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The Relationship of Market Competition Intensity, Adoption of Financial and Non-financial Performance Measures to Company Performance

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ABSTRACT
This study aims to examine the relationship between market competition intensity, adoption of financial and non-financial performance measures and company performance. The study was conducted at a manufacturing company in Batam. The variables in the study consist of independent and dependent variables. The independent variables are market competition intensity, financial and non-financial performance measures. The dependent variable is company performance. Data were collected using purposive random sampling method. The analysis method uses factor analysis (path analysis). The study resulted in market competition intensity having a positive relationship with company performance and was supported by previous research. Financial and non-financial performance had a positive relationship with company performance and was supported by previous research. The results of this study strengthen that market competition intensity has a positive relationship with company performance and the adoption of financial and non-financial performance measures has a positive relationship with company performance.

INTRODUCTION

Traditional performance measures use financial performance as the primary performance measure, this measure is less focused on strategy, minimal variation in improvement, external problems and can even destroy the competitiveness of the manufacturing industry. Financial measures only use past information that has low ability to determine the future of the organization. Financial performance measures do not have the ability to predict to explain future performance and provide little information about the causes and solutions to problems faced by the organization.

As a result of the limitations of financial measures and increasing competitive pressures, most organizational managers are changing the focus of performance measurement by including non-financial measures in their performance measurement systems. Performance measurement in organizations must balance measures of past performance, measures that help to predict the future, and learning from measurement information. Non-financial measures predict the future performance of the organization which are more useful in facilitating and encouraging organizational performance.

Quality is the totality of the form and characteristics of goods or services that show their ability to satisfy obvious or hidden needs. Higher quality means better ability to satisfy needs, more attractive product forms, lower levels of damage, and compliance with applicable standards (Ibrahim & Rusdiana, 2021).

Performance measurement has been developed to encourage a more balanced view Balance between internal, external measures and between financial, non-financial measures. Describes measures that integrate performance through the organizational hierarchy. Differentiates between outcomes and determinants between the four perspectives with the balanced scorecard.

The importance of performance measurement to help organizations become more transparent, evaluate performance for decision making in the organization. In the past, organizations based on financial decisions can be sure of their success. But with increasing competition in the market, financial managers need to be aware of other aspects of organizational performance.
Financial accounting measures commonly used by companies such as return on investment (ROI) and earnings per share (EPS) provide results based on past performance. In today's competitive environment such information may be misleading/inadequate especially in areas related to corporate development and innovation.

Previous research results Al-Kassar et al (2014) found that there is a significant correlation between financial performance values and financial failure values. Abdel et al (2005) found that environmental changes have a positive effect on financial performance measures, there is a significant correlation between technology variables and performance measures. Kipesha (2013) found a positive relationship between financial performance and non-financial performance and overall performance. Spencer et al. (2009) The results of his research showed that there is a positive relationship between the emphasis of corporate strategy and organizational performance through the mediating role of financial and non-financial performance measures.

By determining the performance measures used in the company can improve the effectiveness of the organization in facing the highly competitive global market today through the implementation of organizational strategies and better performance. Good performance measures will make the company capable of competing in an increasingly competitive market. As a result, the intensity of market competition becomes an important strategy in today's uncertain business environment. Market competition has created turmoil, pressure, risk and organizational uncertainty. The peak of organizational demands is to respond to all threats and opportunities in a competitive environment, design and use the right control system to achieve goals.

Rolfe (1992) stated that competition in the market really creates threats and challenges. In order to gain and maintain competitive advantage, organizations need to adapt quickly to their market environment (DeGeus, 1998; Senge, 1990; Day, 1991). Companies must adapt quickly to the market environment in order to compete with other companies competitively, competitive competition determines the position of the company in the market whether it will be a leader in the market or a follower of the existing market leader.

Potter (1993) defines competitive advantage as a strategy benefit from companies that cooperate to compete more effectively in the market place. The strategy must be designed to be able to compete continuously, so that the company can dominate the old market or control the new market that is the company's target. Overall, the intensity of market competition is needed in every organization as a strategy that can be used to build marketing capabilities, meet customer needs, customer satisfaction and outperform competitors. Market competition intensity as an organizational culture that considers short-term, long-term capabilities and main competitive tactics.

Competitor companies that are oriented to develop comprehensively towards targeted competition try to beat competitors and achieve competitive advantage and best performance. Seeking information about competitors can help to build sustainable competitive advantage. Therefore, competitive competition monitors the flow of the organization, predicts future competitors to develop information awareness and strategy. Day & Westley (1998) stated that there are two pillars in achieving competitive advantage, namely resource advantage and position advantage. In his research, it was proven that the company's competitive advantage is influenced by the company's performance. Naver & Slater (1995) stated that effective company performance is a configuration of practical management that provides facilities for the development of knowledge that is the basis for competitive advantage.

Research conducted by Dian Rinaldy, Alla Asmara, and Muhammad Findi (2020) concluded that the results of internal analysis identified product quality, competitive selling prices, and production capacity as the main strengths while low productivity and human resource quality as weaknesses.

Research conducted by Liu et al., (2021) on 148 manufacturing companies in China showed that the implementation of a quality management system had a positive impact on financial and operational performance, but in terms of innovation it had poor performance. Nurcahyo et al., (2021)

While previous research from Chin et al (2013) found that market competition has a positive effect on organizational performance strengthened by the existence of quality service to customers, while customer orientation, coordination between functions does not affect organizational performance. Hilman & Kaliappen (2014) found that market competition has a positive relationship with performance, customer orientation affects performance slightly higher than competitor orientation. Mia & Clarke (1999) found that the intensity of market competition has a significant positive effect on business unit performance, the intensity of market competition is positively related through the use of management accounting system information. Han et al (1998) found that market competition on performance has a positive but not significant effect, customer orientation has a positive effect on innovation. Sin et al (2004) found that market competition on company performance has a significant positive effect for Hong Kong, Shanghai, Gouangzhou. While market competition on performance in Beijing has a positive but not significant effect.

This study is a replication of previous studies, where the independent variable on the intensity of market competition is a replication of Mia & Clarke's (1999) study entitled Market competition, management accounting system and business unit performance, respondents 61 business unit managers of Australian manufacturing companies. While for the independent variable of the adoption of financial and non-financial performance measures, it is a replication of Spencer et al's (2009) study entitled Differentiation Strategy, Performance Measurement Systems and Organizational Performance: Evidence from Australia, respondents 200 manufacturing companies. The difference between this study and previous studies is that the researcher tried to combine the two studies above for replication. While the dependent variable is company performance which is replicated from Spencer et al's (2009) study. The research respondents are financial and marketing managers of manufacturing companies located in Indonesia, precisely in the Jambi industrial area. The reason why the author took a sample of manufacturing companies is because manufacturing companies have complex problems, many things need to be studied, one of which is about the author's problem.

Meanwhile, the reason for choosing the Jambi industrial area as a place to conduct research is that Jambi City has the potential and actual ability to contribute to the progress of the national economy and the surrounding areas. Currently, Jambi is starting to be developed as a logistics and operational base for the coal and gas industry by Pertamina. In order to implement the vision and mission to develop Jambi, various modern infrastructures with international standards and various other facilities have been built, so that they are expected to be able to compete with similar areas in the Asia Pacific. The economic driving sectors that are the pulse of the Jambi city economy include the communications sector, electricity, water and gas sector, banking sector, industrial sector, trade and services sector. The products produced are not only consumed by the people of Jambi and Indonesia but are also export commodities for other countries.

Based on previous research, the author finally created a research title on: "The Relationship between Market Competition Intensity, Adoption of Financial and Non-Financial Performance Measures and Company Performance: Case Study of Jambi Industrial Area".

This research needs to be conducted because it is motivated by various factors such as the desire to test the relationship, adoption of financial performance measures and adoption of non-financial performance measures and also the intensity of market competition on various manufacturing company performances in Indonesia, especially in the Jambi region.

LITERATURE REVIEW

Company Performance Measurement

The definition of Company Performance is also something that is obtained by the company in a certain period and refers to the standards that have been set. Company performance is a measurable result that also describes the empirical situation of the company from various sizes that are mutually agreed upon (yurniwati, 2003).

Market Competition Intensity

Mia & Clarke (1999) explained that social and emotional conditions within a company can increase productivity and competitive advantage. DeGeus (1970); Senge (1990); Day (1991) stated that in order to maintain competitive advantage, organizations need to adapt quickly to their market environment. Therefore, if a company is faced with increasing market competition, but fails to adopt and implement the right strategy to face the competition, then performance seems to deteriorate. Perhaps this is the reason why Khandawalla (1972) reported a negative relationship between company profitability and product price levels, as well as market competition networks.

The company's competitive strategy and environment will affect the relationship between financial measurement and company value measurement. McNair & Mosconi (1987) stated that performance measurement in a company must be able to observe changes in market demand, verify and assess progress made towards company goals and ensure the achievement of organizational performance targets. Therefore, companies need to observe a series of factors that affect the market (such as competition on price, market share, competition in product marketing systems, number of competitors, competitor actions) when trying to achieve competitive advantage. For this reason, companies need a system that is able to track both financial and non-financial performance indicators according to the four performance dimensions developed by Kaplan and Norton. Lynch & Cross (1991) stated that for many companies, the more dynamic a measurement system is, so that it increases continuous improvement in customer satisfaction, flexibility, and productivity simultaneously, is considered very important.

Based on previous theories and research, the following hypothesis can be drawn:
H1: It is suspected that the intensity of market competition is related to company performance.

Financial and Non-financial Performance Measures

1. Financial Size

Financial performance measures provide information based on the results of past events. Financial goals and objectives are generally related to growth, profitability and shareholder value (Kaplan & Norton, 1996a). However, Kaplan & Norton (1992) stated that because financial indicators do not affect customer satisfaction, employees, businesses should not use them as their strategic vision. Traditionally, the focus of performance measurement has been on financial measures such as sales growth, profits, return on investment and cash flow which will raise concerns among business managers on over-reliance on financial measures in performance evaluation (Chow et al, 1998).
In this study, several financial measurements were used by Spencer et al (2009), namely:

a. ROI (Return on Investment)
Return on Investment is a form of profitability ratio used to measure the ability of various companies to generate profits.

b. Budget Variance
Budget variance explained the difference or variance between costs according to standards (budget) and actual costs (what actually occurs).

c. Division Profit
Profit generated by divisions or work units within an organization itself that carry out activities to generate revenue.

d. Product Profitability
According to Brown (2005) product profitability is the income generated by a product minus the costs required for a product. Product profitability is a function of income and costs. A good system allows us to determine the profitability of each product by identifying the income and costs of each product.

e. Capital expenditure
Capital expenditure or also known as capital expenditure is an expenditure made by companies to acquire or renew their business assets. Capital expenditure usually requires large expenditures such as purchasing new buildings and renovating existing facilities. Capital expenditure is also sometimes referred to as capital expense or capital spending and is reported in the company's annual report so that shareholders can clearly see how much money is invested for the long term.

Anandarajah (1998) stated that capital expenditure in the definition of capital expenditure is an expenditure on long-lived assets, also referred to as fixed assets or non-current physical assets. From this description, it can be concluded that capital expenditure is related to two elements, namely:

a) Expenditure or expenses

b) Long lived assets or assets that have a long economic life.

f. Customer Profitability

A cost and benefit management approach to serving specific customers or customer groups to increase the overall profitability of the organization.

g. Inventory turn over

The inventory turnover rate in a company is indicated by the comparison between inventory and sales in one period.

h. Operating profit

According to Stice & Skousen (2004) "operating profit measures the fundamental business operations performance carried out by a company and is obtained from gross profit minus operating expenses". Operating profit shows how efficiently and effectively a company carries out its operating activities.

2. Non-financial Measures

(Lynch & Cross, 1991; Kaplan & Norton, 1996, Otley, 1980) state that when monitoring the performance of corporate managers, they tend to emphasize traditional financial performance measures such as return on investment or net income. Stemming from this concern, the academic community largely supports the claim that non-financial performance measures that focus on a company's long-term success factors such as customer satisfaction, internal business process efficiency, innovation and employee satisfaction can lead to improved organizational performance (Lynch & Cross, 1991; Kaplan & Norton, 1996; Otley, 1980).

Previous research results by Kassar & Soileau (2014) found that there is a significant correlation between financial performance values and financial failure values. Abdelet al, (2005) found that environmental changes have a positive effect on financial performance measures in the company, there is a significant correlation between technology variables and performance measures. Kipesha (2013) found a positive relationship between financial performance and non-financial performance and overall performance. Spencer et al (2009) The results of his research found that there is a positive relationship between the emphasis of corporate strategy and organizational performance through the mediating role of financial and non-financial performance measures.

Based on previous theories and research, the following hypothesis can be drawn:

H2: It is suspected that the adoption of financial and non-financial performance measures is related to company performance.

METHODOLOGY

Research Design

This research is a survey study using a questionnaire as a data collection tool. This study is a hypothesis test intended to explain the relationship between market competition intensity, adoption of financial and non-financial performance measures and performance.

This research was conducted at a manufacturing company in the Jambi region, precisely around Muaro Jambi district. The objects studied were accounting managers and marketing managers.

Operational Definition of Variables

The variables used in this study include market competition intensity variables, adoption of financial and non-financial performance measures, as independent variables. While the dependent variable used is company performance. Questions in the form of questionnaires, each variable is measured using the Likert Scale developed by Rensis Likert.

The market intensity instrument used in this study was taken from previous research references, namely Mia and Clarke (1999) which was developed from Khandawalla's research (1972). The questions in this study explain the intensity of market competition and require them to identify the intensity of market competition in their organization using five (5) Likert scales where number 1 indicates low competition in the market and number 5 indicates high competition.

Population and Sample

Population is the entire group of people, events, or things of interest that are to be studied (Sekaran, 2007). For example, if a researcher wants to study hospitals, then all hospitals are the population that will be studied later. The population frame is a collection of all elements in the population from which the sample is taken. Although the population frame is useful in providing a list of the various elements in the population, it may not always be the most recent and up-to-date document. (Sekaran; 2007).

Based on the definition of the population above, the population in this study was 65 manufacturing companies in Batam with respondents being financial managers and marketing managers.

The number of samples obtained in this study was 33 companies with 66 respondents. The technique of selecting and determining samples in this study was purposive random sampling. The criteria of the sample used in this study were an accounting manager to fill out the research questionnaire, of course the questionnaire was related to financial and non-financial performance, for the intensity of market competition the questionnaire was filled out by the marketing manager who was also responsible for various productions of product marketing.

Data and Data Collection Methods

The data sources in this study are:

1. Primary data is data obtained directly or collected directly from research sources through questionnaire distribution. This data will be tabulated and processed using amos 22 (Analysis of Moment Structures).
2. Secondary data is data obtained from reading materials/literature, previous research and the like. This secondary data is a general description of the Batam industrial area published by the Jambi authority.

Data collection techniques in this study are using questionnaires and literature studies. A questionnaire is a list of questions asked by researchers to respondents to obtain data related to the study. This questionnaire is intended to obtain descriptive data in testing the hypothesis. Data collection should be done by sending questionnaires to respondents, of course the respondents are accounting managers and marketing managers of manufacturing companies in the Jambi industrial area. The questionnaire is delivered directly in hardcopy to the respondent's office. Respondents are then asked to fill out the questionnaire according to the instructions provided.

Literature study, collecting materials and information regarding theories and concepts to explain phenomena related to research variables.

RESEARCH RESULT

General Descriptive of Respondents

The subjects of the respondents in this study were financial managers and marketing managers. The results can be seen in table 4.1 below:

Table 1 General Descriptive of Respondents

General Descriptive Questionnaire Distribution Information	Amount	(%)
Number of questionnaires distributed	65	100%
Number of returned questionnaires	35	53.8%
Processable questionnaire	33	50.7%
Unprocessable questionnaire	2	3.1%

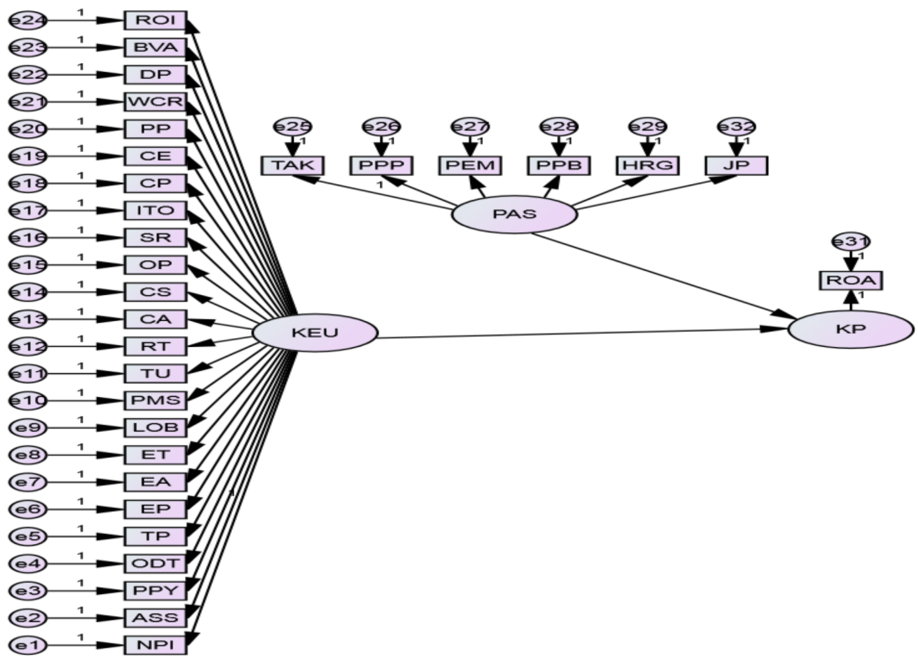
Based on the table above, the number of questionnaires distributed was 65 copies, of which 35 copies or 53.8% were returned, while the questionnaires that could be processed in the study were 33 copies or 50.7% and the questionnaires that could not be processed were 2 copies. This was because some of the questions were not filled in by the respondents.

Data Analysis

In conducting data analysis on Amos, there are several stages that must be passed to get the best results, these stages are as follows below:

1. Research Model

The initial stage in the Amos process is to create a model that will be used in the study. After the model is formed, the model will be tested. The initial model in this study is as follows:



2. Degree of Freedom (df)

Analysis of amos can be done if the identification results of the model show an over-identified category. This is done of course based on looking at the df value of the model created. The result is 433, of course this also identifies the model as over-identified because the df value is positive. Based on these reasons, data analysis can be continued to the next stages.

3. Data Normality and Outlier Tests

The distribution can be said to be normal seen through the Multivariate value which is between -2.58 to +2.58, if the value is below or above -2.58 to +2.58 the distribution can be said to be abnormal. From the output of the amos normality test, the Multivariate value is -0.023, thus stating that the data is normally distributed. If the data is normally distributed, then outlier data does not need to be done again, outlier data is done if the data is not normally distributed.

4. SEM Model Testing

To test the feasibility of the model, the stages carried out consist of two tests, namely structural model measurement model testing. In testing the validity of the measurement model, it is done how well the model fits the research data obtained. The test was obtained using a test tool, namely goodness of fit with the following results:

5. Measurement Model Validity Test

Table 2 Measurement Model Validity Test

Summary of results from the GOF Goodness of Fit (GOF) Index test	Cut-off Value	Analysis Results	Model Evaluation
Chi-Square	Expected to be smaller	425	Good
CMIN/DF	< 2	2,237	Marginal
Probability	< 0.5	0.56	Good
GFI	≥ 0.9	0.691	Marginal
AGFI	≥ 0.9	0.717	Marginal
IFI	≥ 0.9	0.711	Marginal
CFI	≥ 0.9	0.872	Marginal
NFI	≥ 0.9	0.929	Good
RMSEA	< 0.08	0.197	Marginal

Based on the results above, it can be concluded that the model is not fit because the GFI value is below the cut off value of 0.691, the AGFI value is below the cut off value of 0.717, the IFI value is below the cut off value of 0.711, the CFI value is below the cut off value of 0.872 and the RMSEA value is above the cut off value of 0.197.

6. Interpreting and Modifying the Model

From the test, it can be concluded whether the model can be said to be valid or not. However, a model that passes the test does not mean that the model is the best model of other alternative models. The model can only be said to be one of the acceptable models from several possible alternatives. Therefore, in order to get a better model, a Competing Model Strategy is carried out, namely comparing the existing model with a number of alternative models, to see which model best fits the existing data, including adding or reducing existing variables.

The following is a summary of the GOF test results from the modified model:

Table 3 Interpreting and Modifying the Model

Summary of Goodness of Fit (GOF) Index test results	Cut-off Value	Analysis Results	Model Evaluation
Chi-Square	Expected to be smaller	352	Good
CMIN/DF	< 2	1,931	Good
Probability	< 0.05	0.59	Good
GFI	≥ 0.9	0.901	Good
AGFI	≥ 0.9	0.987	Good
IFI	≥ 0.9	1,112	Good
CFI	≥ 0.9	1,012	Good
NFI	≥ 0.9	1,122	Good
RMSEA	< 0.08	0.067	Good

From the GOF test results summarized in the table, it is proven that the modified chi-square model decreased to 352, the probability value was 0.59, the GFI value increased to 0.901, the AGFI value increased to 0.987, the IFI value increased to 1.112, the CFI value became 1.012, the NFI value became 1.122, and the RMSEA value decreased to 0.067.

7. Analysis of the Relationship between Indicators and Constructs

After the model fits, the next process is to see whether the indicators in a construct are indeed part of or can explain the construct. This process can be called a construct validity test (latent variable), which is used through a convergent validity test measuring instrument. The convergent validity test is used to explain a construct in knowing how close the relationship is between the construct.

8. Analysis of Relationships between Constructs

The cut off value p≥0.05 constructs have a positive relationship, the cutoff value p<0.05 constructs have no relationship, the results of the Amos output in the research conducted are as follows:

a. Market Competition Intensity is Positively Related to Company Performance

Table 4 Analysis of Relationships between Constructs Regression Weights

<table>
<tr><td colspan="8">Analysis of Relationships between Constructs Regression Weights: (Group number 1 - Default model)</td></tr>
<tr><td colspan="2">Estimate</td><td>SE</td><td colspan="2">CR</td><td colspan="2">P</td><td>Label</td></tr>
<tr><td>KP</td><td><---</td><td>PASS</td><td>1,415</td><td>1.01</td><td>1.4</td><td>0.133</td><td>par_26</td></tr>
</table>

From the results of the Amos output (table 4) above, it can be explained that the construct of market competition intensity has a p value = 0.133 while the cut-off value p ≥ 0.05, meaning that market competition intensity has a positive relationship with company performance.

b. Adoption of Financial and Non-Financial Performance Measures is Positively Related to Company Performance

Table 5 Analysis of Relationships between Constructs Regression Weights

<table>
<tr><td colspan="8">Analysis of Relationships between Constructs Regression Weights: (Group number 1 - Default model)</td></tr>
<tr><td colspan="2">Estimate</td><td>SE</td><td colspan="2">CR</td><td colspan="2">P</td><td>Label</td></tr>
<tr><td>KP</td><td><---</td><td>KEU</td><td>6,331</td><td>3.21</td><td>1.4</td><td>0.059</td><td>par_27</td></tr>
</table>

From the results of the Amos output (table 5) above, it can be explained that the financial and non-financial constructs have a value of p = 0.059 with a cut-off value of p ≥ 0.05, so it can be concluded that the financial and non-financial constructs have a positive relationship with company performance.

c. Relationship between Market Competition Intensity and Adoption of Financial and Non-Financial Performance Measures

Table 6 Analysis of Relationships between Covariance Constructs

Analysis of Relationships between Covariance Constructs: (Group number 1 - Default model)							
Estimate	SE	CR	P	Label			
KEU	<-->	PASS	0.013	0.019	0.68	0.496	par_31
e6	<-->	e12	0.01	0.041	2,449	0.014	par_32
e15	<-->	e24	0.154	0.067	2,285	0.022	par_33
e27	<-->	e28	0.133	0.059	2,262	0.024	par_34
e1	<-->	e3	0.195	0.072	2,702	0.007	par_34
e13	<-->	e16	-0.036	0.055	-0.644	0.052	par_35

From the table above, it can be seen that the relationship between constructs with covariance values (two-way relationship between two variables) between the intensity of market competition and financial and non-financial performance has a p value = 0.496 above the cut-off value of p> 0.05, which means that the intensity of market competition with financial and non-financial performance has a positive reciprocal relationship to company performance. In accordance with Simmons (1995) who explained that when an organization faces intense competition, managers may switch from using certain performance information items periodically to using them every day or vice versa. The use of multidimensional performance measurement systems changes according to the level of competition, not purely because of information about various measurements. Lych & Cross (1991) explained that competing in the global market, companies must continuously improve both products and production processes. For example, through product innovation and refinement of the production process, it ultimately increases the value of shares or shareholder wealth. This increase in company value can only be obtained through activities such as introducing new products, increasing product value for customers and improving the effectiveness of organizational operations.

DISCUSSION

Market Competition Intensity is Positively Related to Company Performance

From the analysis of market share indicators, it has a significant relationship to the intensity of market competition with the highest analysis value of 0.773, which means that the wider the market share, the higher the intensity of the company's competition. Because the company will serve many customers. On the other hand, companies that have a small market share have low competition intensity. Indicators of competitors' tactics and actions have an insignificant relationship to the intensity of market competition because they have an analysis result value of 0.471, which is the lowest value. This means that the tactics and actions taken by competitors will be related to the company but not significant. While there are no indicators that are not related to the intensity of market competition.

Meanwhile, the results of the analysis for testing the intensity of market competition on company performance are known to have a p value of 0.133, meaning that this hypothesis is accepted. This result is in accordance with the research of Day (1991) who explained that in order to maintain competitive advantage, organizations need to adapt quickly to the market environment. Therefore, if a company is faced with increasing market competition, but fails to adopt and implement the right strategy to face the competition, the company's performance seems to deteriorate. Kohli & Jaworski (1990) explain that the magnitude of a company's competition should be market-oriented in the sense that it should find customer desires and create superior customer value for their satisfaction in order to improve company performance.

This study supports the research of Mia & Clark (1999) who found that the intensity of market competition and business unit performance have a positive and significant effect on company performance. The results of the study also support the research of Ramayah (2013) who found that market orientation has a positive effect on organizational performance strengthened by the existence of quality service provided by the company to customers. This study supports the research of Chin et al (2013) who found that market competition has a positive effect on organizational performance strengthened by the existence of quality service provided by the company to customers. Hilman & Kaliappen (2014) found that market competition and customer orientation have a positive relationship with performance, customer orientation affects performance higher than competitor orientation. Han (1998) found that market competition on performance has a positive but not significant effect, customer orientation has a positive effect on innovation.

Adoption of Financial and Non-Financial Performance Measures is Positively Related to Company Performance

The results of the analysis of the on-time delivery (odt) indicator have a significant relationship to non-financial measures with the highest value of 0.725, meaning that timely product delivery to customers by the company will increase non-financial performance measures. Companies must pay attention to the process of shipping goods to customers. If the delivery is not in accordance with the agreement, it will disappoint customers so that they can switch to similar companies, this will also affect the company's performance because the customers owned by the company will decrease. The results of the indicator analysis that has the lowest value are technology utilization (tu) of 0.451, this indicator has an insignificant relationship with non-financial measures. This means that the correct use of technology will have an insignificant impact on the company's non-financial performance. While the results of the analysis of the capital expenditure (ce) indicator have no relationship with financial measures, because they have an analysis result value of 0.396. This means that increasing the amount of capital expenditure will not have an impact on the company's finances.

The results of the hypothesis of financial and non-financial measures on company performance are p-value = 0.056, meaning this hypothesis is accepted. According to Kaplan& Norton (1996) performance breakthroughs require major changes and include changes in the measurement and management systems used by an organization. Navigating into a more competitive future, technology and driver capabilities cannot be achieved by simply monitoring and controlling financial measures of past performance. Mc Nair and Mosconi (1987) stated that performance measurement in a company must be able to observe changes in market demand, verify and assess progress made towards company goals and ensure achievement of organizational performance targets. The results of this test support Spencer's research which found a positive relationship between the emphasis of corporate strategy and organizational performance through the mediating role of financial and non-financial performance measures, Banker (1998) explained that employee satisfaction and customer satisfaction are positively related to future store profits for stores in urban locations - high competition. Abdel et al (2005) stated that there is a significant relationship between the use of technology and performance measures on company performance, Kipesha (2013) stated that there is a positive relationship between financial performance with non-financial performance and overall performance. Marie et al (1998) found that there is a strong positive relationship between service quality and bank performance, there is a positive relationship between financial and non-financial performance and bank performance.

CONCLUSIONS AND RECOMMENDATIONS

Based on the data analysis and hypothesis testing that has been carried out, the following conclusions can be drawn:

1. The intensity of market competition is positively related to company performance. This means that the intensity of market competition is related to increasing company performance. Increasing competition in the market will increase company performance according to market conditions. So, to be able to dominate the market, the company must know what customers need and know the strategies used by other competitors. By mastering competitor strategies, the company can master the existing market.
2. Adoption of financial and non-financial performance measures is positively related to company performance. This means that by adopting financial and non-financial performance measures properly and correctly, company performance will increase. Adopting various performance measures will make company performance better. The use of company performance measures is not the same for each company, therefore companies must be able to master as many financial and non-financial performance measures as possible to improve company performance in the future.

3. The results of data analysis from model development are that the intensity of market competition has a positive relationship with the adoption of financial and non-financial performance measures on company performance. This means that the intensity of market competition has a relationship with the adoption of financial and non-financial performance measures to improve company performance. Companies should add financial and non-financial measures in assessing the intensity of competition in the market to improve company performance.

From the research that the author has conducted on manufacturing companies in Batam, it is hoped that it can be implied by the company in the future where: Companies must be able to improve their understanding of indicators that affect the intensity of competition in the market, this can be seen from the results of this study which found that the intensity of market competition is related to company performance. Thus, if a company wants to improve company performance, the company must be able to master all indicators that affect the market competition that it has entered or the market that will be controlled. If the company is unable to master the variables, the company will likely only be a follower in the market, not a leader in the existing market and it is difficult to develop new market share. Market competition creates turmoil, pressure, risk and organizational uncertainty, the peak of organizational demands is to respond to all threats and opportunities in the competitive environment, design and use the right control system to achieve goals.

ADVANCED RESEARCH

a) The relatively small number of research respondents reduces the ability to generalize the results of this study.
b) The study only used a survey method in the form of a questionnaire about the perception of each respondent, so that the filling of the questionnaire did not correspond to the practice in the field. Filling out the questionnaire without being accompanied by interviews and direct oral questions to respondents.
c) The variables studied in this study are only a small part of the variables that influence company performance, there are still many variables that can influence company performance.
d) The company performance variable only uses one indicator, if the indicator variables are increased, it can produce better results.
e) The same number of variables in making the model will provide better results from this study.

This research still has shortcomings that need to be fixed, but it is hoped that it will be useful for:

a) The results of the analysis found that the indicators of tactics and actions of competitors have no significant relationship to the intensity of market competition, technology utilization has no significant relationship to the lack of non-financial performance and capital expenditure has no relationship to financial performance. This happens because the number of respondents is lacking. It is expected that further researchers can increase the number of respondents in the study, the more respondents in the study, the model will reach the fit category and the results can be more generalized.

b) The current study only uses a closed questionnaire method for data collection, so the results of the study can be biased because the researcher did not conduct direct interviews with respondents. Further research is expected to combine the survey method with direct interviews with respondents, so that the data can be more accurate.
c) In creating a model on amos the same number of indicators on the variables will make data processing better. So that the results of all assessments of the model reach the fit category. Further research is expected to add other indicators for further research, such as the addition of company performance indicators.

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