

THE MODERATING ROLE OF ENVIRONMENTAL UNCERTAINTY IN THE EFFECT OF STRATEGIC CHANGE ON FINANCIAL PERFORMANCE

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Abstract: The increasingly competitive environment has led to the reduction of firm performance. Companies are strived to be able to create strategic competitiveness to maintain their competitive advantage, so that firm performance can be maintained. Strategic change is a company effort to adapt in a competitive environment. In addition, changes in the external environment create environmental uncertainty that will worsen firm performance, so strategic change is the primary choice for companies to improve performance when environmental uncertainty increases. This study aims to analyze the effect of strategic change on firm performance, as well as the role of environmental uncertainty in moderating the relationship. Using purposive sampling method, this study uses 503 data of manufacturing companies listed on the Indonesia Stock Exchange during 2016-2020 period. This study uses multiple linear regression analysis and moderated regression analysis as its analysis technique. The results of this study indicate that strategic change has a positive and significant effect on firm performance and environmental uncertainty is able to strengthen this influence.

Keywords: Firm performance, Strategic Change, Environmental Uncertainty
