

THE IMPACT OF THE PERFORMANCE MEASUREMENT SYSTEM'S NATURE ON ITS USERS: A CASE STUDY OF RESTAURANTS UTILIZING GRABFOOD SERVICES IN MEDAN CITY

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Abstract

The performance measurement system enables managers to evaluate the attainment of a goal using consistent and comprehensive financial and non-financial metrics. The performance measuring method enhances small and medium enterprises (restaurants) by augmenting revenue. This study seeks to (1) elucidate the impact of the characteristics of the Performance Measurement System on its users in restaurants utilizing Grabfood services in Medan city, and (2) investigate how the relationship between managerial performance or restaurant proprietors influences the utilization of Grabfood services in Medan city. This research employs quantitative methods, namely data represented numerically. The selected subject is the owner-manager of a restaurant that utilized Grabfood services in Medan City in 2024. The quantity of samples to be examined is 30. Samples from the restaurant will be processed utilizing the purposive sampling method. The employed data collection method is a questionnaire. The employed data analysis approaches include data quality assessments, classical assumption evaluations, and hypothesis testing. The results showed that the nature of the performance measurement system and managerial performance had a positive and significant effect on SMEs (restaurants) that used Grabfood services, and managerial performance or restaurant owners had no effect on using Grabfood services.

Keywords: Influence of PMS, Nature of PMS, SMEs, Grabfood Services.

BACKGROUND

With the advancement of the economy in the current business, numerous establishments leverage Grabfood services to facilitate user needs, particularly in the food sector. Consumers can obtain their preferred food without visiting a restaurant by placing an order using the Grabfood application, which will ensure delivery as per the request. Similarly, restaurants offering Grabfood services are more efficient in serving customers and are not need to furnish tables and chairs. Employees who were expected to manage workforce numbers would impact restaurant finances, as owners are obligated to pay compensation to their staff. A Performance Measurement System (SPK) is required to assess the restaurant's financial data.

The performance assessment system is crucial as it facilitates the execution of strategic plans, assesses the attainment of organizational objectives, and informs the development of managerial remuneration schemes (Ittner & Larcker, 1998). Merchant (2006) contends that performance metrics are crucial for assessing managerial effectiveness. This is effective for encouraging managers to dedicate their efforts towards attaining corporate objectives through various relevant incentives.

Performance measurement systems represent a significant and expansive concern that has gained prominence in recent years regarding both theory and practical implementation in corporate management and building projects. Performance measuring systems are a prevalent yet ambiguous term (Neely et al., 1995; Franco-Santos et al., 2007). Over the past two decades, prior academics have extensively examined the implementation of comprehensive Performance Measurement Systems (Hoque & James, 2000).

This study replicates Fei Deng's research (2015). The distinction between this research and Fei Deng's research is in the research subject and the temporal scope of the study. In 2015, Fei Deng did research on building firms in the United Kingdom. My research will focus on Small and Medium Enterprises (restaurants) utilizing Grabfood services in Medan City in 2024. Furthermore, Fei Deng's research focuses on strategy and operational management, but our study solely concentrates on the business strategy of restaurants utilizing Grabfood services.

Performance measuring programs emphasize evaluation, assessment, and benchmarking. The primary emphasis of performance pertains to company operations. Each restaurant possesses an own business model, complicating the implementation of conventional performance metrics. This is due to the diverse business aims or requirements of each restaurant. Restaurants must cultivate competencies and acquire knowledge regarding the establishment of performance measurement criteria.

Small and medium firms under significant strain to maintain their company efforts in this intelligent, modern, and global period. They must provide earnings for firm owners (Deng & Smyth, 2014). Restaurants in operation frequently experience fluctuations in performance. Should the business endeavor prove unsuccessful, the restaurateur will initiate a new enterprise. Consequently, a business strategy will be necessary to secure a competitive advantage in an unstable market. Consequently, eateries will serve as a significant instrument to bolster such activities.

THEORETICAL STUDY

A system is an assemblage of interconnected subsystems, components, or entities, whether tangible or intangible, that collaborate to accomplish a defined objective. Measurement is a methodical process for observing an individual's behavior and articulating it through a numerical scale or classification system.

The performance measurement system is an organized collection of metrics employed to assess the efficiency and effectiveness of an activity (Neely et al., 2005). The performance measurement system enables managers to evaluate the success of a strategy using both financial and non-financial metrics that are used consistently and comprehensively. The performance measurement system is a tool that enhances the probability of effective plan implementation inside the organization. Performance measurement systems furnish information, facilitate strategy implementation (Maisel, 1992), and integrate management processes, including target formulation. Decision-making and performance assessment to attain specified strategic objectives.

Contextualizing performance measurement systems involves applying the conceptual framework inside a particular organizational environment to create a performance measurement system. This body of literature emphasizes processes such as design, implementation, utilization, and evaluation and revision.

The extensive adoption of performance measuring methods prompts inquiries about the degree to which firms obtain concrete advantages. This assertion prompts numerous management researchers to explore the impacts of performance assessment systems and elucidate the underlying mechanisms (Banker et al., 2000). The primary objective of these research is to examine the correlation between critical characteristics of performance assessment systems and their associated impacts, such as financial performance, in which organizational contingency may function as a mediator or moderator. Contingency theory is extensively utilized, indicating that the efficacy of performance assessment methods is contingent upon the organizational and environmental circumstances.

The performance measurement method improves the quality of small and medium enterprises (restaurants) and boosts income.

This research will elucidate how the characteristics of the performance measurement system positively influence the performance of small and medium enterprises, specifically restaurants utilizing Grabfood services, thereby contributing valuable insights into the impact of performance measurement systems on corporate performance. The research framework can be delineated as follows:

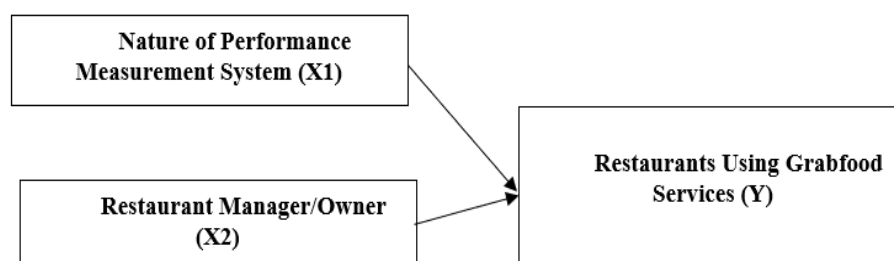


Figure 1: Research framework

The Effect of Performance Measurement System Properties on Performance Measurement System Users

The performance measuring system is regarded as intricate in converting business strategy into performance metrics. This study will elucidate how the characteristics of the performance assessment system would positively influence the performance of small and medium enterprises, specifically restaurants utilizing food delivery services in Medan City. In this study, the hypothesis formulation used by the author.

H1: The nature of the performance measurement system has a significant effect on the users of the performance measurement system in restaurants that use Grabfood services in Medan city..

The Effect of Managerial Performance or Restaurant Owners on the Use of Performance Measurement Systems

Managerial performance is a critical component for the corporation, as enhancing it is anticipated to elevate the overall performance of the organization. The subsequent hypothesis that may be proposed is:

H2: Do managerial performance and restaurant ownership significantly influence the utilization of Grabfood services in Medan City?

RESEARCH METHODS

This research was conducted at small and medium enterprises (restaurants) in Medan that use Grabfood services. The population in this study were managers or owners rather than restaurants. Determination of the sample using non-probability sampling using purposive judgment sampling. The number of samples to be studied is 30 restaurants.

The dependent variable employed is the nature of performance measurement and managerial performance (owner). The dependent variable in this study is the utilization of Grabfood services.

The acquired data will initially undergo validation and reliability testing with the SPSS software. The data will thereafter undergo tests for normality, multicollinearity, and heteroscedasticity. Hypothesis testing of this study was carried out by the Coefficient of Determination, Simultaneous Test (F test), Multiple Linear Regression Test.

RESULTS AND DISCUSSION

The hypothesis test findings indicate that the t statistic for the performance measurement system is 1.337. Since tcount exceeds the t table ($1.337 > 0.683$), the performance assessment method significantly and positively influences SMEs utilizing Grabfood services in Medan City. The variable characteristics of the performance assessment system (X1) positively influence SMEs utilizing Grabfood services. An enhancement in the performance monitoring method would consequently lead to a rise in the number of SMEs utilizing Grabfood services in Medan.

The nature of the performance measurement system used by SMEs using Grabfood services in Medan city is based on the questionnaires distributed, among others: SMEs or restaurant owners always strive to improve product quality to achieve customer satisfaction. SME owners also try to minimize disruptions and damage that can cause losses to SMEs. Applying the nature of the performance measurement system to SMEs that use Grabfood services will provide the best production results and get maximum profit.

The results of this study are in accordance with those of previous researchers, namely Fei Deng (2015), who conducted the research in a construction company in the United Kingdom. In addition, Fei Deng's research emphasizes operational strategy and management, while this research only emphasizes restaurant business strategies that use Grabfood services.

Restaurant managers and owners utilize Grabfood services to enhance business operations aimed at maximizing organizational competitiveness through upgrades. According to data collected from questionnaires distributed to 30 managerial/SME owners in Medan city, it is evident that the performance of managerial/SME owners yields a count $< t$ table (0.202 < 0.683), indicating that managerial/restaurant owner performance does not significantly influence the utilization of Grabfood services in Medan city.

CONCLUSIONS AND RECOMMENDATIONS

The results of this study can provide information about the nature of the performance measurement system, managerial performance, and the use of Grabfood services. Managers seek innovation to provide convenience and customer satisfaction and positively impact restaurants. Future researchers can use other additional variables so that the research results can better describe the nature of performance measurement for other SMEs. Future researchers are expected to re-examine the variable nature of performance measurement on other variables because it can be used as a comparison and support for the results obtained.

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