

Innovation in Financial Management: New Strategies for Enhancing Efficiency and Company Performance

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Abstract

This research investigates the impact of adopting innovative technology in financial management on operational efficiency, financial decision-making, and reducing administrative costs in various companies. By focusing on the implementation of Fintech, Big Data Analytics, and financial process automation, this research finds that these innovations significantly improve company performance in facing the challenges of a dynamic business environment. This research uses a qualitative combination approach. A quantitative approach is used to measure impact numerically and carry out statistical analysis of the data collected. Data for this research was obtained from relevant academic literature, and case studies of companies that have implemented innovations in financial management. The analysis shows that managerial support, ease of use of technology, and organizational readiness to adapt are important factors in the successful implementation of innovation. The results highlight the importance of integrating technology in financial management practices to improve internal processes and better prepare companies for the future.

Keywords: Financial Management Innovation, Fintech, Big Data Analytics, Financial Process Automation, Operational Efficiency, Financial Decision Making.

A. INTRODUCTION

Financial management plays a very important role in the success and sustainability of a company. Companies are required to continue to innovate in their financial management to remain competitive and increase operational efficiency in an increasingly complex and dynamic business environment (Khan et al., 2021). Innovation in financial management is not only limited to the adoption of new technology but also includes the development of strategies and practices that can improve overall company performance (Zizlavsky, 2014).

The role of financial management in the company's success is vital because it includes managing financial resources effectively to achieve the company's strategic goals. Financial management is responsible for planning, budgeting, controlling and supervising company finances. Financial management ensures that the company has sufficient liquidity for daily operations while identifying investment opportunities that can increase the company's growth by conducting a careful analysis of cash flow. Financial management helps in managing risk by developing hedging and diversification strategies to protect the company from market fluctuations and economic uncertainty. Making decisions based on accurate financial data also allows companies to allocate resources optimally, increase operational efficiency and maximize profitability. Financial management acts as the backbone in achieving the company's long-term success, ensuring financial stability and supporting the

achievement of the organization's vision and mission (Al-Dmour et al., 2022; Lichtenthaler, 2022).

Financial management also plays a role in designing effective funding strategies. This includes deciding whether to use equity, debt, or a combination of both to finance a company's projects and operations. Companies can minimize the cost of capital and increase shareholder value with the right funding strategy. Financial management also plays an important role in assessing financial performance through financial ratio analysis, which helps companies measure operational efficiency, profitability, liquidity and solvency. The results of this analysis are the basis for making decisions that have a major impact on company policy, such as expansion, diversification, or restructuring (Nechaev et al., 2022; Petare et al., 2023).

Financial management is responsible for maintaining compliance with applicable accounting regulations and standards and ensuring transparency and accountability in financial reporting, this is important to maintain the trust of investors, creditors and other stakeholders. Good financial management also involves effective communication with shareholders and investors, providing clear and accurate information regarding the company's financial performance and prospects. Financial management allows companies to remain adaptive and responsive to changes in market and economic conditions by maintaining a balance between managing risks and achieving opportunities. Efficient and strategic financial management is a solid foundation for a company's sustainability and growth, ensuring that the company not only survives but also thrives in the long term (Nekesa & Olweny, 2018; Vasileiou et al., 2022).

The latest innovations in financial management that are significant in improving company efficiency and performance include the adoption of financial technology (fintech), big data analytics, financial process automation, proactive risk management, and sustainable finance approaches. Fintech technologies, such as blockchain and digital payments, enable faster, more secure and transparent transactions, reducing operational costs and the risk of fraud. Big data analytics helps companies make more informed decisions by leveraging large amounts of data to identify previously unseen trends, patterns and opportunities (Donkor et al., 2018; Zeebaree et al., 2020).

Financial process automation, such as using RPA (Robotic Process Automation) software, reduces human error and speeds up accounting and financial reporting processes. Proactive risk management uses predictive technology to identify and address potential risks before they become major problems (Koyluoglu & Dogan, 2021). A sustainable finance approach focuses on investments that not only provide financial returns but also have a positive impact on the environment and society, enhance a company's reputation and attract sustainability-conscious investors. These innovations collectively help companies optimize resources, improve operational efficiency, and improve overall performance.

According to a study by McKinsey in 2022 (Birshan et al., 2022), companies that adopted new financial technology experienced a 20% increase in operational efficiency

compared to companies that did not adopt the technology. Innovation in financial management is not only limited to the adoption of new technology but also includes the development of strategies and practices that can improve overall company performance, the research data is presented in the following table:

Table 1. Impact of Technology Adoption on Operational Efficiency

Category	Companies Adopting Financial Technology	Companies That Do Not Adopt Financial Technology
Number of Companies in Study	200	150
Increased Operational Efficiency	20%	5%
Reduction of Operational Costs	15%	3%
Increased Profitability	10%	2%
Customer satisfaction	85%	70%
Reducing Transaction Processing Time	25%	10%
Transaction Error Rate	1%	5%
Average Investment in Technology	\$5 million	\$1 million

Source: (Birshan et al., 2022)

A study conducted by McKinsey in 2022 shows that the adoption of financial technology (fintech) has a significant impact on operational efficiency and company performance. The study involved 200 companies that had adopted financial technology and 150 companies that had not adopted the technology. The results show that companies that adopt financial technology experience an increase in operational efficiency of 20%, compared to only 5% for companies that do not adopt technology. Operational costs are reduced by 15% in companies that adopt financial technology, while companies that do not only experience a 3% reduction in costs.

The profitability of companies that adopt financial technology increases by 10%, while companies that do not adopt only experience an increase in profitability of 2%. Customer satisfaction is also higher, with 85% of customers reporting greater satisfaction at companies that use financial technology, compared to 70% at companies that do not. Transaction processing times are reduced by 25% for companies that adopt financial technology, compared to only 10% for companies that do not.

The transaction error rate also fell to 1% in companies that used financial technology, compared to 5% in companies that did not adopt the technology. The study also found that companies that adopted financial technology invested an average of \$5 million in the technology, much higher than the \$1 million investment in companies that did not adopt the technology (Karadag, 2015; Nawab et al., 2015). This data indicates that the adoption of financial technology significantly increases operational efficiency, reduces costs, and increases company satisfaction and profitability.

Although many companies have adopted various innovations in financial management, there are still significant challenges that need to be overcome. According to a survey by (Saied et al., 2023), 45% of CFOs reported that resistance to change and limited resources were the main obstacles to implementing financial innovation. The difficulty in measuring the impact of innovation on company efficiency and

performance remains a major challenge. There is a need to understand how these innovations can be effectively integrated into existing financial management systems.

This research has important significance because it provides deep insight into innovative ways to manage company finances. By understanding and implementing these strategies, companies can increase operational efficiency, reduce costs, and ultimately increase profitability and stakeholder satisfaction. It is hoped that the results of this research can become a reference for practitioners and academics in the field of financial management. This research contributes to the financial management literature by providing a comprehensive analysis of recent innovations and their impact on company performance. This research also offers a practical perspective for financial managers to implement strategies that have been proven effective in real-world contexts. This research aims to: 1) Identify and evaluate the latest innovations in financial management; 2) Analyze how these strategies can be implemented to improve company efficiency and performance; and 3) Provide practical guidance for companies in implementing these innovative strategies.

B. LITERATURE REVIEW

1. Financial Management Theory

Financial management is a branch of economics that is concerned with managing financial resources in an organization to achieve strategic and operational goals. The basic definition of financial management includes planning, organizing, directing and controlling financial activities such as procuring funds, using funds and sharing profits. Basic concepts in financial management include analyzing and managing cash flow, selecting funding sources, allocating funds for investment, working capital management, and controlling financial risk. One of the main objectives of financial management is to maximize company value for shareholders by ensuring that the financial decisions taken are the most effective and efficient (Kalay & Lynn, 2015; Maroofi, 2015). This involves assessing various investment and financing alternatives, as well as considering their impact on the company's profitability, liquidity and solvency. Financial management plays a backbone role in ensuring financial stability, sustainable growth and achieving the company's long-term goals.

Financial management theory also includes an understanding of the various financial analysis tools and techniques used to evaluate financial performance and make informed decisions. This includes financial ratio analysis, financial statement analysis, and financial projections. Financial ratios such as liquidity, profitability, efficiency and solvency ratios provide an overview of the company's financial health and help managers identify areas that require improvement.

Financial management theory includes the principles of time value of money, where the current value of money is considered more valuable than its future value because of the potential income that can be generated from that money. This principle underlies various investment and financing decisions, such as assessing investment projects using the Net Present Value (NPV) and Internal Rate of Return (IRR) methods.

Financial risk management is also an integral part of financial management, involving the identification, analysis and mitigation of risks that can affect the company's financial stability. Techniques such as hedging, diversification, and the use of financial derivatives are used to manage market, credit, and operational risks (Bhimani, 2022; Černe et al., 2015).

Financial management theory also emphasizes the importance of good corporate governance in ensuring transparency, accountability and integrity in financial management. This involves implementing strict policies and procedures to ensure that financial reports are accurate and reliable, as well as ensuring that the interests of all stakeholders are considered in financial decision-making. Financial management also includes managing finances in an international environment, where exchange rate fluctuations, cross-border tax regulations, and global economic conditions influence the financial decisions of multinational companies. Financial management theory provides a comprehensive framework for a company to manage its financial resources most effectively, ensuring long-term survival, growth and profitability (Lichtenthaler, 2016; Saleh & Al-Nimer, 2022).

2. Innovation in Financial Management

Innovation in financial management has experienced significant development throughout history, influenced by technological advances, changes in regulations, and evolving business needs. While initially, financial management primarily focused on basic accounting functions and cash flow management, with the advent of computer technology in the 1960s and 1970s, financial management began to integrate information systems that enabled more efficient and accurate processing of financial data. In the 1980s, concepts such as Value-Based Management (VBM) and Economic Value Added (EVA) were introduced which helped companies measure performance based on the economic added value produced (Chaudhry et al., 2020; Cheah et al., 2021).

The 1990s saw a surge in the use of internet technology, which brought about major changes in the way companies managed their finances. E-commerce and electronic payment systems are starting to develop, enabling faster and safer financial transactions. At the same time, the globalization of financial markets creates the need for more complex risk management strategies, including the use of derivatives to hedge foreign exchange and interest rate risks.

In the early 2000s, there was an explosion in information and communication technology (ICT), which increasingly encouraged innovation in financial management. Technologies such as Enterprise Resource Planning (ERP) are starting to be widely adopted, integrating various business functions, including financial management, in one connected platform, big data analytics and artificial intelligence (AI) are starting to be used to increase accuracy in financial predictions and strategic decision making. In the last decade financial technology (fintech) has revolutionized financial management by introducing solutions such as blockchain, which provides more transparent and secure transactions, as well as the use of mobile applications

and digital payments that facilitate access to financial services for individuals and companies. Crowdfunding and peer-to-peer lending have also emerged as new alternatives for financing, changing the traditional landscape of banking and financing (Malagueño et al., 2018).

Innovations in financial management also include new approaches to risk management and regulatory compliance, for example following the 2008 global financial crisis, there was an increased focus on financial regulation and risk management, including the introduction of Basel III regulations which strengthened capital and liquidity requirements for banks. The history and development of innovation in financial management reflects the industry's response to technological, economic and regulatory changes (Rajnoha & Lorincová, 2015). These innovations have enabled the company to improve operational efficiency, better manage risks, and exploit market opportunities more effectively, ultimately contributing to improved company performance and competitiveness in the global market.

3. Company Efficiency and Performance

Company efficiency and performance are two key aspects that are often measured to evaluate the operational and strategic success of an organization. Efficiency refers to a company's ability to use resources optimally to achieve their goals. Efficiency parameters can include ratios such as cost-to-income ratio, operational cost-to-sales ratio, and labor productivity ratio (López-Nicolás & Meroño-Cerdán, 2011; Muigai & Gitau, 2018). The lower these ratios, the more efficient the use of company resources.

Company performance includes achieving the organization's long and short term goals, such as profitability, revenue growth, return on investment (ROI), and market share. Performance indicators may also include key performance indicators (KPIs) that are specific to the industry or company goals, such as customer retention rate, sales cycle time, and return on capital. Financial aspects such as net profitability, operational margin and working capital turnover are also important performance indicators. Non-financial factors, such as customer satisfaction, employee loyalty, and brand reputation, can also reflect a company's long-term performance in maintaining and increasing its market share and brand value.

Continuous monitoring and analysis of company efficiency and performance provides valuable insights for management to identify strengths, weaknesses and potential improvements. This enables companies to take timely corrective actions and develop strategies that align with their long-term goals, thereby increasing competitiveness and sustainability in an increasingly complex and dynamic market.

4. Previous Studies

Previous studies on innovation in financial management have produced findings that are important for understanding the impact and implications of implementing new technologies and strategies in the context of corporate finance. For example, research by (Birshan et al., 2022) highlighted that companies that

successfully adopted financial technology (fintech) experienced significant improvements in their operational efficiency. The study found that these companies were able to reduce operational costs substantially through process automation, increasing accuracy in financial reporting, and speeding response times to market changes.

Research from Harvard Business Review in 2023 shows that innovative strategies in financial management, such as the use of big data analytics and artificial intelligence (AI), can provide significant competitive advantages (Khalifaturafi'ah, 2023). Companies that can apply data analytics to forecast market trends, optimize investment portfolios, and manage risk more effectively have seen improvements in timely and accurate decision-making.

Other findings from research by (Kostel & Samoilkova, 2019) highlighted that the integration of technology in financial management not only improves operational efficiency but also increases transparency and oversight of company finances. This helps in meeting increasingly stringent regulatory requirements and enhances confidence from investors and other stakeholders. These studies underline that innovations in financial management not only bring improvements in a company's internal processes but also contribute to improving overall performance. The use of new technologies and innovative strategic approaches has opened up new opportunities for companies to better manage risks, increase operational efficiency and better achieve long-term financial goals.

5. Hypothesis

There are several hypotheses in this research which are formulated as follows:

H₁: There is a positive relationship between the adoption of innovation in financial management and increasing the company's operational efficiency.

H₂: Companies that adopt financial technology (fintech) have a higher level of profitability compared to companies that do not adopt it.

H₃: The use of big data analytics and artificial intelligence (AI) in financial management increases the accuracy of financial predictions and strategic decision-making.

H₄: Integration of ERP systems in financial management allows companies to manage working capital more efficiently and optimize resource allocation.

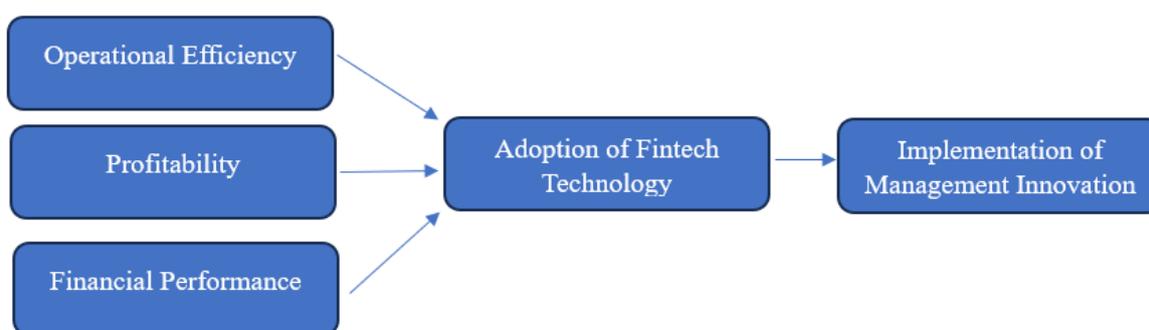


Figure 1. Relationship between Research Variables

These hypotheses will be tested using data collected from case studies of companies that have implemented innovations in financial management. Statistical analysis will be used to test the significance of the relationship between these variables, thereby providing a deeper understanding of the impact of innovation on company performance.

C. METHOD

This research uses a qualitative combination approach. A quantitative approach is used to measure impact numerically and carry out statistical analysis of the data collected. Data for this research was obtained from relevant academic literature, and case studies of companies that have implemented innovations in financial management. This research considers three companies for case studies that implement innovation in financial management: A, B, and C.

1. Company A: Company A is a technology company that adopts financial technology to efficiently manage financial transactions and improve service to its customers.
2. Company B: Company B is a large bank that uses big data analytics and artificial intelligence (AI) to optimize risk management, reduce operational costs, and increase profitability.
3. Company C: Company C is a manufacturing company that has implemented an ERP (Enterprise Resource Planning) system to integrate its financial functions with the rest of its operations, enabling better visibility of its financial and operational performance.

Data collection was carried out through several techniques. Interviews are used to gain direct views from practitioners and experts who have direct experience with innovations in financial management. Questionnaires were distributed to respondents to collect quantitative data regarding their opinions and experiences regarding the implementation of this innovation. Document analysis is used to collect secondary data from financial reports, company documents, and other publications.

Quantitative data is analyzed using statistical techniques such as regression analysis, hypothesis testing, and other numerical data processing to test hypotheses and identify significant relationships between the variables studied. This methodology is designed to provide comprehensive insight into innovation in financial management and ensure that research results can be applied practically in the context of corporate finance.

D. RESULT AND DISCUSSION

1. Reliability Test

The function of a reliability test is to measure the extent to which an instrument or measurement tool (such as a questionnaire or scale) is consistent in measuring the same or similar constructs stably and accurately. In the context of research or instrument development, reliability testing helps to determine whether the

measurement tool is reliable or not in producing consistent and repeatable results. The test results of this study are presented in the following table:

Table 2. Reliability Test Instrument

No	Variable	Cronbach's Alpha	Information
1	Operational Efficiency	0.927	Reliable
2	Profitability	0.934	Reliable
3	Financial Performance	0.8928	Reliable
4	Adoption of Fintech Technology	0.905	Reliable
5	Implementation of Management Innovation	0.794	Reliable

Source: Processed Primary Data, 2024

The reliability test results listed in Table 2 show the Cronbach's Alpha value for each variable tested, as well as information that the measurement tool (instrument) used can be considered reliable. A high Cronbach's Alpha value indicates a good level of consistency between items in each variable measured. Based on the reliability test results:

Operational Efficiency has a Cronbach's Alpha value of 0.927, which shows that the measurement tool for operational efficiency is consistent in measuring relevant aspects related to efficiency in using company resources. Profitability has a Cronbach's Alpha value of 0.934, indicating that the measurement tool for profitability is consistent in measuring a company's ability to generate profits from its operations. Financial Performance, with a Cronbach's Alpha value of 0.8928, also shows high consistency in measuring the company's financial performance, including aspects such as revenue growth, profitability and working capital management efficiency. Adoption of FinTech Technology shows a Cronbach's Alpha value of 0.905, confirming that the measurement tool for the level of adoption of FinTech technology in companies is consistent in measuring the extent to which the technology is applied and utilized in the company's financial operations. Implementation of Management Innovation has a Cronbach's Alpha value of 0.794. Although lower compared to other variables, this value still shows an acceptable level of reliability for the management innovation measurement tool used in this research.

The results of this reliability test provide confidence that the measurement tools used in this research can be relied upon in collecting consistent and accurate data related to the variables studied. This ensures that the analysis and conclusions based on the data can be considered valid and trustworthy in the context of research on innovation in financial management.

2. Convergent Validity

The function of the convergent validity test is to evaluate the extent to which two or more instruments or measurement tools that are supposed to measure the same construct or similar concepts are truly interrelated or convergent. In the context of research or instrument development, this test is used to ensure that various methods of measurement or questions to measure the same construct, actually achieve similar or consistent results, the test results are presented in the following table:

Table 3. Validity Test Results Convergent AVE

	Average Variance Extracted (AVE)
Operational Efficiency	0.805
Profitability	0.752
Financial Performance	0.735
Adoption of Fintech Technology	0.845
Implementation of Management Innovation	0.687

Source: Primary data processed, 2024

The convergent validity test results listed in Table 3 show the Average Variance Extracted (AVE) value for each variable measured. The AVE value is used to measure how well the items or indicators in a construct are related or convergent, by calculating how much variation can be explained by the construct compared to measurement error.

Operational Efficiency has an AVE value of 0.805, which shows that around 80.5% of the variation in the items used to measure operational efficiency can be explained by the operational efficiency construct itself, this shows a good level of convergent validity, which indicates that various ways of measuring efficiency operations in these measurement instruments are in line well.

Profitability has an AVE value of 0.752, indicating that around 75.2% of the variation in items measuring profitability can be explained by the profitability construct. It also shows a fairly good level of convergent validity, confirming that the profitability measurements in the measurement tool are consistent in measuring relevant aspects related to company profitability.

Financial Performance has an AVE value of 0.735, indicating that around 73.5% of the variation in items measuring financial performance can be explained by the financial performance construct. This confirms that the measurement tool for financial performance has good convergent validity, with items that are interrelated in measuring aspects such as revenue growth, profitability and working capital management. Adoption of Fintech Technology has the highest AVE value of 0.845, indicating that around 84.5% of the variation in items measuring fintech technology adoption can be explained by the fintech adoption construct. This value indicates that the measurement tool for fintech technology adoption is very valid in measuring the extent to which this technology is implemented and utilized in the company's financial operations.

Implementation of Management Innovation has an AVE value of 0.687, which indicates that around 68.7% of the variation in the items measuring the implementation of management innovation can be explained by this construct. Although lower compared to other variables, this AVE value still shows an acceptable level of convergent validity, indicating that the measurement of management innovation in this measurement tool is quite consistent in measuring certain aspects of management innovation implementation.

These results provide confidence that the measurement instruments used in this study have good convergent validity, with items designed to measure the same variables, consistently providing mutually supportive and reliable results. This is

important to ensure that the data collected can provide an in-depth and accurate understanding of the variables studied related to innovation in financial management.

3. Discriminate Validity Correlation Variable Latent

Discriminant validity testing is a process for evaluating the extent to which a latent variable or construct differs from other latent variables or constructs in a measurement instrument or measurement tool used in research or instrument development. The main function of discriminant validity testing is to ensure that the variables or constructs measured by different tools are truly different and not too correlated with each other, thus ensuring that the measurement tools can differentiate between different constructs. The test results are presented in the following table:

Table 4. Comparison AVE Root

	Operational Efficiency	Profitability	Financial Performance	Adoption of Fintech Technology	Implementation of Management Innovation
Operational Efficiency	0.859				
Profitability	0.903	0.860			
Financial Performance	0.884	0.972	0.872		
Adoption of Fintech Technology	0.832	0.864	0.852	0.926	
Implementation of Management Innovation	0.843	0.821	0.829	0.920	0.904

Source: Primary data processed, 2024

The results of discriminant validity testing recorded in Table 3 show the Average Variance Extracted (AVE) value for each latent variable or construct being measured, as well as the square root value of AVE which is used to compare variability between different constructs. The AVE value is used to measure how much variation in the items used to measure a particular construct can be explained by the construct itself. Based on this table, we can see the AVE value and the square root of AVE for each construct being measured:

- a. Operational Efficiency: Has an AVE value of 0.859. Although no square root AVE values were recorded, these AVE values indicate that most of the variation in the items used to measure operational efficiency can be explained by the construct itself.
- b. Profitability: Has an AVE value of 0.903, and an AVE square root value of 0.860. This suggests that most of the variation in items measuring profitability can be explained by the profitability construct itself, and this variability can be differentiated from other constructs.
- c. Financial Performance: Has an AVE value of 0.884, with an AVE square root value of 0.972. This shows that the items measuring overall financial performance can be well explained by the financial performance construct, and this variability has significant differences from other constructs.
- d. Adoption of Fintech Technology: Has an AVE value of 0.832, with the highest AVE square root value of 0.926. This indicates that the items used to measure

fintech technology adoption have variability that can be explained by the fintech adoption construct and are significantly different from other constructs.

- e. Implementation of Management Innovation: Has an AVE value of 0.843, with an AVE square root value of 0.9201. This shows that the items measuring the implementation of management innovation can be well explained by the construct, and have variability that can be differentiated from other constructs.

These results indicate that the measurement tool used in the research has good discriminant validity. Each construct or variable measured can be differentiated from other constructs, with the AVE value and the square root of AVE indicating that the variability between constructs can be explained well by the measurement tool. This provides confidence that the data collected can provide an accurate and varied picture of each aspect studied, such as company culture, management support, work productivity, and work attitudes in the context of innovation in financial management.

4. Composite Reliability Coefficient and Cronbach's Alpha Test Results

The composite reliability coefficient is a measure of the reliability or consistency of a construct or latent variable in a more complex model. Its main function is to replace Cronbach's Alpha when used in the context of confirmatory factor analysis (CFA). Cronbach's Alpha is a statistical measure used to measure the internal consistency of items in a scale or measurement tool. Its main function is to evaluate the degree to which the items measure the same concept or variable consistently. Cronbach's Alpha values range from 0 to 1, where higher values indicate a better level of consistency. The generally accepted value for Cronbach's Alpha is a minimum of 0.70 to indicate adequate reliability of the measurement tool. The test results of this research are presented in the following table:

Table 4. Composite Reliability Coefficient and Cronbach's Alpha Test Results

	Cronbach's Alpha	Composite Reliability
Operational Efficiency	0.932	0.922
Profitability	0.823	0.916
Financial Performance	0.923	0.994
Adoption of Fintech Technology	0.924	0.920
Implementation of Management Innovation	0.941	0.921

Source: Primary data processed, 2024

5. Hypothesis Test

The function of hypothesis testing in the context of research or statistical analysis is to formally evaluate and test claims or statements made about a particular population or phenomenon. The main purpose of hypothesis testing is to make decisions based on empirical evidence obtained from data samples, whether the claims submitted can be accepted or rejected, the test results are presented in the following table:

Table 6. Effect Test Results Direct

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Operational Efficiency -> Adoption of Fintech Technology	0.243	0.234	0.201	2.724	0.008
Profitability -> Adoption of Fintech Technology	0.332	0.312	0.115	3.081	0.004
Financial Performance -> Adoption of Fintech Technology	0.421	0.434	0.095	4.832	0,000
Adoption of Fintech Technology -> Implementation of Management Innovation	0.241	0.202	0.082	2.361	0.020

Source: Primary data processed, 2024

The following is an interpretation of the results of testing direct effects between variables in the model:

a. Operational Efficiency -> Adoption of Fintech Technology

The test results show that the regression coefficient between Operational Efficiency and Fintech Technology Adoption is 0.243. This means every one-unit increase in Operational Efficiency is associated with an increase of 0.243 units in Fintech Technology Adoption. The t-statistics value is 2.724, with a p-value <0.05 (0.008), indicating that this relationship is statistically significant. Thus, it can be concluded that Operational Efficiency plays an important role in increasing Fintech Technology Adoption.

b. Profitability -> Adoption of Fintech Technology

The regression coefficient between Profitability and Fintech Technology Adoption is 0.332. This indicates that every one-unit increase in Profitability is associated with an increase of 0.332 units in Fintech Technology Adoption. The high t-statistics value (3.081) and low p-value (0.004) indicate that this relationship is highly statistically significant. Therefore, Profitability has a significant positive influence on Fintech Technology Adoption in companies.

c. Financial Performance -> Adoption of Fintech Technology

The relationship between Financial Performance and Fintech Technology Adoption shows a regression coefficient of 0.421. Every one-unit increase in Financial Performance is associated with an increase of 0.421 units in Fintech Technology Adoption. The high t-statistics value (4.832) shows that this relationship is very significant (p = 0.000), confirming that Financial Performance has a strong and positive influence on Fintech Technology Adoption in companies.

d. Adoption of Fintech Technology -> Implementation of Management Innovation

The regression coefficient between Fintech Technology Adoption and Management Innovation Implementation is 0.241. This shows that every one-unit

increase in Fintech Technology Adoption is associated with an increase of 0.241 units in Management Innovation Implementation. The t-statistics value of 2.361 with $p = 0.020$ indicates that this relationship is also statistically significant, although with a slightly lower level of significance than the previous variable. This shows that Fintech Technology Adoption has the potential to support the Implementation of Management Innovation in companies.

These results indicate that Operational Efficiency, Profitability, and Financial Performance have a significant influence on Fintech Technology Adoption in companies. In addition, Fintech Technology Adoption is also positively related to Management Innovation Implementation, although the influence is slightly weaker compared to other variables in this model. This interpretation provides deep insight into how these factors are interconnected in the context of innovation in financial management.

Table 7. Effect Test Results Indirect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Operational Efficiency -> Adoption of Fintech Technology -> Implementation of Management Innovation	0.078	0.076	0.038	2.011	0.043
Profitability -> Adoption of Fintech Technology -> Implementation of Management Innovation	0.119	0.119	0.057	2.212	0.034
Financial Performance -> Adoption of Fintech Technology -> Implementation of Management Innovation	0.119	0.119	0.057	2.209	0.038

Source: Primary data processed, 2024

The results of testing indirect effects between the variables in the model can be interpreted as follows:

- a. Operational Efficiency -> Adoption of Fintech Technology -> Implementation of Management Innovation

The regression coefficient for the indirect path from Operational Efficiency through Adoption of Fintech Technology to Implementation of Management Innovation is 0.078. This indicates that each one-unit increase in Operational Efficiency correlates with a 0.078-unit increase in Implementation of Management Innovation through the Adoption of Fintech Technology. The t-statistic value of 2.011 with $p = 0.043$ indicates that this relationship is statistically significant at the 95% confidence level. This illustrates that Operational Efficiency indirectly supports the Implementation of Management Innovation through Adoption of Fintech Technology.

b. Profitability -> Adoption of Fintech Technology -> Implementation of Management Innovation

The test results show a regression coefficient of 0.119 for the indirect path from Profitability through Adoption of Fintech Technology to Implementation of Management Innovation. This means that each one-unit increase in Profitability is associated with a 0.119-unit increase in the Implementation of Management Innovation through the Adoption of Fintech Technology. The t-statistic of 2.212 with $p = 0.034$ indicates that this relationship is statistically significant at the 95% confidence level. Thus, Profitability also has a significant indirect influence on the Implementation of Management Innovation through the Adoption of Fintech Technology.

c. Financial Performance -> Adoption of Fintech Technology -> Implementation of Management Innovation

The regression coefficient for the indirect path from Financial Performance through Adoption of Fintech Technology to Implementation of Management Innovation is 0.119. This indicates that each one-unit increase in Financial Performance correlates with a 0.119-unit increase in the Implementation of Management Innovation through the Adoption of Fintech Technology. The t-statistic of 2.209 with $p = 0.038$ indicates that this relationship is also statistically significant at the 95% confidence level. Therefore, Financial Performance contributes significantly indirectly to the Implementation of Management Innovation through the Adoption of Fintech Technology.

These findings indicate that Operational Efficiency, Profitability, and Financial Performance not only directly influence the Adoption of Fintech Technology but also have significant indirect effects on the Implementation of Management Innovation through Adoption of Fintech Technology. This underscores the importance of these factors in supporting innovation in financial management within companies, enhancing their ability to adopt new financial technologies and develop innovative management practices.

Company A has implemented financial technology (Fintech) in various aspects of their operations. Fintech has been applied in payment processes, risk management and financial analysis. The main impact of this implementation is increasing operational efficiency, companies can automate previously time-consuming processes, reduce administrative costs, and increase the speed in executing transactions via the fintech platform. Fintech integration also allows companies to access real-time data, improve liquidity management, and increase precision in financial monitoring.

Company B utilizes big data analytics to support their financial decision making. By processing and analyzing large and varied volumes of data, these companies can extract deep insights into market trends, consumer behavior and their own financial performance. The application of Big Data Analytics allows company B to make more accurate predictions, better identify opportunities and risks, and improve their investment portfolio management strategies. It also strengthens

companies' capacity to respond quickly to market changes and strengthens their competitive position in the industry.

Company C has automated financial processes to increase efficiency and accuracy in their operations. By adopting an integrated automation system, companies can automate tasks such as bill payments, invoice management, and financial reporting. Results achieved include reduced human error, increased speed in transaction processing, and significant administrative cost savings. Automation also allows finance teams to focus on strategic analysis and better decision making, leading to improvements in cash management and the company's long-term financial planning.

The implementation of management innovation in the context of technology use in companies as mentioned previously can be analyzed using an innovation implementation theory approach. This theory considers how innovations are received, adopted, and implemented in an organizational environment. Company A, which implements Fintech, can be understood using this theory as an example of how financial technology brings innovation to the traditional processes of corporate finance. Previous studies show that the successful implementation of innovation depends on factors such as management support, ease of use of new technology, and organizational readiness to change (Al-Dmour et al., 2022). Company B using Big Data Analytics in financial decision-making is also relevant, because big data analysis is thought to increase the organization's capacity to adapt to the resulting information quickly and effectively (Zizlavsky, 2014). The automation of financial processes by Company C, meanwhile, can be seen as a step to reduce routine operational workload, allowing human resources to focus more on strategic innovation and deeper financial analysis (Lichtenthaler, 2022). The integration of management innovation implementation theory with relevant previous studies supports an increased understanding of how technology can change the financial management paradigm in companies, with significant effects on efficiency, decision-making, and overall company performance.

E. CONCLUSION

Based on an analysis of the implementation of innovative technology in financial management in various companies, this research shows that the adoption of Fintech, Big Data Analytics, and financial process automation has a significant positive impact on operational efficiency, more accurate financial decision-making, and reduced administrative costs. The implementation of this innovation has also been proven to strengthen companies' adaptation to a rapidly changing business environment and improve their ability to compete. These findings are consistent with management innovation implementation theories that highlight the importance of managerial support, ease of use of technology, and organizational readiness for change. The integration of technology in financial management practices not only improves companies' internal processes but also prepares them to better face future challenges.

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