MEASUREMENT OF COMPANY PERFORMANCE IN VARIOUS PERSPECTIVE ASSESSMENTS OF AUTOMOTIVE SUB-SECTOR COMPANIES AND THEIR COMPONENTS LISTED ON THE INDONESIA STOCK EXCHANGE

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Abstract

This study aims to empirically prove the influence of financial perspective, customer perspective, internal business process perspective on company performance in the automotive sub-sector and its components listed on the Indonesia Stock Exchange (IDX) for the period 2013-2021. The population of this study were 13 automotive sub-sector companies and its components listed on the Indonesia Stock Exchange (IDX) for the period 2013-2021, and there are 4 samples of companies using purposive sampling technique. The study method is descriptive quantitative. The results of this study can be concluded that partially the financial perspective and customer perspective have a positive and significant effect on company performance, while the internal business process perspective has a negative and significant effect on company performance.

Keywords: Financial Perspective, Customer Perspective, Internal Business, Process Perspective, Company Performance

INTRODUCTION

The increasing demand for vehicles has an impact on the growth and development of the automotive industry sector which is so fast, this condition encourages competition which requires companies to always improve their strategy in order to survive. If each company is able to improve its strategy, the competition between companies will be more competitive. The establishment of a company aims for the company to develop and be able to maintain and maintain its business continuity in the future. But the ever-changing economic conditions can affect the company's plans.

One example of a company's performance in Indonesia is the tight competition marked by the entry of new players from China such as Wuling, which offers lower prices and continues to erode automotive manufacturers' margins. In addition, the existence of online transportation that appears at this time such as Go-Jek and Grab has also reduced the need for urban communities for private vehicles. These conditions caused the performance of most automotive and component companies to decline. Tire producing companies, namely PT Goodyear Indonesia Tbk (GDYR) and PT Multistrada Arah Sarana Tbk (MASA), which were originally profitable, in the first semester of 2019 experienced a net loss of Rp. 32.87 billion and Rp. 156.42 billion each. In fact, PT Astra International Tbk (ASII) posted a decrease in net profit of 5.6% on an annual basis, from IDR 10.38 trillion to IDR 9.8 trillion (www.cnnindonesia.com). Data on the development of car sales on a wholesale basis, based on data from the Association of Automotive Industries (Gabungan Indutri Kendaraan Bermotor /

GAIKINDO), can be seen in Table 1 below :

Table 1. Wholesale Car Sales Development

Year	Wholesales	Persentase
2012	1.116.230	24,84%
2013	1.229.811	10,18%
2014	1.208.028	-1,77%
2015	1.013.518	-16,10%
2016	1.062.694	4,85%
2017	1.077.364	1,38%
2018	1.151.308	6,86%
2019	1.030.126	-10,53%
2020	532.027	-48,35%
2021	887.202	66,76%

Source : www.gakindo.or.id

In 2020, people's purchasing power took a free fall due to the COVID-19 pandemic. car sales on a wholesale basis (distribution from factories to dealers) throughout 2020 were only 532,027 units with a decrease percentage of 48.35%.

The company's fforts to win the competition in an uncertain economic condition, namely through marketing aspects such as marketing goods or services through marketing strategies that have been determined by the company, not just limited to quality. In business competition, companies need to have innovative strategies to be able to achieve company goals such as achieving sales targets set by company management. Therefore, so that the company can measure the strategy set to achieve the goals set by measuring the company's performance.

Performance measurement involves performance indicators and analysis (Fahlevi et al, 2021). Company performance is work performance from company operational activities through the utilization of company resources (Soeseny et al, 2021). According to Afiq and Helmina (2021), measuring company performance must be carried out thoroughly or comprehensively in both financial and non-financial aspects, so that companies can make decisions more easily.

The automotive and component sub-sector is a company that is used as the object of case study in terms of measuring company performance which aims to find out how far the company's development has been achieved. In this study, performance measurement uses the concept of the Balanced Scorecard.

A financial perspective can be seen from the debt to asset ratio of the Automotive Sub Sector and its Components for the period 2013-2021 which can be seen in the following diagram :
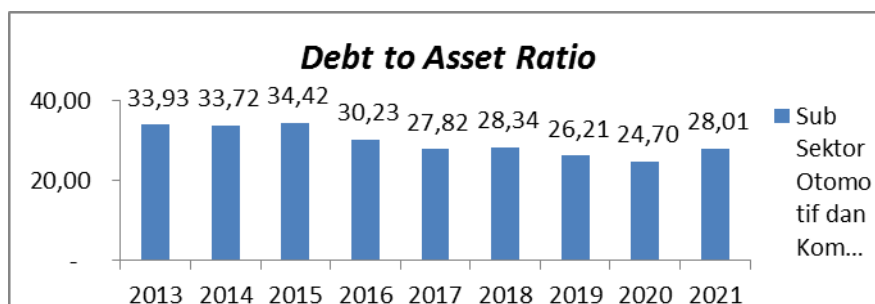
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Diagram 1

The Average Debt to Asset Ratio Value of the Automotive Sub Sector and Its Components for the 2013-2021 Period

Based on diagram 1. shows that the average of Debt to Asset Ratio in 2013-2021 is experiencing fluctuating conditions. If the value of the debt to asset ratio increases, it shows that the management of assets financed by the company's debt also increases.

A customer perspective can be seen from the profitability of the Automotive Sub Sector and its Components for the period 2013-2021 which can be seen in the following diagram :
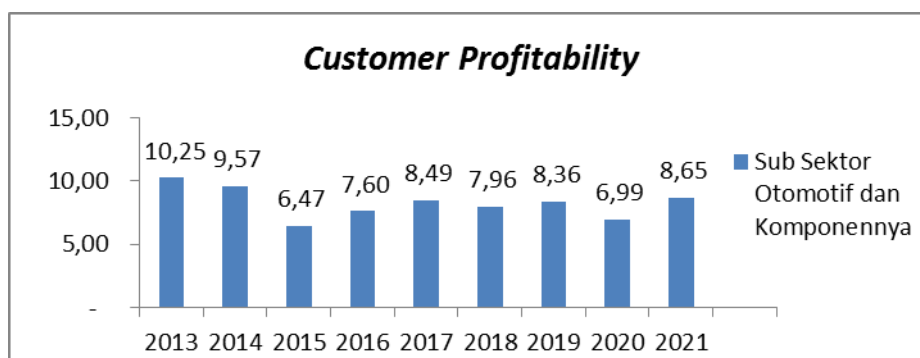

Diagram 2

The Average Profitability Value of the Automotive Sub Sector and Its Components for the 2013-2021 Period

Based on diagram 2. shows that the average of customer profitability in 2013-2021 has fluctuated. If the value of customer profitability decreases, then customer satisfaction with product sales also decreases so that the impact on the profits obtained by the company from product sales also decreases.

Measurement perspective of internal business processes using the Network Growth Ratio (NGR). The Network Growth Ratio (NGR) can measure the network in work units by comparing the increase in work unit networks to total units. The following is the Network Growth Ratio for the period 2013-2021 as follows:
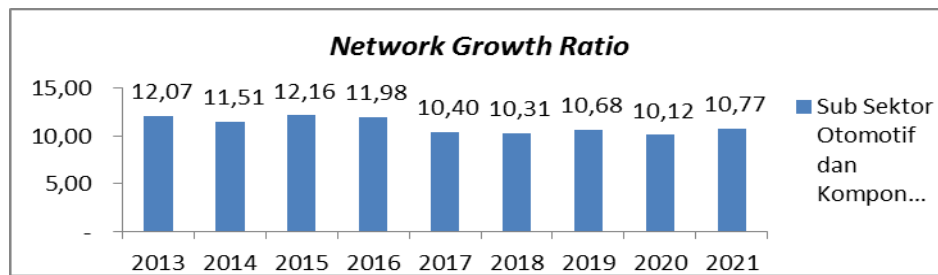
Diagram 3

The Average Network Growth RatioValue of the Automotive Sub Sector and Its Components for the 2013-2021 Period

Based on diagram 3. shows that the average of Network Growth Ratio in 2013-2021 has fluctuated. if the network growth ratio shows a low percentage, this condition can be caused by the value of product innovation produced by the company is not good or does not satisfy customers so that the network level in work units automatically decreases.

There are inconsistent results of previous research, the research result of Julianti and Indra (2021) show that the financial perspective, customer perspective, internal business process perspective and learning and growth perspective have a positive and significant effect on company performance. Meanwhile, the research results of Saputri et al (2021) show that the financial perspective, customer perspective, internal business process perspective have no significant effect on improving company performance, learning and growth perspectives have a significant effect on company performance.

LITERATUR

Company Performance

Performance is the company's output in measuring the success of achieving targets that have been set in accordance with applicable procedures (Sedarmayanti, 2014). According to Simanjuntak (2013) performance is the achievement of company goals obtained from the company's operational activities with internal and external factors that influence it. One of the indicators in this study to measure company performance using the following formula:

$$ROA = \frac{EBIT}{Total\ Assets} X\ 100\%$$

Sumber: Sufyati HS, et. al., (2017)

Balanced Scorecard

Balanced scorecard (BSC) is a method for assessing company performance by using four assessment perspectives, are financial perspective, customer perspective, internal business process perspective, knowledge and growth perspective in order to determine the graph of company performance achievements (Kaplan and Norton, 1992 in Saputri, 2021)

Financial Perspective

The financial perspective is a company's financial strategy to increase profits and reduce

company operational costs by creating customers who have high loyalty to the company (Ronchetti, 2006) in T. M. Haekal, 2021). In measuring the financial perspective in this study using the following formula:

$$DAR = \frac{Total\ Debt}{Total\ Assets} X\ 100\%$$

Sumber : Suci R.M Koesomowidjojo (2017)

Customer Perspective

The customer perspective is one of the company's benchmarks in achieving its goals, are customers. Customers are one of the determining factors for a company's success in creating goods/services.

When customers are interested in buying goods/using company services, the company is successful in providing benefits to these goods/services. So, the higher the customer satisfaction, the higher the customer loyalty to the goods/services created by the company (Suci R.M Koesomowidjojo, 2017). Customer perspective assessment can use the following formula:

$$Customer\ Profitability = \frac{net\ income}{net\ profit} X\ 100\%$$

Sumber : Suci R.M Koesomowidjojo (2017)

Internal Business Process Perspective

The internal business process perspective is one of the factors that influence company performance in developing business processes within the company by identifying each department (Mohamad Rizal Nur Irawan, 2019). Internal business process perspective can be calculated by the formula below:

$$Network\ Growth\ Ratio = \frac{\Delta\ unit\ work}{\Sigma\ unit\ work} X\ 100\%$$

Sumber : Suci R.M Koesomowidjojo (2017)

The Strengths and Weaknesses of the Balanced Scorecard

According to Mulyadi (2007) some of the advantages of the Balanced Scorecard include:

1. Comprehensive
2. Coherent
3. Balanced
4. Scalable

According to Anthony and Govindarajan (2005) in Saputri (2021)some of the weaknesses of the Balanced Scorecard include:

1. Poor correlation between non-financial perspective measures and outcomes
2. Focus on financial results
3. The important role of managers in being responsible for financial performance

4. The repair mechanism is not clear. When improving company goals is not accompanied by a strategy, this is a weak gap from the balanced scorecard

5. There is no update in measurement to suit the strategy

6. The number of measurements, so as to reduce the focus of managers, then the achievement of company goals can be hampered

7. Determination of trade-offs that experience difficulties because in making company reports it combines assessments of financial and non-financial measures. Where is the weighting in each measurement.

METHOD

The study method is descriptive quantitative, with data processing using SPSS software version 25. The population of this study were 13 automotive sub-sector companies and its components listed on the Indonesia Stock Exchange for the 2013-2021 period. The number of samples obtained in this study were 4 automotive companies, using a purposive sampling technique. The data analysis technique used is multiple linear regression.

RESULT AND DISCUSSION

The Effect of Financial Perspective on company performance

The financial perspective variable (X_1) obtained a t_{value} 2.666 > t_{table} 2.03452 with a significant value of 0.012 <0.05, then H_0 is rejected and H_1 is accepted.

So the financial perspective has a positive and significant effect on the performance of the automotive sub-sector companies listed on the IDX for the 2013-2021 period here it means that the automotive and component sub-sector companies have focused on performance targets from a financial perspective at one of the stages in the business cycle, wherein the Debt information Asset of Ratio creditors will like a low ratio which indicates a better level of security of funds. This study is in line with study conducted by Muhammad Fajar Kamal and Nurahma Tresani (2019) which states that the financial perspective influences company performance

The Effect of Costumer Perspectives on Company Performance

The customer perspective variable (X_2) obtained a t_{value} 11.333 > t_{table} 2.03452 with a significant value of 0.000 <0.05, then H_0 is rejected and H_2 is accepted, meaning that it can be concluded that the customer perspective (X_2) has a positive and significant effect on company performance (Y) in the automotive and component sub-sector companies listed on the IDX for the 2013-2021 period. This shows that management has implemented strategic goals that are really aimed at satisfying customer needs so that the income received from sales is increasing. This study is in line with study conducted by Muhammad Fajar Kamal and Nurahma Tresani (2019) which states that the customer perspective influences company performance.

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The Effect Of Internal Business Process Perspective On Company Performance

The internal business process perspective variable (X_3) obtained a t_{count} -6.821 < t_{table} 2.03452 with a significant value of 0.000 <0.05, then H_0 is rejected and H_3 is accepted, meaning it can be concluded that the internal business process perspective (X_3) has a negative and significant effect on company performance (Y) in automotive sub-sector companies and their components listed on the IDX for the 2013-2021 period.

An increase in sales to the company will affect the work units needed, the more sales increase, the more work unit levels will be needed, therefore work units in a company are very important so that every customer need can be fulfilled. This study is in line with study conducted by Muhammad Fajar Kamal and Nurahma Tresani (2019) who stated that the internal business process perspective influences company performance.

The Effect of a Financial Perspective, a Customer Perspective, and a Simultaneous Internal Business Process Perspective on Company Performance

Based on the statistical results of table 4.13 above, the calculated F value obtained is 215.428 > the F table value (k: n-k = 3: 33 = 2.89) with a significance of 0.000 <0.05, then H0 is rejected and H4 is accepted. So it can be concluded that the independent variables of the financial perspective, customer perspective, and internal business process perspective simultaneously have an influence on the dependent variable of company performance.

This study is in line with study conducted by Rukmini (2022) which states that the financial perspective, customer perspective and internal business process perspective have a significant effect on company performance.

CONCLUSION

Based on the results of the above study it can be concluded as follows:

1. The financial perspective (X_1) has a positive and significant effect on company performance (Y) in automotive sub-sector companies listed on the IDX for the 2013-2021 period.
2. The customer perspective (X_2) has a positive and significant effect on company performance (Y) in automotive sub-sector companies and their components listed on the IDX for the 2013-2021 period.
3. Perspective of internal business processes (X_3) has a negative and significant effect on company performance (Y) in automotive sub-sector companies and their components listed on the IDX for the 2013-2021 period.
4. The independent variables of the financial perspective, customer perspective, and internal business process perspective simultaneously have an influence on the dependent variable of company performance.

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