

# **The Analysis of Sustainability Balanced Scorecard To Measure The Company Performances ( A Case Study On PT Gagas Energi Indonesia )**

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## **Abstract**

*This study aims to analyze the performance appraisal of PT Gagas Energi Indonesia by using the concept of Sustainability Balanced Scorecard method. Sustainability Balanced Scorecard is a modification of the conventional Balanced Scorecard that have their own uniqueness which this method will be focusing exclusively assessment of the environmental and social aspects that are sometimes not considered by the company to run the business. Companies that use methods of sustainability balanced scorecard as a tool to measure the performance of the company, certainly capable of running even find the right strategy for their businesses when the company was facing a problem. To collect the data, the researcher, uses open ended questionnaires to 10 respondents consist of 5 employees and 5 customers of PT Gagas Energi Indonesia. The instrument of the questionnaires consist of financial perspective, customers perspective, internal business process perspective, learning and growth perspective, and sustainability balanced scorecard. The results of this study illustrate the good results and can indicate a pretty good number for each ratio or factor ratings in each perspective. However, pretty good is can not a guarantee that the strategy used by the company was good. The company should continue to make a further assessment using the method of Sustainability Balanced Scorecard to get a much better value than before. Sustainability Balanced Scorecard would be better if done by considering the factors contained in the perspective of sustainability, especially environmental and social factors.*

*Key word: Performance Assessment, Balanced Scorecard, Perspective, Sustainability factors, Sustainability Balanced Scorecard.*

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## A. INTRODUCTION

Nowadays, the development of the business world is increasingly integrated, competitive and massive forcing companies to be more competitive in all areas which is not only limited to the financial sector. Therefore, every aspect of the company's performance should be evaluated and constantly developed in order to continue to survive to face the dynamics of the business world. In the last decades, the representation of the success of a company is indicated by several elements of financial statements, for example, annual net income, financial ratios and size efficiency in the management of other resources measured using financial statements analysis figures. That method is the only way to assess performance based on the financial perspective.

Business environment has grown and produced new challenges, in which the performance measurement system based on the financial performance is not sufficient for the needs of all stakeholders of the company and less informative as the basis for strategic decision making in other fields, particularly non-financial. On the other hand, there are many arguments which are contradictory on usefulness of information or financial statements. This phenomenon has become a challenge for practitioners and academics to develop and transform the performance measures that are more comprehensive and integrated with some scope within the company. This approach should also be able to form the basis of short-term decisions and long term and be able to evaluate the performance of the company's internal or external, covering financial and non-financial so that the quality of the resulting decisions can accommodate all organizational functions into a single vision (Sony, Sukarno, & Ichsan, 2003).

The rationale for need is almost in line with the concept of sustainability that is initiated by many global companies which is in line with its development. This report will set mandatory in the next few years using the framework and indicators issued by GRI (Global Reporting Initiative), which in its reporting, companies should also consider the impact of operations on the social and environmental fields and to produce quantitative and qualitative information. The point is the need for performance measurement approach that results can support the sustainability of the company. (Global Reporting Initiative, 2016)

According to Kaplan & Norton (2001), performance measurement is one factor that is essential for a business organization for performance measurement an attempt to map out the strategy into action the achievement of certain targets. Performance measurement system can be used as a means of controlling the organization, as amplified by setting the performance measurement reward and punishment system. In addition, the management control systems in a business organization, performance measurement is carried out by the business management to evaluate the results of activities that have been implemented by the respective centers of responsibility compared to the benchmarks set (Hansen, & Mowen: 2005). In the last few years, the measurement instrument commonly used in an enterprise is a traditional performance measurement that only focuses on the financial sector alone. This performance measurement has advantages and disadvantages. The surplus is profit-oriented short-term and this will encourage more management improve short-term performance of the company. While shortcomings are likely to ignore the long-term survival as well as the inability to measure the performance of an invisible property (intangible assets) and intellectual property (human resources) of the company.

Along with the development of the latest BSC, the BSC strategy has been applied to measure and support sustainable practices within a company, because the concept is named as the Sustainability Balanced Scorecard. This means that BSC does not only focus on the finance but also the core strategy of the organization. Furthermore, it is also integrated to the social and environmental goals (the same as the concept of GRI before, but measurement and strategy

through the BSC approach), or in other words, integrating BSC-sustainability (Global Reporting Initiative, 2016).

The application of the concept of performance measurement using the Balanced Scorecard tools have previously been used by several large companies in the world in the field of processing and producing material from nature. PT Gagah Energi Indonesia is one of the many companies that use materials sourced raw materials from nature. The raw materials needed PT Gagah Energi Indonesia in the form of oil and gas. As the two materials are natural resources, which if it is used continuously without any attempt to preserve it, sooner or later, it will become a natural resource that step even likely to be exhausted.

In conducting its business, PT Gagah Energi Indonesia focuses on how to find new wells that could be the source to get the oil and gas. One of the disadvantages faced by the company are focused on finding natural resources which may pose challenge such as the business impact on the surrounding environment and social issues. In this case, it can be concluded that PT Gagah Energi today measures the success of the company's performance only through the profit that they earn every year in the sense that the company only focuses their assessment on the financial perspective alone. Furthermore, to determine the success of a company using a balanced scorecard includes several important factors for the company itself.

Sustainability Balanced Scorecard (BSC) is the use of the Balanced Scorecard to measure sustainable strategies in an organization ( Figgie, *et al.*, 2002 ). The meaning of sustainable is paying more on environmental and social elements other than economic considerations of a well-run business only. Companies that use the Balanced Scorecard can receive feedback on strategies that have been implemented, monitor and adjust the implementation of the improved performance of the enterprise as a whole as well as the achievement of the objectives set.

## **B. LITERATURE REVIEW**

### **Tradition of Performance Measurement**

Performance is a general term used to indicate some or all actions or activities of an organization over a period as a reference on a number of standards such costs in the past or projected a baseline of efficiency, responsibility or accountability and the like (Mulyadi, 2001). performance measurement is one of the factors that are important in ensuring an organization. Performance measurement is a periodic assessment on the effectiveness of an organization, part of the organization and its personnel, based on the advice, standards and criteria established in advance. Therefore, the organization is essentially operated by human resources, the actual performance measurement is an assessment of human behavior in carrying out the role they play in the organization (Mulyadi & Setyawan, 2001). Performance measurement can be used to avoid improper behavior and to stimulate and enforce proper behavior desired, through feedback on performance in time rewards, both intrinsic and extrinsic.

Hansen (2005) suggested, that distinguishes the measurement of traditional and contemporary performance. Traditional performance measurement is done by comparing the actual performance budgeted or standard costs in accordance with the characteristics of accountability. While the use of contemporary performance measurement activities as its foundation. Performance measurement is designed to assess how well the activities carried out and can identify whether it has made continuous improvements (sustainable).

With the measurement of performance, top management can obtain the basic objective to provide compensation in accordance with the achievements that contributed each center of responsibility for the overall company. All of this is expected to provide motivation and stimulation in each section to work more effectively and efficiently.

### **The concept of Balanced Scorecard Ratings**

Balanced Scorecard is an approach to measuring performance that will assess the performance of financial and non-financial performance (Yuliati, 2015). Thinking of the Balanced Scorecard is to measure the performance and the company's target of four different angles. During this measure is formally only to finance such as using the "Balance Sheet" and "Income Statement" or by calculating financial ratios such as liquidity ratio, solvency and profitability ratios of the company. In the Balanced Scorecard concept, it does not only focuses on the financial as the benchmark for the performance of the company. There are three other measurements taken into account, namely, Customer, Internal Business Process, and Learning & Growth ( Padmakusumah, 2012 ).

Balanced Scorecard is a framework, a language that communicates the vision, mission and strategy to all employees about the key determinants of success at this particular time and in the future (Gunadharma, 2008). In addition, the Balanced Scorecard also stresses that the measurement of the financial and non-financial performance should be a part of the information system all employees both upper management and lower levels (Kaplan & Norton, 1996). Balanced Scorecard is different from traditional performance measurement system that relies on a measure of financial performance.

To According Mangkunegoro & Adam (2013), Balanced Scorecard is a group of integrated performance benchmarks and derived from corporate strategy and supports the company's strategy throughout the organization. A strategy is basically a theory of how to achieve organizational goals. In the Balanced Scorecard approach, top management lays out its strategy into performance measures so that employees understand and can implement something to achieve the strategy.

According to Sony Yuwono, *et al.*, (2002) Balanced Scorecard is a management system, measurement, and control accurately, rapidly and comprehensively can provide insight to managers about business performance. Performance measurement is looking at business units from four perspectives: financial perspective, customer perspective, internal business process and learning and growth perspective. Balanced Scorecard performance measurement incorporates both financial and non-financial measurements (Kaplan & Norton, 1996). Balanced Scorecard uses four different perspectives measurement but share a common goal of achieving strategic goals that have been planned by the company.

### **The Concept of Sustainability Reporting**

Sustainability report has several definitions that varies. According to Elkington (1997), sustainability report means a report containing not only information of financial performance but also non-financial information consists of information social activities and an environment that allows per-company can grow sustainably (sustainable performance). Currently, the implementation of sustainability report in Indonesia is reflected in the government regulations such as the Limited Liability Company Act (PT) number 40 in 2007. The practice of reporting the activities of social and environmental responsibility is expressed through the sustainability report. A guideline that can be used is the Global Reporting Initiative (GRI). In Indonesia, the guidelines used by NCSR, as independent institution which periodically assesses sustainability disclosure report submitted by corporations.

Sustainability reports can also be used by government institutions such as from the environment ministry to make the assessor's on the company's performance on the environment in any organization reporting. As in Indonesia, the CSR is regulated on Act No. 40 of 2007 about Limited Liability Company (PT), in particular article 74.

Sustainability report in GRI guidelines version 3.1 is divided into three dimensions, namely the aspect of Economics (EC), Environment (EN) and Social Affairs. The social

aspect is composed of four sub-dimensions: Labor (LA), Human Rights (HR), Society (SO), and Product Responsibility (PR). This study uses the GRI version 3.1, not using version 4.0 because most of the research sample is still using the standard GRI sustainability report version 3.1.

### **The concept of Sustainability Balanced Scorecard**

According to Figgie Frank et, al (2001) Sustainability Balanced Scorecard (SBSC) is the use of the Balanced Scorecard to measure an organization's strategic sustainability. Sustainable means to pay attention to environmental and social elements other than economic considerations in any business done.

A company that uses the Balanced Scorecard can receive feedback on the strategy that has been set, monitor and adjust the implementation of the improved performance of the enterprise as a whole as well as the achievement of the objectives set. As a performance measurement tool, the Balanced Scorecard can provide a comprehensive framework to translate vision and strategy into a comprehensive set of integrated performance measures from time to time on sustainable basis. For example, Sustainability (ability to survive / sustainable) for Toyota: the ability to assemble and develop products in a manner that reduces the depletion of natural resources such as raw material, and do it in a way favorable (KPMG, 2000). It is used to translate strategies into action. Sustainable companies integrate sustainability better into its core management system. During this time, the environmental and social sustainability remain separate from the traditional core business strategy and a system based solely leading indicator of financial performance. One reason why it is so difficult to relate to the sustainability of the company lies in the width of the concept itself. The lack of definition what is meant for limiting the social issues themselves become the barriers to the formation of SBSC. The social aspect is often seen as more lenient environmental aspects which are, therefore, more difficult to quantify (Belch & Belch, 2003).

Conceptually, Value Based Sustainability Management shows the problem of the company's contribution to sustainability in an integrated way. This puts the company's contribution to sustainable growth, it also makes the company boasts improved performance in all dimensions of sustainability, economic, environmental and social. The three pillars of sustainability can be said as a leading indicator for the company to determine whether or not the company's worth using the Balance Scorecard ongoing basis to measure the performance of companies. Mulyadi & Setiawan (1999), stated that the financial measure cannot describe the real condition of the company in the past and was not able to fully lead the company towards a better and is just a short-term oriented. Basically, to determine the company's success in running their business not only depends on the financial aspect only. Companies should be able to balance all the elements, pillars, and aspects that exist within the company to be able to determine whether the company is successfully running its business without harming others but are still getting a big profit for the company. However, before the company implements three indicators, the company must first achieve the three main aspects of sustainability that is economic, environmental, and around. So we can say that these three aspects of sustainability is an auxiliary aspect of perspectives before.

The perspectives contained in the balanced scorecard is expected to run balanced along with every aspect that exists in Sustainability (GRI). That way, the company can measure its performance using the Balanced Scorecard Sustainability. Every perspective contained in sustainability balanced scorecard have a relationships that can influence each other. According to Tyas & Sukoharsono (2013), company has a responsibility to provide social contribution towards their environment especially for the company which has damaged the environment. Companies can be said to be successful if it is able to balance the financial aspect. Social, environmental, and economic, resulting in higher profit but not depleting

natural resources. Therefore, the three indicators above should be able to be applied in a balanced manner with the financial indicators in the company.

### **C. RESEARCH METHODS**

The type of this study is qualitative research with descriptive method and uses a case study approach. Qualitative research inquiry employs different philosophical assumptions; strategies of inquiry; and methods of data collection, analysis and interpretation (Creswell, 2009). A qualitative approach emphasizes the qualities of entities, processes and meanings that are not experimentally examined or measured in terms of quantity, amount, intensity or frequency (Denzin & Lincoln 2000). Moleong (2012) argued that qualitative research aims to understand the phenomenon experienced by the subjects of the study such as behavior, perception, motivation, action, etc, holistically, and with the way of description in the form of words and language, in a specific context that is naturally and with using various scientific methods.

Descriptive research provides an answer to the questions of how something happened and who was involved, but not why something happened or why someone was involved (explanatory research). Descriptive research provides a detailed profile of an event, condition or situation using either quantitative, qualitative or a combination of methods. Data gathering techniques such as field research and case studies are for qualitative descriptive research. . Qualitative descriptive research seeks to provide this picture using data in the form of words or pictures rather than numbers (quantitative). After leaving a field site, a qualitative descriptive researcher compiles the data gathered during the field research into a case study report. The report gives a complete picture of the hiring process as observed in the field study. Qualitative research involves the studied use and collection of a variety of empirical materials – case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meaning in individuals’ lives (Denzin and Lincoln, 1994:2)

According to Denzin & Lincoln (1994), Qualitative research is multimethod in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials – case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meaning in individuals’ lives (Denzin and Lincoln, 1994:2)

According Sukmadinata (2007), the basis of qualitative research is constructivism which assumes that reality is plural dimension, interactive, and an exchange of social experience is interpreted by each individual. Qualitative researchers believe that truth is dynamic and can be found only through the review of the people through their interaction with their social situation.

Types of qualitative research methods are very diverse and continuously evolves with the interpretation of each researcher. From various qualitative research methods, there are some of the most commonly used which are ethnographic, case studies, phenomenology, and grounded theory (Afriani, 2009).

Type of descriptive research approach used is a case study aimed at conducting in-depth investigation of a particular subject to provide a complete picture about a particular subject. This study uses a case that illustrates the actual circumstances of the research object. This activity is conducted by monitoring and studying directly PT Gagas Energi Indonesia.

Case study method enables a researcher to closely examine the data within a specific context. Sukoharsono (2004a) suggested that a case study involving "in-depth collection of data involving multiple sources of information rich in context." In most cases, a case study method selects a small geographical area or a very limited number of individuals as the subjects of study. Case studies, in their true essence, explore and investigate contemporary real-life phenomenon through detailed contextual analysis of a limited number of events or conditions, and their relationships. According Sukoharsono (2006), Qualitative research is placed on a foundation of philosophical assumptions "grounded" (an interpretive approach and naturalistic), multiple information sources and narrative approach to the researchers.

This research is conducted in PT. Gagas Energi Indonesia, Jalan Kyai Haji Zainal Arifin No. 20, PGN Building B, floor 9<sup>th</sup>-10<sup>th</sup>, Jakarta Barat 11140, Indonesia . PT GEI is selected as the object in this research because this company has never been measured with sustainability balance scorecard. This research can be meaningful suggestion for the company's management to use this measurement in the future to evaluate the company's performance. In addition through this research, the reseacher wants to know the company's performance. The object of this study is a company engaged in the transmission and distribution of natural gas, namely PT Gagas Energi Indonesia, including measuring the performance of financial and non-financial aspects.

This research is used primary data and secondary data. The primary data is data which is obtained directly from the source, observed, and recorded at the same time (Sugiyono, 2012). In this research, the primary data is obtained through open ended questionnaires which are distributed through both employee and customer. This primary data is important to answer some of criteria needed in the measurement of Sustainability Balance Scorecard.

The secondary data is data obtained through the company's annual financial statements for a period of three years is 2013, 2014 and 2015 as well as literature study literature, magazines, and documents related to measurement analysis company with the Balanced Scorecard concept. This secondary data is necessary to response some criteria in the measurement of Sustainability Balance Scorecard and also to make the conclusion of this research.

To answer the research question, the researcher using the answer from informance. The informants for this study are 5 (five) customers and 5 (five) employees from PT Gagas Energi Indonesia. Informants are people that used to provide information about the circumstances of background research (Moleong, 2012). Moleong (2012) argues that the use of informant for the researchers is that in a relatively short time a lot of information that gathered, so as internal sampling, due to informants used to talk, exchange ideas, or compare an event found of other subjects.

In collecting the data, the researcher used primary and secondary data. The primary data is collected using an open ended questionnaires. There are two kinds of questionnaires, the customer questionnaire aimed to determine the degree of quality of service of PT Gagas Energi Indonesia and employee questionnaire aimed to know the views of employees about the company they work for. The questionnaire respondents are based on random selection. The secondary data is collected by using the Annual report from the company

To analyze the data collected by the two instruments. The researcher uses three steps of qualitative analysis which are identifying, classifying and categorizing, and interpreting. This study also examines the descriptive and documentary data for connecting the existing theories. Descriptive study (Priadana and Muis, 2012) is a study that aims to express a situation is systematic in certain areas of the center thought the investigators were facts. This study aims to describe the implementation of the Sustainability Balanced Scorecard as a tool for measuring companies performance and strategies of the companies use to run their business.

## **D. RESULTS AND DISCUSSIONS**

### The Results of Performance Measurement using Balanced Scorecard

The following table describes indicators or strategies adopted from a mutually sustainable sustainability with the four perspectives of the balanced scorecard from PT Gagas Energi Indonesia.

**Table 2**  
**Balanced Scorecard PT Gagas Energi Indonesia**

Perspective	Year			Average (%)
	2013	2014	2015	
<b>Financial Perspective</b>				
Current Ratio	147.92%	142.62%	140.59%	143.71%
Profit Margin	5%	5%	4%	11.33%
Operating Ratio	59.52%	38.21%	31.21%	42.98%
ROI	68.34%	41.74%	23.06%	44.38%
<b>Customer Perspective</b>				
Market Share				
- Distribution	94%	94%	92.3%	
- Transmission	86%	54%	46.47%	
Customer Satisfaction			80.95%	80.95%
Customer Profitability	9.67%	9.85%	10.75%	10.09%
Customer Loyalty	1.28%	1.82%	2.09%	1.73%
<b>Internal Business Process Perspective</b>				
Innovation	-	-	-	-
After-Sales Services	-	-	100%	100%
<b>Learning and growth Perspective</b>				
Employee Productivity	US\$ 2.023,8	US\$ 1.952	US\$ 1.390,4	US\$ 1.788,7
Employee Retention	2.2%	0%	2.2%	2.2%
Employee Satisfaction			85.75%	85.75%

From the table above performance assessment, it can be seen that in general PT Gagas Energi Indonesia has a fairly good performance as seen from the average score obtained in each indicator. The performances achievement of the Company's revenue in 2015 is 83.94% compared to the 2014 performance. In 2015, the company recorded operating profit USD 12,944,518, EBITDA as much as USD14,435,814, and the profit for the ongoing year by USD9,015,526. The financial statement has been audited by an independent auditor with opinion "fairly stated in all material respect" according to the Indonesian Financial Accounting Standards (SAK).

In the financial perspective, it is found that the current ratio, profit margin, operating ration, and the return on investment companies are still not good enough as indicating continuous decline in each year. Although, the decline is not so significant, it can be seen by the average number of each aspect that the rate of decline is still at the stage of normal. This situation illustrates that basically the company's performance has been good enough for the size of the new subsidiary established in the business world. But, the management must be control the strategies that the company uses to fix their performance for the next period.

On the consumer perspective it can be seen that the market share of PT Gagas Energi Indonesia is extremely high and can even be regarded as a market leader both in the business of distribution and transmission of natural gas. For profitability and customer loyalty of PT Gagas Energi Indonesia has shown increasing trend. For customer satisfaction figures, it shows that 80.95% of customers are satisfied up to 2015. This indicates that PT Gagas Energi Indonesia has a good quality service and can make customers feel satisfied with the services provided by PT Gagas Energi Indonesia during 2015.



In the perspective of internal business processes, there are three variables assessed. The innovation aspect of PT Gagas Energi Indonesia is also very good, because even now there are some new projects such as LNG, CNG, CBM which are ongoing. These effort is in order to expand markets and maintain the supply of gas to customers. For after-sales service PT Gagas Energi Indonesia shows positive sign where throughout 2015, the company was able to complete 100% of customer complaints were reported. Meanwhile, for the operation process and its links with the environment in 2015 PT Gagas Energi Indonesia doing a lot of environmental management programs such as environmental monitoring program, an environmental rehabilitation, reforestation and so forth in sustainable environmental management efforts to support the course of its operation the company well. In 2015, the utilization of Natural Gas keeps on increasing which shows that the Government program in increasing the utilization of natural gas has been progressing on the right track. Within the ration of the nation's natural gas utilization, the company holds an important role due to its gait to keep on increasing the utilization of gas in the downstream from the user sector in Indonesia. This role has been excellently addressed by the company through the expanding addition of the downstream gas infrastucture. In efforts to supporting the role, the Board of Commisionaers are comitted to giving tangible contribution in every step of the growth executed by the Company.

In the learning and growth perspective, it results in 3 ratings. The first is productivity PT Gagas Energi Indonesia are found to decrease in 2014 and 2015. However, after seeing an average of 3 years running, it can be concluded that the decline is not too high, even they can be categorized in fairly good condition. But the company still needs to pay attention and improve employee productivity figures. So that next year the rate could rise. Then employee retention is a number that can be pressed any years. This aspect indicates that PT Gagas Energi Indonesia is very concerned about the welfare of employees so that the number of retention can be as small as possible. PT Gagas Energi Indonesia efforts for the welfare of employees can also be said to be successful if it seen from the numbers satisfaction of satisfaction score in 2015 which is equal to 85.75%. it is very good for the newly established subsidiary. This situation shows that employees are satisfied with the treatment firm against them as workers in the company.

#### **Sustainability PT Gagas Energi Indonesia**

There is the indicators of Sustainability based on GRI ( Global Reporting Initiative ) Standard that the company applied :

**Table 3**  
**Sustainability of PT Gagas Energi Indonesia**

No	Indicator	Aspect	No Applied	Partially Applied	Full Applied
<b>1</b>	Economics Performance	Economic Performance	-	-	✓
		Market Precence	-	-	✓
		Indirect Economic Impacts	-	-	✓
<b>2</b>	Environmental Performance	Materials	-	-	✓
		Energy			

			-	-	✓
		Water	-	-	✓
		Biodiversity	-	-	✓
		Emissions, Effluents, and Waste	-	-	✓
		Products and Services	-	-	✓
		Compliance	-	-	✓
		Transport	-	-	✓
		Overall	-	-	✓
3	Labor Practices and Decent Work Performance	Employment	-	-	✓
		Labor/Management Relation	-	-	✓
		Occupational Health and Safety	-	-	✓
		Training and Education	-	-	✓

		Diversity and Equal Opportunity	-	-	✓
		Equal Remuneration for Women and Men	-	-	✓
4	Human Rights Performance	Investment and Procurement Practices	-	-	✓
		Non-Discrimination	-	-	✓
		Freedom of Association and Collective Bargaining	-	-	✓
		Child Labor	-	-	✓
		Forced and Compulsory Labor	-	-	✓
		Security Practices	-	-	✓
		Indigenous Rights	-	-	✓
		Assessment	-	-	✓
		Remediation	-	-	✓
5	Society Performance	Local Communities	-	-	✓
		Corruption	-	-	✓
		Public Policy	-	-	✓
		Anti-Competitive Behavior	-	-	✓
		Compliance	-	-	✓
6	Product Responsibility Performance	Customer Health and Safety	-	-	✓
		Product and Service Labeling			

			-	-	✓
		Marketing and Communication	-	-	✓
		Customer Privacy	-	-	✓
		Compliance	-	-	✓

*Source : Global Reporting Initiative*

From the research conducted, it was found that PT Gagas Energi Indonesia has implemented almost all sustainability standards set by GRI. It is seen from the annual report which is owned gags, which PT Gagas Energi Indonesia has been quite good in its performance report every current year. From the economic aspect PT Gagas Energi Indonesia has undertaken a variety of strategies that can make companies always get the maximum profit in every year. EBITDA generated PT Gagas Energi Indonesia in recent years is said to be quite good. This proves that the company is able to conduct business in accordance with the economic standards for sustainability according to the GRI (Global Reporting Initiative).

Then, when viewed as a whole from Environmental aspects it can be concluded that the company has been able to pay attention to the impacts resulting from business activities on the environment and society. The company's concern in preserving the environment and to prove its responsibility to the environment, PT Gagas Energi Indonesia has set a love of the environment program

Moreover, this last aspect that has been of concern PT Gagas Energi Indonesia is the Social aspect. The Company is able to meet the required standard GRI (Global Reporting Initiative) well. The company makes to social responsibility program in the form of CSR programs. The Corporate Social Responsibility (CSR) is the Company's commitment to participate in the sustainable economic development to improve the quality of life and environmentally beneficial, for the Company itself, the local community and society in general. CSR is the Company's responsibility and concern towards society and the environment in the form of Corporate Social Responsibility Program. The Management realizes that the Company's sustainability is heavily relied on qualified human resources, thus the Company is trying its best to create a comfortable working environment for every individual within the Company. Human Resources (HR) department had conducted human resources development as a form of the Company's social and environmental responsibility in responding to various challenges of change, internally and externally, as well as able to contribute to the achievement of the Company's target.

Many things are always a trigger problems between workers and the company, therefore, Gagas make provisions on industrial relations human resources defined in Regulation Businesses every 2 (two) years were evaluated and refined. Gagas are committed to providing a work environment that is comfortable and conducive and prosperity it deserves, attention to safety and health in the workplace, establish effective communication between management and employees to achieve common goals, providing equal opportunities for workers in training and development. One form of communication is to involve elements of workers' representatives in the formulation of the Regulations Company of the Year 2015 - 2016 and spreading to all workers. The challenge to have a Human Resource management system that is effective and appropriate to the needs of business development Gagases. Therefore,

Gagas preparing various HR policies and conduct regular evaluation and improvement of established policy.

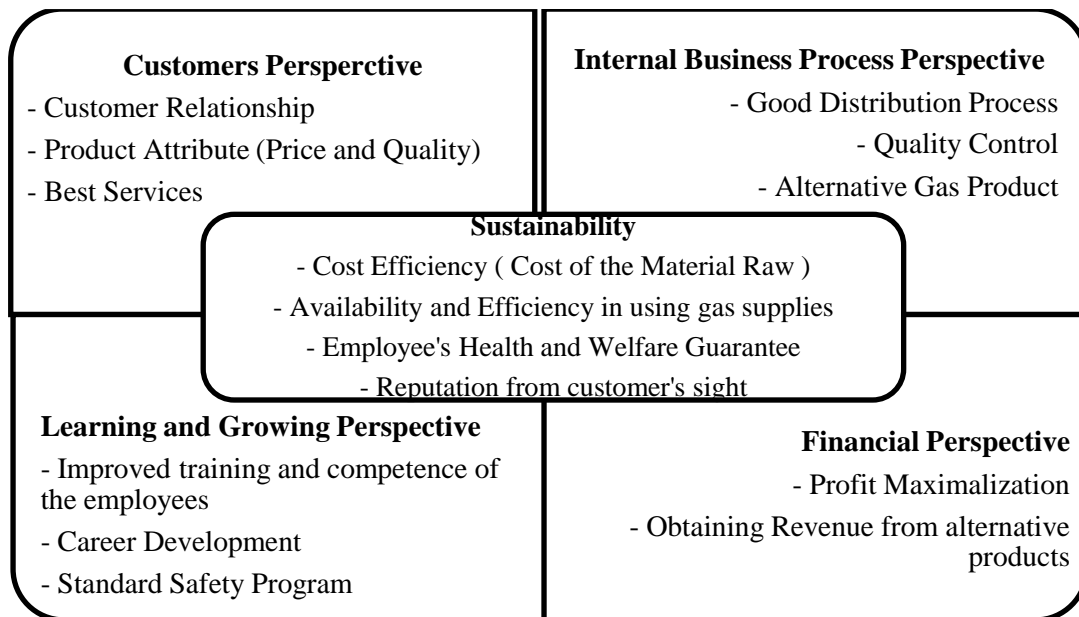
One of the parameters of success of a company is the implementation of a comprehensive occupational health & safety – HSE in every aspect of activity within the company. Periodically, the Company performs monitoring and evaluation on the implementation and development of occupational health & safety – HSE policies. The commitment to implement Zero Incident had been set forth and initiated by the top management level, hence targets and objectives of HSE can be applied to all divisions under it. During 2015, the Company had successfully maintained a safety record of no casualty or serious incident, although there was an increase of operational activities in the field. As of December 2015, the Company's safe working hours was recorded at 718.398 hours. This can be achieved through all employees' determination to continue working to build a culture of safety, health and environment that is best for the Company. The commitment from the top management throughout 2015 can be seen from the monthly management visit program in several working areas, which had been running well. Basic Safety training is provided for newly recruited employees and third parties that are working in the Company. HSE Department provides understanding of HSE to employees through training related to HSE, both conducted internally and externally. The Company also provides reward to employees that implement HSE principles in work behavior, thus encouraging other employees.

Within the health sector, the Company had managed to push down the number of Total Sickness Absence Frequency (TSAF) as much as 0.40 from the target of <0.45. Throughout 2015, all employees had performed medical check-up and counseling as a follow up actions on the results of the examination to determine treatment measures to be taken, such as Hepatitis B Vaccination program. To improve the employees' knowledge on health, HSE Department had facilitated health talk activities that is conducted once every 4 months, with speakers from medical supports/doctors and the theme is adapted with the condition that potentially experienced by employees, such as: The Importance of Medical Check-Up, Recognize Impacts of Cholesterol to Our Body, Bones and Joints Health, and its Application at Work.

### **Sustainability Balanced Scorecard PT Gagas Energi Indonesia**

Sustainability Reporting is reporting done by companies to measure, disclose as well as the company's efforts to become a company that is accountable for all the stakeholders to achieve sustainable development. Companies that have gone public have an obligation to make a sustainability report in accordance with the Article 66 Paragraph 2 of Act No. 40 Year 2007 regarding Limited Liability Company. Bapepam-LK has issued rules requiring public companies to disclose the implementation of CSR activity in its annual report. Through the application of the Sustainability Reporting company is expected to develop in a sustainable (sustainable growth) that is based on business ethics. The following is indicator or strategy adopted from a mutually sustainable sustainability with the four perspectives of the balanced scorecard from PT Gagas Energi Indonesia :

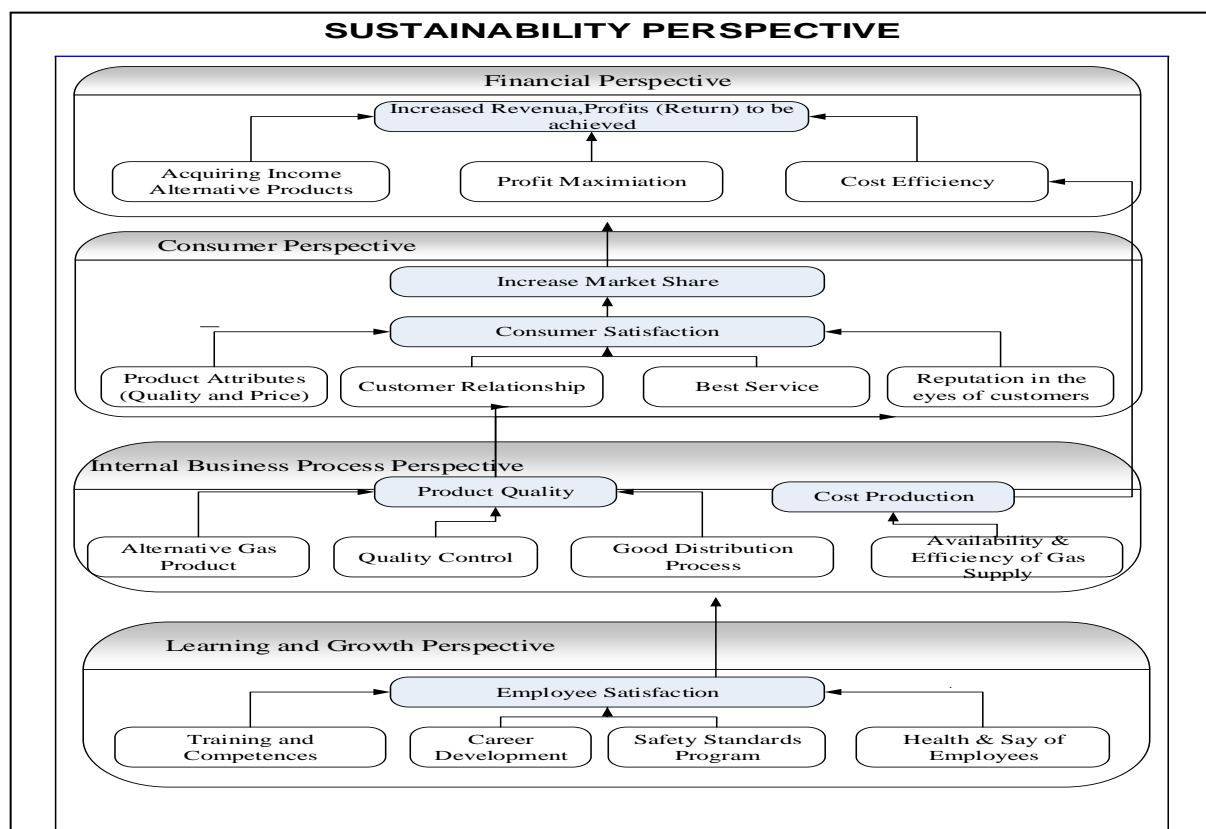
**Table 4**  
**Indicators of Sustainability Assessment of the Balanced Scorecard**



Source : Analyze Data

After assessing indicators, the sustainability performance is assessed using the Balanced Scorecard, the following is a strategy of sustainability Balanced Scorecard implementation and results:

**Figure 1**  
**Framework for the Implementation of Sustainability Strategies Balanced Scorecard**



Source: Figgie, et al., 2002

Sustainability Balance Scorecard PT Gagas Energi Indonesia, which aims to improve the return aimed to produce, with the addition of revenues, profits and new customers. Framework strategy on Figure 4.5 shows that indicators beyond financial indicators which pose effect on the performance appraisal company PT Gagas Energi Indonesia. Non-market indicator is part of the environmental aspects and social aspects that exist in every perspective in the Balance scorecard. Each perspective in the Balance scorecard has some non-market indicators. PT Gagas Energi Indonesia. The integrated form of a strategy chart as described above or often called as Sustainability Balance Scorecard which is an assessment of performance on an ongoing basis.

Rate PT. Gagas Energi Indonesia already has the votes Good evenly in every perspective. Each non-market indicators in perspective had been performed since 2013 and has been showcased in the sustainability Report. The results of the program strategy undertaken already is well underway. Another facet of the company's reputation in the eyes of the customer, where the company has a good reputation and is always providing product gas quality and best prices, providing the best possible service to customers. Customer Satisfaction PT Gagas Energi Indonesia votes is more than 80% which means that customers are satisfied with the services provided by PT Gagas Energi Indonesia.

Performance PT Gagas Energi Indonesia as a whole can be summed up by the Sustainability Balance Scorecard have Good ratings in accordance with the measurement results described above. However, there are still some shortcomings that need to be increased again by PT Gagas Energi Indonesia that such control environmental pollution, maximizing employee performance, as well as product development of gas that are not yet available. Strategic framework of Balance Scorecard Sustainability is a long-term work program, which requires the company's commitment to continue to conduct and implement the planned development which also requires the willingness and support of all personnel of the company's stakeholders and stakeholders.

## **E. CLOSING REMARKS**

### **Conclusion**

Based on the results of performance measurement conducted on PT. Gagas Energi Indonesia using the Sustainability Balanced Scorecard method that has been done, it can be concluded that the performance of PT. Gagas Energi Indonesia shows a good performance in each perspective. This is evidenced from a financial perspective, where the ratios calculated shows a very favorable results for the company. Each ratio calculated shows positive trend for the 3 years observed periods. The customer perspective also shows positive results as reflected from the market share which is very high and can even be regarded as a market leader. The profitability and customer loyalty that has always shown a positive trend over the three years, and the rate of customer satisfaction is very high which illustrates that customers are satisfied with the company products and services. For the internal process perspective business, however for the latter, namely learning and growth perspective, the ratio reflects the productivity of employees which does not show an increase in every year. Furthermore, the rate of employee satisfaction is quite high that illustrates that the company has treated its employees very well in the company.

It can be concluded that the overall performance of PT Gagas Energi Indonesia assessed using the Sustainability Balanced Scorecard is quite good. However, there are still some deficiencies in some of the indicators that have not been executed well by PT Gagas Energi Indonesia such as on the control over environmental pollution for example on waste and emissions generated by the activities of companies. Since, the company engages in the field of natural gas, gas products which need to be further developed, because the company is still at the stage of developing of alternative products. Other indicators should also be further

strengthen for the company enhancement in the future. The Sustainability Balanced Scorecard framework is a long-term work program, where it takes the company's commitment to continue to implement and develop and be accountable for what has been created and run by the company requiring the willingness and support of every company both stakeholders and stockholders.

### **Research Limitation & Sugestion for Future Research**

In carrying out the study, this research has some limitations experienced by the researcher because this research is the first study performed using the Sustainability Balanced Scorecard at PT Gas Energi Indonesia which is a subsidiary that has not been long standing, so that the reference materials and data obtained is limited. Therefore, it is expected to further research for betterment. Besides the lack of some information obtained from the company, some information not exposed in a given data also makes this study be less maximal.

Based on the analysis results and conclusions obtained, there are several aspects that can be considered for the management of PT Gas Energi Indonesia and suggestions that can be submitted for further studies. First, the management of PT Gas Energi Indonesia should consider more about the aspects of non-financial performance such as environmental and social aspects which turned out to be a major influence on the implementation of the management strategy of the company.

The company should continue to conduct performance assessment on an ongoing basis to be able to know how big the target is achieved or how big failures by using the sustainability balanced scorecard. The company should start running some indicators strategy on non-market that is in the sustainability balanced scorecard, which until now has not been done, for example, the indicator control over environmental pollution such as waste and emissions, material gas is more organic, a product gas that must be continually updated. As the company is still at the stage of development of alternative products and other indicators which will further strengthen the company in the future. Companies are expected to pay more attention to ways or strategies used to maximize the use of assets as well as the capital of the company to further increase the production of corporate profits. The strategy adopted will illustrate the ability of the company to earn profits.

The company is expected able to create innovative products on the basis of alternative gas to offer more product to customers. This is intended to support the sustainability of company and being competitive in the market. The management is expected to pay more attention and take good care of customer and employee satisfaction surveys, since both factors are important factors that must be maintained in order to ensure the continuity and development of the company. Customer satisfaction affects sales of products (services), as well as other support services. Employee satisfaction affects the performance of employees in the execution of its responsibilities.

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