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The Influence of IPMS and Innovation Type on Firm Performance

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Research Highlights

The study proposed two hypothesis and results indicated that no relationship between the interactive use of performance measurement systems (IPMS and firm performance. Inconsistency with previous research, while use of IPMS at the middle and lower level in order day to day employee activities can be active and improved of employees motivation would be meeting to target (Grafton, et al., 2010, and Hall, 2008). Top management in kinds of consistency and attentions for the midle and lower level staff would seriously developed and implementation rewards and funishment policy if subordinate meeting or not to target. Would like interact that's in the organization if the innovation type orientation would be implementation?. Top management certaint to be if innovation type (e.g; product/service, process, position, and paradigm innovations) in the Local-Owned Enterprise Jabar Provine can be encourage employees motivations, creation and improve value added any way create organizational goals, and the end improve performance or public services, and kindly increase firm performance (see also Ting, et al., 2013; Uzkurt, et al., 2013; and Kalkan, et al., 2014)

Research Objectives

The purpose of this reserach is to investigate the influence of interactice use of performance measurement systems and innovation type orientation on firm performance. This research have confirms that IPMS and the same time increase implementation of EIT to encourage the employee's motivation to creation by day to day in gaining firm strategic competitiveness. This research have confirmatory the importance employed of IPMS and EIT at middle to lower level employees in the Goverment Local-Owned Enterprise. I thing that less seriously in the decade were field of management accounting/performance measurement systems. Because, Simons (1995a, 1995b) argue that, damage a company integrity could be affecting by a fundamental problem facing managers and how to exercise adequate control in organizations that demand

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flexibility, innovation, and creativity. Innovations is a key strategic attribute of organizations and has the potential to create competitive advantage (Subramaniam and Mia, 2003). The more rapid the competition in markets and change in technology, the greater is the need for innovation within organizations that's a potential challenge. Interactive use of performance measurement systems and effectiveness of innovation would like encounter on top management its is call organizational commitment persue that to competitive advantages of the management performance and firm performance will increase (Simon, 2000).

Methodology

Survey research method was involved the administration of questionaire 146 were distributed and returned by mail to potential respondence of Local-Owned Enterprise, West Java Province, Indonesian is 73 firms of finance manager and operational manager, we obtain 69 usable data final. The reliability and validity test is refference to Nunnally (1978) and Kaiser and Rice (1974). The questionaires instruments and measurement of construct were formulated as follow: (1). *Interactive Use of Performence Measurement Systems*. The questionaires instruments and measurement of construct were adapted by Abernethy & Brownell (1999) and which has been extensively used. Respondents were asked these questions of five items on the 5 point Likert scale (very disaggreed to very aggreed). (2). *Innovation Type*. The instruments were adapted by Tidd and Bessant (2013 p.25) four dimensions of innovation space: product (service), process, position, and paradigm (mental model) innovation. Respondents were asked these questions of six items on the 5 point Likert scale (very low to very hight). (3). *Firm Performance.* The measurement of construct were developed by Mahoney et al (1963, 1965). The measure provides eight sub-dimension of performance and a ninth dimension as an overall rating. That's were asked these questions of nine items on the 5 point Likert scale (very poor to excellent).

Results

Based on statistic data were analyzed and discriptive results show in tabel 1.

Table 1: Descriptive statistics and correlation matrix[a] (n=69)

Variables	Min (Max)	Mean (SD)	IPMS	Innovation	FP
IPMS	13.00 (25.00)	19.30 (3.42)	-		
Innovation	12.00 (30.00)	21.11 (4.29)	0.543**	0.589**	-
Firm Performance	27.00 (45.00	36.62 (4.90)	0.190	0.201*	0.403**

a) Pearson correlation (two-tailed test) were computed. *correlation is significant at the 0.05 level; and ** correlation is significant at the 0.01 level.

Based on table 1, indicates that interactive use of prformance measurement systems have positive and significant between innovation type orientation and have not correlation between firm performance.

Table 2: Cronbach's Alpha reliability and loadings factor analysis[b]

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Discriptions items	IPMS	Innovation	FP
Cronbach's Alpha	0.813	0.903	0.956
Loading factor on each items question in order for each variables	0.656 0.518 0.846 0.890 0.823	0.849 0.899 0.825 0.822 0.879 0.656	0.853 0.900 0.905 0.901 0.853 0.900 0.905 0.901 0.664
Extraction Sums of Squared Loadings (Cumulative %)	57.671	68.148	75.333

b) Extraction Method: Principal Component Analysis.

Table 2 its is meanning of cronbach's alpa and loadings factor for each item queationaire were instruments construct show that is a very hight (reliable) and the vailidity for each item is valid (Nunnally, 1978 and Kaiser and Rice, 1974).

Table 3: Path-analysis result and direct effects

Discriptions	R-Square	F-test	Unstandardized Coefficients-B	t-test
Constants	0.036	2.503	31.380	9.324 (0.000)
IPMS → FP		(0.118)	0.272	1.582 (0.118)
Constants	0.164	6.455	27.502	8.120 (0.000)
IPMS → FP		(0.003)	0.059	-0.309 (0.758)
Innovation → FP			0.486	3.173 (0.002)

According to table 3, indicate that interactive use of IPMS have not effect on firm performance. The second step analysis would be remarks it is that interactive use of IPMS have not effect on firm performance and innovations type orientation have positive and significantly effect on firm performance, evidence from West Java Province Local-Owned Enterprise, Indoensia were confirmed.

Findings

The findings from the procedures and actually, we to provide soma explainatory remarks of the results. The results as show in table 3 indicate that coefficient, *b1* 0.272, was not significant for IPMS affecting of the firm performance, this finding inconsistent with the Grafton, et al. (2010), and Hall (2008). On the second step analysis is *b1* 0.059, was not significant for IPMS affecting of the firm performance, this finding inconsistent with the previuos research Hyvönen (2007), Lau and Sholihin (2005), and Yuliansyah and Khan (2015), so that H1 is not support. For the innovation type orientatioan, the *b2* is 0.486, was significant of innovation affecting of the firm performance, the finding supported Uzkurt, et al. (2013), Ting, et al. (2012), Dahlan, (2017) and Kalkan, et al. (2014), so taht H2 is support.

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