

**THE ANALYSIS OF BALANCE SCORECARD TO MEASURE THE
PERFORMANCE OF THE HEALTH INSTITUTION
(Case Study at UPT X)**

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In facing the increasingly complex business environment nowadays, it is required a performance measurement method that can assess the institution's performance accurately and comprehensively such as Balanced Scorecard. It is a performance measurement tool that combines the measurement of the financial and non-financial performance including the perspective of learning and growth, internal business process perspective, customer perspective and financial perspective.

This study uses the data of UPT X in 2012-2014. This research is descriptive method which uses a case study approach. Data collection techniques include primary data by distributing questionnaires and secondary data by acquire documentation of the institution and literature related to the research topic.

The results of the research conducted have shown that the measurement of performance using Balanced Scorecard at UPT X show a good performance overall. The advantages and the lacks of the performance of each perspective impact either directly or indirectly for the performance in other perspectives to the financial perspective. The performance of the financial perspective has increased every year while the performance of non-financial perspective can be considered good but still needed improvement in some aspects.

Keywords: *Balanced Scorecard, Performance Measurement, Financial Perspective, Customer Perspective, Internal Business Process Perspective, Learning and Growth Perspective*

1. Background

The evaluation and measurement of the performance is very important in the strategy implementation of the institution. The achievement of the strategy is determined by the measurement and evaluation of the institution performance. In addition, performance measurement also shows the managers contribution for the institution which can be a source of information to evaluate the managers' engagements.

The relationship between customers and employees is one of the most important intangible assets of institution. Employee's loyalty and customer's loyalty are closely linked, and retaining both is essential for success. Both are stakeholders; and there is no conflict between satisfying stakeholders and shareholders. The quality of important relationships must be reflected in a performance measurement framework, is often called a scorecard.

Performance measurement are usually used to track progress towards a target. The measures are a surrogate for the target itself. They determine how, and on what bases, managers and other employees focus their time and efforts. Non-

financial indicators are, in effect, surrogate measures for financial performance. Financial and non-financial performance measures can be combined through the balance scorecard that ultimately links all aspects of performance to the firm's strategies.

Performance measurement system designed by Robert S. Kaplan and David P. Norton includes four perspectives: financial, customer, internal business processes, and learning and growth. Balanced scorecard is used to balance the business and executive attention to financial and nonfinancial performance, as well as short-term performance and long-term performance. By adding non-financial performance measures, such as customer satisfaction, productivity and cost effectiveness of internal business processes, and learning and growth, executives are encouraged to observe and carry out efforts to realize the real driver of financial performance.

Balance Scorecard illustrates the balance between short-term goals and long term objectives, between financial and non-financial measure, between lagging indicators and leading indicators. Balance Scorecard comprehensive enough to motivate executives in realizing the performance of the four perspectives, so that the resulting financial success is sustainable.

2. Research Problem

- a. How does the performance of UPT X measured by using balance scorecard?
- b. How are the strategic initiatives conducted by UPT X using balance scorecard measurement?

3. Literature Review

3.1 Balanced Scorecard

The Balanced Scorecard is a performance measurement conceptualization that translates an organization's strategy into clear objectives, measures, targets, and initiatives organized in the four perspectives: financial, customer, business processes, and human resources or innovation and learning (Kassahun, 2010).

The balanced scorecard translates an organisation's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system (Kumari, 2011).

3.2 Perspectives of the Balanced Scorecard

1. Financial Perspective

The financial performance measures define the long-run objectives of the business unit (Kaplan & Norton, 1992). Financial measures indicate whether the organization's strategy implementation and execution are contributing to bottom-line improvement. A well-designed financial control system can actually enhance an organization's management system.

2. Customer Perspective

There are two groups of measurements in the customer perspective that is Care Measurement Group and Customer Value Proposition (Kaplan and Norton, 2000:150):

- a. The Care Measurement Group, there are five benchmarks that are incorporated in the following groups:

- Market Share, which measures how much the particular market segment that is controlled by the institution.
 - Customer Acquisition, the rate at which the institution is able to attract new customers.
 - Customer Retention, the rate at which the institution can maintain relationships with consumers ever.
 - Customer Satisfaction, the level of customer satisfaction with certain performance criteria, such as the level of service.
 - Customer Profitability, a level of net income obtained by the institution from a target or market segments served.
- b. The second group is called Customer Value Proposition or the proportion of customer value that describes the performance's driver (triggers work) regarding the question of what should be presented in the institution to achieve the satisfaction level of loyalty, retention and high customer acquisition.

3. Internal Business Process Perspective

According Gekonge (2005), internal processes perspective focuses on the internal business results that lead to financial success and satisfied customers. To meet the organizational objectives and customers' expectations, organizations must identify the key business processes at which they must excel. These key business processes are monitored to ensure that outcomes will always be satisfactory.

4. Learning and Growth Perspective

Balanced Scorecard emphasizes the importance of investing for the future, in the process of learning and growth perspective, there are three factors to consider, (Kaplan and Norton, 2000: 174) that are:

a. Employee Capabilities

Due to the shift in technology that shows the entire work is automated, so the same work is done continuously at the stage of efficiency and productivity are not the same, no longer sufficient for the achievement of the institution's success, therefore, companies must make continuous improvement.

b. Information System Capabilities

Employee motivation and expertise are needed to achieve business objectives and internal customers, but that is not enough if they do not have sufficient information. In this very tight business competition, it will require information that is accurate, fast, and accurate as feedback. Such information may include information about the customer, internal business processes, financial, and decisions made by the employee.

c. Motivation, Power, and alignment

The size of employee motivation is the number of suggestions per employee, where this size captures the ongoing participation of employees in improving the performance of the institution, and the quality level of employee participation in providing suggestions for improvement opportunities.

3.3 The advantage of Balanced Scorecard

The advantages of Balanced Scorecard for the institution according to Kaplan and Norton (2000: 122) are as follows:

1. Balanced Scorecard integrates strategy and vision of the institution to achieve short-term and long-term goals.
2. Balanced Scorecard allows managers to see business in the financial and non-financial perspectives (customer, internal business processes, and learning and growth)
3. Balanced Scorecard allows managers to assess what they have invested in the development of human resources, systems and procedures for improvement of the institution's performance in the future.

3.4 The Weakness of Balance Scorecard

There are some weaknesses of balanced scorecard according to Anthony and Govindarajan (2005: 180). First, poor correlation between the size of the non-financial with the results. There is no guarantee that future profitability will follow the achievement of any non-financial sector. This becomes a problem because of the inherent assumption that future profitability follow individual achievement.

Second, focus on financial results. Often, managers are accustomed to and trained with financial measures, but they also often get pressure from shareholders related to the financial performance of their companies. Incentive programs can create an additional pressure on senior managers due to the compensation awarded based on financial performance.

Third, unupdated measures. There are still many companies that do not have a formal mechanism to update these measures to keep pace with changes in its strategies. Fourth, too many measurements taken it can lead the managers to less focus for trying to do many things at the same time.

4. Research Method

4.1 Research Type

Research methods used in this research is descriptive method using a case study approach that is by describing the facts obtained during research for analysis and further processed by existing theories. The purpose of this descriptive study is to create a description, factual and accurate information on the facts, nature and the relationship between the phenomena investigated.

4.2 Data Collection Method

1. Literature Review
forms of research conducted by reading literature, journals, and scientific articles.
2. Questionnaire
Collecting data by distributing the questionnaires to the respondents.
3. Documentation
Data collection methods using the documentation is collecting secondary data from various sources, both personal and institutional (Sanusi, 2011: 114). The data used such as: the financial statements, the data of personnel, organizational structure, rules and records.

4.3 Type and source of data

Types of data in this study is quantitative data which is the data in the form of numbers written as financial statement, data of employees and data of trainees. Sources of data used in this study are as follows:

1. Primary Data
Data from observations and questionnaires with the object of a number of employees at UPT X. Primary data such as questionnaire on employee's satisfaction.
2. Secondary Data
Data obtained in the form of reports and other information sourced from literatures and other information related to this paper. Secondary data such as:
 1. The financial statements in 2012-2014.
 2. Data of trainees in 2012-2014.
 3. Data of employees in 2012-2014.
 4. Customer satisfaction in 2014
 5. A brief history and organizational structure of UPT X.

4.4 Data Analysis Techniques

1. Financial perspective
Assessing the performance of the financial perspective in Public Sector is done by using benchmarks such as Sales Growth Rate, Solvability. Where the benchmark is used to see the extent to which companies can increase profits from year to year. Measuring performance in terms of financial viewpoint based on the economic consequences which are:
 - a. Sales Growth Rate
Sales growth rate represents the difference between current income minus income a year earlier compared with the previous year's revenue. To measure this using the formula:
$$\text{Sales Growth Rate: } \frac{\text{current year income} - \text{earlier income}}{\text{income the previous year}} \times 100\%$$
 - b. Realization of Functional Revenue Development
Realization of functional revenue development is the main income of UPT X.
 - c. Receipt Subsidy Development
It is development of revenues other than functional revenue and other receipts UPT X.
 - d. Cost Recovery
This indicator describes the ability of the institution to cover all the expenses both operational and investment expenditures with funds sourced from its own revenue of the institution.
2. Customer Perspective
For analyzing customer satisfaction, the current study uses the following aspects:
 - a. Customer retention
Customer retention is a level that shows the institution's ability to maintain relationships with customers. Customer retention is also a care customer measure that is selected by institution in identifying whether

the consumer is satisfied, then it is expected to retain become a regular customer of the institution.

with formulation:

$$\text{Customer retention: } \frac{\text{Number of Regular Customers}}{\text{Total Customers}} \times 100\%$$

b. Customer Acquisition

It is a measurement of the degree to which a business unit is able to attract new customers both institutions / groups / individuals who use the services of the institution. with Formulation:

$$\text{Customer retention: } \frac{\text{Number of Regular Customers}}{\text{Total Customers}} \times 100\%$$

c. Customer Satisfaction

This measurement is obtained from customer satisfaction that has been done by UPT X. Measurements can be performed by measuring the level of satisfaction of customer.

3. Internal Business Process Perspective

a. Efficiency

Business process perspective is measured by the quantity of services and facilities provided, in this case the utilization of facilities at UPT X as can be shown with the calculation result of Bed Occupancy Rate (BOR) and Seat Occupancy Rate (SOR). BOR is the frequency of utilization of bed / dormitory and SOR is the frequency of utilization of the seating and auditorium / classroom. Technical calculations BOR and SOR as follows:

$$\text{BOR} = \frac{\text{£(Or x Hr)}}{250 \times \text{Dormitory Capacity}} \times 100\%$$

$$\text{SOR} = \frac{\text{£(Or x Hr)}}{250 \times \text{Class Capacity}} \times 100\%$$

b. Quality

Quality shows how good the institution run their business to serve the community. In this case the quality of UPT X can be shown with the minimum service standard provided by the institution. Minimum service standards is a provision of the type and quality of basic services which are obligatory for every citizen who has the right acquired minimally.

c. Product Variant

A product variant is a specific item that is grouped with related variants that together form a product. Product variant usually vary from each other in one or more properties. It can be used to measure the internal business process of the institution by knowing wheter the product is increase, stagnant or decrease which mean there is no innovation in the institution.

4. Learning and Growth Perspective

This perspective identifies the structure that must be built in creating growth and increase long-term performance. This perspective assesses the ability (qualification) as well as the commitment of the human resource development of UPT X as a very important asset and the key success factors for achieving the vision and mission of the institution.

a. The indicators used to measure the perspective as well as trend over the previous three years are the number of human resource development,

development of human resources qualification, the level of employee attendance, development of facilities and infrastructure assets.

- b. Employee Satisfaction measurement is done by distributing questionnaires to 40 employees of UPT X. The measurements are performed by measuring the level of satisfaction of employees of the institution. This is a pre-condition for the increasing productivity, responsiveness, quality, and service to customers.

5. Discussion and Analysis

5.1 Overall Performance Assessment Result of UPT X

After finishing the whole assessment of each perspectives, the results of institution's scorecard are analyzed to get more comprehensive information about the performance assessment of UPT X. Weighting in this study using interval measurement. The interval measurement is used to sort objects based on attributes. the same Interval or a distance to the scale interval is deemed to represent the same interval or distance to the object being measured.

Table 5.1 The Assesment of Balance Scorecard

Category	Score
Very Good	5
Good	4
Mediocre	3
Not Good / Poor	2
Bad	1

Source: Sugiyono, 2010 (Reprocessed)

From the performance results obtained from the analysis that has been done, the financial perspective which consists of the development of revenue functional and sales growth rate each has a very good category that was given a score of 5 for each, while for cost recovery and development of revenues subsidies have categories good and given a score of 4.

On the customer's perspective gained good category for customer acquisition, customer retention, and customer satisfaction thus given a score of 3 for each. On the internal business processes perspective, efficiency shown in BOR and SOR obtain mediocre categories and given a score of 3 for both. The quality shown on minimum service standards for training and support services training obtain very good category and given a score of 5. While for the products variation obtain mediocre category because of the lack of innovation to develop products that scored 3.

On the learning and growth perspective, the employee attendance obtain very good categories and given a score of 5. For the development of human resources and employee satisfaction obtain good category that scored 4. While for the development of facilities and infrastructure obtain mediocre categories and given a score of 3 due to lack of development and facilities infrastructure conducted by UPT X. The following table of performance scorecard of UPT X:

Table 5.2 Overall Result of Performance Measurement of UPT X

Perspective	Year			Assessment	Score
	2012	2013	2014		
Financial Perspective					
Development of Functional Realization Revenues	99,00%	136,72%	159,08%	Very Good	5
Sales Growth Rate	7,77%	164,45%	453,41%	Very Good	5
Development of Revenue Subsidy	94,24%	84,38%	94,80%	Good	4
Cost Recovery		12,99%	50,82%	Good	4
Customer Perspective					
Customer Retention	28%	44%	37%	Good	4
Customer Acquisition	72%	56%	63%	Good	4
Customer Satisfaction		3,09	3,11	Good	4
Internal Business Process Perspective					
Efficiency					
a. BOR	28,59%	30,88%	39,05%	Mediocre	3
b. SOR	27,38%	31,98%	45,11%	Mediocre	3
Quality					
a. Minimum Standard Service For Training Support Service		96%	96%	Very Good	5
b. For Training Service		97%	97%	Very Good	5
Product Variant	Stagnant			Mediocre	3
Learning and Growth Perspective					
Human Resource Development				Good	4
Employee Attendance	96%	96%	97%	Very Good	5
Development of Facilities and Infrastructure	Stagnant			Mediocre	3
Employee Satisfaction				Good	4
Average Score					4,06

Source: Data Processed

Based on the table above, it can be conclude that the overall performance of UPT X measured using balance scorecard method are resulted in **good** performance. It can be seen in the average score which is achieved score 4,06 that include in good indicator. But the management should concern more on some sectors that have under good performance such as BOR, SOR, product variant, and development of facilities and infrastructure.

5.2 Strategic Initiative

Strategic initiatives are collections of finite-duration discretionary projects and programs, outside of the organization's day-to-day operational activities, that are designed to help the organization achieve its targeted performance. The management should pay attention to the performances of institution through balanced scorecard which needs strategic initiative to improve under good performance and to maintain a good performance of the institution. The strategic initiative are acquired from the institution and some initiative strategies are also added by the author. The initiative strategies can be seen at the following table:

Table 5.3 Strategic Initiatives Conducted using Balanced Scorecard Measurement Result

Perspective	Balanced Scorecard Result	Strategic Initiative
Financial Perspective		
Development of Functional Realization Revenues	Very Good	Maintaining the quality of services, the income from cooperation with other parties, also education and training which are the largest source of income for the last three years
Sales Growth Rate	Very Good	Maintaining the sources of income of the institution derived from services, income from cooperation with other parties, other income from the utilization of wealth, other income from giro, also education and training
Development of Revenue Subsidy	Very Good	Monitoring operational needs and capital expenditures, align the structure of the budget
Cost Recovery	Good	Maximizing the promotion / marketing of the dissemination of information to the outside associated with training activities aggressively to attract trainees to increase the functional revenue (Strategic initiative from the author)

Customer Perspective		
Customer Retention	Good	Strengthening the network with various agencies or institutions that have cooperated in organizing activities
Customer Acquisition	Good	<ul style="list-style-type: none"> - Conducting promotion and dissemination to the public incessantly, scheduled seminars and counseling every month (Strategic initiative from the author) - Forming a marketing division in UPT X
Customer Satisfaction	Good	Improving services to align the tariffs offered by UPT X
Internal Business Process Perspective		
Efficiency		
a. BOR	Mediocre	Offering more satisfying services for customers dormitory, such as wifi corner to attract the customer (Strategic initiative from the author)
b. SOR	Mediocre	Improving the convenience in the class by adding training support facilities, such as LCD, air conditioning, etc. (Strategic initiative from the author)
Quality		
a. Minimum Standard Service For Training Support Service	Very Good	Improving customer service at the front desk and increasing the accomodation service
b. For Training Service	Very Good	Increasing the number of instructor / Widyaiswara
Product Variant	Mediocre	Developing new products on a self-financing training such as training of community health centers accreditation, quality management training, etc.
Learning and Growth Perspective		
Human Resource Development	Good	<ul style="list-style-type: none"> - Increasing employees commitment by giving appreciation for their performance such as reward (Strategic initiative from the author) - Encouraging the employee to participate in continuing education S1, S2 and S3
Employee Attendance	Very Good	Giving rewards for employees who have 100% attendance percentage (Strategic initiative from the author)

Development of Facilities and Infrastructure	Mediocre	<ul style="list-style-type: none"> - Providing additional training support facilities to overcome the complaints that often occurs - Building a meeting room which has large capacity
Employee Satisfaction	Good	Providing computerized information systems to support employees performance (Strategic initiative from the author)

Source: Data Processed

6. Conclusion

From the evaluation results using four perspectives in balance scorecard approach indicate that the institution has good performance. In addition, the balance in performance can be seen in the achievement of each perspective. Indeed, some targets cannot be met by the institution, but there are also some aspects that are able to exceed the target. This illustrates that the institution has achieved a balance between the target and realization. If viewed of the results of performance measurement in UPT X as a whole through the Balanced Scorecard analysis can be concluded that the performance has shown good results, which UPT X is always strive to realize the achievement of the vision and mission as a pioneer of education and training of quality and affordable health.

Strategic initiatives are collections of finite-duration discretionary projects and programs, other than the organization's day-to-day operational activities, that are designed to help the organization achieve its targeted performance. The management should pay attention to the performances of institution through balanced scorecard which needs strategic initiative to improve under good performance and to maintain a good performance of the institution. Especially for some aspects that have under good performance include Bed Occupancy Rate (BOR), Seat Occupancy Rate (SOR), Product Variant, Development of Facilities and Infrastructure. For BOR, strategic initiative is offering more satisfying services for customers dormitory, such as wifi corner to attract the customer and for SOR is Improving the convenience in the class by adding training support facilities, such as LCD, air conditioning, etc. For Product variant is developing new products on a self-financing training such as training of community health centers accreditation, quality management training, etc. For the development of facilities and infrastructures are providing additional training support facilities to overcome the complaints that often occurs and building a meeting room which has large capacity.

7. Suggestion

Based on conclusion and research limitation described, there are some suggestions based on each of perspective for UPT X:

1. Financial Perspective, the management should pay more attention on subsidy reception because there is a fluctuation due to the increase in salaries, goods operational needs and capital expenditures. It is expected that the subsidy receipts are used with the precise target

2. Customer Perspective, UPT X should maximize the promotion / marketing of the dissemination of information to the communities associated with training activities aggressively to attract trainees as much as possible to prevent fluctuations in customer acquisition and retention in the future. The establishment of the marketing division can also help companies to do promotions.
3. Internal Business Perspective, optimizing the function of the institution on health training is important because during the use of UPT X is more dominant on the non-functioning education and training. The utilization frequency of facilities for the activities at UPT X is needed to be maximized if seen from BOR (Bed Occupancy Rate) and SOR (Seat Occupancy Rate). It needs innovation for product variation to attract more trainees in order to use more facilities provided by UPT X.
4. Learning and Growth Perspective, sending the staff or employees for training to improve the competence or professionalism of each individual is important to increase the performance of employees and the impact on organizational performance. Encouraging the staff to pursue their education S1, S2 and S3 is eminent. For the development of facilities and infrastructure should be increased to support activity and increased performance of UPT X.

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