

Balanced Scorecard Design as a Performance Measuring Tool at XYZ Agency Serdang Bedagai Regency

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Abstract: As the increasing of society's expectation to public organization service performance, public organizations need a strategic and comprehensive management system i.e Balanced Scorecard method (BSC). This research aims to describe strategic goal components of the management according to the four perspectives of BSC, to determine the key performance indicators, targets, and initiations, to calculate the weight of each perspective and key performance indicator, to design a map strategy, to integrate BSC into SAKIP and to evaluate as well as to compare BSC measurement with SAKIP. This research is conducted at XYZ Agency Serdang Bedagai office, with the involvement of external and internal parties. This is a descriptive research with study case approach. The data is collected through FGD. Using Paired Comparison analysis, the result shows the contribution of the stakeholders to management performance is as 38%, followed by finance and internal process as 20% each, and growth & development as 20%. Lag indicators scoring with excellent criteria are information dissemination, outpatient rehabilitation service, narcotics distribution network disclosure, budget utilization/effectivity, office performance index, time, and processes; scoring with good criteria are operational budget efficiency, facilities and infrastructures, and employee satisfaction; scoring with average criteria are society empowerment, service satisfaction, motivation, innovation and work environment; and scoring with poor criteria is the opportunity for self-development. The overall achievement of XYZ Agency is in good category. This research recommends the management to perform regular evaluation over the strategic goals and to implement them into programs and activities, and to conduct quantitative analysis for next research in analyzing the causal relationship at strategy map level.

Keywords: Balances Scorecard Method, SAKIP, Map Strategy, Lag Indicator

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I. Introduction

With the establishment of the Government Regulation of the Republic of Indonesia Number 8 of 2006 concerning Financial Reporting and Performance of Government Agencies, which is the implementing regulation of the provisions of Article 55 paragraph (5) of Law Number 1 of 2004 concerning State Treasury. In accordance with these regulations, each work unit that uses the State Expenditure Budget or APBN / Regional Expenditure Budget or APBD must be accountable by compiling / presenting financial reports and performance reports.

Understanding the performance of public sector organizations, we cross thinking about the word Good Governance. Since it was rolled out in 1993, Good Governance seems to be a key word for improving the performance of public sector organizations. There is a fundamental shift from the word Government, which means government, becomes Governance which means governance. Governance or governance is the use of political, economic and administrative authority in managing state affairs at all levels. Economic authority relates to the policy-making process which has implications for equity, reducing poverty, and improving quality of life. Political authority refers to the right of the government to form government institutions, including supporting instruments in it. While administrative authority is related to the system of implementing Government policies.

The strategic planning system of government agencies that has been standardized is the Government Agency Accountability System or SAKIP where the performance accountability is the Government Agency Accountability Report or LKIP document. LKIP is a document in performance measurement that will measure the level of performance achieved based on standards, targets or plans using performance indicators previously set. Performance of Government Agencies shows an illustration of the achievement of organizational goals or organizational goals as a result of the elaboration of the vision, mission, and strategy of government organizations that show the level of success and failure of the results of the program activities and policies set.

So that LKIP as a performance measurement document must contain indicators of the success of the Agency's performance in achieving the stated strategic goals.

XYZ Agency is a non-ministerial government institution whose task is to prevent and eradicate the abuse and illicit circulation of narcotics and narcotics precursors, has a position and is responsible to the President, where XYZ Agency in carrying out its duties and functions has representatives at the provincial and district / city levels.

Achievement of performance based on the XYZ Agency Serdang Bedagai in 2016 and 2017, shows that the performance measurement that has been achieved refers more partially and quantitatively where the output output of the activity is measured, where the measurement of performance comprehensively and objectively has not been measured customer satisfaction, employee conditions or internal organization, as well as compliance with the XYZ Agency Strategic Plan for 2015-2019.

According to Reza (2003) To be able to measure overall performance, companies need to design and measure performance effectively in achieving strategic companies, in order to face the high competition of the organization in the future and finally the company's vision and mission is achieved. This measurement can use a Balanced Scorecard (BSC) which is a tool or method of measuring organizational performance and can produce a company action plan from the translation of the organization's vision, mission and strategy. The Balanced Scorecard (BSC) in the process of translating vision, mission and strategy into various sizes and objectives to four perspectives, namely the customer perspective (Stakeholders), financial perspective, learning and growth perspective, internal business process perspective.

II. Theoretical Review

2.1 Strategic Management in the Balanced Scorecard Method

According to David (2005), art in the formulation, administration, and evaluation of decisions covering all organizational units in an effort to achieve organizational goals is strategic management. Strategic management is centered on how to integrate marketing management, service management, financial management, production management and operations management, computer information systems and research and development to achieve organizational success. For now, the increasing number of organizations applying the Balanced Scorecard (BSC) is not only performance measurement, but as the core of the strategic management system. That is, that BSC consists of four perspectives (financial, customer, internal processes, and growth and learning), has transformed from not only as a method of measuring organizational performance, but has changed meaning to a framework of thinking in developing a strategy map (strategy map). The Balanced Scorecard is a strategic management system that produces operational goals and measures which are the result of translating an organization's vision and strategy

2.2 Performance Measures

According Eagle (2004) the lag size is an indicator in measuring the achievement of strategic targets, where all strategic targets must be determined at least one lag indicator, besides that performance booster size or lead indicators are indicators to determine the level of success of strategic initiatives. In BSC there are three principles related to performance measurement, namely:

a. Causality

In a BSC system, each selected size becomes a bond of causal relationships that shows the meaning of the strategy. For example, by providing education to improve the knowledge and skills of employees in product marketing, it can provide increased sales impacts and increased organizational profits.

b. Outcome measures and performance boosters

To get a good BSC, it is best to have the right collaboration of lagging indicators and leading indicators, where to be able to see the achievement of the measure of strategic goals and assess the performance boosters.

c. Relation to financial problems

The BSC system is very concerned about results, business organizations are very concerned about financial results. Whereas the public organization prioritizes the community or customers, while the financial aspects are more focused on the receipt of PAD and budget optimization. BSC shows a causal relationship that leads to the achievement that is emphasized (Kaplan and Norton 1996).

Target is a quantitative measure of performance where the size of the future. The target can be described as a sign of success but not the final success, which will be achieved by the organization in the process of strategic goal planning (Kaplan and Norton, 1996). The target is to be expected in the future of the organization. For example, the employee's work satisfaction target on the internal process perspective is 100%.

2.3 Performance Accountability System for Government Agencies or SAKIP

Issuance of the Presidential Regulation of the Republic of Indonesia Number 29 of 2014 concerning the Performance Accountability System of Government Agencies is the basis of the government in evaluating government agencies. With the issuance of the presidential regulation, all government institutions are obliged to account for all the duties, functions and authorities of each institution. This responsibility will be in the form of documents submitted to direct superiors, oversight bodies, accountability assessment agencies, and finally will be submitted to the President as Head of Government. LKIP products are a description of the performance of the relevant government agencies through the Government Agency Performance Accountability System or SAKIP. Furthermore, the performance measurement of government agencies is explained as follows:

- a) Accountability, is an obligation of an institution or legal entity to convey performance accountability to an institution or party that has the authority to hold accountability to agencies or legal entities that are held accountable.
- b) The performance of Government Agencies is an indication of the level of success and failure of a program or policy that is an organizational goal which is the result of the teaching of the organization's vision, mission and strategy.
- c) Government Agency Performance Accountability or AKIP is a system of accountability that is delivered periodically whether it is the success or failure of the mission carried out to achieve the goals and objectives previously set.
- d) Government Agency Performance Accountability System or SAKIP is a tool or instrument used by all government agencies to account for the implementation of the mission, whether successful or failed, and usually consists of components including strategic planning, performance planning, performance measurement and performance reporting.

III. Materials and Method

3.1 Types of Research

This research was conducted using a descriptive method of case study approach, in which research was carried out directly at the XYZ Agency Serdang Bedagai Regency. Qualitative analysis was carried out to describe the vision and mission of XYZ Agency Serdang Bedagai Regency into objectives and strategies, to further determine the strategy objectives and performance measures in the four Balanced Scorecard perspectives. Targets are determined based on lag indicators on performance measures from each strategic target, while strategic initiatives are determined based on strategic targets and lead indicators. The causal relationship of strategic targets forms the strategy of XYZ Agency Serdang Bedagai Regency office map. XYZ Agency Serdang Bedagai Regency Scorecard is compiled from the strategic components produced. Quantitative analysis is used in weighting each perspective and each performance indicator uses the paired comparison method, followed by determining the scoring criteria in measuring the performance of the office with the BSC framework.

3.2 Location Research

This research was carried out at XYZ Agency Serdang Bedagai Regency located on the 57.8 km country road in Firdaus Village, Sei Rampah District, Serdang Bedagai Regency, North Sumatra Province. The study was conducted in October-December 2018.

3.3 Population and Samples

In this study there were 2 populations consisting of the following:

- a. Internal parties, namely management and employees of XYZ Agency Serdang Bedagai Regency.
- b. External parties, namely individuals or communities and organizations or work units that get service from XYZ Agency Serdang Bedagai Regency.

The sampling technique for the importance of weighting needs of stakeholders at the XYZ Agency Serdang Bedagai Regency also uses a purposive sampling method, with the consideration that all respondents are considered to have competence and capacity to provide input on the weighting of the importance of the results of the FGD. Respondents for the weighting came from the top management of the XYZ Agency Serdang Bedagai Regency who was also a member of the FGD. The sampling technique for the purposes of measuring the performance evaluation of the Balanced Scorecard method, in measuring the perceptions of internal respondents, namely employees of the XYZ Agency Serdang Bedagai Regency, was carried out with a total sampling method.

3.4 Data Processing and Analysis Techniques

The stages in processing and analyzing data are as follows:

1. Summarizing the discussion of Office management elements in the FGD, in the form of the translation of the vision and mission into the objectives and strategies of the Office on the four BSC perspectives.
2. Determine strategic objectives in four BSC perspectives from the translation of strategic components (vision, mission, goals and strategies) of the office by the FGD.
3. Determine the performance measures of each strategic target, namely in the form of lag indicators and lead indicators, as well as determining targets and strategic initiatives in the FGD.
4. Formulate a causal relationship of strategic goals and performance measures, which then produces a strategy map.
5. Weighting all four BSC perspectives and each measure of performance in each BSC perspective. Weighting is intended to show the level of interest of stakeholders towards the four office perspectives and performance measures in each perspective. The weighting process uses paired comparison techniques. Paired Comparison method can be used to determine the weight of each indicator of the four balanced scorecard perspectives based on the level of organizational importance for each perspective, strategic objectives, and strategic size.
6. The weight of the KPI itself is the result of multiplying the weight of the KPI's perspectives and weights in that perspective.
7. After obtaining KPI weights, then the criteria range is determined
8. Integrating the BSC framework into SAKIP and formulating recommendations for the BSC-based SAKIP performance measurement framework at XYZ Agency Serdang Bedagai Regency Office.
9. Evaluating the BSC framework at the XYZ Agency Serdang Bedagai Regency then comparing the BSC framework with the framework of the performance measurement system (SAKIP) used so far.

IV. Results and Discussion

4.1 Evaluation of the BSC Framework on Public Organizations at XYZ Agency Serdang Bedagai Regency

Serdang Bedagai Regency's XYZ Agency seen in the BSC framework turned out to be able to be implemented into a substantive performance measurement framework. The vision and mission of the organization are able to be translated into four BSC perspectives, namely stakeholders' perspectives, finance, internal processes and growth and development perspectives. However, some of the strategic targets that were successfully elaborated by the FGD which gave birth to key performance indicators showed some conclusions that the FGD or office management had not been able to fully implement values in the real sense of the four BSC perspectives in public organizations.

According to Gasperz (2006), financial measures (financial perspective) are traditional measurement tools used by the private sector (business organizations). The risk that arises if only using this measure is an indicator of financial measurement does not always provide an accurate picture of the direction of the organization and can lead the organization towards short-term goals, not long-term growth. According to Kaplan and Norton (1996), financial goals are also inadequate measures for government organizations. Government organizations that measure their success through the ability to regulate expenditures in a number of budgets can ignore their performance in the form of fulfilling community needs. In private (business) organizations, financial goals have become a focus for the purpose and size of all perspectives in the BSC. However, this is not the main goal for government organizations. Thus the main focus of government organizations is not on achieving financial goals, but on achieving customer-focused goals, which in the context of government organizations are taxpayers.

However the application of BSC government organizations requires some adjustments (Gazpers, 2006), because:

- a. The main focus of the public sector is the public (public) and certain groups (interest groups), while the main focus of the business sector is customers and shareholders to provide benefits.
- b. The main purpose of public organizations is not the maximization of financial results, but the balance of financial accountability (budget) through service to interested parties (stakeholders) in accordance with the vision and mission of government organizations.
- c. Defining the size and target in the perspective of stakeholders requires a high level of awareness and concern, as a consequence of the role of the management of government organizations and requires clear definition and desired strategic results. For example, determining who is a stakeholder, strategic goals, performance measures, performance targets and action programs requires a clear definition.

4.2 Comparison of Performance Measurement Frameworks between BSC and SAKIP

The agency's performance measurement system used by the XYZ Agency Serdang Bedagai Regency has been a standardized system through the Government Agency Performance Accountability System or SAKIP based on the Republic of Indonesia Presidential Regulation Number 29 of 2014 concerning Government Agency Performance Accountability Systems.

Antara SAKIP with BSC has similarities in the framework of the system because both consist of strategic planning components that describe the vision, mission, goals and objectives, performance planning, performance measurement processes, and evaluation and performance reporting formats. However, in order to anticipate the increasingly rapid development and demands to prioritize the interests of the public in the public services carried out, the SAKIP mechanism especially towards the Performance Measurement and Performance Reporting (LKIP) component at the Serdang Bedagai Regency XYZ Agency level is considered to still require input to its perfection. Based on this, this study carries out the design of the Office Agency performance measurement framework using BSC which is not intended to replace the SAKIP framework in SAKIP, but rather an effort to provide input into the SAKIP framework by including key performance indicators that have not been addressed in the SAKIP framework.

The results of the evaluation and comparison are as follows:

1. All this time in the preparation of SAKIP only involved one or two officials who were usually the Head of the General Sub-Division who was given the responsibility to compile and report on the LKD XYZ Agency Serdang Bedagai Regency, which made active participation of all office components (officials and employees) being a requirement in the preparation of LKIP is not going well, with the BSC performance framework mechanism the involvement of all elements of management and Subdivisions and Sections even all existing employees can be maximized from the description of the vision, mission, goals and objectives, determining priority programs that will become a key performance indicator for the Office to the measurement process involving HR in the office.
2. The achievement of the performance index in SAKIP XYZ Agency Serdang Bedagai Regency as a whole cannot explain the causal (coherent) relationship. While the strategy map (Strategy Map) formulated in the BSC is a hypothesis that is able to explain the causal relationship of achieving performance indicators both success and failure.
3. The performance indicators used in SAKIP so far are only technical performance indicators that are budget-based in nature, not paying attention to non-financial non-technical indicators as a trigger for performance. Performance indicators in BSC have paid attention to performance indicators that trigger office performance such as: efficiency and effectiveness of budgets, level of stakeholder satisfaction, level of employee job satisfaction, number of employees participating in training or learning assignments, and use and quality of information systems that support services provided.
4. The performance indicators used in SAKIP tend to be inconsistent because between performance indicators within the strategic planning component with performance indicators in the performance measurement component there are differences, because the performance indicators in the performance measurement component in SAKIP contain operational matters in each program so that this will potentially divert the focus of the organization from achieving the vision, mission, objectives and targets specified in the strategic plan or RENSTRA. While the BSC performance indicators are more consistent with the previous strategic planning so that the performance indicators planned and measured are the same points.
5. The performance target in SAKIP XYZ Agency Serdang Bedagai Regency is a performance target that is adjusted to the budget of activities through the XYZ Agency Central which is legalized by the Legislative. This led to the enlightenment of the Office's vision, mission, goals and strategies, and even the XYZ Center as a whole became very dependent on the budget approval by the DPR. The performance target in the BSC is an accumulation of actual office conditions for achieving office strategic goals in all four BSC perspectives.

V. Conclusion and Suggestion

Conclusion

1. Discussion of the FGD guided by a paper on BSC, questionnaires, structured interviews and confirmation of the results of office management and several activity managers, produced as many as fifteen strategic targets that have been adjusted to the vision, mission, objectives and strategies of XYZ Agency Serdang Bedagai Regency.
2. The strategic objectives referred to have one key performance indicator (KPI) that will be used to measure office performance, and each key performance indicator (KPI) has strategic targets and initiatives. The results of weighting the importance of the BSC perspective on office performance carried out by the management of the XYZ Agency Serdang Bedagai Regency, show that the Stakeholders' Perspective is the most important perspective, in accordance with the theory of applying BSC in public organizations that prioritize taxpayers and

not profit-oriented public interests, then followed by the Financial Perspective, Internal Business Process Perspective, and Growth and Development Perspective.

3. The importance of the most important key performance indicators is also measured to determine the magnitude of the contribution of each key performance indicator to overall office performance. Sequentially are XYZ Agency Serdang Bedagai Regency service satisfaction levels, Community Empowerment, Information Dissemination, Outpatient rehabilitation services, Disclosure of narcotics circulation networks, Efficient use of operational funds, Effective use of budgets, Infrastructure facilities, Time and Stages (Process), Office Performance Index, Percentage Satisfied Employees, Motivation, Atmosphere in Work, Opportunity to develop themselves, Innovation.

4. Discussion of the FGD also succeeded in mapping the strategic targets that showed a causal relationship (coherence) between 15 strategic objectives on the four perspectives of the BSC XYZ Agency Serdang Bedagai Regency. This strategy map shows a causal relationship between strategic objectives in each perspective and causal relationships between strategic objectives across perspectives.

5. The integration process can be carried out because the compilation of the four components in SAKIP namely Strategic Planning, Performance Planning, Performance Measurement and Performance Reporting is carried out with the BSC approach so that the key performance indicators used in BSC are also several key performance indicators used by LKIP, namely performance indicators the key is technical in nature where the BSC framework then completes it with other key performance indicators that are more non-technical in nature but can trigger the achievement of other performance indicators and strategic targets for achieving the vision, mission and objectives of the office. The implementation of the BSC framework in measuring office performance will also be useful for the identification and inventory of more accurate data and information about administration, conditions and all aspects related to it. The implementation of the framework specifically provides managerial implications for the office through predetermined performance indicators, namely improving key performance indicators that have a Bad and Moderate category, and minimally maintaining key performance indicators that have a Very Good and Good category. The recommendation that can be given from research for the office is the application of a framework that has been designed with the BSC method by management which is then integrated into the reporting component of LKIP, XYZ Agency Serdang Bedagai Regency.

6. From the evaluation of the implementation of the BSC framework in the XYZ Agency Serdang Bedagai Regency, it is known that in describing the organization's vision and mission into the four BSC perspectives and weighting and making causal relationships in the strategy map there are several things that are not suitable and require improvement so that the BSC framework government or public organizations can be applied at the XYZ Agency Serdang Bedagai Regency and from comparing performance measurements it can be concluded that so far in the preparation of SAKIP only involved one or two officials who are usually the Head of the General Sub-Section given the responsibility for compiling and reporting XYZ Agency Serdang Bedagai Regency. Achievement of the performance index in SAKIP XYZ Agency Serdang Bedagai Regency as a whole cannot explain the causal (coherent) relationship. While the strategy map (Strategy Map) formulated in the BSC is a hypothesis that is able to explain the causal relationship of achieving performance indicators both success and failure. The performance indicators used in SAKIP have been only P4GN technical performance indicators, not paying attention to non-technical indicators as a trigger for performance. Performance indicators in the BSC have noticed performance indicators that trigger other office performance. The performance indicators used in SAKIP tend to be inconsistent because between performance indicators in the strategic planning component with performance indicators in the performance measurement component there are differences. While the BSC performance indicators are more consistent with the previous strategic planning so that the performance indicators planned and measured are the same points. Performance targets in SAKIP XYZ Agency Serdang Bedagai Regency is a performance target that is adjusted to the activity budget through the Central XYZ Agency which is endorsed by the DPR. This causes the enlightenment of the Office's vision, mission, goals, and strategies, even the National Narcotics Agency of the Republic of Indonesia as a whole, to be very dependent on the budget approval by the DPR. The performance target in the BSC is an accumulation of actual office conditions for achieving office strategic goals in all four BSC perspectives.

Suggestion

1. To answer the demands of excellent service and in order to create clean and good governance, Serdang Bedagai's XYZ Agency Serdang Bedagai Regency Office must be able to show its actual and actual performance, in accordance with the commitment of the National Narcotics Agency, because in addition to having more comprehensive, coherent, balanced and measurable characteristics, the BSC framework can be directly integrated with the components in SAKIP which avoid additional work in measuring organizational performance.

2. The XYZ Agency Serdang Bedagai Regency needs to evaluate the strategic targets it has set, at least annually, to adjust the targeting of offices in accordance with the dynamics and developments that occur in the P4GN field itself.
3. The strategic initiatives that have been determined to trigger the achievement of office strategic targets, so that they can be executed, need to be further elaborated into office programs and budgets to further clarify the implementation of the duties and functions of XYZ Agency Serdang Bedagai Regency.
4. Future research should use methods that can analyze the causal relationship between strategic objectives in a strategy map that quantifies qualitative data analysis of causal relationships so that the magnitude of the effect of the causal (coherent) relationship in the strategy map can be measured.

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