The Role of Balance Scorecard and Management Information Systems in Decision Making Through Company Performance

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ABSTRACT
This study aims to analyze the Implementation of Balance Scorecard (BSC) and Management Information System on investment decision making through company performance. BSC as a performance management tool provides a comprehensive view of financial and non-financial aspects that are relevant to investment decision making through company performance, while Management Information System (MIS) supports the decision-making process by providing accurate and relevant information. The results of the study indicate that Key Performance Indicators (KPI) and MIS indicators have a significant influence on investment decision making, while performance assessment is unable to mediate BSC and MIS in investment decision making. BSC as a performance management tool provides a comprehensive view of financial and non-financial aspects that are relevant to decision making, while MIS supports the decision-making process by providing accurate and relevant information. Effective BSC and MIS indicators can improve the quality of more accurate and comprehensive investment decisions. The implications of this study support the importance of integrating both tools in strategic decision making in companies.

Keywords: balance scorecard; management information system; company performance; decision making

INTRODUCTION

The development of the following globalization era requires companies to be able to survive and compete. Rapid developments in various aspects require companies to be able to improve their performance in order to compete (Hui, 2010). Good management is needed so that companies can survive and compete, which can be achieved by knowing and evaluating their performance so far for further improvement (Burney and Swanson, 2010). Company development can be assessed through company performance. The existence of performance measurement can enable an organization to determine strategy and assess previous company performance (Suprapto et al., 2009). Shareholders can be one indicator to determine the value of the company, a high company value will indicate that shareholder prosperity is also high. Shareholders will tend to maximize the value of shares and force managers to act in accordance with their interests through the supervision they carry out. Creditors on the other hand tend to try to protect the funds they have invested in the company with guarantees and strict supervision policies. Managers also have the urge to pursue their personal interests. It is even possible for managers to make investments even though the investment cannot maximize shareholder value. 2 These differences in interests give rise to conflicts that are often called agency conflicts. Basically the goal of financial management is to maximize the value of the company.

Phenomenon and Background of this research is the effectiveness and efficiency of investment decision making by PT X, the occurrence of anomalies in the percentage of operational profit and net profit, the following data supports the underlying theory is Mental accounting theory was first introduced by (R. Thaler, 1985) which emphasizes cognitive actions both in analyzing, evaluating and maintaining financial activities. Shareholders will tend to maximize the value of shares and force managers to act in accordance with their interests through the supervision they carry out. Creditors on the other hand tend to try to protect

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the funds they have invested in the company with guarantees and strict supervision policies. 2 These differences in interests give rise to conflicts that are often called agency conflicts. Rotaria, (2021) with the research title "Analysis of the Application of the Balanced Scorecard Concept as a Performance Measurement Tool for Telecommunication Companies Listed on the Indonesia Stock Exchange (Case Study: PT XL Axiata Tbk)". This case study research was conducted at PT XL Axiata Tbk to analyze financial, customer, business perspectives, while for learning and growth it was carried out using a questionnaire. The results of this study indicate that the performance of the company PT XL Axiata Tbk has increased performance. In the financial and business perspectives, it shows satisfactory results, also for the learning and growth perspective at the employee level is quite satisfactory. The conclusion of this study shows that the use of the balanced scorecard method can provide a comprehensive and more structured picture. The similarities are that they have the same variables, namely company performance and the balanced scorecard, and the type of research uses the same descriptive quantitative method, using a questionnaire. The difference (Research Gap) Researchers are now adding variables for the purpose of making investment decisions through assessing company performance in the implementation of the Balanced Scorecard.

LITERATUR REVIEW

Subhan, (2019). "Performance of Inpatient Health Centers in Jatilawang District Health Center, Banyumas Regency Using the Balanced Scorecard Method". Performance measurement with a financial perspective, customer perspective, internal business perspective and learning and growth perspective. The results of the study showed that the performance of the Puwojati Health Center can be said to be quite good. From an internal business perspective, by looking at the existing BOR LOS, the Purwojati Health Center is in a healthy and good condition. Viewed from the perspective of growth and learning, the availability of personnel with the required qualification standards and the existence of training activities to increase skills and knowledge indicate that in terms of growth and learning for human resources it is good.

Financial management involves the resolution of important decisions taken by the company, including investment decisions, financing decisions, and dividend policies. A manager who is able to make the right financial decisions is needed to achieve the goal of increasing the value of the company. One of the financial decisions that must be taken by shareholders and a manager is the investment decision.

This can provide a positive signal for investors which will later increase stock prices and increase the value of the company. Sources of funding in the company can be obtained from internal sources in the form of retained earnings and from external companies in the form of debt or issuance of new shares. The concept of traditional performance measurement which has so far used financial performance measures such as ROI (Return On Investment), ROE (Return On Equity), RI (Residual Income) and Profit Margin is starting to be less effective. Because performance measurement that only focuses on financial measures does not reflect the overall condition of the company's strategy, where aspects outside of finance are not taken into account. The concept of old model performance measures is considered to only pursue the goal of obtaining short-term profits and tends to ignore the company's long-term survival.

With the statement above, a company needs a tool to measure company performance called the Balanced Scorecard. This system is used to boost the organization's ability to multiply financial performance. The Balanced Scorecard has the advantage of measuring company performance from both financial and non-financial perspectives, namely financial perspective, customer perspective, internal business process perspective and learning and growth perspective. Therefore, the Balanced Scorecard is considered more appropriate to the current business climate. KPI The Balanced Scorecard concept (four perspectives, namely Finance, Customer, Internal Business Process and Learning and Growth) is a means to communicate strategic perceptions in a company in a simple and easy-to-understand manner by various parties in the company, especially parties in the organization that will formulate the company's strategy. The definition of the Balanced Scorecard itself if translated can mean a balanced performance report card. A scorecard is a card used to record the performance scores of an individual and/or a group, as well as to record the score plan to be realized. Performance measurement in a company carried out by implementing balanced scorecard KPI is very important to do, because by doing this measurement the company can find out how successful the company is in running its business, which is not only measured from the financial side, but also seen from the company's non-financial factors. Non-financial factors are also very important factors, because from this factor the company can see from the number of customers, the internal business carried out, and also see from the performance of the company's employees.

Reliable Management Information System Indicators (Broad scope, Timeliness, Aggregation and Integration) also affect managerial performance. Because a Management Information System is designed to produce financial information that is used by its users to make decisions and determine the steps that must be taken to support operational activities and also develop the company. A manager is someone who uses the authority to direct others and is responsible for their work in achieving a goal (Hasibuan, 2014:13). High manager performance will also result in high company performance. For that, it is a must for companies to have productive and innovative managers in order to see and use opportunities well, identify problems correctly. In addition, in improving their performance, managers carry out their functions, duties and responsibilities in running the company's operations (Harefa, 2008:17). One of the functions of the Management Information System is to provide financial information to help managers control their activities, reduce environmental uncertainty, and determine strategies used to achieve predetermined goals so that it is expected to help the company towards achieving its goals successfully. For companies, expanding their business through investment is one way for companies to increase profits. However, in investment selection, management requires accounting information as one of the important bases for decision making to determine investment choices. Investment decisions are activities to spend funds now so that they are expected to generate cash flow in the future with an amount greater than the funds spent now so that the company's hopes of always growing will be more planned.

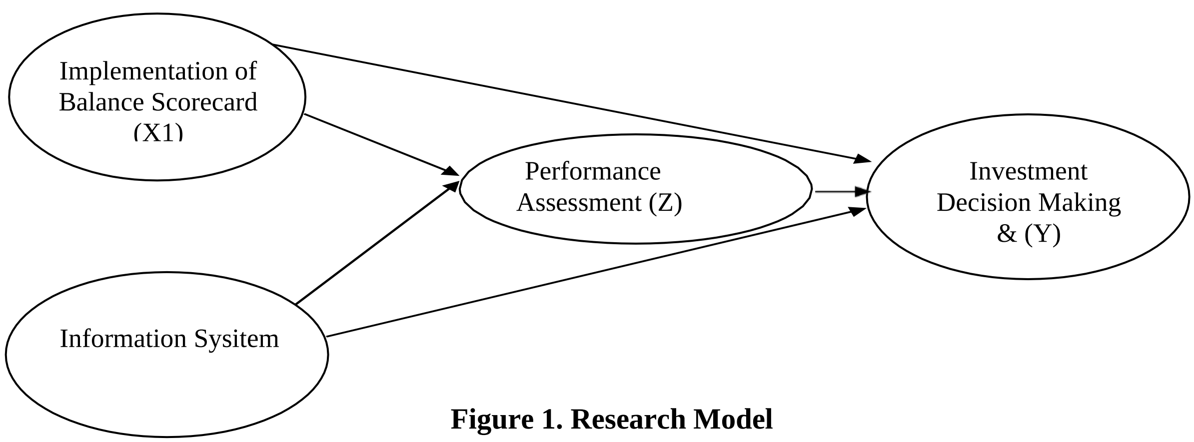

Figure 1. Research Model

ANALYSIS AND DISCUSSION

Implementation of Balanced Scorecard in Investment Decision Making

The analysis action using KPI Balance scorecard on investment decision making through company performance is in line with Mental Accounting Theory, namely cognitive action in analyzing, evaluating and maintaining financial activities. The cognitive that we know includes the knowledge and science that we have which is used in making a decision.

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Effectiveness of Accounting Information Systems on Investment Decision Making

The analysis action using Balance scorecard on investment decision making through company performance is in line with Mental Accounting Theory, namely cognitive action in analyzing, evaluating and maintaining financial activities. The cognitive that we know includes the knowledge and science that we have which is used in making a decision.

This type of research uses quantitative methods because the research data is in the form of empirical studies to collect, analyze, and display data in numerical form. Qualitative research methods are to produce descriptive data in the form of written or spoken words that come from people or observed behavior. The explanation focuses on the type of qualitative descriptive data collected in the study. In this case, qualitative research aims to produce descriptive data and gain a deeper understanding of a phenomenon based on existing facts.

This study also aims to provide an overview of the performance measurement of PT X company which is carried out by implementing the Balance Scorecard, Management Information System and company performance and decision making.

Results of Analysis and Discussion

H1: Balance Scorecard has a significant positive effect on investment decision making with a path coefficient of 0.401 where the p-value = 0.033 is smaller than the value of $\alpha = 0.05$ (5%).

H2: Management Information Systems have a significant positive effect on investment decision making with a path coefficient of 0.682 where the p-value = 0.000 is smaller than the value of $\alpha = 0.05$ (5%).

H3: Performance Assessment (Z) is unable to mediate the influence of Balance Scorecard (X1) on investment decision making (Y) with a path coefficient of -0.085 where the p-value = 0.426 is greater than the α value = 0.05 (5%) (meaning that Performance Assessment is unable to mediate the influence of the Balance Scorecard Approach on Investment Decision Making).

H4: Performance Assessment (Z) is unable to mediate the influence of Management Information Systems (X2) on investment decision making (Y) with a path coefficient of -0.085 where the p-value = 0.390 is greater than the α value = 0.05 (5%) (meaning that Performance Assessment is unable to mediate the influence of Management Information Systems Implementation on Investment Decision Making).

CONCLUSION

This study shows that the implementation of the balance scorecard can contribute to investment decision making. Where the Balance Scorecard KPI on investment decision making is in line with the theory of mental accounting, namely good actions in analyzing, evaluating and maintaining financial activities at PT X. This study shows that the implementation of the Management Information System can have a significant positive effect on investment decision making. Where mental accounting is a cognitive action in managing, evaluating and maintaining financial activities carried out by economic actors. A person who has a good cognitive level shows that he has a good level of knowledge, understanding, analysis and evaluation of information also at PT X. This study shows that Performance Assessment is unable to mediate the influence of the Balance Scorecard on investment decision making at PT X. This means that the balance scorecard on investment decision making through company performance is not in line with the theory of mental accounting, namely bad actions in analyzing, evaluating and maintaining financial activities, where we know that the knowledge and science we have are used in making a decision. This study shows that the results of the hypothesis testing indicate that Performance Assessment is not able to mediate the influence of Management Information Systems on investment decision making at PT X. This means that the relationship between Management Information Systems and investment decision making through performance assessment is not related to each other in decision making.

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