

The Impact of Managerial Factors and External Environmental Factors on Company's Performance (A Case Study of Wong Solo Group)

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Abstract - The globalization of the world economy and the era of digitalization that continues to grow fast drives businesses to enter the era of VUCA (Volatile, Uncertain, Complex, and Ambiguous). Given the COVID-19 pandemic, all sectors of the business industry are impacted. So, it will take innovative and radical efforts to develop business models to adapt to the current conditions. WS Group, an Indonesian culinary business, has been going through transformation since 2016 and their efforts have been a turbulent journey as they have not seen an increase in the company's performance. Thus, WS group is seeking ways to solve this problem. So, this research followed a quantitative research approach using descriptive and verificative analysis to evaluate WS Group's internal and external factors that impact the formulation of strategic planning and its influence on the company's performance. The result was that simultaneously, managerial factors and external environmental factors combined together have a significant impact on company's performance. Furthermore, the study's results are expected to be a source of information for WS Group to develop a proper strategy formulation that can increase market share. Lastly, the theories drawn out from this research can be a reference for general and academic knowledge regarding the implementation of strategic planning.

Keywords - Strategic Planning, Managerial Factors, External Environment Factors, Company Performance

I. INTRODUCTION

A. Research Background

The globalization of the world economy and the era of digitalization that continues to grow fast drives businesses to enter the era of VUCA (Volatile, Uncertain, Complex, and Ambiguous). The COVID-19 pandemic and the trade war between America and China represent how businesses work today. Therefore, companies must continue to be creative and innovative to stay afloat in VUCA conditions. Through VUCA, companies will have the capacity to anticipate issues that shape conditions, understand the consequences of problems and actions, appreciate variable interdependence, prepare for alternative realities and challenges, and identify and understand business opportunities relevant to current

conditions. This is also the case with companies engaged in Indonesian culinary, Wong Solo Group, which have experienced a decrease in net profit. The following shows the operational performance report of PT. Sarana Bakar Digdaya or known as "Wong Solo Group", is as follows.

TABLE I
WS GROUP SALES AND GROWTH

Description	2017 (Rp)	2018 (Rp)	2019 (Rp)
Sales	705 M	755 M	786 M
Cost of Goods Sold	371 M	401 M	429 M
Operating Profit	106 M	110 M	100 M
Net Income	87 M	90 M	79 M

Source: [1]

In 2016, Wong Solo Group conducted research and innovation to develop MRE food as an effort to increase sales and contribute to the provision of hajj and umrah food in the form of MRE (Meal Ready to Eat) food, and in 2018 successfully developed 5 MRE food menus that have been certified by pom agency under the brand MakanKU. In 2019 Wong Solo Group invested in MRE food production facilities through a subsidiary of PT HaTI established in 2019 with a production capacity of 10,000 packs per day under the brand Makanku. MakanKu produces products that are flavorful, hygienic, and flexible. In making it effective labor cost, competitive prices, and inventory control is also guaranteed.

The primary purpose of developing MRE food was to meet the food needs of pilgrims and umrah also for sales needs in 245 WS group restaurants in Indonesia, the general public, sea transportation and aviation, the government, and foreign markets. As a result of the pandemic, there is also a rise of potential in the domestic market for MakanKu as hygienic foods with safe production processes are more sought after. Considering meeting the needs of the vast market and increasing business competitiveness over MRE products (competitive selling price), WS Group, through PT HaTI, develops more industry capacity to build an integrated

factory MRE with 50,000 packs per day. Despite the efforts, results have not been as expected and have not increased sales or company performance. This may be due to the influence of Managerial factors and external environmental conditions.

1. Market Share of Ready-to-Eat Frozen Food in Indonesia

The Food Ready to Eat (MRE) industry, which includes fast-frozen food, is the forerunner of ready-to-eat food. In the future, it is expected that consumers of the frozen foods will switch to ready-to-eat meals. According to Grand View Research, the global frozen food market is worth USD 241 billion in 2014 and is predicted to reach USD 380.5 billion by 2027, growing at a CAGR of 3.4%. The frozen food industry's optimistic growth rate is strongly influenced by the increasing consumer preference for ready meals, i.e., canned foods, packaged or packaged foods, frozen foods, preserved foods, and instant products.

Based on the analysis of Indonesia's frozen food market revenue, the frozen meat and frozen fish/seafood segments are still predicted to dominate the frozen food market share. Although the frozen meat and frozen fish/seafood segments dominated the market share, frozen ready meals are another profitable segment. In terms of the target market, frozen ready meals, including nuggets, sausages, and meatballs, have great sales potential in Indonesia. These sales potential can be proven through Mars research on Indonesians' frozen food consumption patterns from 3,865 respondents. The survey results stated that about 68 percent of Indonesians regularly consume frozen foods. About 27 percent consume this frozen food every day, 22 percent consume frozen food 2 to 3 times per month, and 41 percent answer: last week was the last time eating frozen food.

During the Covid-19 pandemic, fast-food frozen food companies experienced a significant increase in sales during this pandemic. Among the many brands that flooded the industry, Jakpat noted that 30 percent of the last respondents consumed the Fiesta brand, followed by So Good with 18 percent, then SoNice, Champ, and Belfoods followed it.

2. Food Industry Ready to Eat For Hajj and Umrah

In 2019 the projected needs of the pilgrimage's meal portion reached 219.8 million. As the country with the most significant number of hajj and umrah pilgrims every year, Indonesia is a captive market with great potential for the hajj catering business. Due to the large number and the need to provide food for all pilgrims, all alternative provisions that are practical are considered.

The application of MRE technology will reduce the difficulty in providing food during the hajj event. This provides a high market potential for this MRE industry. Especially now, when the world is facing the Covid

outbreak, the need for sterile and quickly served food is more in demand.

Compared to the fast food and MRE key players in Indonesia, their market share is enormous compared to WS Group's market share. The high level of competition in the MRE product industry should drive WS Group to develop the correct strategic planning to achieve the vision and mission, and objectives of the organization effectively and efficiently. These strategies are the critical factors that will directly affect the company's sustainability and success in achieving its performance.

The development of the business world in the fast-changing fast-food and MRE food industry makes anticipating various crucial changes in the future. This makes the application of strategic planning an urgent need and must be implemented as much as possible. Reference [2] stated that the turmoil facing the business world is due to changes in the external environment and the consequences of each company's development and internal changes. Therefore, a company's sustainability depends on management's ability to finance strategic planning, both short-term and long-term.

The influence of strategic planning influenced by managerial factors and environmental factors is critical, but there is still a lack of empirical research related to that paradigm. The hit of economic development, tight competition, and complex changes in the fast-food industry and MRE in Indonesia make it the right time to test the fast-food industry paradigm and MRE, especially for WS group / PTHaTi, a newcomer in this business.

B. Identification and Formulation of Problems

1. Identification of Problems

Given the COVID-19 pandemic, all sectors of the industry are impacted. So, it will take innovative and radical efforts to develop products and business models to adapt to the current conditions. Therefore, the company's strategic planning should get great attention to anticipate various changes in the future. Since, WS group's transformation stage conducted from 2016 to 2018 resulted in a decline in net profit and performance, the analysis of the company's internal and external factors in the formulation of strategic planning is also urgently needed. It is especially considering that the industry falls into the category of perfect competition market.

2. Research Questions

From the explanation on the background, the research questions are formulated as follows:

- a. How are the conditions of managerial factors, external environmental factors, and company performance of WS Group?
- b. Does the managerial and external environmental factors of WS Group positively affect the company's performance?

- c. Does managerial factors and external environmental factors have a positive effect either partially or simultaneously on company performance?

C. Research Objectives

Based on the background and problem formulation that has been presented before, the objectives of the study are the following:

- a. Knowing managerial factors, external environmental factors, and the company's performance at WS Group.
- b. Testing and analysing the influence of managerial and external environmental factors on the company's performance in WS Group.

D. Rationale

This research is expected to provide a more realistic understanding of external environmental factors to strategic planning and its influence on the company's performance, especially in the company WS Group. The study's results are also expected to be a source of information to develop the proper strategy formulation to increase market share with strategic planning by analyzing external environmental factors. Lastly, the theories drawn out from this research can be a reference for general and academic knowledge regarding the implementation of strategic management.

II. LITERATURE REVIEW, THEORETICAL FRAMEWORK AND HYPOTHESES

A. Literature Review

1. Strategic Planning

Company leaders acknowledge that strategic planning is the best way to decide and implement strategies to increase competitiveness in business units.

As expressed by [3], strategic planning is a way that involves thinking through work, the creation of a new staff management function, namely the emergence of planning experts, where this planning system is a good strategy as a strategic stage that will be applied by business people, company managers and directs so as not to make mistakes [4].

Strategic planning, in particular, is used to sharpen the organization's focus so that all organizational resources can be used optimally to carry out the organization's mission. This means that strategic planning becomes a guideline for an organization to be responsive to a dynamic environment which is sometimes difficult to predict. Strategic planning emphasizes the importance of making decisions that position the organization to respond successfully to environmental changes. Strategic planning

focuses on strategic management, meaning applying strategic planning leads a company to achieve its goals.

According to [5], strategic planning, which has a stimulating effect on hotels' financial performance, is shown in manager behavior in decision making. The formulation of strategic planning is influenced by corporate culture and manager behavior [6]. The effect can be seen in the change and development of an organization.

The following link the development of strategic planning to the creation of a sustainable competitive advantage. This is achieved when the ability of management and use of innovations and implementing strategies to withstand excellence where there is many limitations can create a barrier factor over a long period [7].

The planning process consists of three main components ([8] in [9], [10]), namely: (1) formulation, which includes mission development, primary objective determination, external and internal environmental assessment, and evaluation and selection of alternatives. ; (2) application; and (3) control.

To improve company performance, it is necessary to examine further the factors that can influence a strategic plan to create competitive advantage values to improve its performance. The factors that influence it are hypothesized to consist of managerial factor variables as internal factors and environmental factors as external factors.

2. Managerial Factors

Competence in strategic planning can determine the degree to which a company becomes associated with strategic planning. The strategic planning process relies on specific managerial resources. Managerial personality factors influence strategic planning and belief in the relationship between planning and performance [11].

Reference [12] in [11] suspects that management's involvement in strategic planning is due to an understanding to ensure that the strategic planning process is carried out comprehensively, with little or no attention depending on whether management has the skills to run the operation.

Reference [5] found that company performance will be better in companies that involve a strategic planning process. These findings indicate managers' confidence that strategic planning can benefit the companies they lead [11]. In previous research, it was found that strategic planning competence can determine the degree of a company to implement strategic planning [13].

TABLE II
 DEFINITION OF MANAGERIAL FACTORS ACCORDING TO
 SOME EXPERTS

No	Source	Definitions	Dimensions
1	[11]	Competence in strategic planning can determine the degree to which the company becomes involved in the strategic planning process depending on the level of expertise of its managers in developing strategic planning	• Managerial Competence • Managerial Skills
2	[14]	Superior financial performance in companies is not a direct result of strategic planning but results from overall managerial ability in a company. Ability here includes the knowledge and confidence to succeed in strategic planning.	• Managerial Abilities • Managerial Confidence
3	[15]	The two main variables, namely the managerial professionalism factor, namely the belief in a planning-performance relationship and strategic planning expertise. This explanation focuses on the company's leadership. Expertise in strategic planning is the knowledge and expertise of company leaders to implement strategic planning.	• Managerial Professionalism • Strategic Planning Skills

TABLE III
 MANAGERIAL INDICATORS

Variable	Dimensions	Indicators
Managerial Factors	• Managerial skills	• Education level • Managerial competence • Managerial performance • Managerial level of initiative • Managerial proactive level
	• Managerial beliefs	• Level of optimism in achieving targets • High willingness in achieving targets
	• Professionalism staff	• Staff competence • Staff discipline • Staff dedication • Level of innovativeness • Staff responsibilities

Source: Data that the author has processed

3. External Environmental Factors

A strategic plan can be influenced by environmental factors to analyze, evaluate, and implement strategies for an organization's external and internal strengths.

External environmental factors play a significant role in business conditions because they determine the strategy [16], [17]. Following this line of thinking, the basic premise of the study by [18] is that environmental forces increasingly determine business strategy. As a result, this study focuses on examining the relationship between environmental factors as the influence of strategic planning in achieving maximum competitive advantage.

The external environment is known to have a significant role in influencing managerial decision-making, organizational processes, and structure [19], so it is vital to monitor and analyze the external environment. Environmental observation is an essential process in strategic management because observation is the first link in the chain of action and perception that allows an organization to adapt to its environment [20] in [21].

Based on table II above, there are several indicators in managerial factors that are following the conditions of the Wong Solo Group that will be chosen by the author to be carried out in this study, namely:

TABLE IV
 DEFINITION OF EXTERNAL ENVIRONMENTAL FACTORS
 ACCORDING TO SOME EXPERTS

No	Source	Definitions	Components
1	[22]	The complexity and changes in an industry's environment may affect the intensity of strategic planning. Bird means that the increasing number of industries using strategic planning systems shows how complex and rapidly changing environments can spur more intensive strategic planning.	● Political Conditions ● Economic Conditions ● Socio-Cultural Conditions ● Technological sophistication ● Ecological Factors
2	[23]	The relationship between environmental change and strategic planning is powerful, with large numbers to anticipate changes and uncertain conditions.	● Environmental changes
3	[14]	With the complexity of the demands for change, where the pressure on the company is fragile, there will be no intensive strategic planning process	● Environmental Complexity ● The pressure of change on the company's environment

Based on table IV above, there are several indicators in environmental factors that are under the conditions of the conditions of the Wong Solo Group that will be chosen by the author to be carried out in this study, namely:

TABLE V
 EXTERNAL ENVIRONMENT INDICATORS

Variable	Dimensions	Indicators
External Environmental Factors	● Economic conditions	● Raw Material Price ● Level of Customer Consumption
	● Sophisticated IT systems	● IT advancement ● IT system capability in marketing products ● Application development for a new digital system

Source: Data that the author has processed

4. Company Performance

Based on previous research results, there is a relationship between strategic planning, including environmental factors, and company performance. The following will describe an explanation of the variables of company performance:

Performance measurement is complex and is a big challenge for researchers [24] because of a multidimensional performance construct. So performance measurement should use or integrate multiple measures [25].

Reference [24] argues that there is no consensus on the most appropriate performance measures in a study, and the objective measures of performance that have been used in many studies are still lacking. For example, the ROI measure has weaknesses because there are various measuring depreciation, inventory, and fixed cost values [26].

To anticipate the unavailability of objective performance data in a study, it is possible to use subjective measures based on managers' perceptions [24]. Reference [27] prove that subjective performance measures have high levels of reliability and validity. Besides, [28] research shows a close correlation between subjective performance measures and objective performance measures.

So, company performance is measured using subjective measurements based on the perceptions of staff and company managers on various dimensions of company performance measurement. Dimensional performance measurement commonly used in multiple studies is the growth, profitability, and efficiency [29].

Reference [30] emphasize that performance results from a company's activities as measured as determined at the strategy formulation are part of a strategic management process. The measurement dimensions of performance are sales, profitability, and efficiency. Furthermore, [31] added that growth is triggered by an increase in the demand for products offered by the company can lead to increased sales. The growth indicator chosen is growth in the market share (market share). According to [25], market share growth can be used to measure market effectiveness and assess the company's ability to achieve efficiency scales and market power (market power). The profit dimension is intended to determine the company's ability to generate profits and determine how far the company is managed effectively.

TABLE VI
 DEFINITION OF COMPANY PERFORMANCE ACCORDING TO
 EXPERTS

No	Source	Definitions	Components
1	[29]	Company performance is measured using subjective measures based on the perceptions of staff and company managers on various dimensions of company performance measurement. Dimensional performance measurement commonly used in various studies are (growth (growth), profitability (profitability) and efficiency.	• Growth • Profitability • Efficiency
2	[30]	Performance is the result of a company's activity, which is measured by some measures as determined at the strategy formulation stage as part of a strategic management process. The measurement dimensions of performance are sales, profitability, and efficiency.	• Sales • Profitability • Efficiency
3	[32]	Sales growth is a very common performance indicator, and there has been consensus as to the best measure of growth dimensions. Furthermore, he added that the growth was triggered by an increase in the demand for products offered by the company, which increased sales. The growth indicator chosen is growth in the market share (market share). Market share growth can be used to measure market effectiveness and assess the company's ability to achieve efficiency scales and market power.	• Growth • Market share growth • Market Power

Based on table VI above, there are several indicators in company performance that are under the conditions of the Wong Solo Group that will be selected by the author to be carried out in this study, namely:

TABLE VII
 COMPANY'S PERFORMANCE INDICATORS

Variable	Dimensions	Indicators
Company's Performance	• Profitability	• ROA • ROE • Net Profit
	• Market share	• The company's market share

Source: Data that the author has processed

5. *The Influence of Managerial Factors on Company Performance*

Competence in strategic planning can determine the degree to which the company becomes involved in the strategic planning process depending on its managers' level of expertise in developing strategic planning. Reference [12] in [11] suspects that management involvement in strategic planning is due to an understanding to ensure that the process is carried out comprehensively, with little or no attention depending on whether management has the skills to run the operation.

Reference [14] explains that companies' superior financial performance is not a direct result of strategic planning but results from overall managerial ability in a company. Capability here includes the knowledge and expertise to succeed in strategic planning. Reference [14] argues that companies are not involved in the strategic planning process because their managers do not know what makes the process work. This study is based on one argument, that in a company where strategic planning expertise is high, managers tend to be more confident and produce better performance.

Reference [18] and [11] developed two main variables: managerial personality factors, namely belief in a planning-performance relationship, and strategic planning expertise. This explanation focuses on the company's leadership. Expertise in strategic planning is the knowledge and expertise of company leaders to implement strategic planning. Belief in the relationship between strategic planning and performance is defined as how much confidence the company leadership in strategic planning can improve company performance, which leads to a competitive advantage.

6. *The Influence of External Environmental Factors on Company Performance*

Environmental complexity refers to the diversity and concentration of elements in a firm's external environment. What needs to be considered here is that these companies pay attention to the number of differences and distribution of elements in their environment when formulating strategies.

Reference [23] and [17] state that the relationship between environmental change and strategic planning is robust, with large numbers to anticipate changes and uncertain conditions. Reference [22] stated that the increasing number of industries using strategic planning systems shows how complex and rapidly changing environments can spur more intensive strategic planning to improve a company's performance.

With the complexity of the demands for change, where the company's pressure is fragile, there will be no intensive strategic planning process [14]. The flow of this research also shows that environmental uncertainty and change represent such conditions, and both become the strongest determinants of strategic planning that can affect a company's performance.

7. The Effect of Strategic Planning on Company Performance

According to [33], company performance is a construct commonly used to measure the impact of corporate strategy. However, the problem of performance measurement is a classic problem and debate. Because performance is multidimensional in which it contains various goals and types of organizations [25], [34]. Therefore performance is conceptualized in many ways and methods where the measurement also varies [25]. Reference [35] suggest three criteria for measuring performance: effectiveness, efficiency, and adaptability.

Based on research by [36] and [9], it is stated that small and medium-sized companies that formally have strategic planning produce performance above average compared to companies that do not have strategic planning. The research results presented by [9] say that planning and performance are closely related and appropriate for the company. However, this study also implies a positive correlation between strategic planning and performance.

The same thing was stated by [37], who related the relationship between strategic planning and performance. The result was that planning was positively related to profitability when the source of performance data was used because planning is measured through written references and documents.

8. Previous Studies

There have been a number of previous studies examining the impact of strategic planning on company performance, but the outcomes of these studies have varied. The table of previous studies will be explained below:

TABLE VIII
PREVIOUS RESEARCH

Research er	Research Title	Analysis Model	Result
Jacob Donkor, George Donkor & Kwarteng Collins, 2018	Strategic planning and performance of SMEs In Ghana : The moderating effect of market dynamism	Using a quantitative approach with regression analysis	There is an implication of a positive correlation between strategic planning and performance.
Hussam Al-Shamari & Hussein Raef, 2008	Strategic planning in emerging market organizations: empirical investigation	Using descriptive statistical with SPSS analysis	In companies such as emerging markets, planning is positively related to performance. Companies that formally have strategic planning have a performance above average compared to companies that do not carry out strategic planning.
E. Tapinos, R.G. Dyson and M. Meadows (2005)	The impact of performance measurement in strategic planning	Using multi-factor regression analysis	Strategic planning affects company performance dynamically. Therefore strategic planning must be carried out periodically in accordance with changes in the environment and size of the company.
Greenley, Hooley, Broderick & Rudd (2004)	Strategic Planning Difference among Different Multiple Stakeholder Orientation Profile	Analysis Cluster With the operationalization of 6 sets of variables, through 2 ways, namely analysis discriminant and one-way analysis	Differences in stakeholders affect different strategic planning.

Phillips, P.A (2000) The Strategic Planning/finance interface : does sophistication really matter? Likert scale with ANOVA analysis Shows positive results between strategic planning and performance that leads to competitive advantage.

Rue, L.W & Ibrahim, N.A (1998) The Relationship Between Planning Sophistication and Performance in Small Business ANOVA There is a relationship between strategic planning and company performance

H0.3 : Managerial factors and external environmental factors have a positive effect, either partially or simultaneously, on company performance

III. METHODOLOGY

A. Methods Used

This research is causal. This research will identify the cause and effect relationship between variables, and it will look for an actual type of fact to understand and predict a relationship between variables (Zikmund, 2000).

B. Operationalization of Variables

This research was conducted to predict the relationship between variables, namely the external and internal factors on a company's performance. It will be done by testing each of the variables that can influence the performance of a company positively.

TABLE IX
VARIABLE OPERATIONALIZATION

Dimensions	Variable	Variable Concept	Indicator	Scale	Size
Managerial Factors (X1)	Managerial Skills (X1.1)	Factors of managerial personality that influence strategic planning order in to improve company performance	• Education level • Managerial competence • Managerial performance • Suitability of job grade and job position • Managerial level of initiative • Managerial proactive level	Ordinal	1-5
	Managerial Confidence (X1.2)	Managerial personality factor of confidence and ability to achieve the targets set by the company	• Level of optimism in achieving targets • High willingness in achieving targets • Managerial enthusiasm	Ordinal	1-5
	Staff Professionalism (X1.3)	Factors possessed by staff in supporting business activities and company performance	• Staff Competence • Staff Discipline • Staff Dedication • Level of creativity • Level of innovativeness • Staff Responsibilities	Ordinal	1-5
	Economic Condition (X2.1)	Economic factors that can affect the performance of a company	• Interest rate • Level of community income	Ordinal	1-5
Environmental Factor (X2)	Technological sophistication (X2.2)	Technological factors that can affect the sustainability of a company	• Advances in IT technology • IT advances in product marketing • Development of new digital systems	Ordinal	1-5

B. Theoretical Framework

This study will analyze the influence of strategic planning which consists of Managerial factors and External Environmental factors on the Company's Performance of Wong Solo Group so that it is expected that the company can improve its performance by increasing market share.

Based on the explanation above, the following is the form of the framework that will be used for this research:

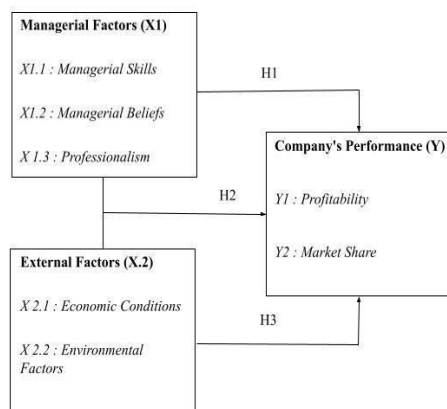


Fig. 1. Theoretical framework model

C. Hypothesis

Based on the framework, the following concludes the hypothesis for this study, namely :

H0.1 : Managerial factors have a positive effect on company performance

H0.2 : External environmental factors have a positive effect on company performance

Company Performance (Y)	Profitability (Y1)		The company's ability to create profits so that business activities can continue and company performance is achieved	● ROA ● ROE ● Net Profit	Ordinal	1-5
	Market (Y2)	Share	The level of the company's ability to obtain consumers of the products it issues	● Market Share of the company	Ordinal	1-5

Source: Processed secondary data

C. Types and Sources of Data

The data used in this study are opinions, attitudes, experiences, or characteristics of a person or a group of respondents.

In this case, primary data were obtained from the branch managers of Wong Solo outlets throughout Indonesia. The survey method, namely using a questionnaire. What is included in the category of data obtained is related to the variables to be studied.

For the secondary data, this research will use data available on the website and internal data of the Wong Solo Group report.

D. Population and Sample

The research population is the branch managers of Wong Solo Group's 245 outlets and head units. The sampling technique used in this research is the purposive random sampling method selected based on a limited sample of elements that can form information based on considerations. One reason for choosing this method is limited research time, but the population's consideration and representation are expected to remain undisturbed.

Using Slovin's formula with a 10% margin of error, the number of 71 respondents can already represent a valid result for this research. But this research will set 90 respondents so that the number of confidence levels will increase.

E. Data Collection Methods

The primary data collection method is carried out by using a questionnaire method to obtain data about the dimensions of the constructs being developed in this study.

According to [38], the Likert scale is used to measure people's attitudes, opinions, and perceptions about social phenomena, which is a bipolar continuum scale, on the left end (low number) describe a negative answer. In comparison, the end of the right (high number) represents a positive answer. The Likert scale is designed to convince respondents to answer various levels on each item of question or statement contained in the questionnaire. Data on the dimensions of the variables

analyzed in this study were aimed at respondents using a scale of 1 - 5 to obtain ordinal data and were scored as follows:

TABLE X
ORDINAL SCORE SCALE

1	2	3	4	5
Strongly disagree	Disagree	Quite agree	Agree	Strongly agree

F. Data Analysis Methods

The author will be analyzing the data gathered using descriptive and verification methods.

1. Descriptive Analysis

According to [39], the results of the respondent's answers are then made a recapitulation for the following calculation in the form of a percentage with the following stages:

- Calculates the total value of each statement which is called the cumulative value.
- Calculating the percentage score, namely by dividing the cumulative value against the value's frequency then converted into a percent.
- Perform the maximum and minimum cumulative total value calculations.
- The maximum cumulative total is obtained by multiplying the number of respondents with the highest measurement scale ($90 \times 5 = 450$) and the minimum cumulative total by multiplying the number of respondents with the lowest measurement scale ($90 \times 1 = 90$).
- Calculate the maximum and minimum percentages.
 - Maximum percentage $(450 : 450) \times 100\% = 100\%$
 - Minimum percentage $(90 : 450) \times 100\% = 20\%$
- Calculates a range of values
 The maximum percentage minus the minimum percentage $(100\% - 20\%) = 80\%$ then divided by the number of measurement scales $(80\% : 5 = 16\%)$ so that the percentage interval value is 16%.

The calculation steps above help researchers determine the range of the assessment score, the results of which are illustrated as follows:

TABLE XI
 PERCENTAGE OF SCORE INTERPRETATION CRITERIA

Percentage	Category
20,00 % - 36,00 %	Very Low
36,01 % - 52,00 %	Low
52,01 % - 68,00 %	Average
68,01 % - 84,00 %	High
84,01 % - 100 %	Very High

Each of the criteria listed in the table above is then categorized based on the five assessments contained in the continuum line.

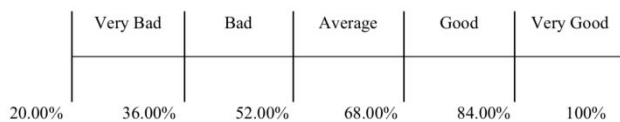


Fig. 2. Classification of percentage rating categories in continuum lines

2. Verification Analysis

In the verification analysis, the Partial Least Square (PLS) equation model is used. The PLS algorithm aims to estimate all latent variables' values (factor values) using an iterative procedure [40]. PLS offers acceptable results for measurement models where the structural model relationships are not significant. The concept of using SEM with PLS is the same as using multiple linear regression, namely maximizing the variance described in endogenous latent variables (dependent variables) plus assessing the quality of data based on the characteristics of the measurement model [41].

The use of PLS-based structural equation models in this study is because it can work efficiently based on considerations, namely:

- PLS can perform analysis of several latent variables simultaneously.
- PLS does not require that the data must be normally distributed (ordinal scales, intervals, and ratios). The use of PLS also does not use many assumptions and can be used on a small number of samples.

a. Structural Model Specifications

Within the framework of thinking, a model with several latent variables is obtained. Furthermore, based on this theoretical model, a path diagram can be developed as shown in the following figure:

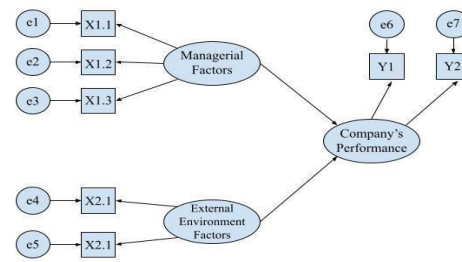


Fig. 3. Path diagram

TABLE XII
 VARIABLES AND RESEARCH INDICATORS

Variable	Indicator	Symbol
Managerial Factor (X1)	Managerial Skills	X1.1
	Managerial Beliefs	X1.2
	Professionalism Staff	X1.3
External Environment Factors (X2)	Economic Conditions	X2.1
	Technological sophistication	X2.2
Company's Performance (Y)	Profitability	Y1
	Market Share	Y2

Source: developed for research to be carried out

b. Parameter Estimation (Estimation)

PLS extracts the factors from exogenous variables and endogenous variables so that the covariance between the extracted factors is maximum. The essence of the parameter assessment procedure in PLS is the determination of the weight (loading factor), which will then be used to estimate the latent variable's factor score. The weights are obtained from regression with the least-squares method applied to each block's manifest variable.

c. Model Evaluation

The model evaluation on PLS is carried out on the outer model and inner model.

1) Outer Model

Evaluation of the outer model or measurement model in the Partial Least Square (PLS) determines the validity and reliability of indicators measuring latent constructs. This model specifies the relationship between latent variables and their indicators, or it can be said that the outer model defines how each indicator relates to its latent variables. There are several tests for the measurement model, including:

- a) Convergent validity is the value of loading factor latent variables with indicators. Expected value > 0.7
- b) Discriminant validity used to test if the AVE square value of each exogenous construct exceeds the correlation between that construct and other constructs.
- c) Composite reliability has a reliability value of > 0.7
- d) Average variance extracted with the expectation value > 0.5
- e) Cronbach alpha with an expected value of > 0.6

2) Inner Model

The inner model or structural model test is performed to test the relationship between latent constructs. There are several tests for structural models, including:

- a) R Square in endogenous constructs. The value of R Square is the coefficient of determination in the endogenous construct. According to [42], the R square values are 0.67 (strong), 0.33 (moderate) and 0.19 (weak).
- b) Estimate for Path Coefficients is the value of the path coefficient or the latent construct relationship/influence magnitude. Performed with the Bootstrapping procedure.
- c) Prediction relevance (Q square) or known as Stone-Geisser. This test is carried out to determine the predictive capability of the blindfolding procedure. If the value obtained is 0.02 (small), 0.15 (moderate) and 0.35 (large). It can only be done for endogenous constructs with reflective indicators.
- d) Goodness of fit (GoF) fit measure to evaluate the PLS model. GoF is the square root of the product of the average of the communality (outer model) and the mean (inner model).

G. Hypothesis Testing (Resampling Bootstrapping)

Hypothesis testing was carried out using the Bootstrap resampling method developed by [43]. The bootstrap method is a method based on resampling sample data. The condition that the data is returned in completing the sample size statistics, hoping that the sample represents the actual population data. Bootstrapping is carried out to obtain approximate variations in statistics based on original data. Bootstrapping allows one to

perform statistical inference without making strong distribution assumptions and does not require analytical formulations for an estimator's sampling distribution. Instead, bootstrapping uses an empirical distribution to estimate the sampling distribution.

IV. RESULTS

A. Descriptive Analysis

This section contains respondents' responses regarding the research variables. The object of research in this study is the Managerial Team of WS Group from all branches across Indonesia.

1. Overview of Managerial Factors, Environmental Factors and Company Performance at WS Group.

Descriptive analysis in this section is carried out to determine the responses or perceptions of 90 respondents regarding Managerial Factors, Environmental Factors and Company Performance variables.

a. Overview of Managerial Factors

TABLE XIII
RESPONDENTS' RESPONSES REGARDING MANAGERIAL FACTOR VARIABLES

Managerial Factors (X1)									
Question	5	4	3	2	1	Amount	Total Score	Ideal Score	
X1.1.1	23	24	23	13	7	90	313	450	
	23%	24%	23%	13%	7%	90.0%	69.56 %		
X1.1.2	13	40	19	10	8	90	310	450	
	13%	40%	19%	10%	8%	90.0%	68.89 %		
X1.1.3	13	40	12	24	1	90	310	450	
	13%	40%	12%	24%	1%	90.0%	68.89 %		
X1.1.4	21	25	26	10	8	90	311	450	
	21%	25%	26%	10%	8%	90.0%	69.11 %		
X1.1.5	18	34	20	10	8	90	314	450	
	18%	34%	20%	10%	8%	90.0%	69.78 %		
X1.1.6	17	41	14	5	13	90	314	450	
	17%	41%	14%	5%	13%	90.0%	69.78 %		
X1.2.1	27	19	26	6	12	90	313	450	
	27%	19%	26%	6%	12%	90.0%	69.56 %		
X1.2.2	17	36	19	5	13	90	309	450	
	17%	36%	19%	5%	13%	90.0%	68.67 %		
X1.2.3	14	33	30	0	13	90	305	450	

		14%	33%	30%	0%	13%	90.0%	67.78%	
10	X1.3.1	0	0	68	2	20	90	228	450
		0%	0%	68%	2%	20%	90.0%	50.67%	
11	X1.3.2	0	0	67	4	19	90	228	450
		0%	0%	67%	4%	19%	90.0%	50.67%	
12	X1.3.3	0	55	22	0	13	90	299	450
		0%	55%	22%	0%	13%	90.0%	66.44%	
13	X1.3.4	12	40	18	8	12	90	302	450
		12%	40%	18%	8%	12%	90.0%	67.11%	
14	X1.3.5	9	39	29	13	0	90	314	450
		9%	39%	29%	13%	0%	90.0%	69.78%	
15	X1.3.6	17	41	19	6	7	90	325	450
		17%	41%	19%	6%	7%	90.0%	72.22%	
Total Score								4495	
Score Percentage								66.5%	

Source: Author Processed Primary Data, 2021

The table above illustrates the responses of respondents regarding the Managerial Factor variables. Based on the processing results presented in the table above, it can be seen that the total score for the Managerial Factor variable is 4495 or 66.5%. The total score is entered into the continuum line as follows.

(66.5%)

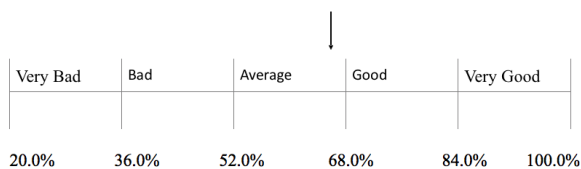


Fig. 4. Continuum line of managerial factor variables

Ideally, the expected score for respondents' answers to 15 statements is 6750. From the calculation in the table shows the value obtained is 4495 or 66.5% of the ideal score, namely 6750. Thus the Managerial Factor variable is in the average category.

b. Overview of External Environment Factors

TABLE XIV
 RESPONDENTS' RESPONSES REGARDING EXTERNAL
 ENVIRONMENT FACTOR VARIABLES

External Environment Factors(X2)									
No	Question	5	4	3	2	1	Amount	Total Score	Ideal Score
1	X2.1.1	0	18	47	1	24	90	239	450
		0%	18%	47%	1%	24%	90.0%	53.11%	
2	X2.1.2	0	31	35	0	24	90	253	450
		0%	31%	35%	0%	24%	90.0%	56.22%	
3	X2.2.1	11	35	24	13	7	90	300	450
		11%	35%	24%	13%	7%	90.0%	66.67%	
4	X2.2.2	17	19	34	13	7	90	296	450
		17%	19%	34%	13%	7%	90.0%	65.78%	
5	X2.2.3	16	39	23	0	12	90	317	450
		16%	39%	23%	0%	12%	90.0%	70.44%	
Total Score								1405	
Score Percentage								62.4%	

Source: Author Processed Primary Data, 2021

The table above illustrates the responses of respondents regarding environmental factors variables. Based on the processing results presented in the table above, it can be seen that the total score for the Environmental Factor variable is 1405 or 62.4%. The total score is entered into the continuum line as follows.

(62.4%)

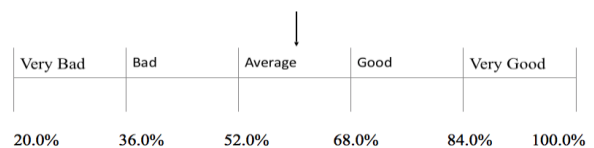


Fig. 5. Continuum line of environmental factor variables

Ideally, the expected score for respondents' answers to 5 statements is 2250. The calculation in the table shows the value obtained is 1405 or 62.4% of the ideal score, namely 2250. Thus the Environmental Factor variable is in the average category.

c. Overview of Company's Performance

TABLE XV
 RESPONDENTS' RESPONSES REGARDING COMPANY'S
 PERFORMANCE OF WS GROUP

Company's Performance (Y)									
No	Questions	5	4	3	2	1	Amount	Total Score	Ideal Score
1	Y.1.1	18	33	15	24	0	90	315	450
		18%	33%	15%	24%	0%	90.0%	70.0%	
2	Y.1.2	27	34	5	18	6	90	328	450
		27%	34%	5%	18%	6%	90.0%	72.89%	
3	Y.1.3	12	31	14	22	11	90	281	450
		12%	31%	14%	22%	11%	90.0%	62.44%	
4	Y.2.1	7	39	27	5	12	90	294	450
		7%	39%	27%	5%	12%	90.0%	65.33%	
Total Score								1218	
Score Percentage								67.6%	

Source: Author Processed Primary Data, 2021

The table above illustrates the responses of respondents regarding Company's Performance factor variables. Based on the processing results presented in the table above, it can be seen that the total score for the Company's Performance factor variable is 1218 or 67.6%. The total score is entered into the continuum line as follows.

(67.6%)

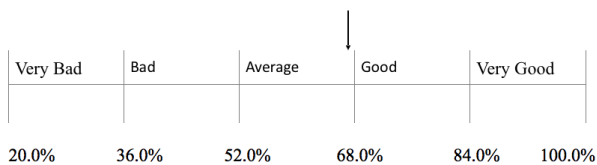


Fig. 6. Continuum line of company's performance factors

Ideally, the expected score for respondents' answers to 4 statements is 1800. The calculation in the table shows the value obtained is 1218 or 67.6% of the ideal score, namely 1800. Thus the Company's Performance factor variable is in the average category.

B. Verificative Analysis

Hypothesis testing in this study was carried out using the Partial Least Square (PLS) analysis technique with the help of the Smartpls program. The stages in this PLS analysis include (1) the outer model testing phase and (2) the inner model testing phase.

At the outer model testing stage, testing the validity and reliability of the constructs of all indicators in the model, while at the inner model stage, testing the effect of exogenous variables on endogenous / hypothesis testing

based on the significance value and path coefficient between exogenous and endogenous variable.

Based on the operational definition of research variables, managerial factor variables are measured by 15 indicators, external environment factors are measured by 5 indicators and company performance variables are measured by 4 indicators, so that based on the research model framework and The hypothesis proposed in this study is that the PLS model specifications to be estimated in this study are as follows:

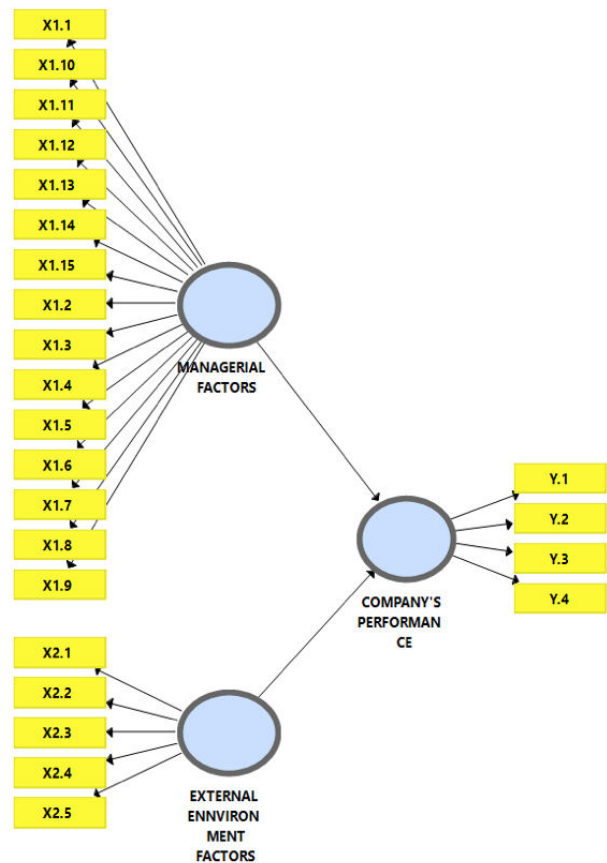


Fig. 7. PLS model specification
 Source: Data Processing Results, 2021

1. Outer Model Testing

The testing phase of the measurement model includes testing Convergent Validity, Discriminant Validity and Composite Reliability

a. Convergent Validity

Convergent validity test is done by looking at the loading factor value of each indicator against the construct. Because this study is a confirmatory study, the loading factor limit used is >0.7. The following are the results of the PLS model estimation:

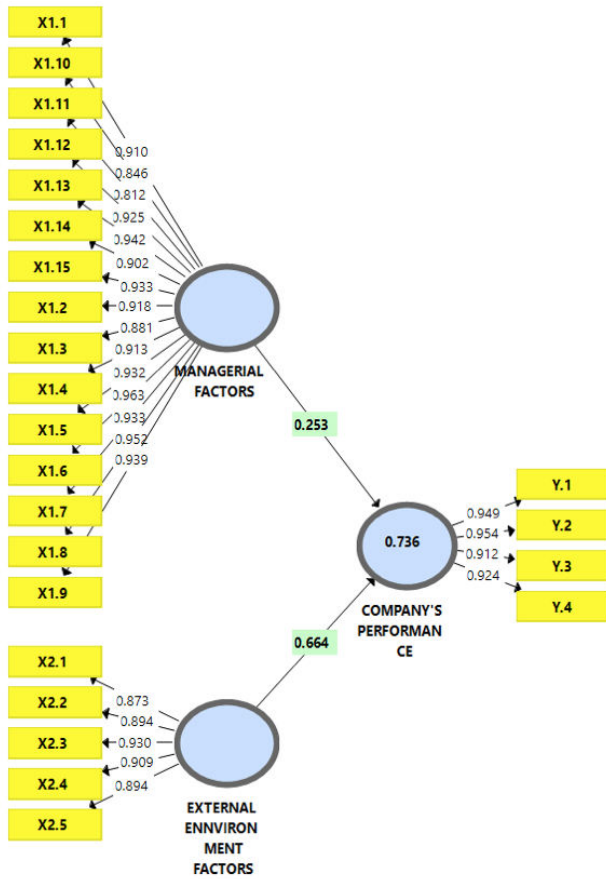


Fig. 8. The results of the PLS model estimation using algorithmic techniques

Source: Data Processing Results, 2021

Based on the estimation results of the PLS model in the image above, it can be seen that all indicators in each construct have a loading factor value above 0.7 so that the PLS model is declared to have met the convergent validity requirements.

Apart from looking at the loading factor value of each indicator, the convergent validity must also be assessed from the AVE value of each construct, all constructs in the PLS model are declared to have met the convergent validity if the AVE value of each construct is > 0.5 . The complete AVE value of each construct can be seen in the table XVI

Based on the results of the PLS analysis in table XVI, the AVE value of all constructs both in the form of dimensions and variables has exceeded 0.5 which indicates that all indicators in each construct have met the required convergent validity criteria.

TABLE XVI
 VALUE OF LOADING FACTOR AND AVE VALUE

Variable	Indicators	Loading Factor	AVE	Validity
Managerial Factors	X1.1	0.910	0.836	Valid
	X1.10	0.846		Valid
	X1.11	0.812		Valid
	X1.12	0.925		Valid
	X1.13	0.942		Valid
	X1.14	0.902		Valid
	X1.15	0.933		Valid
	X1.2	0.918		Valid
	X1.3	0.881		Valid
	X1.4	0.913		Valid
	X1.5	0.932		Valid
	X1.6	0.963		Valid
	X1.7	0.933		Valid
	X1.8	0.952		Valid
	X1.9	0.939		Valid
External Environment Factors	X2.1	0.873	0.81	Valid
	X2.2	0.894		Valid
	X2.3	0.930		Valid
	X2.4	0.909		Valid
	X2.5	0.894		Valid
Company's Performance	Y.1	0.949	0.875	Valid
	Y.2	0.954		Valid
	Y.3	0.912		Valid
	Y.4	0.924		Valid

Source: Data Processing Results, 2021

b. Discriminant Validity

Discriminant validity can be assessed from the HTMT value between constructs, in this method, all constructs are declared to meet discriminant validity if none of the HTMTs between constructs exceeds 0.9. The analysis results in the following table show that the

HTMT constructs X1 and X2 are 0.700; HTMT construct X1 with Y of 0.725 and HTMT construct X2 with Y of 0.878, because HTMT between constructs does not exceed 0.9, it is concluded that the discriminant validity has been fulfilled.

TABLE XVII
 THE RESULTS OF THE DISCRIMINANT VALIDITY TEST USING THE HTMT METHOD

	X1	X2	Y
X1			
X2		0.700	
Y		0.725	0.878

Source: Data Processing Results, 2021

c. Composite Reliability

The reliability of the constructs can be assessed from the Cronbach's Alpha value and the Composite Reliability value of each construct. The recommended composite reliability and cronbach's alpha value is > 0.7 .

TABLE XVIII
 THE RESULTS OF THE COMPOSITE RELIABILITY TEST

	Cronbach's Alpha	Composite Reliability
X1	0.986	0.987
X2	0.941	0.955
Y	0.952	0.965

Source: Data Processing Results, 2021

Based on the results of the analysis in the table above, the Cronbach's alpha value and composite reliability of all constructs have also exceeded 0.7, this indicates that all constructs have met the required reliability, so it can be concluded that all constructs are reliable.

2. Inner Model Testing

Inner model testing includes an assessment of the goodness of fit of the structural model, an assessment of the path coefficient, the significance test of the partial effect of exogenous variables on endogenous variables and the calculation of the coefficient of determination. The test results at this stage can be used to test the research hypothesis.

a. Assessment for the Goodness of Fit of the Structural Model

In the structural model testing phase, before testing the structural model, the model is first tested for its feasibility by looking at the R square value and the Q square model value.

In this test, the R square model value shows the predictive power of the model seen from the strength of exogenous variables in predicting endogenous variables. The R square value is categorized into 3 categories, namely good, moderate and weak. According to Chin (1998), the R square value of 0.67 indicates that the PLS model is strong, 0.33 indicates that the PLS model is in the moderate category) and 0.19 indicates that the PLS model is in the weak category.

TABLE XIX
 THE R SQUARE MODEL

	R Square	R Square Adjusted
Y	0.736	0.730

Source: Data Processing Results, 2021

Based on the results of the analysis in the table above, the R square value of the company performance variable (Y) is 0.736, because the R square value of the company performance variable has exceeded 0.67, it can be stated that the model is in the strong category when predicting company performance based on high and low of the managerial factors and external environmental factors.

The Q square value is categorized into 3 categories, namely small, medium and large, the Q square value of 0.02 is declared small, the Q square value of 0.15 is stated to be moderate and the Q square value of 0.35 is large.

TABLE XX
 THE VALUE OF Q SQUARE

	SSO	SSE	Q ² (=1-SSE/SSO)
X1	1350.000	1350.000	
X2	450.000	450.000	
Y	360.000	132.961	0.631

Source: Data Processing Results, 2021

The Q square calculation in the table above shows that the Q square value of the Company's Performance is 0.631, because the Q square value of the endogenous constructs has exceeded 0.35, it can be concluded that the PLS model has high predictive relevance.

Based on the results of the feasibility evaluation of the model by looking at the R square and Q square values of the model, it can be concluded that the structural model is suitable to be used to test the research hypothesis.

b. Evaluation of Path Coefficients and Direct Effect Testing

The direct effect significance test is used to test the partial effect of exogenous variables on endogenous variables. Because this study uses a one-tailed hypothesis, the hypotheses used in this test are as follows:

Ho: exogenous variables do not have a positive effect on endogenous variables

Ha: exogenous variables have a positive effect on endogenous variables

Because the research hypothesis is a one-way hypothesis, Ho is rejected and it is concluded that exogenous variables have a significant effect on endogenous variables if the P value < 0.05 and $t > 1.65$, whereas if the p value > 0.05 and t count < 1.65, so Ho is not rejected and it is concluded that exogenous variables have no effect on endogenous variables.

From the results of the significance test, it can also be seen the direction of the relationship between the influence of exogenous and endogenous variables. The direction of the relationship can be seen from the path coefficient on each path. If the path coefficient is positive, the exogenous effect on endogenous is in the same directions, whereas if the path coefficient is negative, the exogenous effect on endogenous is opposite. The results of the model estimation as a reference for testing the hypothesis in this study can be seen in the following figure:

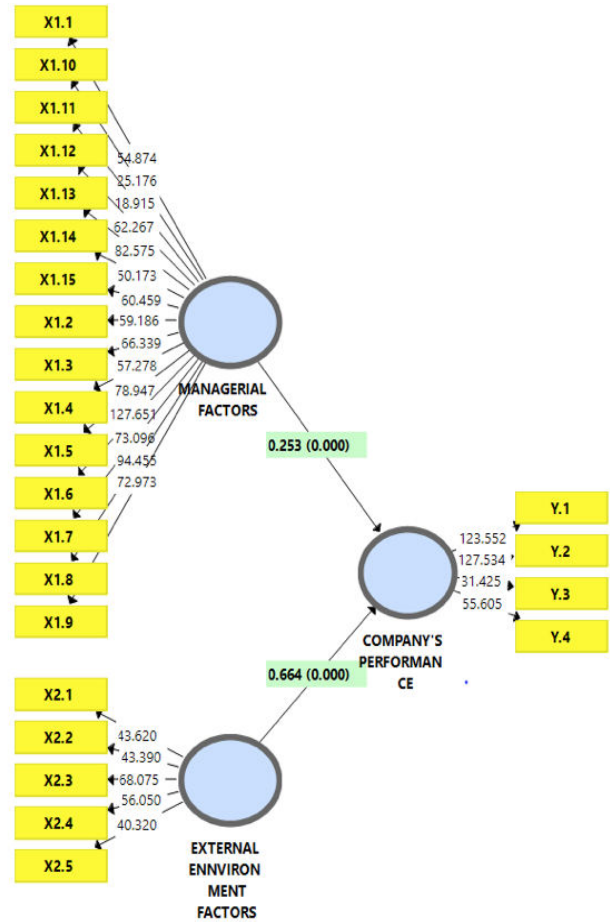


Fig. 9. Estimation results of the PLS bootstrapping model
 Source: Data Processing Results, 2021

Based on the estimation results of the PLS model using the bootstrapping technique above, it can be seen that all paths are significant with a p value < 0.05. The full significance test results of this direct effect can be seen in the following table:

TABLE XXI
 ESTIMATION RESULTS OF THE PLS BOOTSTRAPPING MODEL

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STD EV)	P Values
X1 -> Y	0.253	0.252	0.065	3.896	0.000
X2 -> Y	0.664	0.661	0.089	7.474	0.000

Source: Data Processing Results, 2021

Based on the results of testing the hypothesis above, the following test results are obtained:

1) Line $X1 \rightarrow Y$

On the path that shows the relationship between the influence of managerial factors on company performance ($X1 \rightarrow Y$), the p value obtained is 0.000 with a T statistic of 3.896 and the path coefficient is positive at 0.253. Because the path p-value <0.05 , T statistic > 1.65 and the path coefficient is positive, it can be concluded that managerial factors have a positive effect on company performance.

2) Line $X2 \rightarrow Y$

On the path that shows the relationship of the influence of external environmental factors on company performance ($X2 \rightarrow Y$), the p value obtained is 0.000 with a T statistic of 7.474 and the path coefficient is positive at 0.664. Because the path p-value <0.05 , T statistic > 1.65 and the path coefficient is positive, it can be concluded that external environmental factors have a positive effect on company performance.

Based on the results of testing the significance of the path coefficient, the path coefficient of managerial influence on company performance is 0.253, while the path coefficient of external environmental factors on company performance is 0.664, this indicates that the company's external environment has greater contribution to the development of company performance when compared with the contribution given by managerial factors to company performance.

c. Partial Determination Coefficient Analysis

TABLE XXII
ESTIMATION RESULTS OF THE PLS BOOTSTRAPPING MODEL

	Path Coefficient	Correlation	Influence (%)
Managerial Factors (X1) -> Company's Performance (Y)	0.253	0.252	6.4%
External Environment Factors (X2) -> Company's Performance (Y)	0.664	0.661	44%
Total Influence (%)			50.4%

Source: Data Processing Results, 2021

The explanation for the table above is as follows:

- 1) Managerial Factors contributed 6.4% to the Company's performance.
- 2) Environmental factors contributed 44% to the Company's performance.

d. Coefficient of Determination

The coefficient of determination shows the influence of exogenous variables on endogenous variables. In the PLS analysis, the coefficient of determination is seen from the adjusted R Square value with a value between 0 -1. The higher the adjusted R square, the higher the contribution of exogenous variables to the endogenous.

TABLE XXIII
COEFFICIENT OF DETERMINATION

	R Square	R Square Adjusted
Y	0.736	0.730

Source: Data Processing Results, 2021

Based on the results of the analysis in the table above, the results of the analysis show that the adjusted R square value of the company performance variable (Y) is 0.736, this indicates that 73.6% of company performance is influenced by managerial factors and external environmental factors, while the remaining 26, 4% of the variance in company performance is influenced by other factors outside of managerial factors and the external environment factors.

C. Hypothesis Testing

The hypothesis in this study was tested based on the results of the PLS analysis. The following is a summary of the results of hypothesis testing based on the results of the PLS analysis carried out in this study:

TABLE XXIV
 HYPOTHESIS RESULTS TABLE

Hypothesis	Results	Conclusions
(1) Managerial factors have a positive effect on company performance	· Path Coef = 0.253 · T Statistics = 3,896 · P value = 0,000	Accepted
(2) External environmental factors have a positive effect on company performance	· Path Coef = 0.664 · T Statistics = 7,474 · P value = 0,000	Accepted
(3) Managerial factors and the external environment simultaneously affect company performance	· R square = 0,736	Accepted

Source: Data Processing Results, 2021

The explanation of the results of the hypothesis test above is as follows:

1. Hypothesis 1

Hypothesis 1 in this study states that managerial factors have a positive effect on company performance. The results of the analysis in this study indicate that on the path that shows the relationship between the influence of managerial factors on company performance ($X1 \rightarrow Y$), the p value obtained is 0.000 with a T statistic of 3.896 and the path coefficient is positive at 0.253. Because the path p-value <0.05, T statistic> 1.65 and the path coefficient is positive, it can be concluded that managerial factors have a positive effect on company performance, this indicates that the better the managerial of the company, the better the company's performance. This supports hypothesis 1 in this study so that hypothesis 1 is accepted.

2. Hypothesis 2

Hypothesis 2 in this study states that external environmental factors have a positive effect on company performance. The results of the analysis in this study indicate that on the path that shows the relationship between the influence of external environmental factors on company performance ($X2 \rightarrow Y$), the p value obtained is 0.000 with a T statistic of 7.474 and the path coefficient is positive at 0.664. Therefore, the path p-value <0.05, T statistic> 1.65 and the path coefficient is positive, it can be concluded that external environmental factors have a

positive effect on company performance, this indicates that the better the company's external environment, the better the company's performance. This supports hypothesis 2 in this study so that hypothesis 2 is accepted.

3. Hypothesis 3

Hypothesis 3 in this study states that there is a simultaneous influence of managerial factors and external environmental factors on company performance. Based on the results of the analysis in the table above, the results of the analysis show that the adjusted R square value of the company performance variable (Y) is 0.736, this indicates that there is a simultaneous influence of managerial factors and external environmental factors on company performance with a large contribution of 73.6%. This supports hypothesis 3 in this study so that hypothesis 3 is accepted.

V. DISCUSSION

The aim of this research is to identify the impact of Managerial factors and External Environmental Factors on the Company's Performance of WS Group. This chapter discusses the findings of this study to answer the research questions.

A. Managerial Factors Discussions

Managerial Factors have three significant indicators in influencing company performance at Wong Solo Group, namely: managerial expertise, managerial confidence, and staff professionalism. The three indicators of the influence of company performance are as follows: managerial skills, managerial beliefs, and staff professionalism. The results showed that managerial factors have a significant positive effect on the company performance of Wong Solo Group. From figure 4.13, we can see that managerial factors have a significant impact of 6.4%. The better the managerial factors applied to the Wong Solo Group, the better its performance in achieving its targets.

A good synergy from managerial and staff levels are factors that determine the success rate of performance achievement. Specifically, the success of achieving a performance depends very much on talent's skills. Their beliefs in managing strategies and determining the steps to be taken in their implementation are also crucial. Managerial skills play a role in exploiting every business opportunity as staff is continuously encouraged to be advantageous.

The managerial factors as determinants of policy are a factor that significantly influences the success rate in achieving company targets, in addition to other internal factors. Through the appropriate managerial policies, a company can minimize risks and take advantage of

existing business opportunities. The better the managerial factors applied to the Wong Solo Group, the better its performance in achieving its targets.

These results are in accordance with [14] research, which shows that the more competent and confident the management is in carrying out its strategy, the more the company can produce a good performance.

B. External Environment Factors Discussions

Environmental factors have two significant indicators in influencing company performance at Wong Solo Group: economic and technological conditions. From figure 4.13, we can see that external environment factors have a significant impact of 44%. The results showed that environmental factors had a significant positive effect on company performance at Wong Solo Group.

Currently, the culinary industry must implement digital transformation to compete in a highly competitive market to meet changing customer behavior. A company can lose its customers if it does not take full advantage of technology as they can also benefit from it by better recognizing changes in customer behavior that are rapidly leading to the digital world. Technological sophistication can increase the number of consumers, impacting growing new markets and profits for the company. With technological sophistication, it can also facilitate management in controlling work processes, controlling performance, and improving management control processes that impact improving company performance.

Several economic factors that affect company performance are costs. If the cost of raw materials continues to rise, it will reflect the selling price of a product. As for the level of customer consumption, if the price of the products sold continues to increase, it will decrease the level of customer consumption, which results in a decrease in product sales.

Environmental factors that are increasingly changing can encourage culinary business activities to achieve competitive advantages. The following claim can be perceived by how the COVID-19 is increasing the demand for efficient and hygienic meals, and in result creates a competitive advantage for the MRE industry. Conversely, if the company responds to changing environmental conditions poorly, this will hinder the achievement of the company's performance.

The results of this accepted hypothesis testing prove that the environment affects the performance of a company. The results also support the statement put forward by [23] that the relationship between the environment and company performance is solid, besides [22] suggests that the complexity of the external environment and changes in the environment of an industry may affect its performance.

C. The Influence of Managerial Factors and Environmental Factors on Company Performance

It can be seen from the research results in Figure 4.12 that external environmental factors provide a more significant contribution than managerial factors. The ability to adapt to changes in consumer behavior and seize various opportunities can encourage Wong Solo Group to achieve its targets.

Meanwhile, it can be seen in Figure 4.14, when managerial factors and environmental factors are combined, they can contribute to a 73.6% change in company performance (Y). At the same time, the remaining 26.4% is the contribution of other variables besides managerial factors and external environmental factors.

These showed that managerial factors and environmental factors had a positive and significant effect both partially and simultaneously on company performance in the Wong Solo Group.

V. CONCLUSION

A. Conclusions

After analyzing the factors that influence the performance of a company and calculating the correlation level of each factor, it can be concluded that:

1. The three variables studied, namely managerial factors, external environmental factors, and company performance in WS Group are in average category.
2. The three indicators contained in the independent variables included in managerial factors, namely managerial expertise, managerial confidence, and staff professionalism, can affect the performance of a company (seen from its effect on the resulting discriminant score) in WS Group. The results show that managerial factors have a positive and significant impact on company performance, which indicates that the better the managerial factors applied in WS Group, the better the performance will be.
3. The two indicators contained in the independent variables in external environmental factors, namely economic conditions and technological sophistication, can affect a company's performance (seen from the effect on the resulting discriminant score) in WS Group. The results show that these external environmental factors have a positive and significant impact on company performance, indicating that the more positive changes are in the external environment that can encourage competitive advantage applied in WS Group, the better the performance will be.

4. Managerial and external environmental factors partially contribute to the influence of company performance in the WS Group, as seen from the partial coefficient of determination. External environmental factors have a greater influence on company performance compared to Managerial factors. Environmental factors have a more significant impact because that factor is easier to control compared to managerial factors that are more dynamic.

When viewed simultaneously, managerial factors and environmental factors combined together have a significant effect on company performance.

B. Recommendations

In relation to the research results that have been obtained, here are recommendations that the authors can provide:

1. For WS Group

WS Group should apply and pay close attention to managerial factors as well as external environmental factors in mapping its strategy so that company performance, especially the increase in market share, can be implemented and achieved according to the target expected by the company.

2. For Academics

Future research can carry out research replication for a wider industrial scope. Replication of research can also be carried out not limited to the culinary industry with the lowest market share. With the hope that it will help get better samples so that they get more accurate results.

Future research can also be carried out by adding new variables such as internal company factors as well as other external factors.

C. Limitations

1. Lack of Robust Knowledge

This study seeks to analyze the influence of a company's internal and external factors in the formulation of strategic planning. However, this study utilized a quantitative research method which means that data will not be robust enough to explain how one factor influences another factor.

2. Lack of Clarity

In data collection, questionnaires are given out to respondents and there is a possibility that the respondents experience a lack of clarity when answering the questions. Thus, making the respondents answer it carelessly and this can affect the reliability of the data.

D. Self Reflection

The academic skills of the researcher were improved as a result of this research process, as they learned to interpret and analyze applied business strategies for the first time. Furthermore, the researcher gained new insights about business management as a result of this dissertation. In addition to studying business management, the researcher also masters the importance of analyzing different factors that impact the development of a company. This dissertation placed the researcher's ability to focus and perform under pressure in order to complete the study, particularly during COVID, when the researcher is unable to conduct field research to obtain more detailed information. The researcher developed his quantitative data analysis skills and sharpened his ability to do more in-depth analysis that the researcher never done before.

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The author recognises that there are limitations in this thesis, both in terms of content and presentation. As a result, constructive criticism and feedback are welcome as part of the thesis completion process. Finally, the authors

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