The Influence of *Corporate Strategy* Disclosure in A*nnual Report towards Corporate Financial Performance*
(A Financial Accounting Research)

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Abstract
To improve their financial performance, companies must have strategies. One of indicators showing that the companies can perform their strategies properly is that they have financial performance which is suitable with what is being formulated and what is being disclosed. If the strategies which have been arranged by the companies are revealed in annual reports will give implication on financial performance itself. This research examines the influence of corprate strategy over Corporate Financial Performence. The used CSDI (Corporate Strategy Disclosure Index) measurement method is content analysis and simple linear regression. The used samples are one hundred registered go public companies in Indonesian Stock Exchange. Secondary data from financial statement of the companies are used for analysis. The result of this research with a simple regression examination shows that corporate strategy gives positive and negative impacts towards Corparate Financial Performence, at the level of 0,05 or 5%.

Keyword: *Corporate Strategy Disclosure*, *Corporate Financial Performance*

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1. INTRODUCTION

Development, innovation, and struggle for the existence of companies will result great benefits for their owners in accordance with their intended goals. To achieve these, the companies need a *comprehensive* stategy. One of the goals of the company is that how the companies are competence to manage good finance in performing their operational activity.

There is an interesting phenomenon which is considerable. The phenomenon is that sometimes there is no synchronization between what have been formulated and what have been produced within strategy formulation performed by the companies. For example, in American large companies which have competitive great qualities and splendid formulation strategy experienced significant reduction in obtaining their income in 2003. The evaluation of this phenomenon is needed in order to analyse what factors which cause orientation changes of the corporate performance from which have been formulated in corporate strategy. The reduction of corporate financial performance in America in **2003** seperti: Astoria Financial (-14%), Boeing (-70%), ConAgra Foods (-30%), Hollywood Entertainment (-66%), Ralcorp (-89%), and RJ Reynolds Tobacco (-15%) [1]**.**

Consequently, when financial crisis had been occurring in America in 2008 Indonesia received impacts which were significant enough concerning to its financial condition. The proof is that some business sectors in Indonesia experienced profit reduction from the previous year. The stability of operational activity of the company is extremely determined by how the companies implement their strategy in order to deal with the unpredictable condition of the market in the future.

Large companies which experienced the reduction of EPS in 2008 compared to 2007 are PT Telkom (17.30%), PT Gadjah Tunggal (162%), PT Indosat (8.01%), Adaro Energy (43.55%), and XL Axiata (101%)[2].

The fact above shows that the application of strategy is not always parallel with corporate financial performance. The companies can use strategy evaluation in anaylysis factors which cause the inverse. Strategy orientation encompasses the achievement of the profits of the companies, net Profit or net loss within a period before they are subtracted from costs and tax [3]. Financial performance, published companies which are found based on accounting principle. Accounting information is used to evaluate corporate financial performance. Financial performance is a decision taken by management to reach effective aims in order to gain the success of the companies and to produce profits [4].

The Problem

The problem which will be discussed in this research is that whether there is an influence of corporate strategy disclosure over corporate financial performance.

2. THEORETICAL BACKGROUNDS

2.1. Corporate Strategy

The completion of performance of the companies in various aspects is extremely determined by how the companies manage and implement the previously determined strategy. The completion of companies in globalization era depends on the formulation and strategy implementation performed by the company [5].

Therefore, to win tight competition the companies must have strategy. If the strategy which has been arranged by the company is run properly, then this, of course, will give impacts on the company performance itself. The application of the strategy can give either positive impact or negative one. However, it is important for us to study further how great the influence of the strategy has an effect on corporate financial performance. Financial performance as an instrument which can be used in determining certain measures can measure the completion of a company in bringing out the profit [6]. In addition, it is important to study the causes of the failure of a corporate strategy in producing corporate performance and the failure of the company in obtaining the targets of the company.

Strategy as a set of integrated plan and action which is designed for companies as an utility to gain more profits than its rival and to maximize the profit [7]. In order to be capable to survive in intense corporate competition, a company must be able to formulate strategies in some phases which are measurable, realistic, consistent, and can be evaluated quantitatively. The application of the company strategy, indeed, has clear purposes, that is, gaining good performance in various aspects. Financial performance is one of them.

Strategy as: Competitive Strategy is about being different. it means deliberately choosing a different set of activities to deliver a unique mix of value [8]. Strategy is all these—it is perspective, position, plan, and pattern. Strategy is the bridge between policy or high-order goals on the one hand and tactics or concrete actions on the other [9].

If an organization uses strategy concept in its operational activity, then it will get financial profit. Business which uses strategy concept shows significant improvement in sales, profitability, and productivity compared to a company which has no systematic planning activity.

Firms which have high performance tend to perform systematic planning in order to prepare fluctuation in the future in both external and internal environment. A firm whose planning system is almost similar to the theory of management strategy shows long term financial performance which is better than the others [1].

The word disclosure means uncovered or unhidden. Concerning to data, disclosure means: giving beneficial data to those who need them. Thus, the data must be truly beneficial because the aims of the disclosure will not be able to be reached if the data are not advantageous.

If disclosure is related to financial statements, disclosure means: financial statements must contribute enough information and explanation about the activity result of a labour unite. The information must be complete and clear. In addition, the information must exactly contain financial phenomena which give influences over the result of the labour unite operation.

Research and Disclosure of the firms strategy in Emiten Financial Statement or Public Company are aimed to contribute a research guide and full disclosure principles so that they can contribute adequate research and disclosure for information users. Financial statement must be informative enough in order to influence consideration and decision of an experienced user. The principle of full disclosure declares that provision of information in financial statement, either in amount or in characteristics, must fulfill principle of balance between benefit and fund [10].

General quantitative criteria used by strategic compilers in evaluating strategies is financial ratio [1]. Financial performance of a firm is measured based on how much strategies which had been revealed in annual report as the basic in full disclosure annual report of the firms. Financial performance elaborates firm performance in an accounting period. Another way which can be taken to measure firm performance is by utilizing the perspectives of owners, staffs, and costumers where the firm is evaluated based on its capacity in keeping its viability in a long term.

The two used approaches when evaluating a firm's performance are the first is financial ratio analysis, which generally speaking, identifies how a firms is performing a financial ratio analysis, you must take into account the firms performance from a historical perspective (not just one point in time) as well as how it compares with both industry norms and key competitors. The second perspective may be considered a broader stakeholder perspective. Firms must satisfy a broad range of stake holder, including employees, customer and owner, to ensure their long term viability [11].

2.2. Corporate Financial Performance

Financial statement is one of important information sources aside of other information like: industrial information, financial condition, market share segments, managerial quality, etc [12].

It is an illustration of financial position of companies from the results which have been achieved in certain times (at the end of accounting period). It generally consists of balance, benefit-loss report, financial position report and notes of financial report.

The aim of this financial statement is to provide information related to financial position, performance and the changes of financial position of a company which is beneficial for a large amount of users in taking financial decisions. Financial statement arranged for this aim is expected to be able to fulfill collective needs of a large part of users [10].

Firm performance is the result of many decisions made over and over by management of the firm in order to achieve a certain purpose effectively and efficiently [4]. Financial performance is authenticated measurement which can measure the achievement of a company in producing profit [6]. These financial measurements later on will be able to be indicators for evaluating the achievement of the companies in prospering the owners, employees, and customers.

Some main ratios which are usually used as criterias to evaluate strategies are: Return On Assets (ROA), Return On Equity (ROE), Profit Margin, Market Share, Debt To Equity (DTE), Earning Per Share (EPS), Sales Growth, and Asset Growth, [1][13][11].

2.3 The Definition and The Function of *Annual Report*

The basic functions of an annual report made by companies: (1) The source of information of documentation of the companies about what they have been achieving for a year. (2) Complete document which explains company performance and the balance of benefit and loss within this year in detail**.**

In achieving efficiency and as a transparency and public accountability utility financial statement disclosure becomes a significant factor. Financial statement disclosure can be carried out in a form of an explanation about taken accounting policy, contingent, providing method, the amount of share distribution and alternative measures, for example for recorded posts based on historical cost.

If annual report contributes relevant information (full disclosure) contains means of all provided disclosure [14]**,** then the decision makers or the users of financial statement will not make mistakes in taking their decisions.

Annual report is one of information sources which can be used by the investors or another decision markers besides financial report. In addition, it should have been able to give an illustration of company performance in historical period or in the future performance by evaluating strategies which are used by the companies in the future.

2.4 Research Hypothesis

Corporate Strategy Disclosure influence Assets Growth, Debt to Equity, Earning Per Share, Profit Margin, Return on Equity, Return on Assets, and Sales Growth.

3. RESEARCH METHODS

3.1 Research Framework

This research is an explanatory research, that is, a research aiming to examine a theory or hypothesis in order to strengthen or even to refuse a theory or hypothesis of the existing results of the research. The explanatory research is used to obtain the clarity of phenomena occurring in the empirical world (real world) and to try to get an answer (verificative), aiming to explain causality among variables through data analysis in terms of hypothetical examination.

3.2. Population and Determination of Research Sample

The sampling is determined by using purposive sampling to gain samples which have criteria which have been determined before. The populations of this research are all registered companies which are included into criteria of the best one hundred companies according to SWA 2011 magazine per December 31, 2010 in Indonesian Stock Exchange. The samples are selected by using purposive sampling method with criteria: The companies disclose corporate strategy in annual reports for accounting period in 2010 which can be accessed through the website of Indonesian Stock Exchange [15]**.**

3.3 The Operation of Variable Research

3.3.1 Independen Variables

Corporate Strategy Disclosure Index in *annual report* is based on item lists of the corporate strategy disclosure in *annual report of the companies.* Disclosure items are based on every strategy component possessed by the companies. The components are: **The availability of the vision and the mission of the companies**, that is, a strategy used in responding developing issues in the society e.g: government policies, region policies, valid acts, etc; **The availability of *Code of Corporate Governance*. *Concentration Strategy,*** The Company Strategy in placing organization in the society (CSR), Consumers, Governments, dan Cooperation Environment; ***Integration Strategy,*** Company Strategy in getting through the markets, implementing research and development, working together with the distributors, suppliers and competitors; ***Diversification Strategy,*** a company strategy in adding new products or new services; ***Growth Strategy,*** a company strategy in implementing special quality of production fee and the differentiation product from another similar products in the market. This is a corporate strategy which leads its human resource to advantageous development of a product in a market with a dominant technology. [16]; and **Defensive Strategy,** Efficient fee strategy spent by the companies, divestment strategy used to add the capitals of the companies, liquidation, merger, or the prerogative of companies.

The used method of CSDI (*Corporate Strategy Disclosure Index*) measurement is *content analysis.* Content analysis is a textual codification method of the same characteristics whose aim is to be written in various groups depending on determined criteria [17]. The companies will get score 1 if there is information strategy item in annual report and they will get score 0 if there is none. Thus, the greater the amount of information elements in instrument fulfilled by the companies are, the greater index of corporate strategy disclosure will be. Furthermore, the score from each item will be added in order to gain overall score for every company. The formulation of CSDI calculation is as follows:

$$CSDI_j = \frac{\Sigma X_{ij}}{20} \quad (1)$$

Explanation:

$CSDI_j$: Corporate Strategy Disclosure Index, corporation j,

X_{ij} : dummy variable: 1 = if item i is disclosed; 0 = if item i is not disclosed.

3.3.2 Dependent Variables

Asset Growth. Asset Growth is used to analyze the growth of company profit this year from the previous year.

Debt to Equity. Debt to Equity is used to compare the debt value of the company with financial capitals owned by the company.

Earning Per Share. is the amount of profit which becomes right for each holder of an ordinary share [18].

Market Share. Market share is the percentage of a market (defined in terms of either units or revenue) accounted for by a specific entity**.**

Profit Margin. This is a ratio which is used to measure the amount of operational benefit which can be obtained from each sale of rupiahs. This ratio explains selling ability to gain benefit [19].

Return on Equity is a ratio which is used to measure the amount of benefits which become the rights of the owners of the capital themselves. This ratio is used to evaluate the capability of the company in utilizing its capitals to obtain profits [19].

Return on Assets is the ability of the company in making use of its assets to obtain profit. This ratio measures the level of the investment return which has been implemented by the company by using all assets funds it has [18].

Sales Growth. For companies whose the level of the growth of selling and profit are high have tendency to share dividend more consistent than those whose the level of the growth of selling and profit are low [20].

Market Share which are used are one hundred companies. However, there are only nineteen companies which disclose their account in annual report.

3.3.3 Hypothethical Examination and Data Analysis Model

Statistical analysis is used to examine the quality of the data and hypothesis examination. The applied statistical analysis is classic assumption examination and hypothetical examination.

a) Statistical Hypothesis Examination

Statistical hypothesis examination for Corporate Strategy on each financial performance is as follows:

H_0 : $b \leq 0$ *Corporate Strategy* does not give positif influence on *Assets Growth, Debt to Equity, Earning Per Share, Profit Margin, Return on Equity, Return on Assets,* and *Sales Growth.*

H_a : $b > 0$ *Cosporate Strategy* gives positif influence on *Assets Growth, Debt to Equity, Earning Per Share, Profit Margin, Return on Equity, Return on Assets,* and *Sales Growth.*

Criteria of hypothetical examination (H_a) is: if regression coefficient b has a value of p-value < 0.05 then H_a is accepted which means, Corporate Strategy gives positive influence on Assets Growth, Debt to Equity, Earning Per Share, Profit Margin, Return on Equity, Return on Assets, and Sales Growth.

b) Classic Assumption Examination

Regression model which is obtained from *Ordinary Least Square* (OLS) method is a regression model producing *Best Linier Unbias Estimator* (BLUE). This condition occurs if it is affected several assumptions called as classic assumption through Standardized Examination and Multicollinearity Examination.

c) Data Analysis

Data analysis method in this research is used to analyze basic linear regression with a pattern [21] as follows:

$$b_0 + b_1 CSDI + e$$

$CSDI_s$ = Corporate Strategy Score
b_0 = Regression or intersep constituent
b_1 = Regression of coefficient of applied Corporate Strategy score

This pattern is used to measure the eights indicators of financial performance of studied companies.

4. DATA ANALYSIS AND DISCUSSION

The basic linear regression is used to analyze data and to carry out hypothetical examination. Before being used to examine hypothetical research, firstly the standardized examination and classic assumption examination consisting of multicollinearity examination are applied on the obtained regression pattern. Utilized data in this research are gained from the data of financial statement which become samples, that is, one hundred healthiest companies of Indonesia according to SWA magazine in 2011**[**22].

4.1. Descriptive Analysis

The description of *Corporate Strategy* and each financial performance are provided in table 4.1 below:

Table 4.1:Description of *Corporate Strategy* and Financial Performance of The Companies

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
INDEX	100	.40	.85	.6375	.01068	.10463
EPS	100	-606.05	21021.00	573.7318	228.27573	2236.63622
ROA	100	-.38	1.25	.0909	.01736	.17006
ROE	100	-11.73	.94	.0448	.12650	1.23940
NPM	100	-3.57	.71	.0727	.04596	.45036
ASSETS GROWTH	100	-.19	.76	.1540	.01765	.17296
DEBT TO EQUITY	100	-38.52	15.45	1.6417	.54331	5.32335
SALES GROWTH	100	-.60	3.99	.2126	.04894	.47950
Average		-9.165	3.85	.36945	.133287	1.305938

From Table 4.1. above it seems that the disclosure scores of corporate strategy have average: 63.75% with minimum value 40% and with maximum value 85%. The amount of standard deviation is 10.46%, this shows that the amount of average scores of the owners and the application of corporate strategy is the maximum improvement of +10.46% whereas the reduction of the average score of corporate startegy application – 10.46%.

Financial performance (EPS) of the companies has average value 573.73 with minimum value: -606.05 and with maximum value 21.021. The amount of standard deviation is 2,236.63, this shows that the average amount of EPS is the maximum improvement +2,236.63 whereas the reduction of average scores of EPS is –2,236.63.

Another financial performances (Earning Per Share, Market Share, Return on Assets, Assets Growth, Net profit Margin, Debt to Equity, Return on Equity, Sales Growth, have average value .36945 with minimum value is -9.165 and maximum value is 3.85. The amount of standard deviation is 1.305938. This shows that the average amount of financial performance above is an maximum improvement +1.305938 whereas the reduction of average value of financial performance above is-1.305938.

4.2. Standardized and Multicollinearity Examination

1) Standardized Data Examination

Table 4.2:The Description of Standardized Examination

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Unstandardized Residual Valid N (listwise)	-.254	.246	-.607	.488

The result of Skewnes standardized examination is -1.0325 and Kurtosis ratio is
-1.243. For the ratio value of Skewness and Kurtosis are still between -2 and +2, the distribution of the data are normal.

2) Multicolinerity Examination

Multicollinearity Examination aims to examine whether or not there is a correlation among the *corporate strategy* within regression pattern:

Table 4.3:The Description of Multicollinearity Examination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.605	.017		36.278	.000		
	EPS	7.173E-6	.000	.153	1.490	.140	.903	1.107
	ROA	.117	.073	.191	1.609	.111	.679	1.472
	ROE	-.030	.024	-.358	-1.254	.213	.118	8.505
	NPM	.062	.057	.268	1.083	.282	.156	6.390
	ASSETS	.091	.067	.151	1.374	.173	.791	1.264
	DEBT	.005	.003	.266	1.622	.108	.356	2.810
	SALES	-.036	.023	-.166	-1.564	.121	.851	1.176

The result of the calculation of tolerance value shows that there is no corporate strategy which has tolerance value less than .1%. The result of the calculation of variance inflation factor (VIF) value shows that there is no corporate strategy which has VIF value more than 10. Therefore, according to the examination above there is no multicollinearity among the corporate strategy in regression model.

4.3. Hypothethical Examination

Pattern analysis of basic linear regression of the first hypothesis is as follows:

$$= \quad b_0 + b_1 CSDI + e$$

The results of basic linear regression analysis with SPSS 19.0 program, at significant level pada (α) 5% or .05, as the following:

Table 4.4:The influence of *Corporate Strategy* on *Assets Growth*

Financial Performance	Regression Pattern ($b_0 + b_1CSDI + e$)	The result of the *p* value	The Result of Hypothetical Examination		Conclusio n: CSD	The amount of Influence
Earning Per Share	.605 + 71.73CSDI	*p*(.03) < α .05	H_{a3} accepted	H_{03} rejected	Positive influence	71.73
Market Share	.605 + .387CSDI	*p*(.03) < α .05	H_{a8} accepted	H_{08} rejected	Positive influence	38.7%
Return on Assets	.605 + .117 CSDI	*p*(.03) < α .05	H_{a6} accepted	H_{06} rejected	Positive influence	11.7%
Assets Growth	.605 + .091CSDI	*p*(.03) < α .05	H_{a1} accepted	H_{01} rejected	Positive influence	9.1%
Net profit Margin	.605 + .062CSDI	*p*(.03) < α .05	H_{a4} accepted	H_{04} rejected	Positive influence	6.2%
Debt to Equity	.605 + .005CSDI	*p*(.03) < α .05	H_{a2} accepted	H_{02} rejected	Positive influence	.5%
Return on Equity	.605 -.03CSDI	*p*(.03) < α .05	H_{a5} accepted	H_{05} rejected	Negative influence	-3%
Sales Growth	.605 - .036 CSDI	*p*(.03) < α .05	H_{a7} accepted	H_{07} rejected	Negative influence	-3.6%

The value of intersep regression above shows that if skor CSDI score= 0, then the score of financial performance are: Earning Per Share, Market Share, Return on Assets, Assets Growth, Net profit Margin, Debt to Equity, Return on Equity, Sales Growth, each is 60.5%. Regression coefficient of CSDI score is b_1. The amounts affect Corporate Strategy towards each financial performance: 71.73; 38.7%; 11.7%; 9.1%; 6.2%; .5%; 26.7%; dan -3%; and -3.6%. It means that if Corporate Strategy score increases 1, then each financial performance will improve 71.73; 38.7%; 11.7%; 9.1%; 6.2%; .5%; and financial performance of Return on Equity, Sales Growth, Debt to Equity decrease -3%; and -3.6%. Corporate strategy gives positive influence to EPS in average.

The disclosure of corporate strategy in annual report gives positive influence to Financial Performance consisting of: Earning Per Share (EPS), Market Share, Return on Assets, Assets Growth, and Net Profit Margin. Corporate strategy gives greater influences on EPS than another financial performances. The influence of corporate strategy on Earning Per Share, and Market Share, are greater than another financial performance because the disclosure of Earning Per Share reflects rights which can be expected by the readers of financial statements, so that it gives opportunity to the (candidates of) investors to invest their funds to the companies. This is in accordance to what [18] expresses: EPS is the amount of profits which become rights for every holder of an ordinary share. Meanwhile, Market Share gives greater influence than another financial performance because market share is the percentage of a market (defined in terms of either units or revenue) accounted for by a specific entity which reflects the expectation of the users of financial performance.

Corporate strategy in banking companies gives positive influences towards Market Share Bank, and gives negative influence to Debt to Equity Bank. This is caused by the characteristics of banks aiming to gather society fund in order to be contributed to the society so that the loan of the bank will be greater than company stock.

CSDI improves Assets Growth about 9.1%. This shows that "Seven benefits of strategic practice were: Simultaneous continuous improvement in cost, technology, quality, service, and product innovation [23]. Corporate strategy can produce the growth of the assets of the companies. One of these is the continual improvement on technology, cost improvement and product innovation.

CSDI improves Debt to Equity Ratio about 5% and discloses that it will increase market share. It means the companies have corporate strategy which gives flexibility to the companies to get the source of the fund which is easier to be released (e.g: Debt) than the financial capital of the owner which is immensely needed in an exact time in order to obtain more exact profit in the future.

CSDI improves Earning Per Share about 71.73%. It means that the companies have business strategies which are arranged with planning and with integrity so that they can maximize profits and gain advantage greater than their competitors [7].

CSDI improves 6.2% on Profit Margin. This is caused by corporate strategy showing significant improvement in selling, profitability, and productivity compared to companies without systematic planning activity.

CSDI decreases Return on Equity and about: -3% and will improve Return on Assets about 11.7%. The reduction and the improvement are caused by certain strategies which can affect benefit-loss balance and balances on the balance of companies. CSDI can affect benefit-loss balance and the balance of companies by implementing fee reduction (retrenchment) in order to improve the selling (Defensive Strategy). The control improvement on the competitors and suppliers (Integration Strategy), and Divestiture Strategy (Devensive Strategy).

1. When a division needs more new resources in order to be competitive than that of which can be given by the companies

2. When a company is responsible for entire bad performance of the company
3. When a division is not suitable with overall organization

The disclosure of corporate strategy gives negative influence to Return on Equity. Used ratio for measuring the amounts of profits, which become the rights of the capital owners themselves and to evaluate the capability of the companies in making use of their capitals to gain profits, in fact, cannot become the focus of the attention of the readers of financial statements. The cause of this is that the readers of financial statements are more focus on EPS which gives direct rights to the stakeholders and so does to Sales Growth. Sales Growth does not relate directly to the needs and the expectation of the readers of financial statement (the rights of stakeholders).

When the company has implemented retrenchment and fails to reach expected improvement while management is urged to justify acceptable financial performance by giving dividend to the owners or by disclosing a report that the company is in profitable condition and thus, what the company can do is implementing divestiture. Here, it makes impression that the statement of profit and loss seems advantageous. However, in fact, the reduction of restrained profits (dividend payment) is given from the results of divestiture strategy implementation which in fact have the reduction of company assets as their sources. As the result, in the implementation of divestiture strategy the reason why the company applied the strategy needs to be evaluated. If the goals of the company accomplishing divestiture strategy are caused by the aims represented by point 1, point 3, point 5 and give profits to the owners, then the aims of the company will decrease ROE of the company. However, if the company accomplishes divestiture strategy by referring to point 2 and point 4, then the company will experience the development on the ROA. The ROA can develop because after accomplishing divestiture the results of selling assets are used to obtain Return on Assets or to replace the less important assets with more efficient assets so that these results can give positive influence on ROA.

CSDI decreases sales growth in percentage of -3.6%. This reduction is caused by some strategies which decrease sale value. Corporate strategy of twenty items of index strategy which are related to the selling improvement or the selling reduction are: Devensive Strategy, fee reduction to improve selling; Diversification Strategy, service addition or new products; Growth Strategy, product developments; Concentration Strategy, consumers maintenance; and Integration Strategy, control improvement on competitors and contributors. Fee reduction strategy and control improvement on competitors and contributors will make the consumers lose their interest in the development and the addition of certain services. There two another reasons of why the problem occurs. The first is that there is influence of the bad performance of sub- company which is integrated by main company and the last is that the problem can be caused by accomplished integration has an intention to make the company efficient not to maximize its selling. These bad performances cause the level of the selling of the company drop and there is no guarantee that this efficiency can improve the selling of the company.

Product development strategy, consumer maintenance and addition of new products make the consumers lose their interest in the development and the addition of certain services. The competitors perhaps differentiate the products with certain ways so that the consumers are not interested anymore in standard products and products without any complements. Consumers do not want to pay the products with premium prices anymore [7]. This causes undifferentiated prices, the reduction of the products and the reduction of selling value of the products.

CSDI decreases Debt of Equity ratio in percentage of -.03% in financial Banking institution. This relates to Banking services to customers or relates to certain products offered by the Banks to customers which can decrease trustworthy value of the customers who keep their money in the bank. Corporate strategies concerning to this issue are: Diversification

Strategy, service addition or new products; Growth Strategy, product developments; Concentration Strategy, consumers maintenance.

The consumers of the banks do not want to pay or to keep their money in the Bank caused by certain products because they think that the bank cannot accomplish certain differentiation (producing new features) on offered products or cannot give interest rations which are expected by the customers/clients. Product differentiations which are offered to the customers must be followed by the need perception of the customers on the products. If the Bank accomplishes differentiations on new products or old ones but the differentiation cannot give promising interest ratios for the customers, then they will not be willing anymore to keep their money in the Bank but removing their investment to another product out of financial institution besides the Bank instead.

In other words, the Bank should not only have differentiated the products but should also have known its ability to establish the perception of the customers towards the differentiations in order that ideal Debt to Equity ratios can be reached. Product differentiation of the Bank which still disables to follow the product perception expected by the customers will cause negative influence on data analysis. It explains that based on the perception of the customers, it can be seen that they do not really need the differentiation of new products offered by the Bank while old product offers are not differentiated or cannot hold on promising interest levels any longer in the perception of the customers.

Another differentiated investment product like gold investment, Obligation Selling of Government Ritel and Credits of Public Housing eagerly offered by the Bank nowadays need to be analyzed whether or not the customers need them in perception of the society.

5. CONCLUSION

1) The application and the disclosure of the owners of corporate strategy in annual report can improve Financial Performance, that is: Earning Per Share, Market Share, Return on Assets, Assets Growth, Net Profit Margin, and Debt to Equity. High or low level of the improvement shows that it is not enough for the companies to have corporate strategy. They are also expected to have planning and strategic implementation related issues in order to gain the achievements of the companies. Corporate strategy gives greater influences on EPS than another financial performances.
2) The application and the disclosure of the owners of corporate strategy can decrease the score of Return on Equity, and Sales Growth.

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