

Performance Measurement Analysis Using Balanced Scorecard (Case Study of PT. Bangun Selaras, Indonesia)

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Abstract:- In this study, the authors measured the company's performance using four balanced score card perspectives, namely financial perspective, customer perspective, internal business perspective and learning and growth perspective. After the analysis was carried out, in general, PT Bangun Selaras was good enough. In a financial perspective with indicators, the ROE, the ROI, the Current Ratio, the Debt Ratio and the Debt / Equity Ratio obtain a result of 4.5 that shows sufficient performance. The client's perspective obtains a result of 3.66 that shows a performance that satisfies the clients. the results of the internal business perspective obtained 3.5, which means that the level of productivity of the company is quite good, while for the perspective of learning and growth the results are obtained in a way that shows that the level of satisfaction of The employees is satisfactory.

Keywords:- *Balanced Scorecard, performance measurement.*

I. INTRODUCTION

❖ *Background of Research*

Traditional performance measurement is still focused on the financial side, where if a manager manages to obtain high profits it will be considered successful by the leadership of the company and get a good reward from the company. But if assessing the company's performance only in financial terms, then it will produce decisions that are not correct. Good corporate financial performance at this time can be achieved at the expense of the company's long-term program, but instead that the financial performance is not good in the short term due to the company investing in the long term.

Hence, this study uses the Balanced Score card method, where the analysis is carried out using several aspects.

❖ *Theoretical*

➤ *Definition of Performance*

Helfert in Srimindarti (2001) said that performance is "a view of the situation as a whole for the company during a certain period of time, which is the result or achievement and is influenced by the company's operational activities in utilizing the resources owned". Mulyadi (2001) argues, that performance refers to the term which means that

performance is an effort to show the activities carried out by an organization in a certain period.

A. Characteristics of Performance Measurement Systems.

In measuring the performance system, the business must be driven by consumer-focused, which is where an effective performance measurement system must be owned by employees on the basis of the following: "Based on each activity and characteristics of the organization itself according to the customer's perspective; Evaluation of various activities, using consumer-validated performance measures; In accordance with all aspects of the performance of activities that affect customers, resulting in a comprehensive assessment; Provide feedback to help all members of the organization identify problems that have the possibility to be fixed. (Yuwono et al, 2002).

B. *Balanced Scorecard*

Kaplan and Norton (1996) suggested that the Balanced Scorecard: "executive performance measurement tools that require a comprehensive measure with four perspectives namely financial, customer, internal business, and growth and learning". Meanwhile Anthony, Banker, Kaplan, and Young (1997) define the Balanced Scorecard as: "procurement and management systems that view a business unit's performance from four perspectives: financial, customer, internal business process, and learning and growth."

Kaplan and Norton (1996) further said that a company uses focus scorecard measurement to produce various management processes which include "Clarifying and translating visions and strategies, communicating and linking various strategic goals and measures, planning, setting goals, and aligning various strategic initiatives, and increasing strategic feedback and learning".

Creating value to customers now and in the future is the goal of a company by applying the Balanced Scorecard in measuring its performance. The impact of the application, the company must improve its internal capabilities, including investment in human resources, systems and procedures.

Besides measuring financial and non-financial performance is expected to be part of the information system for all employees in the organization. Therefore the Balance Scorecard is not only considered a measure of performance, but has become a framework for developing corporate strategy.

C. Balanced Scorecard Data Analysis Method

Analysis of the data used in this study uses a four perspective Balanced Scorecard approach. Researchers conducted an analysis to determine the performance of PT. Wake up in harmony with each of the perspectives in the balanced scorecard, before analyzing the data the author will first test the validity and reliability of the research instrument (questionnaire). The data analysis technique used by the author is the average scoring (value) system for each balanced scorecard perspective based on a Likert scale.

➤ *Customer Perspective*

Hitt, *et al* in Oemar (2013: 15) suggest there are three issues that must be considered in an analysis of customers, namely: "Who; What; and how."

➤ *Internal Business Process Perspective*

Kaplan and Norton, (1996: 92): "In internal business processes, managers must be able to identify internal processes in which companies must perform well and correctly. That is because internal processes have the values that consumers want and can provide the returns expected by shareholders. "

➤ *Growth and Learning Perspectives*

An increase in the growth of human resources, systems, and organizations for a company can use this perspective in its analysis.

❖ *Research Instrument Testing*

Testing research instruments using the validity test; reliability test with Croanbach's Alpha value > 70; correlation using Pearson correlation techniques with a significant level = 5%; While the sampling technique uses simple random sampling.

❖ *Balanced Scorecard Measurement*

According to Mulyadi (2001), "That the balance criteria are used to measure the extent to which strategic objectives are achieved balanced in all perspectives". Scores are awarded based on the rating scale as follows:

❖ *Perspektif Keuangan*

Performance "PT. Bangun Selaras "from the financial perspective is assessed from ratio analysis that is current ratio, total assets to total debt, total equity to total debt, ROE, economic ROI and own capital profitability. In this study the following ratios are used:

A. *Profitability Ratio*

The profitability ratio aims to see the company's ability to generate profits.

➤ *Net Profit Margin (NPM)*

Based on the Decree of the Minister of Cooperatives and Small and Medium Enterprises No. 129 / Kep / M / KMKM / XI / 2002 concerning guidelines for cooperative classification of NPM (Net Profit Margin) assessment, see table 1.

No	NPM	Score	Category
1	≥ 15%	5	Very good
2	> 10% s/d < 15%	4	Good
3	> 5% s/d < 10%	3	Moderate
4	> 1% s/d < 5%	2	Bad
5	≤ 1%	1	Terrible

Table 1:- Rating Criteria for NPM

➤ *ROE (Return on Equity)*

Based on the Decree of the Minister of Cooperatives and Small and Medium Enterprises No. 129 / Kep / M / KMKM / XI / 2002 concerning the cooperative classification guidelines for Return On Equity (ROI) valuation, see table 2.

No	ROE	Score	Category
1	≥ 21%	5	Very good
2	> 15% s/d < 21%	4	Good
3	> 9% s/d < 15%	3	Moderate
4	> 3% s/d < 9%	2	Bad
5	≤ 3%	1	Terrible

Table 2:- ROE Scoring

➤ *ROA (Return on Asset)*

Based on the Decree of the Minister of Cooperatives and Small and Medium Enterprises No. 129 / Kep / M / KMKM / XI / 2002 regarding the cooperative classification guidelines for ROA assessment, see table 3 below

No	ROA	Score	Category
1	$\geq 10\%$	5	Very good
2	$> 7\%$ s/d $< 10\%$	4	Good
3	$> 3\%$ s/d $< 7\%$	3	Moderate
4	$> 1\%$ s/d $< 3\%$	2	Bad
5	$\leq 1\%$	1	Terrible

Table 3:- ROA Scoring

B. *Liquidity Ratio*

Ratio to measure a company's ability to meet its financial capabilities in the short term

➤ *Current ratio*

Based on the Decree of the Minister of Cooperatives and Small and Medium Enterprises No. 129 / Kep / M / KMKM / XI / 2002 concerning guidelines for classification of cooperatives in the Current Ratio assessment, see tabel 4.

No	Current Ratio	Score	Category
1	200% s/d 250	5	Very good
2	175% s/d $< 200\%$ or $> 250\%$ s/d 275%	4	Good
3	150% s/d $< 175\%$ or $> 275\%$ s/d 300%	3	Moderate
4	125% s/d $< 150\%$ or $> 300\%$ s/d 325%	2	Bad
5	$< 125\%$ or $> 325\%$	1	Terrible

Table 4:- Current ratio Scoring

C. *Solvency Ratio*

Ratio to measure how much the company's ability to meet all long-term financial obligations, solvency ratios are divided into five ratios, but in this study researchers only used two solvency ratios, namely:

➤ *Total Debt to Asset Ratio*

Based on the Decree of the Minister of Cooperatives and Small and Medium Enterprises No. 129 / Kep / M / KMKM / XI / 2002 concerning guidelines on cooperative classification of Debt Ratio assessments, see table 5

No	Debt to Asset Ratio	Score	Category
1	$\leq 40\%$	5	Very good
2	$> 40\%$ s/d 50%	4	Good
3	$> 50\%$ s/d 60%	3	Moderate
4	$> 60\%$ s/d 80%	2	Bad
5	$< 80\%$	1	Terrible

Table 5:- Debt Ratio Scoring

➤ *Debt to Equity Ratio (DER)*

Based on the Decree of the Minister of Cooperatives and Small and Medium Enterprises No. 129 / Kep / M / KMKM / XI / 2002 concerning the cooperative classification guidelines for the Debt to Equity Ratio assessment, see table 6 below.

No	Debt to Equity Ratio	Score	Category
1	$\leq 70\%$	5	Very good
2	$> 70\%$ s/d 100%	4	Good
3	$> 100\%$ s/d 150%	3	Moderate
4	$> 150\%$ s/d 200%	2	Bad
5	$< 200\%$	1	Terrible

Table 6:- Debt to Equity Ratio Scoring

II. MATERIALS AND METHODS

➤ *Questionnaire Scoring*

Balanced scorecard performance measurement of PT. Wake Up In line with the questionnaire used to measure performance from the perspective of customer satisfaction, internal business and growth / learning. The use of a Likert scale with data intervals of 1- 5 to indicate the level of satisfaction of the respondents surveyed, as shown in table 7 below:

No	Scales	Score	Category
1	5	5	Satisfaction
2	4 – 4,9	4	Happy
3	3 – 3,9	3	Moderate
4	2 – 2,9	2	Unhappy
5	1 – 1,9	1	Very not satisfaction

Tabel 7:- Questionnaire Scale

➤ *Test Validity*

The validity test calculation uses the Pearson product moment technical formula and the process uses SPSS 23.0 software and Microsoft Office Excel 2010. The validity test results for all questions are greater than r tables at a 95 percent confidence interval of 0.361.

Questionnaires that have been distributed will be tested with a validity test. Requirements to be said to be valid are $r_{arithmetik} \geq r_{table}$. While for the table r value obtained from the number of samples is 30 and the percentage of inaccuracy due to error (e) 5%, then the table r obtained a value of 0.361.

➤ *Test Reability*

According to Sumadi Suryabrata (2004: 28) reliability shows the extent of the results of measurements with these tools can be trusted. This can be in the form of

measurements from the same measuring instrument and gives the same results. Or for more subjective measurements, for example whether two assessors give similar scores (reliability between assessors).

Data is said to be reliable if it has an Alpha Cronbach value > 0.70, where the value of 0.70 is the minimum reliable limit of the Alpha value (Sekaran, 1942). The reliability testing process was assisted with Microsoft Office Excel 2010 and SPSS 23.0 software.

III. RESULT AND DISCUSSION

➤ *Financial perspectives*

Based on report of PT. Bangun Selaras on 2014, it can be displayed that total sales and net profit had been increased since operational of company strated.

No	Components	Amount (Rp)
1	Nett profit	175.538.200
2	Sales	959.800.100
3	Nett before tax	433.251.200
4	Total activa	512.489.700
5	Total capital	338.534.100

Table 8:- Financial Perspectives of PT. Bangun Selaras

From the above ROE calculation results obtained 52%, it can be interpreted that the company's ability in every rupiah invested by shareholders will produce 52% in the form of profit.

➤ *Liquidity, Current Ratio, Debt Ratio and Debt to Equity Ratio*

Based on report of PT. Bangun Selaras on 2014, herewith the report of Liquidity, Current Ratio, Debt Ratio and Debt to Equity Ratio.

No	Current Asset	Current Liability	Total Asset	Total Liability	Total Capital	Total Liability	Total Capital	Total Liability
Liquidity	273.412.400	102.302.400	0	0	0	0	0	0
Current Ratio	0	0	581.820.800	243.286.700	0	0	0	0
Debt Ratio	0	0	0	0	338.534.100	243.286.700	0	0
Debt to Equity Ratio	0	0	0	0			338.534.100	243.286.700

Table 9:- Liquidity, Current Ratio, Debt Ratio and Debt to Equity Ratio of PT. Bangun Selaras

➤ *Perspective Customer*

Calculation of customer perspective gets an average value of 3 which means the customer is quite satisfied with the company. The results of the customer perspective calculation can be seen in the table below.

Perspective	KPI	Calculated value	Score	Category
Customer	Physical Proof	3.81	3	Moderate
	Reliability	3.83	3	Moderate
	Responsiveness	3.51	3	Moderate
	Guarantee	3.55	3	Moderate
	Emphaty	3.6	3	Moderate
Mean		3.66	3	Moderate

Table 10:- Perspective Customer

➤ *Internal Business Perspective*

Perspective	KPI	Calculated value	Score	Category
Internal Business	Worker Utilization (Productivity)	3.63	3	Moderate
	Number of IT Facilities	3.25	3	Moderate
	Product	3.54	3	Moderate
Mean		3.47	3	Moderate

Table 11:- Internal Business Perspective

➤ *Learning and Growth Perspective*

Perspective	KPI	Calculated value	Score	Category
Learning and Growth	Number of employee violations of regulations	3.46	3	Moderate
	Number of training programs	3.49	3	Moderate
	The intensity of work meetings	3.47	3	Moderate
	Length / duration of training	3.56	3	Moderate
Mean		3.5	3	Moderate

Table 12:- Learning and Growth Perspective

➤ *Balanced Scorecard Analysis*

From the assessment of the four perspectives above, it can be concluded that the company is in good condition, because the average value of each perspective obtains a fairly satisfied / neutral category, if seen from an average of four balanced scorecard perspectives, the results are as follows:

No	Perspective	Score	Category
1	Financial	4,5	Good
2	Customer	3,66	Moderate
3	Internal business	3,47	Moderate
4	Learning and Growth	3,5	Moderate
Mean		3,78	Moderate

Table 13:- Overall of Measurement on *balanced scorecard*

From the table four perspectives of the balanced scorecard above it can be seen that the company's performance is more to the performance of the financial perspective that scores a score of 4, while when viewed from the overall value of each perspective or if the value of each perspective is averaged, a 3.6 result is obtained which shows that the number is included in quite satisfied category. neutral, so after evaluating each perspective it can be concluded that the company performance of PT Bangun Selaras has not been maximized, because it is categorized as quite satisfied / neutral.

IV. CONCLUSSION

The results of the conclusions in this study are:

- After conducting research on the performance of PT. Bangun Selaras, obtained a category value that can be said to be quite good, because it has reached an average value of 3.78 which according to the Likert scale measurement of that number is said to be in the sufficient category.
- After measuring the four perspective balanced scorecard, the following results are obtained
 - Financial perspectives of the three ratios get an average value of 4.5 and can be categorized as good.
 - Customer perspective gets an average value of 3.66 which can be categorized quite well.
 - Internal business perspective get an average value of 3.47 and can be categorized quite well
 - Learning and growth perspective get an average value of 3.5 which can be categorized quite well.

SUGGESTION

- The company is too focused on the financial situation, so it does not pay attention to satisfaction of employees and customers, therefore the authors suggest for the following year the company to pay more attention to satisfaction with customers and employees.
- Perform maximum training so that employee performance at PT. Wake up in harmony can be better for the sake of referring to customer satisfaction.

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