



Enhancing Financial Performance and The Growth of Company Value in Facing Global Competition

Catur Fatchu Ukhriyawati^{1*}, Shafie Mohamed Zabri², Tibrani¹,

1. Departement of Digital Business, Faculty of Economics and Business, Universitas Riau Kepulauan, Indonesia

2. Departement of Management, Faculty of Technology Management and Business, University Tun Hussein Onn, Malaysia

*Corresponding author e-mail: catur@fekon.unrika.ac.id

Article Info

Keywords:

Financial performance;
Company value growth;
Global competition

JEL Classification:

G32, L25, F23

DOI:

10.33830/jom.v22i1.11852.2026

Article History

Received: March 26, 2025

Accepted: November 12, 2025

Publish: June 22, 2026

Abstract

Purpose – This study aims to evaluate the impact of financial performance on firm value growth in the context of global competition, focusing on the manufacturing industry in Batam.

Methodology – A quantitative approach involving 10 companies and 110 participants was used in this research. Some data were collected through a questionnaire containing statements related to the variables of this research. SmartPLS software was used in data analysis to examine the relationships between variables and indicators that influence firm value growth.

Findings – The results show that financial performance significantly affects the growth of firm value, with a very high correlation. In contrast, the relationships between financial performance and global competition, as well as between global competition and the growth of firm value, were not statistically significant. As a mediating variable, global competition does not provide a significant contribution, as indicated by a very low correlation value and T-statistics that are below the significance limit. These findings confirm that the effective financial performance management through improved profitability, liquidity, and solvency is an essential factor of the growth of firm value.

Originality – This study offers new insight by exploring global competition as a mediating variable between financial performance and the growth of company value in the underexplored manufacturing sector in Batam.

1. Introduction

This study has main aims to examine the impact of financial performance on the growth of company value in facing the increase of complex global competition. This study focuses on manufacturing industry companies in Batam to understand how financial performance and the growth of company value correlate amid global competition. Batam City was selected as the research object here because it is one of Indonesia's leading industrial and free trade zones, hosting a high concentration of manufacturing companies which are directly exposed to global market competition. This unique position makes Batam a strategic case for examining the relationship

between financial performance and the growth of company value. This is inseparable from the rapid development and becoming one of the regions with a strategic economic system and the ability to control the economy in Indonesia (Hargono et al., 2013).

On the other hand, behind the great opportunities which are as challenges faced by these companies, in facing the challenges to be consistently competitive and thrive in the global market (Aritenang & Chandramidi, 2020). The main challenges that they face include understanding the factors which are the main drivers of competitive advantage and determining long term survival. This advantage is crucial, causing the increase of fierce local, national, and global competition (Ahmad, 2024; Horvathova & Mokrisova, 2020). According to Soesetio et al (2024), companies need to identify factors that produce competitive and sustainable advantages and positively impact the financial performance of company.

Previously, Petrick et al (1999) explained that global competition significantly impacts company operations, including marketing strategies, operational efficiency, investment decisions, and innovation (Sivakumar et al., 2011). Therefore, it will naturally form multi-level competitiveness to stimulate the company's production and financial performance (Omasete, 2014). Financial performance is not the only thing that reflects stability; it also affects the value of the company, which is an indicator for investors, stakeholders, and management in making strategic decisions (Naeem et al., 2022). Therefore, companies must implement effective strategies to survive, develop, and create added value for the company itself or its stakeholders.

In addition, according to Kianto et al., (2013), the company's competitive advantage lies in the unique resources and capabilities which are difficult for competitors to imitate. Wise management of internal resources will be superior in facing competition to improve financial performance and company value. Petrick et al (1999) also emphasized the importance of differentiation and low-cost strategies in gaining a sustainable competitive advantage in the global market.

The company's financial performance is one of the leading indicators in measuring the effectiveness of strategy. This performance is seen not only from profit and revenue but also from the perspective of resource management, risk control, and adaptation to market changes (Cindiyasari et al., 2022). Research from Sivakumar et al (2011) shows that companies which implement right strategy can optimize their financial performance, even in increase of complex global market challenges. However, limited studies have specifically examined how financial performance translates into the growth of company value within the context of emerging industrial centers like Batam. This gap highlights the need to explore whether strategic financial management in such regions effectively enhances firm competitiveness in the global arena.

The growth of company value refers to the increase in total value of a company or market value over time, which is measured through indicators of stock price, revenue, net income, and cash flow (Ahmad, 2024; Tibrani et al., 2024). The growth of company value shows the extent to which a company creates value for shareholders, employees, and stakeholders (Afifa et al., 2023). In addition, several factors that influence it may include profitability, operational efficiency, and asset management (Jihadi et al., 2021). Innovation and adaptation to global changes also play a role in long-term growth. Therefore, companies that are wise in financial performance tend to experience stable growth of value (Zhou et al., 2022). However, empirical data connecting financial performance to the rise of business value and it still has not been extensively studied in the context of developing economies, especially within Batam's manufacturing sector. This gap necessitates further inquiry to comprehend how these dynamics function amid the strains of worldwide or global competition.

Research on improving financial performance and the growth of firm value in facing global competition has been widely discussed in the existing literature (Iskandar, 2021; Tafsir, 2021). Many studies highlight customers' value, intellectual capital, and financial strategy as separate parts of the growth of firm value (Tibrani et al., 2023; Wibowo & Surjandari, 2023). Dominance also highlights the importance of strategy in acquiring customers to create a competitive advantage amid increasingly fierce market competition (Naeem et al., 2022). Through a customer-focused approach, companies can create sustainable advantages by relying not only on internal resources but also on the value perceived by consumers (Li, 2009). Therefore, financial performance directly affects company value, with financial performance indicators, capital structure, and firm size significantly influencing firm value. However, certain factors, such as company growth, show a weaker relationship (Hutauruk et al., 2023).

The role of intellectual capital, such as human and structural capital, has also proven critical in improving the financial performance of a company. The value-added components of intellectual capital can positively impact financial results (Hutauruk et al., 2023). On the other hand, companies must adapt to the rapid changing conditions of global competition. Managing knowledge, market risk, and competitiveness through appropriate strategic adaptation is essential for companies to survive in this dynamic environment (Velykykh, 2024). Multinational companies implement comprehensive financial strategies, such as foreign currency risk management and capital structure optimization, it can gain significant competitive advantages in global market (Rahman et al., 2024).

Multi criteria-based decision making model also evaluate financial performance, helping companies integrate with their financial strategies with global competition (Ali & Ibrahim, 2019). Although many studies have focused on specific elements such as customer value, intellectual capital, and financial strategy, few have examined them comprehensively to understand how they can simultaneously improve financial performance and company value growth in the face of global competition.

This study has the potential to fill the existing research gap by integrating financial performance metrics and the growth of company value in a comprehensive analysis model to face global competition. By identifying and analyzing the relationship between financial performance and the growth of company value, this study is expected to provide valuable insights for both practitioners and academics in formulating policies and measures which can strengthen the position of manufacturing companies in Batam City in the face of global competition. By identifying and analyzing the relationship between financial performance and the growth of company value, it is expected to provide valuable insights for practitioners and academics in developing policies and measurements to strengthen the position of manufacturing companies in Batam in facing global competition. The analysis is based on the resource-based view (RBV) and stakeholder theory, which emphasize that firms must use internal resources and capabilities to achieve superior financial performance while also integrating strategic outcomes with the interests of shareholders, employees, and other stakeholders to sustain long-term growth of company value.

2. Research Methods

2.1. Research Variables and Indicators

The field study was conducted in Batam, Riau Islands Province, involving 10 manufacturing companies that have been operating for more than 10 years; this is due to the rapid development of industrial management, port infrastructure, airport, and strategic location of Batam itself on the Indonesian border, (Hargono et al., 2013). Moreover, the efficiency of traffic of raw materials (in

and out), easy global transactions, and free trade are the reasons of some new businesses arise due to the considerable potential and other strategic advantages (Aritenang & Chandramidi, 2020). In this study, a company is a business entity or enterprise that produces raw goods into semi-finished or complete goods using production machines and operates on a large scale. In addition, the company is affected by financial performance and global competition, which includes profitability, liquidity, solvency, capital structure, intensity, external and internal, innovation, sustainable projection, and the impact of each variable and indicator on other variables and indicators (see Table 1).

This is strongly connected with the principles of financial reform adopted by some modern companies. According to Abiad & Mody (2005), some external events and factors affect economic policies and the balance of trade and payments, thus encouraging macro-industrial groups to revitalize and carry out major economic reforms (Claessens & Perotti, 2007). Weak global interest rate activity can also strengthen the rationale of the company for reform (Law & Singh, 2014).

Table 1. The Operational Variable

Variable	Indicators
Financial Performance (FP)	FP1-Coordination with inter-multilevel company
	FP2-Developing company risk communication
	FP3- Profitability
	FP4-Liquidity
	FP5-Solvability
Global Competition (GC)	GC1-Availability of preparedness and company management planning
	GC2-Enhancing the competence and instruction for stakeholders
	GC3-Monetary and technical assistance
	GC4- Intensity of Company
	GC5-Developing Innovation
	GC6-Sustainability
Company Value Growth (CVG)	CVG1-Execution of safety protocols and standards
	CVG2-Preemptive alert mechanisms and instantaneous communication
	CVG3-Routine safety audits and risk evaluations
	CVG4-Stock price
	CVG5-Profitability
	CVG6-Market value added (MVA)

Source: processed data

However, reform and liberalization activities reflect the magnitude of pressures and incentives created from external factors that affect firm internality and seek to encourage the possibility of additional reforms to catch up with firm achievements (Andriana & Panggabean, 2017; Olowofela et al., 2018). Finally, some strategies have emerged that are personalized by the company and considered important to adopt as part of the evaluation structure of the company; this is strongly connected with the economic exploration during high global competition and the development of modernity (Panjaitan, 2017).

2.2. Research Methods

This study uses quantitative methods and exploratory studies to analyze the reality of efforts made to increase the growth of corporate financial value influenced by corporate financial performance and to deal with progressively complex global competition. In addition, it is imperative to investigate the direct and indirect correlations between each variable and the interrelated indicators. The results indicate that each company has its model and style of enhancing the growth of corporate value despite the rapid development of industrialization management and global-level competition.

One hundred ten questionnaires were distributed to company representatives with relevant managerial positions for the economic structure of company. Everyone was given a questionnaire containing statements, which the researcher used to test the relevance of variables affecting firm value growth through Excel and SmartPLS 4.1.03 software. As a result, 95 questionnaires (86.37%) showed valid and met the assessment conditions, while 15 questionnaires (13.63) did not meet the assessment conditions. Furthermore, indicators on exogenous, mediator, and endogenous variables were examined by recursive data processing using SmartPLS software; this is enabled and widely adopted as an emerging academic research trend. This approach relies on regression and component columns to evaluate the interaction among variables (Sardeshmukh & Vandenberg, 2017). By adopting the value categories and processes from Hair et al (2014, 2019), we directly participated in modeling analysis by investigating three testing steps of the inner, outer model, and hypothesis testing. The relationship between variables was also analyzed through the calculation of regression paths.

As conditions and restrictions to determine the F2 measurement, a cutoff value of 0.150 was defined, statistical power was evaluated with a Cronbach alpha value of 0.70, composite reliability of 0.70, AVE of 0.50, and p-values of 0.05 as significant threshold value as determined by Scheines et al (1999). In addition, we used iterative processing to evaluate variables with two types of manipulations: calculating values based on indicators and latent variables and assessing latent variable relationships directly and indirectly by evaluating external estimates. The concept of financial company growth (FCG) as an endogenous variable (dependent variable) can be influenced by a mixture of exogenous variables derived from observed elements, including financial performance and global competition both directly and indirectly. Finally, the significance of endogenous variable FCG is evaluated using Bootstrap PLS.

3. Results and Discussions

The research employed a quantitative approach involving 10 manufacturing companies operating in Batam, Riau Islands Province, all of them have been established for more than 10 years. The field survey involved 110 respondents drawn proportionally from selected companies. The respondents consisted of managers (35%), supervisors (45%), and senior staff (20%), ensuring that multiple organizational levels were represented. In terms of demographic characteristics, the majority of respondents were aged between 30 and 45 years, with more than 70% holding a bachelor's degree and the rest holding either a diploma or a master's degree.

Table 2. Profile of Respondents

Category	Number of Respondents	Percentage (%)	Work Experience (Years)	Average Age	Education Level
Managers	39	35	7+	38	Bachelor's - Master's
Supervisors	50	45	5–10	35	Bachelor's
Senior Staff	21	20	5–10	33	Diploma - Bachelor's

Source: processed data

Work experience was also substantial, as over 65% of respondents had more than 7 years of service in their respective companies. Such diversity was deemed essential, as managers and supervisors were directly involved in financial decision-making and strategic planning, while senior staff provided operational perspectives which relevant to the growth of company value (see Table 2).

Table 3. The Assessment of Outer Model

Items	Outer Loading	Average Variance Extracted (AVE)	Cronbach's Alpha (α)	Composite Reliability
FP1-Coordination with inter-multilevel company	0.906			
FP2-Developing company risk communication	0.927	0.823	0.946	0.959
FP3- Profitability	0.923			
FP4-Liquidity	0.924			
FP5-Solvability	0.856			
GC1-Availability of preparedness and company management planning	0.564			
GC2-Enhancing the competence and instruction for stakeholders	0.918			
GC3-Monetary and technical assistance	0.930	0.711	0.909	0.924
GC4-Company's Intensity	0.881			
GC5-Developing Innovation	0.740			
GC6-Sustainability	0.723			
CVG1-Execution of safety protocols and standards	0.943	0.879		
CVG2-Preemptive alert mechanisms and instantaneous communication	0.953			
CVG3-Routine safety audits and risk evaluations	0.927		0.927	0.978
CVG4-Stock price	0.927			
CVG5-Profitability	0.931			
CVG6-Market value added (MVA)	0.944			

Source: processed data

Effective financial management practices are crucial for improving financial performance, as companies must manage assets efficiently to achieve profitability. Financial performance is the main indicator of the company's ability to survive and continue to grow in the highly competitive era of globalization. This study aims to explore the relationship between three main variables, which include Financial Performance (FP), Global Competition (GC), and Company Value Growth (CVG). The authors used a quantitative approach to analyze data from 10 manufacturing companies in Batam, Riau Islands Province, which have been operating for more than 10 years, to explore the relationship between those variables. From 110 questionnaires distributed, 95 were valid and met the criteria. This study used statistical analysis by utilizing SmartPLS software. The analysis was conducted to measure validity, reliability, model and evaluate the relationship between the variables studied. The findings of this study related to the measurement of outer model between variables and indicators of this study and it can be seen in Table 3.

Table 2 above shows the results of evaluating measurement model using the Partial Least Square (PLS) approach involving indicators and their relationship to three latent variables, namely financial performance (FP), global competition (GC), and company value growth (CVG). Each item was analyzed based on the outer loading value, average variance extracted (AVE), Cronbach's alpha (α), and composite reliability to assess the validity and reliability of the measurement model. The FP construct value showed statistically significant results. The FP construct values of all indicators had high values (between 0.856 to 0.927) with an AVE of 0.823 and indicated a substantial effect; Cronbach's alpha (0.946) and composite reliability (0.959) values reinforced its reliability.

The analysis results above show that FP is important in assessing financial performance through binding indicators from FP1 to FP5. FP2 had the highest value at 0.927, indicating that this aspect was very important in measuring financial performance. This study strengthened previous findings that liquidity and profitability contribute significantly to Financial Performance (FP), as evidenced by the outer loading values of FP3 and FP4 (0.923-0.924). These results were relevant to research conducted by Aisyah (2022), which emphasized effective financial management in creating firm value.

Global competition (GC) was measured by 5 (five) valid measurement items with outer loading values ranging from 0.723-0.930. The level of reliability was accepted if Cronbach's alpha and composite reliability values were above 0.70 (reliable). GC's Cronbach's alpha value was 0.909, and composite reliability was 0.924, which reflected good internal consistency and reliability. The level of convergent validity shown by the AVE value of 0.711 and indicated that it met the requirements of good convergent validity.

However, one of the GC1 indicators did not meet the validity value below 0.70, so that it did not meet the requirements and criteria for validity and reliability in measurement; besides that, GC1 was not part of the indicator priority scale in the research questionnaire. In contrast, indicators GC2, GC3, GC4, GC5, and GC6 were considered valid by the provisions of research measurements, so that it was necessary to maintain and improve in supporting further measurements.

Company value growth (CVG) showed significant results compared to other variables; all CVG indicator values had high outer loading values between 0.927 and 0.953, with CVG2 as the most important indicator. The highest AVE value of 0.879 indicated an extreme convergent validity value. Cronbach's alpha (0.927) and composite reliability (0.978) showed high internal consistency. This study emphasized that the implementation of safety protocols (CVG1) and regular evaluation of risks (CVG3) directly impacted the growth of company value. This result was in line with the findings of Feyertag & Bowie (2021), namely the positive correlation between

the implementation of safety audits and the company's market value, which could strengthen the correlation and investor confidence in the company because it had a good risk mitigation scheme.

Table 4. The Analysis Results of Significant Relationships Between Variables

Items	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (O/STDEV)	P-Values
Financial Performance (FP) => Company Value Growth (CVG)	0.865	0.865	0.027	32.019	0.000
Financial Performance (FP) => Global Competition (GC)	0.130	0.123	0.172	0.754	0.451
Global Competition (GC) => Company Value Growth (CVG)	0.027	0.031	0.055	0.498	0.619

Source: processed data

The analysis results (see in Table 4) show the relationship between FP, GC, and CVG variables. The relationship between FP and CVG was statistically significant, with a very high correlation value ($O = 0.865$, $P\text{-Value} = 0.000$). This indicated that financial performance had a significant influence on company value. The T-Statistics value of 32.019 showed a value that exceeded the threshold of 1.96 and supported the research findings. The results indicated that FP measurement, such as profitability, solvency, and liquidity, were important in improving the firm's marketability and building investor confidence. The findings also confirmed that effective financial management was a significant factor in the growth of company value. The results of this study were relevant to previous studies which highlighted the importance of financial aspects in driving company performance (Susanti et al., 2020).

The relationship between FP and GC showed statistically non-significant results ($O = 0.130$, $P\text{-Value} = 0.451$), with a T-Statistics value = 0.754, or below the significant the critical value. The correlation was very low and weak and indicated which improved financial performance and it had no direct influence on global competition. This could be due to the nature of global competition, which depended more on external factors, such as innovation, international regulatory policies, and a firm's ability to compete globally, which were not directly influenced by internal financial performance.

In addition, the relationship between GC and CVG was also not statistically significant, as indicated by very low correlation value ($O = 0.027$, $P\text{-Value} = 0.619$) and T-Statistics of 0.498. These results suggested that global competition did not directly contribute to the growth of company value. However, it had potential to indirectly influence CVG through mediating channels, such as the increase in operational efficiency, adoption, innovation, and firm strengthening in (business reinforcement) international markets.

Thus, financial performance played a central role in supporting the growth of company value, while global competition had no significant direct influence. Companies needed to improve effective financial management to add value and had to pay attention to innovation and collaboration strategies at each level to strengthen global competitiveness. This approach could have a more integrated impact, linking internal financial aspects with external challenges in the global market. Ultimately, it could create a balance to support the sustainability of corporate value.

Based on indirect effect analysis in Table 5 below, the GC variable was not a good mediator in creating a good relationship between FP and CVG. The resulting correlation value was weak at 0.004, indicating almost no contribution of GC as a mediating variable. The value of T-Statistics = 0.302 was below the threshold value set (criteria?) at 1.96, and the $P\text{-Value} = 0.763$, which was

not statistically significant, or above the required value of 0.05. These results reinforced the explanation that the relationship was not statistically significant. In other words, FP did not significantly influence CVG with the median GC variable.

Table 5. The Results of Indirect Effects

Items	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (O/STDEV)	P-Values
Financial Performance (FP) => Global Competition (GC) => Company Value Growth (CVG)	0.004	0.005	0.012	0.302	0.763

Source: processed data

In addition, the results also showed that the effect of FP on CVG occurred directly without requiring the role of GC as a mediator. The non significant result indicated that GC did not have enough impact to strengthen the relationship between FP and CVG. A company that wants to increase company value should prioritize strategies that strengthen financial performance, such as profitability, liquidity, and solvency. The findings also showed that a direct approach to financial management had a significant role compared to indirect influence or median variable-global competition in supporting the growth of company value.

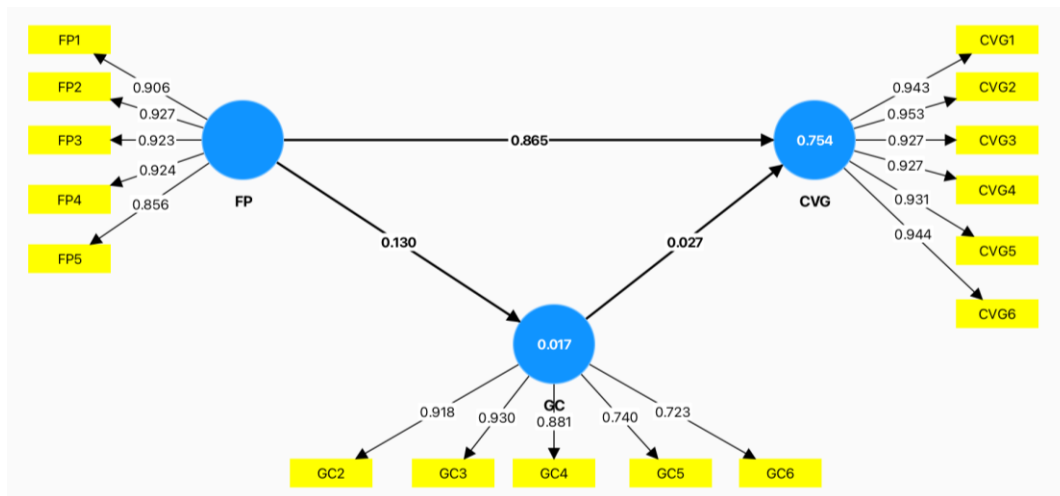


Figure 1. The Measurement Model of Company Value Growth Indicators

Figure 1 above shows the results of structural model of measurement between the latent variables FP, GC, and CVG which analyzed using SEM-PLS. The results of the SEM model analysis in Figure 1 showed that all latent variables could be adequately measured, and the relationship among these variables were revealed by the analysis through the path coefficients identified in this research. Measurements in SEM PLS included evaluating the reliability and validity of measurement model, as well as testing the structural relationship among those variables (Hair et al., 2017). This reliability assessment was conducted using several measures (or measurement?), namely Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE), its results is described in Table 1. All Cronbach's alpha values obtained were more significant than 0.7, this research instrument had a high level of reliability.

Cronbach's alpha estimated the internal consistency of latent variables in the PLS path model (Sarstedt et al., 2021). To confirm internal reliability of the model for variables tested, this CR value should be greater than 0.70. In the relationship between latent variables, the model showed a significant effect of FP on CVG, with a path coefficient of 0.865, indicating that the FP variable significantly contributed to CVG. In contrast, the influence of GC on CVG was minimal, with a path coefficient of only 0.027, indicating negligible and non-significant relationship. On the other hand, FP had a positive influence on GC with a path coefficient of 0.130. Although this effect was smaller than its effect on CVG, this result illustrated that GC played a role in the model while FP played more significant role in influencing CVG. With high factor loading values and significant path coefficients, the model showed sufficient reliability and validity in explaining the involvement of each factor in the phenomenon under study.

Table 6. The Assessment of Inner Measurement Model

Items	R ²	Q ²	F ²	Goodness of Fit (GoF)
Company Value Growth (CVG)	0.754	0.749	2.994	0.557
Global Competition (GC)	0.017	-0.008	0.017	

Source: processed data

Furthermore, Table 6 above shows the results of structural model evaluation of CVG and GC variables in this research. The CVG variable showed R² value of 0.754, which meant that 75.4% of the CVG variance could be explained by the independent variables (external in the model, namely Financial Performance (FP) and GC. This R² value was classified as strong, indicating that the model could explain most of the variability in CVG. In addition, the Q² value of 0.749 indicated that the model had predictive relevance to CVG; this result was reinforced by the F² of 2.994, which showed FP significantly affected CVG. The overall quality of the model was also rated as excellent with a Goodness of Fit (GoF) value of 0.557, which exceeded the threshold of 0.36 and confirmed that the model was valid to use (to be used to?) to explain the relationship among latent variables, especially in the context of FP's effect on CVG.

The GC variable performed weakly in the research model. The R² value of 0.017 indicated that only 1.7% of GC variance could be explained by FP. In addition, the Q² value of -0.008 indicated that this model had no predictive relevance for GC, which meant that FP did not significantly contribute to GC. This was further reinforced by the F² value of 0.017, which indicated that FP only had a small effect on GC. Then, this result indicated that GC was not relevant in explaining the relationship between FP and CVG in this model.

Based on the findings, FP emerged as the principal factor directly influencing CVG, with a significant and strong relationship. Therefore, companies should reorganize their priorities by making governance changes to enhance performance and autonomously influenced financial system to increase firm value. On the other hand, the role of GC in this model was very limited, so that additional strategies were needed to increase its relevance, such as focusing on innovation and sustainability.

This study aims to analyze the relationship between firm financial performance (FP), global competition (GC), and firm value growth (CVG). Results show that financial performance significantly influences firm value growth, while global competition does not serve as a significant mediator in the relationship. This finding indicates that companies with good financial management tend to be more successful in increasing firm value without relying on external factors such as global competition. The study shows that financial performance (FP) significantly

contributes to the growth of firm value (CVG). Financial performance (FP) is proven to have a significant construct value, with indicators such as profitability, liquidity, and solvency showing high outer loading (between 0.856 and 0.927). This leads to the conclusion that companies with solid financial performance will experience better firm value growth.

The study results are relevant to research conducted by Ali & Ishak (2019), which shows that a well-implemented financial management strategy is positively correlated with financial performance, which drives company growth and employee motivation. This relationship underscores the importance of sound financial practices in achieving sustainable business success.

Several previous studies also support the results of this study by finding that financial performance indicators such as profitability, liquidity, and solvency affect the sustainability and growth of the company. Research by Injadat et al (2023) states that high profitability and good liquidity can strengthen the company's financial position and encourage sustainable long-term growth.

In addition, a study by Nababan (2021) revealed that companies that can manage financial risks effectively, such as maintaining solvency, will be more resilient in the face of unexpected market shocks, supporting firm value growth. On the other hand, companies that have poor financial performance tend to find it difficult to access external resources, such as loans or new investments, which could hamper their growth potential. This is in line with the findings of Lubis (2023), which show that firms with poor financial management experience difficulties obtaining capital and investment, negatively impacting firm value.

In contrast to the initial hypothesis, global competition (GC), as a mediator between financial performance and firm value growth, does not significantly affect this study. The very low correlation value (Original Sample = 0.004) and T-Statistics far below the significance threshold (1.96) indicate that GC does not have enough impact to strengthen the relationship between FP and CVG. This suggests that internal factors, such as good financial performance, have a more significant impact on determining firm value than relying on external dynamics, such as global competition. Putri, (2023), confirms that although global competition may affect a firm's strategy in the long run, more substantial internal factors such as innovation and effective financial management are more decisive in determining a firm's long-term success in increasing firm value.

Some studies state that global competition can positively or negatively impact company growth, depending on how the company faces and utilizes the competition. In Dereli (2015), study, companies operating in global markets can gain more significant growth opportunities but face higher risks, such as currency fluctuations and international economic uncertainty.

However, while global competition may act as an external influence on firms' strategic decisions, Ekkaphol & Wichitsathian (2024) emphasize that firms with strong financial foundations may better cope with global pressures. This research shows that although global competition provides additional challenges, good internal management, such as effective financial management, remains a key determinant in firm value growth. In addition, research from Bang & Markeset (2012) correlates with the findings, which is that many companies in the era of globalization can achieve success not through external competitiveness but through competitive advantages resulting from careful financial management and continuous product innovation.

The dynamic nature of the global market requires firms to adopt strategies that improve their financial performance and provide a competitive advantage. Managers are therefore encouraged to explore innovative approaches to achieve superior performance outcomes, especially as globalization intensifies competition in various sectors (Zakaria et al., 2014). Effectively utilizing financial management and operational strategies can significantly affect a firm's market share and profitability (Workie & Hekelová, 2016).

A firm's financial performance is closely linked to its growth and competitive position in the global market. Effective financial management practices, a strong financial culture, and strategic adaptation to global dynamics are critical to increasing firm value and achieving sustainable competitive advantage. The results of this study have significant practical implications for companies. To achieve better value growth, firms must focus on improving financial performance, emphasizing profitability, liquidity, and solvency. Effective financial management not only improves the efficiency and competitiveness of the company but also provides a strong foundation to face the challenges of the global market. Although global competition remains an important factor in the business environment, companies should not rely on this factor as the primary mediator in increasing corporate value. Instead, companies invest in financial management and continue to innovate to stay competitive in an increasingly competitive global market. This is relevant to the research conducted by Aftenev (2024), which shows that finance-based strategies are more reliable than strategies that depend on external market dynamics. This research confirms that financial performance is key to firm value growth. In terms of global competition, although it can be recognized as having relevance, it does not need to play a significant role as a mediator in this relationship. Therefore, companies should prioritize good and sustainable financial management to achieve more stable and sustainable growth.

4. Conclusions

Based on the analysis of this research, financial performance has a significant impact on company value growth, especially in the context of manufacturing industry in Batam. The results showed that companies which successfully improved profitability, liquidity, and solvency had better value growth. It was relevant to the findings of previous studies, which emphasized the importance of effective financial management in creating company value. In other words, internal factors of company, especially financial performance, it played a significant role in its longterm success and competitiveness. Although GC might influence the relationship between financial performance and company value growth, this study found that global competition did not significantly influence it. This suggested that although the global market offers challenges and opportunities, company could rely more on internal factors to achieve optimal value growth. In this case, good financial management and innovation became key factors in maintaining the viability and sustainability of company growth without being fully dependent on external factors such as global competition.

Therefore, the results suggested that companies operating in manufacture industry should prioritize strengthening financial performance as a purposeful initiative. Focusing on improving profitability, liquidity, and solvency would provide a sustainable competitive advantage, strengthened the company's position, and increasing investor confidence. This strategy could ensure that companies could not only resisted strong in global competition but also grew successfully and created long-term value. Thus, financial management which focused on improving essential internal financial elements was the key to achieve stable growth and increase corporate value in a changing global market.

References

- Abiad, A., & Mody, A. (2005). Financial Reform: What Shakes It? What Shapes It? *American Economic Review*, 95(1), 66–88. <https://doi.org/10.1257/0002828053828699>
- Afifa, M. M. A., Saleh, I., & Taqatqah, F. (2023). Mediating influence of earnings management in the nexus between audit quality and company value: new proof from Jordanian market.

Accounting Research Journal, 36(2/3), 148–165. <https://doi.org/10.1108/ARJ-03-2021-0102>

- Aftenev, S. (2024). The Impact of Globalization on Strategic Decision-Making in Paint Manufacturing Companies. *Problems of Systemic Approach in the Economy*, 2(95). <https://doi.org/10.32782/2520-2200/2024-2-9>
- Ahmad, I. (2024). The Role of Strategic Financial Management in Enhancing Corporate Value and Competitiveness in the Digital Economy. *Innovation Economics Frontiers*, 27(1), 1–7.
- Aisyah, S. (2022). The Role of Financial Performance as a Mediator Between Good Corporate Governance and Firm Value. *Atestasi: Jurnal Ilmiah Akuntansi*, 5(1), 255–268. <https://doi.org/10.57178/atestasi.v5i1.312>
- Ali, A., & Ibrahim, A. A. (2019). A Decision Support Tools Using Multi-Criteria Decision-Making Approach for Financial Performance Analysis in a Competitive Global Economy. *American Journal of Business and Operations Research*. <https://doi.org/10.54216/ajbor.000105>
- Ali, A. Y., & Ishak, A. O. (2019). Finance and Management Scholar at Riphah International University Islamabad, Pakistan, Faculty of Management Sciences. *Research Journal of Finance and Accounting*, 10(No 1), 7–15. <https://doi.org/10.7176/RJFA>
- Andriana, A., & Panggabean, R. R. (2017). The Effect of Good Corporate Governance and Environmental Performance on Financial Performance of the Proper Listed Company on Indonesia Stock Exchange. *Binus Business Review*, 8(1), 1. <https://doi.org/10.21512/bbr.v8i1.1757>
- Aritenang, A. F., & Chandramidi, A. N. (2020). The Impact of Special Economic Zones and Government Intervention on Firm Productivity: The Case of Batam, Indonesia. *Bulletin of Indonesian Economic Studies*, 56(2), 225–249. <https://doi.org/10.1080/00074918.2019.1643005>
- Bang, K. E., & Markeset, T. (2012). Impact of globalization on model of competition and companies' competitive situation. *IFIP Advances in Information and Communication Technology*, 384 AICT, 276–286. https://doi.org/10.1007/978-3-642-33980-6_32
- Cindiyasari, S. A., Junarsin, E., & Septiani, E. (2022). *Does Intellectual Capital Affect Financial Performance? An Empirical Evidence from Financial Companies in Indonesia*.
- Claessens, S., & Perotti, E. (2007). Finance and inequality: Channels and evidence. *Journal of Comparative Economics*, 35(4), 748–773. <https://doi.org/10.1016/j.jce.2007.07.002>
- Dereli, D. (2015). Innovation Management in Global Competition and Competitive Advantage. *Procedia - Social and Behavioral Sciences*, 195, 1365–1370. <https://doi.org/10.1016/J.SBSPRO.2015.06.323>
- Ekkaphol, S., & Wichitsathian, S. (2024). Strategic management accounting and sustainable performance: The serial mediating role of business strategies and competitiveness. *Journal of Infrastructure, Policy and Development*. <https://doi.org/10.24294/jipd.v8i6.3453>
- Feyertag, J., & Bowie, B. (2021). *The financial costs of mitigating social risks: costs and effectiveness of risk mitigation strategies for emerging market investors*. ODI Report.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. SAGE Publications Ltd.
- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*, 31(1), 2–24. <https://doi.org/10.1108/EBR-11-2018-0203>
- Hair, J. F., Sarstedt, M., Hopkins, L., & G. Kuppelwieser, V. (2014). Partial least squares structural equation modeling (PLS-SEM). *European Business Review*, 26(2), 106–121. <https://doi.org/10.1108/EBR-10-2013-0128>
- Hargono, S., Sutomo, S., & Alisyahbana, J. (2013). The Influence of the Port to the Economical Growth of the Batam Island. *Procedia Environmental Sciences*, 17, 795–804. <https://doi.org/10.1016/j.proenv.2013.02.097>
- Horvathova, J., & Mokrisova, M. (2020). Business competitiveness, its financial and economic

- parameters. *Montenegrin Journal of Economics*, 16(1), 139–153.
- Hutauruk, R. P. S., Zalukhu, R. S., & Collyn, D. (2023). The Effect of Capital Structure, Financial Performance, Firm Growth and Size on Firm Value: Empirical Study on Manufacturing Listed Companies on the Indonesia Stock Exchange. *International Journal of Business, Economics & Financial Studies*. <https://doi.org/10.62157/ijbefs.v1i2.22>
- Injadat, E., Alshehadeh, A. R., & Kourtel, F. (2023). The impact of liquidity on the financial growth of industrial companies listed on the Amman Stock Exchange. *AAU Journal of Business and Law*. <https://doi.org/10.51958/aaujbl2023v7i2p2>
- Iskandar, D. (2021). The effect of profitability and sales growth on company value moderated by leverage. *International Journal of Management Studies and Social Science Research*, 3(5), 265–2582.
- Jihadi, M., Vilantika, E., Hashemi, S. M., Arifin, Z., Bachtiar, Y., & Sholichah, F. (2021). The effect of liquidity, leverage, and profitability on firm value: Empirical evidence from Indonesia. *The Journal of Asian Finance, Economics and Business*, 8(3), 423–431.
- Kianto, A., Andreeva, T., & Pavlov, Y. (2013). The impact of intellectual capital management on company competitiveness and financial performance. *Knowledge Management Research & Practice*, 11(2), 112–122. <https://doi.org/10.1057/kmrp.2013.9>
- Law, S. H., & Singh, N. (2014). Does too much finance harm economic growth? *Journal of Banking & Finance*, 41, 36–44. <https://doi.org/10.1016/j.jbankfin.2013.12.020>
- Li, M. (2009). The Customer Value Strategy in the Competitiveness of Companies. *International Journal of Business and Management*, 4, 136. <https://doi.org/10.5539/IJBM.V4N2P136>
- Lubis, S. S. (2023). Identify Financial Ratios To Measure The Company's Financial Performance. *Journal of Economics Business Industry*, 1(1), 1–9.
- Nababan, I. M. (2021). Liquidity and Solvability on Profitability: A Study on Toll Road Sub-Sectors Companies Listed at Indonesian Stock Exchange. *COMPETITIVE Jurnal Akuntansi Dan Keuangan*, 5(1), 72. <https://doi.org/10.31000/competitive.v5i1.2517>
- Naeem, N., Cankaya, S., & Bildik, R. (2022). Does ESG performance affect the financial performance of environmentally sensitive industries? A comparison between emerging and developed markets. *Borsa Istanbul Review*, 22, S128–S140.
- Olowofela, E. O., Adebowale, E. A., & Adejowo, A. Q. (2018). Financial Sector Reforms and Economic Growth: Evidence from Nigeria. *Binus Business Review*, 9(2), 171–176. <https://doi.org/10.21512/bbr.v9i2.4359>
- Omasete, C. A. (2014). *The effect of risk management on financial performance of insurance companies in Kenya*. University of Nairobi.
- Panjaitan, I. (2017). The Influences of Sustainability Report and Corporate Governance toward Financial and Entity Market Performance with Political Visibility as Moderating Variable. *Binus Business Review*, 8(1), 61. <https://doi.org/10.21512/bbr.v8i1.1282>
- Petrick, J. A., Scherer, R. F., Brodzinski, J. D., Quinn, J. F., & Ainina, M. F. (1999). Global leadership skills and reputational capital: Intangible resources for sustainable competitive advantage. *Academy of Management Perspectives*, 13(1), 58–69.
- Putri, I. A. J. (2023). The effect of growth, intellectual capital, financial performance on firm value. *JPPI (Jurnal Penelitian Pendidikan Indonesia)*, 9(4), 250. <https://doi.org/10.29210/020233026>
- Rahman, F., Masmarulan, M., Rostini, R., Muhammad, A., & Bakri, R. M. S. (2024). Financial Strengthening Strategies in Increasing Company Competitiveness Multinational. *Journal of Business Management and Economic Development*. <https://doi.org/10.59653/jbmed.v2i03.938>
- Sardeshmukh, S. R., & Vandenberg, R. J. (2017). Integrating Moderation and Mediation. *Organizational Research Methods*, 20(4), 721–745. <https://doi.org/10.1177/1094428115621609>
- Sarstedt, M., Ringle, C. M., & Hair, J. F. (2021). Partial Least Squares Structural Equation

- Modeling. *Handbook of Market Research, July*, 587–632. https://doi.org/10.1007/978-3-319-57413-4_15
- Scheines, R., Hoijtink, H., & Boomsma, A. (1999). Bayesian estimation and testing of structural equation models. *Psychometrika*, 64(1), 37–52. <https://doi.org/10.1007/BF02294318>
- Sivakumar, K., Roy, S., Zhu, J., & Hanvanich, S. (2011). Global innovation generation and financial performance in business-to-business relationships: the case of cross-border alliances in the pharmaceutical industry. *Journal of the Academy of Marketing Science*, 39, 757–776.
- Soesetio, Y., Soetjipto, B. E., Handayati, P., Winarno, A., Rudiningtyas, D. A., Mawardi, M. C., & Realita, T. N. (2024). Innovation and Firm Competitiveness as Intervening Variables in Improving Financial Performance of MSMEs. *Jurnal Aplikasi Manajemen*, 22(2), 524–546.
- Susanti, N., Widajatun, V. W., Sumantri, M. B. A., & Nugraha, N. M. (2020). Implications of Intellectual Capital Financial Performance and Corporate Values (Studies on Goods and Consumption Sector 2013-2017 period). *International Journal of Psychosocial Rehabilitation*, 24(07), 6588–6599.
- Tafsir, M. (2021). Sustainable finance: a strategy to increase good corporate governance and company value in banking industry. *Atestasi: Jurnal Ilmiah Akuntansi*, 4(2), 164–172.
- Tibrani, T., Wulandari, S., Ukhriyawati, C. F., Wibowo, E. A., & Arnesih, A. (2023). Financial Nexus: Empirical Analysis of Knowledge, Income, and Behavior. *Indonesian Journal of Law and Economics Review*, 18(3). <https://doi.org/10.21070/ijler.v18i3.926>
- Tibrani, T., Zabri, S. M., & Hakim, L. (2024). An Analysis of the Relationship between Prices, Shopping Habits, Promotions, and Fashion Involvements in Impulsive Buying Decisions. *Binus Business Review*, 15(3), 213–223. <https://doi.org/10.21512/bbr.v15i3.11001>
- Velykykh, K. (2024). Economic Management of Companies and New Competitive Strategies. *Municipal Economy of Cities*, 5(186), 13–17. <https://doi.org/10.33042/2522-1809-2024-5-186-13-17>
- Wibowo, I. A., & Surjandari, D. A. (2023). Capital Structure, Company Size and Profitability Influence on Company Value with Managerial Ownership as Moderation Variables. *International Journal of Social Service and Research*, 3(1), 1–14.
- Workie, M., & Hekelová, E. (2016). Is the Global Competitiveness Index Informative? *CBU International Conference Proceedings*, 4(Imd), 132–141. <https://doi.org/10.12955/cbup.v4.754>
- Zakaria, M., Abdulatiff, N. K., & Ali, N. (2014). The Role of Wellbeing on Performance in Services Sector. *Procedia - Social and Behavioral Sciences*, 164, 358–365. <https://doi.org/https://doi.org/10.1016/j.sbspro.2014.11.088>
- Zhou, G., Liu, L., & Luo, S. (2022). Sustainable development, ESG performance and company market value: Mediating effect of financial performance. *Business Strategy and the Environment*, 31(7), 3371–3387.