

COMPETITIVE STRENGTH AND ITS IMPACT TOWARD ACHIEVING COMPANY'S PERFORMANCE BASED ON BALANCED SCORECARD APPROACH IN THE FURNITURE INDUSTRY IN CENTRAL MINAHASA REGENCY

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ABSTRACT

The Balanced scorecard translates the company's mission and strategies into a complete set of measurements which provide the framework for measurements and strategic management system. This study (research) aims at analyzing the simultaneous affects from the variables of competitive strength, that is, delivery, value, flexibility, and innovation toward to the company's performance achievement based on Balanced Scorecard approach. This study is the explanatory study that explains the causes of relation ship among variables through hypothetical tests. The population in this study are small, medium, and big-scale furniture industries which are export – oriented and are also registered at the office of industry, Trade, cooperative and investment of central Minahasa.

The determination of samples in this study is by using purposive sampling method, which means that the determining of samples is by considering certain criteria that are decided by the researcher (s) toward the objects which are suitable for the objective of the study. The results of the study show that the variables of competitive strength, namely delivery, value, flexibility, and simultancous innovation affect the achieving of company's performance based on Balanced scorecard approach in export – oriented furniture industry in the regency of central Minahasa.

Key Words : Competitive Strength, Balanced Scorecard, Company's Performance, Central Minahasa Regency

JEL Classifications : D10, L10, L21, L26, M15IT

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I. INTRODUCTION

The development in the industrial sector is one of the main priorities of economic development without neglecting the development of agricultural and industrial sectors. One of the sub sectors that contributes significantly for the economic development is the furniture industry. This could be seen at the time of economic crisis, most of the furniture industry, especially in central Minahasa Regency could survive and even grew rapidly along with the depreciation of rupiah's currency against the US dollar. (Disperindag Kab. Minahasa Induk, 2015).

The furniture industry which is growing currently is an important industry in central Minahasa Regency. It's not exaggerating to say that the furniture industry is the supporting pillar or even the breath of life for the people of central Minahasa Regency. The indicator that shows how important the role this industry has played, can be seen at the labor force absorption in 2013, it was recorded that as many as 1,250 workers were absorbed in the furniture industry, and not including the manpower absorbed at other sectors. Besides absorbing many workers, this very industry can also help the growth of small scale furniture industry. Most of the products made by small-scale industry are absorbed by big-scale industry in the form of half – finished goods which are further processed into ready made products and marketed.

The rapid expansion of industrial hubs also affects to the physical development of infrastructure such as : the asphaltting of roads in villages, the building of places of worship as well as educational institutes which are built by a self – supporting basis, is the real proof of growth in the community's economic. With the presence of local and foreign investments, the door for the furniture industry to enter into export- market is opened wider. The boom period for carving products export from central Minahasa happened in 1999 to 2013. After that period, the exports dropped drastically to nearly 75 %. That can be seen from the rate of growth of the Gross Regional Domestic Products Per Sector which is shrinking year to year, though still grows positively at 1.59 % in 2015. (Badan Pusat Statistik Minduk, 2015).

The shrinkage is caused by the declining of furniture demand which is the main industry in central Minahasa District. To name some reasons of the shrinkage on, among others, to : First, the scarcity of raw materials as the consequence of Perhutani's policy to issue decree of Kepmenhut 19/2003 on the Reduction of Felling Areas of Perhutani I Teakwood Forest to 40 %. Second, the failure of craftsmen in fulfilling the quality and specifications as requested by international buyers. And third, the springing up of activities outside central Minahasa so that central Minahasa is not the only player at present. Other problems have to be tackled by the furniture industry are the rising cost of operation caused by the rise of fuel's price, electricity rate (fare) and the demands for wages like by workers.

In such a strict and competitive situation, and in order to be able to reach and expand its market, each company needs to have strategy to win the competition. According to Fred R. David (2012), strategy is the means to reach long – term target. Competitive strategy which becomes the core strength / competence of a company that should always be increased on order to obtain competitive superiority and added value so as to be able to support the achieving of company's performance. Achievement. Generally, a company's performance rating uses financial measuring rod. One of the approaches that can be used to measure the achievement of a company's performance by balancing Financial Aspect and Non-financial Aspect, that is the performance rating method based on Balanced scorecard approach. This is strengthened by Kaplan and Norton's (2006) statement, and that, the Balanced Scorecard

(BSC) provides an instrument to managers which is needed for directing a company (corporation) to future successful competition.

Balanced scorecard translates a company's mission and strategy into a set of measurements providing the framework for measuring and strategic management system. Balanced scorecard measures a company's performance on four balanced perspectives : finance, customers, internal business process, and learning process as well as growth. BSC enables a company to record the result of financial performance and at the same time to monitor the progress of a company in building competence and to get intangible assets needed for future growth. Therefore, a research is needed to be conducted concerning the effect of competitive strength toward the achieving of company's performance based on Balanced Scorecard approach in furniture industry which is export – oriented in central Minahasa Regency.

The Objective of Study

The objective of this study : (1) To find out whether the variable of competitive strength, namely delivery, value, flexibility, and innovation have any effect simultaneously toward the achieving of company's performance based on Balanced Scorecard approach ; (2) To find out whether the variable of competitive strength, namely delivery, value, flexibility, and innovation have any partial effect toward the reaching of company's performance based on Balanced Scorecard approach.

2. LITERATURE REVIEW

Strategic Management

Some experts in the science of management define strategic management by different ways. Ketchen (2011) defines strategic management as analysis, decision, and action taken or done by corporations to create and maintain competitive superiority. This definition describes two main elements of strategic management. First, strategic management that is related to the ongoing process : analysis, decision and action. Strategic management is related to how management analyzes strategic target (vision, mission, objective) as well as internal and external condition being faccol by a corporation. Further, the corporation has to create strategic decision. This decision has to be able to answer two main questions : (1) what industry is this corporation involved with and (2) how the corporation has to compete in the said industry.

Finally, the action that should be taken to execute the decision. The action needs to be done is to encourage managers to allocate resources and to design organization and to make plans into realities. The second element, strategic management is a study about why a corporation is able to defeat other corporations. Managers need to determine on how a corporation could create competitive superiority which is not only unique but also valuable, and also hard to be copied or replaced so that it survive long. Competitive superiority that could survive long enough is usually obtained by doing different activities which differ from its competitor, or doing the san activities by different ways.

Competitive Strength

In the theory of competition we know a very famous theory by Michael Porter when we want to analyze competition (completion analysis). The theory is well known for its term Porter Five Forces Model.' Basically, Porter evaluates that in reality, a corporation does not

only compete with other corporations in the industry at present. Analysis generally used by a corporation is who is the direct competitor of the company / corporation and at last they are trapped in the “competitor oriented”. So they do not have clear market’s vision. In the Five Forces Model, it is depicted that we also compete with our potential competitor, that is, they who ever will enter, supplier, buyers or consumers, and substitute products. Thus, we must know that there are five strengths which determine the characteristics of an industry, namely :

- 1)The current inter buyer competition intensity.
- 2)The threat of new comers’ entry
- 3)Suppliers ‘ bargaining power.
- 4)Buyers’ bargaining power, and
- 5)Substitute products threat.

Balanced Scorecard

The Balanced score card is further abbreviated to BSC and it is an approach toward strategic management developed by Robert Kaplan (Harvard Business School) and David Norton in the beginning of 1990. BSC is formed from two words, that is, balanced and score card. Balanced means there is balancing between financial performance and non financial performance, short – term and long – term performance, between internal and external performance.

While Scorecard, namely a card which is used to record someone’s performance. Scorecard is also used to plan scores which will be realized by someone in the future.

At first, BSC is used to improve measuring system for executive performance is only used for measuring finance. And then, it develops vastly into four perspectives, performance. The four perspectives are finance, customers, internal business process as well as learning and growth. According to Kaplan and Norton (1996), Balanced scorecard is :

“a set of measures that give top managers a fast but comprehensive views of the business includes financial measures that tell the results of actions already taken....complements the financial measures with operational measures on customers satisfaction, internal process, and the organization’s innovation and improvement activities - operational measures that are the drives of future financial performance.”

“ A measurement and management system that views a business unit’s performance from four perspectives : financial, customers, internal business process, and learning and growth”. Thus, Balanced Score card is a management system, measurement, so that a fast, accurate and comprehensive control could provide comprehension to managers about business performance. Performance measurements with Balanced scorecard views business unit from four perspectives : namely, finance, customers, business process in a company, as well as learning and growth. Through cause and effect mechanism, the financial perspective becomes the main measuring rod that explained by operational measuring rod on three other perspectives, as driver (lead indicator).

Besides that, the Balanced Scorecard also provides thinking framework to spell out company’s strategy into operation. Before implementing Balanced scorecard, by the time of building Balanced scorecard, first of all, the mission, vision, and company’s strategy from company’s top management should be spelled out clearly, for it determines the following process in the form of operational activity of strategic transaction. With Balanced Scorecard,

the objective of a business unit is not only stated in the form of financial measurement, but also spelled out further into measurement about how the business unit creates value toward the existing and future customers and how the business unit should increase its internal competence including investment in human resources, system and procedure needed to reach better performance in the future. Through Balanced scorecard, the financial and non-financial performance measurement, is expected to become part of the information system for all employees of all levels in an organization. BSC is a mechanism of management system that could translate vision and organization's strategy into real action on spot. BSC is one of the management instruments which has been proved to have helped many corporations in implementing their business strategies.

Balanced Scorecard's Superiority

In its development, BSC has helped corporations to reach their goals successfully. BSC has several superiorities which does not possessed by traditional strategic management system. Traditional strategic management merely measures organization's performance by its financial side and stress more on measuring tangible things, however, business development demands the changing of views that intangible things also play a role in the progress of an organization. BSC answers the need through strategic management which consists four perspectives process as well as learning and growth.

The superiority of BSC approach in the strategic planning system (Mulyadi, 2012), and it could bring forth strategic planning which possesses the following characteristics (1) comprehensive, (2) coherent, (3) balancing, (4) measured.

Perspective in Balanced Scorecard

The Perspectives in BSC are follows :

1. Finance Perspective

BSC uses financial performance as its mesuaringrod such as net profit and ROI, for the measuring rod is generally used in companies to find out profit. Financial measuring rod only cannot describe the causes which made assets change that is creased by a company or organization. (Mulyadi and Johny Setyawan, 2000).

Balanced scorecard is a performance measurement method which in itself there is a balancing finance and non finance in order to direct a company's performance to reaching success.

BSC can explain further concerning the vision that plays a role in realizing the addition of assets (Mulyadi & Johny Setyawan, 2000) as follows :

1. The increase of customers' satisfaction so it also increases profit (through the increasing of revenue).
2. The increase of employees' productivity and commitment, so it also increases profit (through the increasing of cost effectiveness).
3. The increase of company's competence in producing financial returns by reducing the capital used or invest in projects that produce high returns. In the Balanced scorecard, financial measurement hs two important roles, the first, all perspectives depend on financial measurement which show the implementation of strategy which is already in achieving organization's objectives.

According to Kaplan and Norton, business circle is divided into 3 stages, namely : growth, sustain, and harvest, where each, stage in the circle has different financial objective. Growth is the early stage in a business circle. At this stage, a business is expected to have new products which are very potential for the business. That is why, at the growth stage, we should consider resources to develop new products and to increase services, build and develop production supporting facilities, invest in system, infrastructure and distribution network that will support the forming of work relationship on the whole in developing good relationship with customers. On the whole, financial objective at this stage is to measure the percentage of growing level, and sales growing level in the targeted market. The further stage is sustain, where at this stage, questions prop up about the drawing back of investment or reinvest by considering the level of return which they have invested. At this stage, the financial objective to be reached is to get profit. The following is an example of a business which is undergoing a stage called harvest, where an organization or enterprise will make efforts to sustain its business. Financial objective of this stage is to increase cash flow and to reduce fund flow.

2. Customers' Perspective

In the customers' perspective, a company first of all needs to determine market and customer's segment which is the target of an organization or an enterprise. Further, managers should determine the measuring instrument to measure the performance of each operational unit in the effort of reaching its financial target if a business unit wants to reach a superior long-term financial performance, they should create and present a new product/service which is more valuable for their customers (Kaplan, Norton, 1996).

A product is said to be valuable when the benefit received from the product is higher than the money paid (when the performance of a product nears or surpasses what it is hoped for and perceived by customers). A company has the limitation to satisfy potential customers so that it needs market segmentation to be able to give the best service based on the existing competence and resources. There are two groups in customers' perspective, namely :

❖ Core Measurement Group

This measurement group is used to measure how a company fulfill the needs of their customers in reaching customers' satisfaction to sustain, to get, and to seize market share which has been set before. In the core measurement group, we know there are five measuring rods, namely : market share, customer acquisition, customer retention, customer's satisfaction, and customer's profitability.

❖ Measurement Group of Customer Value Proposition.

This measurement group is used to find out how a company measures the market value they dominated and the potential market they may enter. This measurement group can also be used to describe performance trigger which involves what should be presented by a company to reach satisfaction level, loyalty, retention, and acquisition of high customers. Value proposition describes attributes presented by a company in the product/service they sell in order to create loyalty and customer's satisfaction.

3. Perspective of Internal Business Process

Perspective of Internal Business Process features critical process that enables business unit to give value proposition which is able to attract and sustain customers in the targeted market segment and to satisfy stakeholders through financial returns (Simon, 1999). Each company (corporation) has a set of unique value creation process for its customers. Generally, Kaplan and Norton (1996) divided it into 3 basic principles, namely :

1. Innovation Process

Innovation process is the most important part in the entire production process. But there are also companies that place innovation outside the production process. In the innovation process itself it consists of two components, namely : identification of customer's wish, and execute production designing process which is in line with, customer's wish. Whenever the result of innovation cannot fulfill customer's wish, the product will not get positive response from customers, so it won't provide addition income for a company, in fact even the company has to spend investment fees on research and development.

2. Operational Process

Operational process is an activity done by a company, starting from the moment of receiving orders from customers until the time when the product is delivered to customer. Operational process stresses on efficiencing and time of delivery of products. This process, based on fact becomes main focus of performance measurement system of most organization.

3. After Sale Service

The after sale service here meant could be in the form of guarantee, replacement of damaged product, etc.

4. Learning Perspective and Growth

This perspective provides infrastructure for reaching the previous three perspectives, and to produce growth and long-term improvement. It's important for an enterprise, when it wants to invest, it should not only invest in equipment for producing product / service, but also should invest in infrastructure, namely : human resources, system and procedures. Financial performance measuring rod, customers and internal business process could reveal the wide gap between the competence of human, system and procedures. To narrow this gap, an enterprise / company should invest in employees' reskilling, namely : to increase the competence of information technology and system, as well as to redesign the existing procedures. Learning perspective and growth covering 3 capability principles related to company's internal condition, namely:

1. Worker's capability

Worker's capability is the part of a worker's contribution to the company. In the connection with worker's capability, there are 3 things that should paid attention to by the management.

a. Worker's Satisfaction

Worker's satisfaction is the precondition for increasing productivity, accountability, quality, and services to customers. The element that can be measured in worker's satisfaction is the worker's involvement in decision taking, recognition, access to get information, drive to work creatively, and to use initiative as well as the support from superior.

b. Worker's Retention

Worker's retention is the competence ability to sustain the best workers in a company where we know that the worker (s) is a long term investment for a company. So, the quitting of a capital intellectual loss for the company worker's retention is measured by the percentage of a company's turnover.

c. Worker's productivity

Worker's productivity is the result of the entire influence of the increasing expertise and morality, innovation, internal process, and customer's satisfaction. The objective is to relate output produced by workers with the number of workers who should produce the said output.

2. Information System Capability

The measuring rod for information system capability is the level of accuracy of information available and the length of time in getting the information needed.

3. The organizational climate which drives the appearance of motivations and empowerment is essential to create workers who have initiative the measuring rod for the above mentioned is the number of suggestions given by workers.

Company's Performance

Performance measurement is an important thing in the planning process, controlling, and transactional process. Such as acquisition, share issuance. Through evaluation, a company may choose the right strategy and financial structure, determine the phase out toward company's business units which are not productive to set internal reward and to set share price properly (Robbins, 2012). Traditional measure men is conducted by company's actual performance with budgeted performance or standard fees in line with its accountability characteristics, while contemporary performance measurement uses activities as its foundation (Schuler & Jackson, 2011 : 3).

Performance measurement is designed to evaluate how good an activity is done and could identify whether sustainable improvement is done or not corporations so far use more performance measurement to emphasize on financial aspect, namely which is usually called traditional performance measurement. Traditional performance measures only the one that is connected with financial aspect. While, other performance measurements such as : competence increase and personnel commitment, productivity increase and business process cost effectiveness used to serve customers is always neglected by management for it is difficult in measuring. Up till now company's performance measurement is conducted, through traditional approach which emphasizes financial aspect, such as gross profit, return equity, operating income and so on, where at present, it's no longer used as a strong survey rod at this competitive era. Therefore, other measuring rod is needed as financial complement, long term profitability, high quality, loyal customers and maximum working satisfaction.

Vichery, Droge, Markland (2013) said that previous researches are conducted to research manufacturing company's competitive strength in furniture industry by using analysis factor and regression analysis, besides seeking core dimension of manufacturing company's performance, this research also studies the relationship between core dimension of manufacturing company's competitive ability with the whole business performance. The results of the study show that there are four dimensions of the manufacturing company's competitive capability in furniture industry, among others, delivery, value, flexibility, and innovation. By using regression analysis between competitive capability toward six performance measurements, namely ROA after tax, ROI, ROS, ROI Growth, ROS Growth and sales Growth. It found that the factor of competitive capability has no significant effect to performance measurement except innovation has significant effect to the six performance measurements.

Peter T. Ward and Rebecca Duray (2013), the research was conducted at us manufacturing companies which are active in steel, electronics, and system control producing

business. This research aimed at finding out the effect between dynamic environment, competitive strategy, manufacturing strategy, and company's performance. The competitive strategy is proved as the variable between organizational environment and manufacturer's strategy. Facts show that environment, competitive strategy (differentiation) and manufacturer's strategy (quality) provides high performance for company. The results of this research show dynamic environment affects competitive strategy choice, competitive strategy affects manufacturer's strategy, and manufacturer's strategy affects performance.

Harinie (2012) in his study "The Influence of the Implementation of Strategy on the Performance at PT. Bank Mandiri (Persero) Tbk. Branch HUB Lambung Mangkurat Banjarmasin Based of Balanced Scorecard Approach. By using Path Analysis, the results of his study show that strategy implementation executed by credit managers, supervision manageri and credit rescuing, and fund/service managers, whether simultaneously or partially affects positively toward the achievement of company's performance based on Balanced scorecard approach. From previous research, as mentioned above, it's concludud that the discussion and research concerning business environment, competitive strategy, competitive strength, company's performance and Balanced scorecard have been conducted by many people before with various results of studies. These can be used as consideration and reference so that these studies can be compared and complete each other and provide further study chances whether in the replicative or development nature.

From the existing basis of theory, Pearce and Robinson (2010), define strategy as a group of decisions and actions which result in the formulation and implementation of plans designed to reach company's target.

4. HYPOTHESIS

H₁: Competitive strength, that is, delivery, value, flexibility and innovation are assumed to have simultaneous effect toward the effort of reaching company's performance based on Balanced scorecard approach.

H₂ : Competitive strength, namely delivery, value, flexibility and innovation assumed to have partial effect toward the achieving company's performance based on Balanced Scocecard approach.

5. RESEARCH METHOD

Research Approach

This research uses survey method. According to Sugiyono (2012), survey method is a method used to obtain information via request of information to parties providing information or answer (respondent). This study is included as explanatory research, that is, research which explains cause relations between variables through hypothetical tests.

Location and Time of Research

The location of this research is in central Minahasa Regency with the furniture industry as the object of its study. The general reason for chosing central Minahasa Regency is because it is as one of the regions of furniture industry hub in North Sulawesi, whether small, medium or big-scale industry ; while the specific reason is because the furniture industry is on of the industry which gives big contribution to the economic growth in that region that also is in line with President Jokowi's Program to increase national economic growth and it is also as the subsector of industry which has absorbed a lot of manpower in central Minahasa Regency. The time for the research is condused at the and of 2015.

Population and Sample

The population in this study is the medium and big-scale and export – oriented furniture industry which have been registered at DinasIndagkoppm (the office on Industry, Trade, Cooperative and Investment) of Central Minahasa Regency. There are 25 big-scale furniture companies that employ more than so workers (people), and 35 medium-scale companies that employ between 20 to 30 workers. So, there are 60 furniture companies which are categorized as big companies. The determination of sample in this study is by using purposive sampling technique, meaning that the sampling is determined by considering certain criteria which have been selected by the researcher (s) which are in accordance with the objective of this research.

Data Collection

The type of data used in this study are primary and secondary data. The primary data is the data obtained from interview method and questionnaire. The secondary data is obtained from intermediary media (gotten and recorded by other parties), and in general is in the form of proof, note or historical report composed in file / archive (documentary data) whether published or non-published (Indrianto, 2013). While the technique of data collecting in this study are questionnaire, observation and interview.

Data Analysis

Descriptive statistical method aims to get description about the variable of delivery, value, flexibility and innovation as well as to identify the respective characteristics variables in the form of frequency and percentage. Inference statistical method aims to test the effect between the variables of delivery, value, flexibility and innovation to ward the reaching of company's performance based on Balanced scorecard approach and also to test the hypothesis which has been formulated in this research. The analysis model used is the double linear regression by using computer software program SPSS (Statistical Product and Service Solutions) 11.0 for Windows version. The factor analysis used in this research is confirmatory factor analysis. In this confirmatory factor, someone is a priori based on theory basis and concept which he / she has, he/she has already known how many factors should be formed, what latent variable is included in the factor (Solimun, 2012). The criteria of hypothetical test in this study uses F-test and T-test. Double linear regression analysis model is used to find out the effect between independent variable and dependent variable. The indepent variable in this study, that is : delivery, value, flexibility, and innovation, while the dependent variable, that is : the reaching of company's performance based in Balanced Scorecard approach. Mathematical similarity formulation of double linear regression analysis used is as follows:

Y = dependent variable
a = constant
b 1,2.....k = coefficient regression
X = independent variable
e = disturbing factor

6. RESULTS AND DISCUSSIONS

The results of research

The objective of research

Nationally, economic improvement after the crisis has been seen in the last few years, though not as high as previous years before the economic crisis, the national economy in 2015 had grown as much as 4.10%, higher than 2013 which only grew as much as 3.66 %.

And similar with the national economic condition, North Sulawesi's economy was also moving toward economic improvement. The rate of economic growth in North Sulawesi before the economic crisis (1996) was as much as 7.30 %. The following years were colored by fluctuations and even by decline of minus 11.74%. Several years have passed, and now North Sulawesi's economy is relatively stable growing as much as 4.18 % (Badan Pusat Statistik Kab. Minahasa Induk, 2015).

This data analysis aims to describe the results of research using as many as 77 managers or company owners of furniture industry as respondents. And they are medium and big-scale export-oriented industry based on age, gender, and level of education. In addition, concerning the products manufactural, distribution channel and how to export are also presented.

Double Linear Regression Analysis

In principle, the factor analysis is used to simplify (reduce) data, that is the process of summarizing a number of variables and shortened into a little, and then is called factor.

The factor analysis has not yet answer the hypothesis in this study, that is the relations between independent variable and dependent variable. double linear regression is the instrument used to answer the hypothesis in this study by measuring the effect of independent variable toward the dependent variable, whether it is simultancous or partial effect.

The results of analysis of independent variable's effect, namely delivery, value, flexibility, and innovation toward the independent variable, that is, the reaching of company's performance based on Balance scorecard approach on the at attachments are as follows :

From the similarity of double linear regression the direction of relationship can be seen on variables X1, X2, X3, and X4 which are indicated by its, coefficient regression sign. Coefficient regression variable X1, X2, X3, and X4 positive relations of variable X1 delivery, X2 toward Y that is the reaching of company's performance based on Balanced Scorecard approach. It means that each addition of variable X1, X2, X3 and X4, so Y will also increase.

It has been known that the value R as much as 0.786 which means double correlation between variable X1 delivery, X2 value, X3 flexibility, and X4 innovation toward variable Y, that is, the reaching of company's performance based on Balances Scorecard approach is strong because it has a score of more than 0,50.

While determination coefficient R square (R^2) as much as 0,617, however if the regression models is more than two variables, it's better to use Adjusted R square as the determination coefficient (Santoso, 2001). The value of Adjusted R square as much as 0.596 shows that 59.6 % variation of company's performance based on Balanced Scorecard could be explained by variations of the four independent variables, namely delivery, value, flexibility, and innovation while the rest as much as 40.4 % is explained by other variables outside the model.

7. CONCLUSIONS AND LIMITATIONS

Based on theresults of analysis and discussions on previous chapters, then the conclusion that could be taken is a follows : (1) competitive strength variable, namely delivery, value, flexibility, and innovation simultaneously affect the reaching of company's performance based on Balanced Scorecard approach in the export oriented furniture industry in Minahasa Regency ; (2) competitive strength variable, namely delivery, value, flexibility, and innovation partially affects the reaching of company's performance based on Balanced scorecard approach in the export oriented furniture industry in minahasa Regency ; (3) from

the four variables of competitive strength, value has the dominant effect toward the reaching of company's performance based on Balanced scorecard approach in the export – oriented furniture industry in Minahasa Regency.

The explanation of this study's results have been mentioned above is to answer the hypothesis. Besides that the results of this study is hopefully could give good input to furniture industry in central Minahasa Regency, especially which is export --oriented company, and also to other researchers in order to dig other factors that could base and affect the achievement of company's performance viewed from the competitive strength of furniture industry or viewed from other sides.

The results of analysis in this study show that simultaneously the competitive strength possess by the furniture industry in central Minahasa Regency, namely delivery, value, flexibility, and innovation have significant effect on the achievement of company's performance based on Balanced scorecard approach. This can be seen from the value of Adjusted R square as much as 0,596 which means that the success of reaching performance of furniture industry in central Minahasa Regency is affected by the competitive strength, namely delivery, value, flexibility, and innovation which all together is as much as 59.6 %, while the rest is as much as 40.4 % is explained by other variables which are not included in this research.

Partially, the competitive strength variable, namely delivery, value, flexibility, and innovation influence significantly the achievement of company's performance based on Balanced scorecard approach in export oriented furniture industry in central Minahasa Regency.

Some of the limitations experienced by the researcher, besides the limitation of time and expenses, among others : (1) the availability of supporting data from the authority concerned is incomplete and not all data are up to date : (2) lack of literature concerning previews researches which states the effects between. Competitive strength and the reaching of company's performance based on Balanced scorecard approach (3) there are many things that could influence respondent's, among others psychological condition which could not be predicted so it could influence respondents in filling questionnaire Respondent who is busy tends to not to heed the points asked in filling the questionnaire. Respondent who is busy tends to not to heed the points asked in filling the questionnaire (4) it was hard to get information from respondent to have direct interview because most of the respondents are busy with their respective work so that most of the information is obtained from questionnaires filled.

8. CONTRIBUTIONS

The recommendation of this study are (1) suggestions which could be given based on this study are as follows : the results of study show that the factor, of value has the most dominant effect, so that in the future entrepreneurs are hopefully pay more attention to value factor, besides that, the furniture businessman should pay attention to other competitive strength factors such as the factor of delivery, flexibility, and innovation ; (2) considering the phenomenon happened in the furniture industry in Minahasa Regency, where many of the businessmen only thought of products that could be sold by quickly so they could get profit without paying attention to the quality of their products, this caused the value of export dropped drastically because they failed to meet the quality and specifications determined by international buyers. Therefore, hopefully entrepreneurs will increase the quality of their products so that the loyalty and retention of customers could be sustained. Thus, the objective of enterprise to become highly competitive enterprise to become highly competitive

enterprise can be realized ; (3) In order to be able to increase the development of furniture industry in Minahasa Regency especially export – oriented ones, the government, in this case, Dinas Indagkoppm of Minahasa Regency. Should give intensive training and mentoring to entrepreneurs in management, finance, production and marketing ; (4) For future research, they can continue and perfect the usage of this study's concept in other industries and add other factors which from competitive strength concept that may affect more toward the achieving of company's performance ; (5) from the results of study, it shows the factor of value possessing most dominant effects, so in the future, hopefully entrepreneurs should pay more attention to the factor of value besides that, furniture manufacturers should also pay attention to the factors of other competitive strength such as the factors of delivery, flexibility and innovation.

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