
Application of Balance Scorecard and Accounting Information Systems to Investment Decision Making Through Company Performance Assessment

Aswar Pramadhan¹, Prof. Dr. Yuniningsih, SE, M.Si² & Dr. Dra. Ec. Tri Kartika Pertiwi, MSi, CRP³

¹Magister Management UPN veteran Jawa Timur, **Indonesia**

^{2,3} Lecturer, Universitas Pembangunan Nasional “Veteran” Jawa Timur, **Indonesia**

DOI - <http://doi.org/10.37502/IJSMR.2024.71208>

Abstract

This research aims to analyze the influence of the Balance Scorecard and accounting information systems on investment decision making through assessing company performance. The Balance Scorecard as a performance management tool provides a comprehensive view of financial and non-financial aspects that are relevant for investment decision making through assessing company performance, while the accounting information system supports the decision-making process by providing accurate and relevant information.

The research results show that the KPI (Key Performance Indicator) Balance Scorecard and accounting information system indicators have a significant influence on Investment decision making, while Performance Assessment alone is not able to mediate the Balance Scorecard and accounting Information System in Investment Decision Making. Because the Balance Scorecard is the Balance Scorecard as Performance management tools provide a comprehensive view of financial and non-financial aspects relevant for investment decision making, while accounting information systems support the decision-making process by providing accurate and relevant information.

These findings indicate that the implementation of the KPI Balance Scorecard and effective accounting information system indicators can improve the quality of investment decisions to be more accurate and comprehensive. The implications of this research support the importance of integrating these two tools in strategic decision-making practices in companies.

Keywords: Balance Scorecard, Accounting Information System, Company Performance Assessment, and Investment Decision Making.

Introduction

The development of the following era of globalization requires companies to be able to survive and compete. Rapid developments in various areas require companies to be able to improve their performance in order to compete (Hui, 2010). Good management is needed so that a company can survive and compete, which can be achieved by knowing and evaluating its performance so far for further improvement (Burney and Swanson, 2010). Company development can be assessed through company performance. The existence of performance measurements can enable an organization to determine strategy and assess previous company performance (Suprpto et al., 2009). Shareholders can be an indicator to determine the value

of the company. A high company value will indicate that shareholder prosperity is also high. By exercising oversight over management, shareholders will often want to maximize share value and compel them to behave in their best interests. On the other hand, creditors often use stringent monitoring procedures and guarantees to attempt to safeguard the money they have invested in the business. There are incentives for managers to follow their interests as well. Even if investors cannot optimize shareholder value, managers may still make investments. 2 The conflicts resulting from these disparities in interests are sometimes referred to as agency conflicts. The main objective of financial management is to increase the organization's value. The research's background and phenomena are:

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 supporting data:

Table 1.1. Percentage of Operational Profit

Jan		Feb		Maret		April		Mei		Juni	
PTX1	PTX2	PTX1	PTX2	PTX1	PTX2	PTX1	PTX2	PTX1	PTX2	PTX1	PTX2
42%	0%	54%	1%	71%	3%	99%	8%	85%	12%	98%	17%
26%	84%	37%	63%	31%	75%	59%	194%	51%	309%	61%	444%
74%	16%	92%	37%	69%	25%	81%	47%	69%	60%	78%	64%
7%	7%	5%	3%	4%	1%	3%	1%	3%	1%	4%	4%
68%	10%	87%	35%	65%	24%	78%	46%	66%	59%	73%	60%
5%	0%	6%	0%	3%	0%	4%	0%	4%	0%	1%	0%
0%	4%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
62%	6%	81%	34%	62%	23%	73%	46%	62%	59%	72%	59%

Source: PT X 2021 Internal Data

The underlying theory is Mental accounting theory, first introduced by (R. Thaler, 1985) which emphasizes cognitive actions in analyzing, evaluating and maintaining financial activities.

Through management oversight, shareholders often seek to maximize share value and compel them to behave in their best interests.

Conversely, creditors often use stringent monitoring procedures and guarantees to attempt to safeguard the money they have invested in the business. Two Conflicts resulting from these disparities in interests are often called agency conflicts. In 2021, Rotaria conducted a study titled "Analysis of the Application of the Balanced Scorecard Concept as a Tool for Measuring the Performance of Telecommunication Companies Listed on the Indonesian Stock Exchange (Case Study: PT XI Axiata Tbk)". This case study research was conducted at PT XL Axiata Tbk to analyze financial, customer and business perspectives, while for learning and growth is carried out using questionnaires. The results of this research indicate that the performance of the company PT XL Axiata Tbk has increased its performance. From a financial and business perspective, it shows satisfactory results, also from a learning and growth perspective at the employee level it is quite satisfactory. The conclusion of this research shows that the use of the balanced scorecard method can provide a comprehensive and more structured picture. The similarity is that they have the same variables, namely company performance and balance scorecard, and the type of research both uses descriptive quantitative methods, using questionnaires. The Difference (Research Gap) Researchers are now adding variables with the

aim of making investment decisions through assessing company performance in the application of the Balance Scorecard

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

The focus of financial management is the resolution of significant business choices, such as those about finance, investments, and dividend policy. To increase the firm's value, a manager must be able to make sound financial judgments. Investment selections are among the financial choices that management and shareholders must make.

This can provide a positive signal for investors which will later increase share prices and increase company value. Sources of funding within the company can be obtained from internally in the form of retained earnings and from externally to the company in the form of debt or the issuance of new shares.

The traditional performance measurement concept, which currently uses financial performance measures such as ROI (Return On Investment), ROE (Return On Equity), RI (Residual Income) and Profit Margin, is starting to become less effective. Because performance measurements that only focus on financial measures do not reflect the condition of the company's strategy as a whole, where aspects outside of finance are not taken into account. The old model of performance measurement concept is considered to only pursue the goal of obtaining short-term profits and tends to ignore the long-term survival of the company.

With the statement above, companies need a tool to measure company performance called the Balanced Scorecard. This system is used to boost an organization's ability to double its financial performance. The unique feature of the balanced scorecard is that it evaluates business performance from financial and non-financial viewpoints, including learning and development, internal business processes, customers, and financial views. Consequently, the balanced scorecard is better suited to the present corporate environment.

KPI. The Balanced Scorecard concept comprises four perspectives: Finance, Customers, Internal Business Processes, and Learning and Growth. It is a way for different organizations, particularly those responsible for formulating company strategy, to communicate strategic perceptions straightforwardly and understandably. If the term "balanced scorecard" is translated, it might refer to a balanced performance report. An individual or group's performance ratings are recorded on a scorecard, which also documents the scoring plan that must be followed.

Performance measurement in companies carried out by implementing the KPI balanced scorecard is very important to do, because by carrying out 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 look at the number of customers, internal business carried out, and also look at the performance of the company's employees.

Measures Managerial performance is also impacted by a trustworthy accounting information system (Broad scope, Timeliness, Aggregation, and Integration). This is because an accounting information system is made to generate financial data that its users utilize to decide what actions to take to support operational operations and grow the business. According to Hasibuan (2014), a manager is a person who exercises power over others and is accountable for their efforts in order to accomplish a goal. Strong performance from managers will translate into strong performance in the organization. Therefore, businesses need creative and productive managers who recognize issues accurately and take advantage of possibilities. In addition, managers fulfill their roles, obligations, and tasks in conducting business operations in order to enhance their performance (Harefa, 2008:17). Providing financial data to managers to help them manage their operations, lower environmental uncertainty, and identify the tactics employed to reach the objectives is one of the roles of an accounting information system. It is hoped that these tools will assist the business in accomplishing its objectives. For companies, expanding their business through investment is one way for companies to increase profits. However, in selecting investments, management requires accounting information as an important basis for decision making to determine investment choices.

An investment decision is the activity of spending funds now so that it is expected to produce cash flows in the future in a greater amount than the funds spent now so that the company's hope for continued growth will be more planned.

Application of the Balanced Scorecard to Investment Decision Making

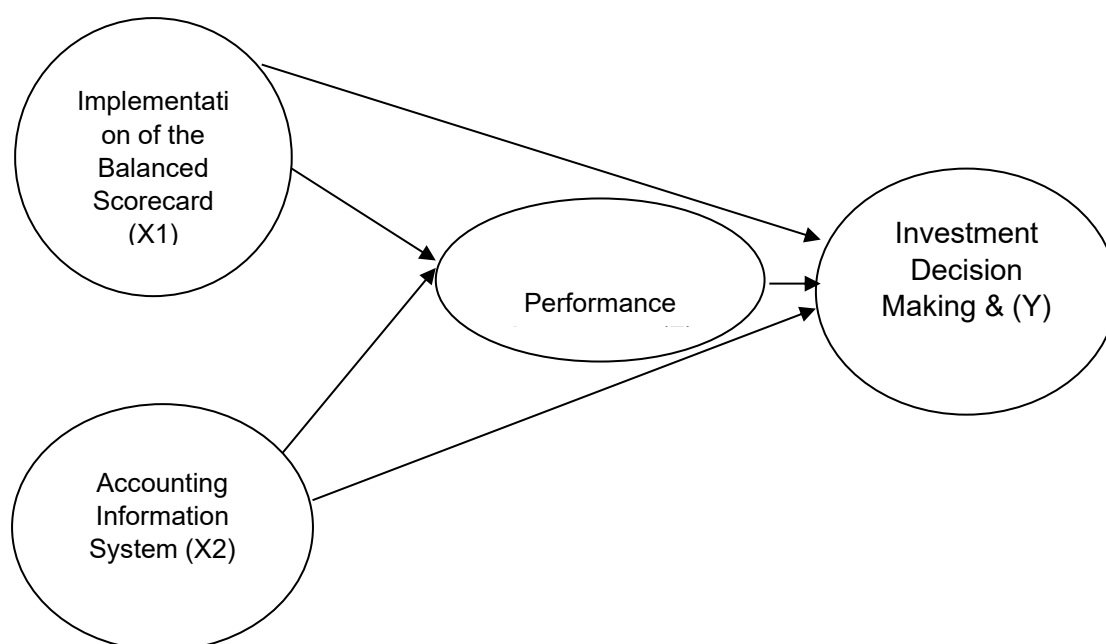
Analytical actions using the KPI Balance Scorecard for investment decision making through company performance are in line with Mental Accounting Theory, namely cognitive actions in analyzing, evaluating and maintaining financial activities. Cognitive knowledge includes the knowledge and knowledge we have that is used in making decisions.

Effectiveness of Accounting Information Systems on Investment Decision Making

Analytical actions using accounting information system indicators for investment decision making through company performance are in line with Mental Accounting Theory, namely cognitive actions in analyzing, evaluating and maintaining financial activities. Cognitive knowledge includes the knowledge and knowledge we have that is used in making decisions

Application of the Balance Scorecard and accounting information system to Investment Decision Making through Company Performance Assessment

Analytical actions using the Balance Scorecard for investment decision making through company performance are in line with Mental Accounting Theory, namely cognitive actions in analyzing, evaluating and maintaining financial activities. Cognitive knowledge includes the knowledge and knowledge we have that is used in making decisions.



Because the research data in this study is empirical, quantitative approaches are used to gather, examine, and present data in numerical form. Using the qualitative research approach, descriptive data is generated from people's written or spoken words or from conduct that has been witnessed. The nature of qualitative descriptive data gathered throughout the investigation is the main topic of this explanation. Here, qualitative research aims to generate descriptive data and develop a better knowledge of phenomena using the information already available.

This research is also to provide an overview of PT

Results and Discussion

H1: The 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 α value = 0.05 (5%)

H2: Accounting 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 α = 0.05 (5%).

H3: Performance Assessment (Z) is unable to mediate the influence of the 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 value α = 0.05 (5%) (meaning that Performance Assessment is unable to mediate the influence of the Balanced Scorecard Approach on Investment Decision Making)

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

Conclusions and Recommendations

Conclusions that can be drawn based on the results of tests on hypotheses in research at PT

1. This research shows that the application of a balanced scorecard can contribute to investment decision making. Where the KPI Balance Scorecard for investment decision making is in line with mental accounting theory, namely good actions in analyzing, evaluating and maintaining financial activities at PT
2. This research shows that the implementation of an accounting information system can have a significant positive effect on taking investment decisions. 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 at PT
3. This research shows that Performance Assessment is not able to mediate the influence of the Balance Scorecard on investment decision making at PT where we know that the knowledge and knowledge, we have is used in making a decision.
4. This research shows that the results of hypothesis testing indicate that Performance Appraisal is unable to mediate the influence of the Accounting Information System on investment decision making at PT

Suggestion

Based on the results of research conducted at PT X, there are several suggestions that are worth considering. These suggestions are as follows:

1. It is recommended that further research also consider Financial Report variables that can influence investment decision making and performance assessment such as product quality, brand image and so on. Future research can also use indicator items in more detailed variables and have a larger number of questions on these indicator items so that the results obtained are more detailed.
2. PT Another thing that might need attention is increasing publicity through product testimonials offered by PT X cosmetics to customers.
3. Application of the accounting information system to be further developed by adding analysis such as break-even point, profitability, liquidity, solvency.

References

- 1) Agustin L & Anwar M. (2022). The Influence of Investment Decisions, Dividend Policy and Liquidity on Company Value in Property and Real Estate Sub-Sector Companies Listed on the IDX. *Scientific Journal of Management, Economics & Accounting (MEA)* 6 (2), 1251-1267, 2022.
- 2) Afzal, Arie and Rohman, Abdul. (2012). "The Influence of Investment Decisions, Funding Decisions, and Dividend Policy on Company Value". *Diponegoro journal of accounting* volume 1, number 2, page 9.
- 3) Alza, R. Z., & Utama, A. . G. S. (2018). The Influence of Funding Policy, Investment Policy, and Dividend Policy on Company Value with Business Risk as a Moderating Variable. *Airlangga Journal of Accounting and Business Research*, 3(1).
- 4) Andriani, Astri Swi. Asep Mulyana. I Gde Dhika Widarnandana. Aris Armunanto. Imas Sumiati. Leni Susanti, Leonita Siwiyanti. Qomarotun Nurlaila. Dheni Dwi Pangestuti and Irra Chrisyanti Dewi, (2022). *Human Resource Management*. Makassar: CV. Tohar Media,.

- 5) Anggraini, F., & Mulyani, E. (2022). The Influence of Accounting Information, Risk Perception and Company Image in Investment Decision Making during the Covid-19 Pandemic. *Journal of Exploratory Accounting*, 4(1), 25–39. <https://doi.org/10.24036/jea.v4i1.486>
- 6) Azzahra, Pratomo, (2020). System Quality, Information Quality and Service Quality on System User Satisfaction Analysis of the Effect of Payment Accounting Information Using the Delone & Mclean Method, Telkom University.
- 7) Azzahra, A. S., & Fate. (2019). The Influence of Firm Size and Leverage Ratio on Financial Performance in Mining Companies. *Jwem Stie Mikroskil*, 9(1), 13-20.
- 8) Benson, A. M., & Sajjadiani, S. (2018). Are Bonus Pools Driven by Their Incentive Effects? Evidence from Fluctuations in Gainsharing Incentives. *ILR Review*, 71(3), 567–599. <https://doi.org/10.1177/0019793917726066>.
- 9) Brigham, Eugene and Houston, Joel F. (2011). *Basics of Financial Management* (book 2). Translated by: Ali Akbar Yulianto. Jakarta: Salemba Empat.
- 10) Cascio, W. F. 2010. *Managing Human Resources: Productivity, Quality of Work Life, Profits*. 8th ed. McGraw-Hill/Irwin. Boston.
- 11) Christian, A. B., & Rita, M. R. (2016). The Role of Using Accounting Information in Decision Making to Support Business Success. *EBBANK Journal*, 7(No. 2), 77–92.
- 12) Dewi (2020). Analysis of the Potential for Implementing the Balanced Scorecard as a Performance Assessment at PT BPR Bank Klaten (Perseroda).
- 13) Dewi, L. A. & Praptoyo, S. (2022). The Influence of Company Size, Profitability, and Leverage on Company Value. *Journal of Accounting Science and Research* Vol 11 No 2.
- 14) Fahmi, I. (2018). *Performance Management Theory and Applications*. Bandung: Alfabeta.
- 15) Fenandar, Gany Ibrahim. (2018). "The Influence of Investment Decisions, Funding Decisions and Dividend Policy on Company Value". Thesis. Semarang: Diponegoro University.
- 16) Harmono. (2018). *Balanced scorecard-based financial management approaches theory, cases and business research*. Jakarta: PT Bumi Aksara.
- 17) Husnan, Suad and Pudjiastuti, Enny. (2015). *Fundamentals of Financial Management* (ed). Yogyakarta: UPP STIM YKPN.
- 18) Kaplan, Robert S and David P. Norton, (2000). *Balanced Scorecard*. Jakarta: Erlangga.
- 19) Kotler, (2003). *Marketing Management*. Eleventh Edition. Volumes 1 and 2. Jakarta: PT Index.
- 20) Mulyadi, (2015). *Corporate Planning and Control System*. Salemba Empat Publishers, Jakarta.
- 21) Maulana, M. R. (2016). The Influence of Investment Decisions, Funding Decisions and Dividend Policy on Company Value in LQ 45 Companies on the Indonesian Stock Exchange 2011-2015. *Journal of Management and Business Sciences* Vol. 4, no. 2 – September 2016, 4, 29-50.
- 22) Hastiwi, et al (2022) The importance of financial reports in assessing company financial performance.
- 23) Lullah & Siregar. (2020). The influence of investment decisions, funding decisions, dividend policy, and size of the board of commissioners on the value of manufacturing

- companies listed on the Indonesian Stock Exchange for the 2016-2018 period. *Indonesian Science Management Research Journal* 11 (1), 169-184, 2020.
- 24) Paramitha, Mulyadi, (2017). The Influence of Accounting Information Systems on Managerial Performance and Investment Decision Making at PT. Bank Negara Indonesia (BNI) 46 Denpasar Branch. Prastika, N. E., & Purnomo, D. E. (2014). The Influence of Accounting Information Systems on Company Performance in Micro, Small and Medium Enterprises (MSMEs) in Pekalongan City. *Pekalongan City Research and Development Journal*, 7, 73–101. <https://jurnal.pekalongankota.go.id/index.php/litbang/article/view/86/83>.
- 25) Prastowo, S. L. (2020). Analysis of Business Actor Competencies, Roles and Government Policies on SME Performance in Tangerang City with Marketing Strategy Creativity as an Intervening Variable. *Economics & Business*, 25(2), 159–172. <https://doi.org/10.33592/jeb.v25i2.435>.
- 26) Prasetyo, Heru. (2017). *Company Valuation*. Jakarta: PPM.
- 27) Prastika, N. E., & Purnomo, D. E. (2014). The Influence of Accounting Information Systems on Company Performance in Micro, Small and Medium Enterprises (MSMEs) in Pekalongan City. *Pekalongan City Research and Development Journal*, 7, 73–101. <https://jurnal.pekalongankota.go.id/index.php/litbang/article/view/86/83>
- 28) Santi, Gideon. (2019). Management Accounting Information Systems in Making Investment Decisions, *EMBA Journal*, Vol.1, No.3, pp 911-919.
- 29) Sari (2015) Application of the Balanced Scorecard as a performance measurement tool at the Islamic Hospital in Surabaya on how to make decisions
- 30) Lestari, (2024) with the title Evaluation of Accounting Information System Performance on Investment Decision Making through company performance
- 31) Sedarmayanti. (2019). *Human Resource Management*. Bandung: PT Refika Aditama.
- 32) Sundari, U. S., Isharyanto, I., & Abidin, Z. (2017). The Influence of Investment Decisions, Funding Decisions for Food and Beverage Companies Listed on the Indonesian Stock Exchange (BEI). *Assets - Journal of Economic and Business Research*, I(1), 1–10.
- 33) Sumolang, Hans. 2015. The Influence of Information Technology and Interdependence on Managerial Performance with the Characteristics of Management Accounting Information Systems as Intervening Variables. Riau University Faculty of Economics. Pekanbaru.
- 34) Soudani, S. N. (2012). The Usefulness of an Accounting Information System for Effective Organizational Performance. *International Journal of Economics and Finance*, 4(5), 136–145. <https://doi.org/10.5539/ijef.v4n5p136>.
- 35) Wijaya, Puspo and Wibawa, Anas. (2010). The Influence of Investment Decisions, Funding Decisions, and Dividend Policy on Company Value. 13th National Accounting Symposium, Purwokerto.
- 36) Zainal, Veithzal Rivai. Mansyur Ramly. Thoby Mutis and Willy Arafah, (2018). *Human Resources Management for Companies*. Depok: PT RajaGrafindo Persada.