making strategic decisions (Y) is equal to 2,254. The regression coefficient values of internal environment (X1) and external environment (X2) are positive at 0.207 and 0.287. These results imply that if there is an increase in the ability to analyze the internal environment (X1) and the external environment (X2) in one unit, then the success in making strategic decisions (Y) also increases, with an increase of 0.207 and 0.287 respectively. So that in this way, the management should to determine the right strategic policy (Y) for the retail minimarket industry in Makassar City is done by collecting information and must be able to analyze all the information obtained, both company's internal and external information.

Hypothesis F Test Results (Simultaneous)

Table 3. F Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.729	2	1.865	11.931	.000[b]
	Residual	12.815	82	.156		
	Total	16.544	84			

a. Dependent Variable: PENGAMBILAN KEPUTUSAN STRATEGIK
b. Predictors: (Constant), EKSTERNAL, INTERNAL

Based on the F test that has been carried out, it is known that the f-count value is 11,931, this value is greater than the F-table value, which is 3,108 and the significance value of the research results is 0,000, this value is smaller than the ɑ value in this study which was previously set at 5% or 0.05. These results

indicate that all variables in this study simultaneously influence success in making strategic decisions in the retail industry, especially minimarkets in Makassar city.

Hypothesis T Test Results (Partial)

Table 4. T Test Results
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.254	.458		4.923	.000
	INTERNAL	.207	.094	.268	2.205	.030
	EKSTERNAL	.287	.133	.262	2.158	.034

a. Dependent Variable: PENGAMBILAN KEPUTUSAN STRATEGIK

This test is used to test the influence of the independent variable partially on the dependent variable. The use of this T test is to test whether the internal environment (X1) and external environment (X2) variables partially influence strategic decision making in the retail industry, especially minimarkets in Makassar City. Based on the results of the tests that have been carried out, it is known that the internal environment variables (X1) and the external environment (X2) partially have a significant influence on the success of strategic decision making. This conclusion is based on the results of the t-count of 2.205 and 2.158 respectively. The value of the t-count is greater than the t-table value of 1.66320.

Test Results for the Coefficient of Determination (R2)

Table 5. Results for the Coefficient of Determination
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.975[a]	.725	.707	.89532

a. Predictors: (Constant), EKSTERNAL, INTERNAL

The Coefficient of Determination test (R^2) is used to determine the percentage influence of the independent variable internal environment (X1) and external environment (X2) in this study on the dependent variable, strategic decision making. Referring to the research results used, it is known that the magnitude of the coefficient of determination (R^2) is 0.725. These results indicate that the magnitude of the influence of the independent variable internal environment (X1) and external environment (X2) on the dependent variable of strategic decision making (Y) is 72.5% while the remaining 27.5% is influenced by other variables not examined in this study.

The Effect of Internal Environment Variables (X1) and External Environment (X2) on Strategic decision making (Y)

Based on the results of simultaneous testing, it is known that simultaneously there is a significant relationship between the internal environment (X1) and the external environment (X2) on strategic decision making (Y), this indicates that the internal environment and external environment have a positive and significant influence on strategic decision making. The magnitude of the influence of all independent variables is 72.5%. This means that the better management's ability to identify the business environment as everything inside and outside the boundaries of the organization will make it easier for management to make strategic decisions. This study supports previous research conducted by Huda (2009); Ramdani & Supriyat (2014) the results of the study show that when the internal and external environment is properly implemented, strategic decision making that leads to a marketing strategy indicates that the competitive position is above average. These conditions indicate that the company's strategic decision making for the marketing strategy used by the company is appropriate. Setyowati (2015) research results show that the external environment and internal environment affect the competitive advantage of SMEs simultaneously. Riyanto (2018) The internal environment has a significant influence on the performance of Small and Medium Enterprises (SMEs) in Madiun. The external environment has a significant influence on the performance of Small and Medium Enterprises (SMEs) in Madiun.

Influence of Internal Environment (X1) on Strategic Decision Making (Y)

Based on the results of partial testing, it is known that there is a significant relationship between the internal environment (X1) and strategic decision making (Y), this indicates that internal environment variables have a positive and significant influence on strategic decision making. Test results that have a positive effect indicate that the preparation of the right company strategy must pay attention to the internal environment that is owned. Analysis of the company's internal environment is an analysis that is useful in identifying the strengths and weaknesses of a company in own resources and capabilities. In addition, it can also determine the level of competitiveness of the company based on the company's internal conditions. By understanding the internal environment so that management will be able to react appropriately to any changes, besides that management has the ability to respond to various critical issues regarding the internal environment which has a fairly strong influence. This research supports previous research conducted by Huda (2009): Setyowati (2015); Riyanto (2018); Sari & Sitepu (2016).

The Effect of External Environment Variables (X2) on Strategic Decision Making (Y)

Based on the results of partial testing it is known that there is a significant relationship between the external environment (X2) and strategic decision making (Y), this indicates that external environmental variables have a positive and significant influence on strategic decision making. Test results that have a positive effect indicate that the external environment is an important factor that needs to be studied in determining a decision. Recognition and understanding of various conditions and their impacts are absolute things that must be studied further. Changes in the external environment must be anticipated and forecasted concerning various business aspects, the approaches and techniques used must also cover economic, political, social, technological and even behavioral aspects. The proper introduction of various external environments can create a good corporate image or profile, because management is able to formulate the right strategy. This research supports previous research conducted by Huda (2009); Setyowati (2015); Riyanto (2018); Sari & Sitepu (2016).

5.   CONCLUSION

The results of this study indicate that 72.5% of the variation in the dependent variable of strategic decision making can be explained by the independent variables, the internal environment and the external environment. While the rest can be explained by other variables outside the model or not examined in this study. Internal environmental variables have a positive and significant influence on retail industry strategic decision making in Makassar city. That is, an increase in the internal environment will lead to an increase in the success of strategic decision making by the retail industry in Makassar city. External environmental variables have a positive and significant influence on retail industry strategic decision making in Makassar city. That is, an increase in the ability to analyze the condition and speed of changes in the external environment will lead to an increase in the success of strategic decision making by the retail industry in Makassar city.

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