



Implementation of The Balanced Scorecard in Measuring The Performance of A Company

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Abstract. This research aims to determine the company's performance at PT. Bank Rakyat Indonesia Syariah, Tbk. Which is used to measure and evaluate with the balanced scorecard method approach. This study uses the balanced scorecard method which evaluates in four important perspectives at PT. Bank Rakyat Indonesia Syariah, Tbk which includes a financial perspective, internal business process perspective, customer perspective, and growth and learning perspective from the 2019-2020 period.

Keywords: Implementation, Balanced Scorecard, Financial Perspective

INTRODUCTION

Transaction activity in Islamic banking has increased business development. The increasingly competitive situation has led to major changes between the various Islamic banks. This is in the form of competition, marketing, human resource management, and handling transactions between companies and customers. Not only that, competition also occurs between other banks in achieving the expected goals.

Increased competition in Islamic banking resulted in the competitiveness of Islamic banking and performance becoming more stringent. Dynamic business developments require corporate banking management to prepare and perfect the right strategies in order to survive and thrive in the midst of competition. Thus, the company makes various efforts to evaluate, monitor, review the vision, mission that has been prepared and strategies in order to continue to produce products and services that are useful to the community and gain the trust of the community. In achieving the expected goals, the company needs the right management strategy. Vision and mission prepared by the company as a reference in realizing existing strategies and programs. The evaluation carried out by the company requires an appropriate performance measurement standard that is oriented only to the financial sector, but to all aspects.

Financial performance benchmarks in Islamic banks include return on assets (ROA), return on earning assets (ROEA), asset turnover (ATO), Capital adequacy ratio (CAR), loan to

deposit ratio (LDR), liabilities to assets, earnings per share and several other financial ratios. However, the financial performance of banks has not fully described the condition of the company. This is because the financial situation does not reflect the real situation so that it requires an assessment from another side, such as the customer side and other aspects. Therefore, the manifestation of the company's strategy is the implementation of the balanced scorecard in assessing the company's performance. The balanced scorecard proposed by Kaplan and Norton.

Assessment of company goals can be a benchmark for a company to achieve the expected company goals. Measuring company performance with the balanced scorecard approach to companies is expected to be a trigger for increasing company performance. Several previous literature studies related to the balanced scorecard and company performance. Research conducted by Litdia & Fathurroziq (2016), the balanced scorecard is an approach to measuring performance that will assess financial performance and non-financial performance. Research conducted by Pratiwi (2010) states that strategy arises from the existence of a dialogic process between all the opportunities and problems that arise in an organization. The strategy formulation stage needs to be carried out at two levels, and the second level is the determination of strategic planning. The formulation of the BSC lies in the formulation of the strategy and the strategic planning stage.

There are 4 (four) indicators in the balanced scorecard put forward by Kaplan and Norton in 1990, namely the financial perspective, the internal business process perspective, the customer perspective and the growth and learning perspective. These indicators can be used as a measure to determine the performance of PT. Bank Rakyat Indonesia Syariah, Tbk. Based on this background, it was stated that in measuring performance, it is required to determine how financial and non-financial performance can be carried out for company management.

This research contributes to the field of accounting management in providing education related to improving management performance in Islamic banking, especially at PT. Bank Rakyat Indonesia Syariah, Tbk. through the implementation of the balanced scorecard. The balanced scorecard is one of the best company measures used to improve management performance. The novelty of this research is related to the performance of PT. Bank Rakyat Indonesia Syariah, Tbk. does not make repeat orders for goods but offers services in the form of internal products.

LITERATURE

Balance Scorecard

Balance scorecard as metric strategic performance management used to identify and improve various internal business functions and the external results they generate (Kaplan &

Norton, 2007). The implications of the balance score card for the company is a beacon in providing an overall view of the company's performance. If a company can run well and systematically, then the balanced scorecard approach used by the company is good.

As for other studies, Kaplan & Norton (2007) suggest, the balance scorecard translates on organizations mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system. The balanced scorecard retains an emphasis on achieving financial objectives, but also includes the performance drivers of these financial objectives. The scorecard measures organizational performance across four balanced perspectives: financial, customer, internal business process, and learning and growth. The BSC enables companies to track financial result while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they need for future growth.

The application of the balanced scorecard for companies is considered very important to be able to balance with the company's ability to manage properly so that it can be integrated as part of the company's achievements for strategic management and company planning in the long term. R.H.N, 2004 revealed that vision and strategy can be stated in the form of clear strategic objectives, measurements and targets. In addition, the balanced scorecard can be communicated to every member of the organization. Every member of the organization is expected to understand and implement the vision and strategy of the organization.

The balanced scorecard emphasizes that financial and nonfinancial measures must be part of the information system for employees at all levels of the organizations. The objectives and the measures for the balanced scorecard are more than just a somewhat ad-hoc collection of financial and non-financial performance measures; they are derived from a top-down process driven by the mission and strategy of the business unit. (Kaplan and Norton, 1992).

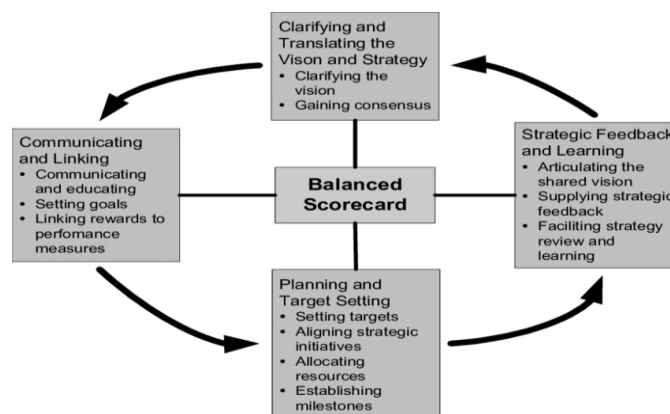


Figure 1. The balanced scorecard as a strategic framework for action

Sources: Kaplan and Norton (1996)

The balanced score card was first put forward by Robert Kaplan and Norton in carrying out management control, analysis and revising organizational strategy. The perspective in the balanced scorecard proposed by Robert Kaplan and Norton is as follows:

1. Financial Perspective

The financial perspective in which the company reports is related to the planning, implementation, and execution of financial strategies that provide the basis for future improvements. The measurement of financial performance refers to the cycle stages that occur in the business, namely: Growth, Sustain, and Reap.

2. Customer Perspective

In this view, it relates to the company's internal ability to improve product service, innovation and other technologies that are carried out to understand market tastes. Thus, companies must continue to develop research according to the needs of customers and assess what is needed from the market. Potential products will make customers make a big effort to get these products because they are considered to be able to provide the best service. Kaplan (1992) the perspective typically includes several core or generic measures of the successful outcomes from a well formulated and implemented strategy. The customer perspective enables business unit managers to articulate the customer and market based strategy that will deliver superior future financial returns.

In the balanced scorecard from the customer perspective, it identifies the conditions of customers and market segments that have been selected by a company that aims to face competition with competitors. The selected segment reflects the existence of customers as a source of income. In this perspective, measurement is carried out with 5 main aspects namely; Market share measurement, Customer Retention, Customer Acquisition, Customer satisfaction.

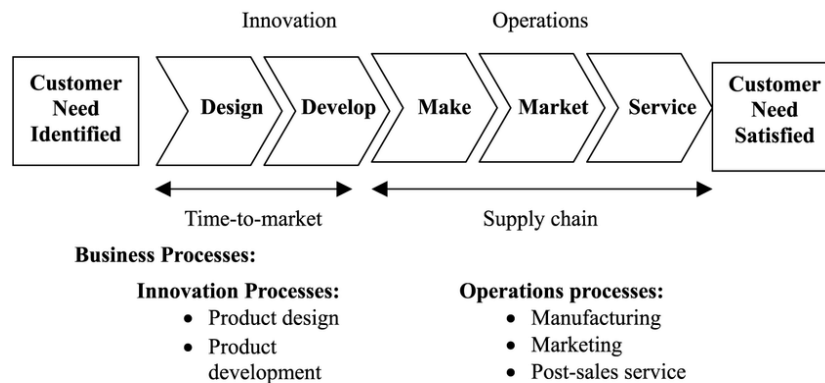
3. Growth and Learning Perspective

This discussion identifies the infrastructure that companies must build in order to create long-term growth and performance improvement. Employee growth and learning improve the quality of employee performance so that they can work optimally. There are three dimensions in the measurement of growth and learning perspectives: Employee Capability,

Information System Capability, Motivation, granting authority and limiting employee authority.

4. Internal Business Process Perspective

From this perspective, companies measure all activities carried out by a company, both managers and employees, with the aim of creating products that satisfy customers and shareholders. In this perspective there are 3 internal business processes, namely: Innovation Process and Operation Process.



Source: <http://isds.bus.lsu.edu/cvoc/learn/bpr/cprojects/spring2003/bsm/page2.html>

Figure 2. The Internal Business-Process values chain perspective

Strategic Management System

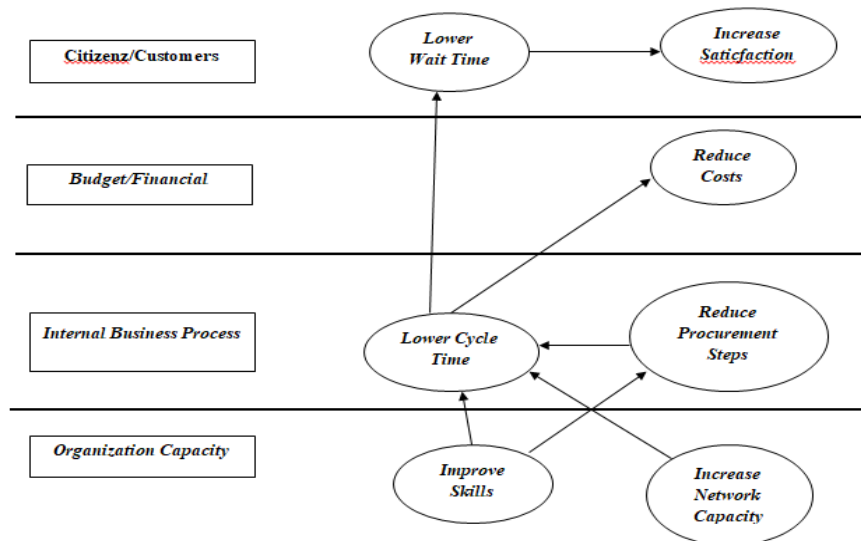
Strategic management is a process or series of decision-making activities. According to Imelda (2006) strategy is a statement of what an organization must do to achieve success. The strategy is obtained from the mission and results of the assessment of the organization's foundations. This strategy states what actions must be taken by the organization to achieve the organization's mission in accordance with the strengths and weaknesses of the organization.

From a traditional perspective, it tends to rely on short-term financial measurements as an indicator of company performance and the measurements that are formed only revolve around financial target sizes that have no relationship with the company's progress in achieving long-term goals. The preparation of the Balanced Scorecard strategy for the company is summarized in 4 (four) steps, namely; Determining strategy, Determining the size of the strategy, Integrate systems in management measures, Reviewing the measures and results.

Create a strategy map in the Balanced Scorecard approach

The organization has units that are used in the preparation of strategies and objectives that are endeavored to be able to run effectively and integrated into the company's achievements so that

a strategic map is prepared. In compiling this strategic map, a causal relationship is used that can link strategy and goals into the four perspectives of the balanced scorecard.



Picture 4.
Strategic map

METHOD

This research is a descriptive research. Descriptive analysis method is a method used to present quantitative data in a descriptive form. This research was conducted in the period from 2019 to 2020. This research used secondary data sources from the research object, namely PT Bank Rakyat Indonesia Syariah, Tbk. Secondary data includes observations of financial and management reports at PT Bank Rakyat Indonesia Syariah, Tbk.. Which includes financial reports, profit and loss reports, employee training lists, customer reporting, and company growth rates.

DISCUSSION

Performance Assessment at PT Bank Rakyat Indonesia Syariah, Tbk. With the Balanced Scorecard approach. Performance measurement in companies using the balanced scorecard approach with 4 perspectives, namely financial perspective, internal business process perspective, customer perspective, growth and learning perspective.

1. Appraisal of performance on a financial perspective

Performance appraisal conducted by PT Bank Rakyat Indonesia Syariah, Tbk from a financial perspective is carried out by analyzing the financial statements of PT Bank Rakyat Indonesia Syariah, Tbk. The financial statements at Bank Rakyat Indonesia Syariah, Tbk are used by the authors from 2019-2020. There are five ratios that can be used as measurements in conducting analysis from a financial perspective, namely:

a) Capital Adequacy Ratio

Table 1. Capital Adequacy Ratio PT. Bank Rakyat Indonesia Syariah, Tbk.

Year	Total Capital	Risk Weighted Assets	Capital Adequacy Ratio
2019	5.088.036	23.012.092	25,26%
2020	5.444.288	31.667.790	19,04%

Source: secondary data processed from the financial statements of PT. Bank Rakyat Indonesia Syariah, Tbk

a) Operating Expenses to Operating Revenue (OEOR)

Table 2. OEOR PT. Bank Rakyat Indonesia Syariah, Tbk

Year	Operating Expenses	Operating Revenue	OEOR
2019	1.276.086	250.534	57,23%
2020	1.562.897	360.909	49,63%

b) Cost Efficiency Ratio (CER)

Table 3. Cost Efficiency Ratio PT. Bank Rakyat Indonesia Syariah, Tbk

Tahun	CER
2019	57,23%
2020	49,63%

c) Financing to Deposit Ratio

Table 4. Financing to Deposit Ratio PT. Bank Rakyat Indonesia Syariah, Tbk

Year	Provided Financing	Total Third Party Funds	FDR
2019	27.380.000	34.120.000	80,12%
2020	40.050.000	245.600.000	80,99%

d) Net Income Margin (NIM)

Table 5. Net Income Margin (NIM) PT. Bank Rakyat Indonesia Syariah, Tbk

Year	Net Profit	Total Revenue	NIM
2019	74.016	2.304.511	5,72%
2020	248.054	3.249.115	5,89%

e) Return on Asset

Table 6. Return on Asset PT. Bank Rakyat Indonesia Syariah, Tbk

Year	Net Profit	Total Asset	ROA
2019	2.261.662	43.123.488	0,31%
2020	3.091.938	57.715.586	0,81%

f) Return on Equity

Table 7. Return on Equity PT. Bank Rakyat Indonesia Syariah, Tbk

Year	Net Profit	Total Equity	Return on Equity
2019	74.016	5.088.036	1,57%
2020	248.054	5.444.288	5,03%

g) Non Performing Financing (NPF)-Net

Table 8. Non Performing Financing-Net PT. Bank Rakyat Indonesia Syariah, Tbk

Year	Total Financing	Non Performing Financing (NPF-Net)
2019	27.380.000	3,38%
2020	40.050.000	1,77%

2. Performance Assessment on Internal Business Process Perspective

Table 9. Internal Business Process Growth Rate

PT Bank Rakyat Indonesia Syariah, Tbk.

Aspect	2019	2020	Growth
Outstanding Financing (IDR million)	4.012.143	10.348.983	157,94%
Number of Account/NoA (in full value)	91,856	245,088	166.82%
NPF (%)	5.43	1.60	-3.83%
Outstanding NPF (IDR million)	222,459	197,000	-11.44%
Average Number of AO per month	995	1,293	30%
Total Volume of Funding Disbursement (IDR Million)	3,021,394	10,367,332	243%
Average Financing Productivity per AO	82.60%	109%	26.4%
SME and Partnerships	5.018.070	7.702.587	56.55%

3. Growth and Learning Perspective

Table 10. Number of employee training

Year	Number of employees	Number of employees who attended training	Employee training level
2019	4.611	87	15%
2020	6.157	50	40%

4. Performance Assessment on Customer Perspective

Table 11 Total of customer complaints PT. Bank Rakyat Indonesia Syariah, Tbk

Year	Total of customer complaints	Number of Customers in one year	The level of complaints from customers
2019	8	1.500.000	9%
2020	55.257	2.000.000	15%

CONCLUSION

Financial perspective assessment at PT. Bank Rakyat Indonesia Syariah shows an improvement from 2016-2020. The Capital Adequacy Ratio in 2019 was 25.26% higher than in 2020 which was 19.04%. While the Capital Adequacy Ratio is a capital adequacy ratio that is useful for accommodating the risk of loss that a bank may face. The higher the CAR, the more the bank's ability to bear the risk for each credit.

Whereas the percentage of OEOR in these companies also tends to decrease, namely in 2019 it was 57.23% higher than in 2020 which was 49.63%. So with this OEOR ratio between total operating expenses and total operating income, which ratio can be calculated on the amount per position. A ratio that can provide an assessment of banking efficiency, including Commercial Banks and Rural Banks. This BOPO has a major influence on the level of efficiency and the ability of the tanks to carry out their operational activities. As for the other levels, it tends to increase and decrease so that the company has a good impact on future management progress.

Implications

Application of the balanced scorecard at PT. Bank Rakyat Indonesia Syariah, Tbk has increased from 2019 to 2020 through four perspectives consisting of a financial perspective, a customer perspective, a Growth and Learning Perspective, and an Internal Business Process Perspective.

Limitations and future research

This research is limited to the performance of PT. Bank Rakyat Indonesia Syariah, Tbk in the period from 2019 to 2020. Further research that can be reviewed is related to the measurement of the balanced scorecard in the period 2020 to the current year. The implementation of a balanced scorecard in a company can be tested using four indicators that can assess the quality or performance of a company.

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