THE ANALYSIS OF ORGANIZATION PERFORMANCE USING BALANCED SCORECARD IN PT.BANK JABAR BANTEN

ABSTRACT

In the era of rapid business competition, the company is required to take strategic step to compete at any state. The company should be able to distinguish itself with others. Thus, company's competitive advantage becomes indispensable. In recent years, most companies use traditional performance measurement that focuses only on financial sector. Performance measurement with this system can lead the company to the orientation that only focuses on short-term profits and tend to ignore the continuity of company in the long run. Therefore, this study is intended to measure the whole performance using Balanced Scorecard, which has four perspectives to measure the company performance.

The type of this research is sequential exploratory, which is a combination of qualitative data collection and analysis, followed by a phase of quantitative data collection and analysis. This research covered performance analysis of PT. Bank Jabar Banten throughout four perspectives of Balanced Scorecard. The four perspectives are financial perspective, customer perspective, internal business process perspective, and learning and growth perspective.

Primary data collection was used to measure customer satisfaction in customer perspective and employee satisfaction in learning and growth perspective, and the rest used secondary data collection. Analytical Hierarchy Process was used in weighting process on each perspective and its variables. The standardization is needed to create a standard scale of each variable that being used. The standardization was done by using Snorm. Populations of this research were customers and employees of PT. Bank Jabar Banten, and the sample was 400 customers and 100 employees of PT. Bank Jabar Banten.

The research result shows that PT. Bank Jabar Banten obtained the final score at 82.45, which is categorized as good performance. In the future, this score can be a standard for PT. Bank Jabar Banten if similar research occurs.

Keyword: Analytical Hierarchy Process, Balanced Scorecard, Bank Performance Measurement, Snorm Normalization

INTRODUCTION

In recent years, the company commonly uses traditional performance measurement that focuses only on the financial sector. Performance measurement with this system can lead the company to the orientation that only focuses on short-term profits and tend to ignore the continuity of company in the long run.

Performance measurement that only focus on the financial sector have been less able to measure intangible assets and company's intellectual resource (human resource). Moreover, the performance measurement in this way is also less able to tell a lot about the company's past, less attention in external sector, and unable to fully lead the company towards better future (*Kaplan and Norton, 1996*).

In order to win the competition in the information age, a company needs new capabilities to manage intangible assets. This new capability is more profitable than investing in physical or tangible assets. The intangible asset management enables organizations to:

1. Build up customer relationship by maintaining the loyalty of existing customer and broaden to new customer segments and market share efficiently and effectively
2. Introduce innovative products and services that are expected by the targeted customer segments
3. Produce high quality products and services at expected level of price and short waiting time
4. Deploying information technology, database and system

BSC thoroughly divide the organization to four perspectives: financial perspective, customer perspective, internal business process perspective, and learning and growth perspective. According to Mulyadi (2005), the concept of a Balanced Scorecard is a performance measurements concept that provides a comprehensive framework for translating vision and mission into strategic goals. Strategic goals can be comprehensively formulated because Balanced Scorecard uses four perspectives that are related each other and can't be separated.

Thus, Balanced Scorecard would give Bank Jabar Banten several benefits. The first benefit of Balanced Scorecard is Bank Jabar Banten would get full picture of the company performance in balance point of view. Also, by using Balanced Scorecard, Bank Jabar Banten can be sure that any strategic implemented matches the desired outcomes. Last but not least, the result of Balanced Scorecard is easy to understand to all level of management.

PROBLEM FORMULATION AND RESEARCH PURPOSE

Based on the description above, the author can formulate the problems as follow:

1. What is the performance of the company if measured by Balanced Scorecard?

2. What should be improved by Bank BJB in order to fulfill their target to become top 10 Banks in Indonesia based on Balanced Scorecard?

In accordance with the formulation of the problem above, this study has the objective to find out an overview of the overall organization performance, by using the concept of the Balanced Scorecard in PT. Bank Jabar Banten.

THE FOUR PERSPECTIVES OF BALANCED SCORECARD

The variables (Key Index Performance) of each perspective in this study is obtained from suggestion of professional in this industry, in this case is the head of branch office of Bank Jabar Banten.

A. Financial Perspective

Financial perspectives analysis is used in assessing the company's financial statements. Performance evaluation in the financial perspective is measured by secondary data, through the company's annual report in last three years 2011, 2012, 2013 using financial ratios as follows:

1. Return On Asset (ROA)
   ROA is a ratio used to measure the ability of management to obtain an overall profit. Formula to find the ROA is as follows (Form letter BI 13/30/DPNP December 16 2011):

   $ROA = \frac{Net\ Profit}{Total\ Asset}\ X\ 100\%$

2. BOPO (Operational Expense to Operating Income)
   BOPO is an efficiency ratio that is used to measure the efficiency and ability of banks to conduct its operations. Formula to find the BOPO ratio is as follows:

   $BOPO = \frac{Operational\ Expense}{Operational\ Income}\ X\ 100\%$

3. Loan to Deposit Ratio
   LDR is a ratio between the banks total loans and total deposits. If the ratio is too high, it means that banks might not have enough liquidity to cover any unforeseen fund requirements. If the ratio is too low, banks may not be earning as much as they could be. Formula to find the LTD ratio is as follows:

   $LDR = \frac{Total\ Loans}{Total\ Third-Party\ Funds}\ X\ 100\%$

B. Customer Perspective

Evaluation of performance from the customer perspective can be done by:
1. Market share reflect the proportion of business in a certain market (intern of number of customers, money spent or unit volume sold) that a business unit sells (Kaplan and Norton, 1996), it can determine how much the company control the market segment compared to similar

banks. The measurement can be made by comparing the total assets of Bank BJB with the other banks. If value of market share of Bank BJB become higher, it means Bank BJB have better control of its market segment.

2. Level of customer satisfaction is used to determine how well the Bank BJB service quality to its customers. The formula for calculating the level of customer satisfaction with a reference based on the Likert scale is as follows:

Customer   Satisfaction   =
$$\frac{the\ total\ amount\ of\ the\ average\ value\ of\ the\ respondents}{Total\ Statement\ of\ respondents}$$

3. Customers Profitability is used to measure how much profit was achieved by Bank BJB from the service offered to customers. The formula can be seen below:

Customers Profitability $= \frac{Net\ Income\ Before\ Tax}{Net\ Sales}$ X 100%

C. Business Internal perspective

Performance measurement of internal business process perspective can be done by:

1. Operation process related to customer service activities. Measurements can be performed by using the ratio of AETR (Administrative Expense to Total Revenue) which aims to determine the efficiency and effectiveness as well as the provision of processing time for transactions conducted by Bank BJB. The formula can be seen below:

AETR $= \frac{Administrative\ Costs}{Total\ Revenue}$ X 100%

D. Learning and Growth Perspective

Evaluation of performance in learning and growth perspective this can be done by:

1. Percentage level of employee training.
The percentage of skilled employees
$= \frac{Trained\ Employee}{Total\ Amount\ of\ Emplyee}$ X 100%

2. The level of employee satisfaction.
Employees satisfaction, as a determinant of the level of employee productivity measurement and the percentage level of skilled employees training.
Employee Satisfaction
$= \frac{the\ total\ average\ value\ of\ the\ respondents}{Total\ Statement\ of\ respondents}$ X 100%

Research Model

The picture below is the research model that will be used to analyzing the performance of the company by using balanced scorecard concept based on the four perspectives.
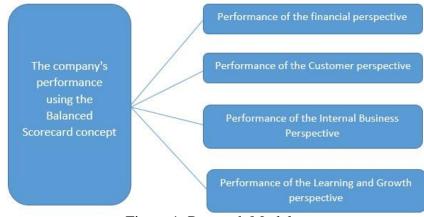

Figure 1: Research Model

AHP (ANALYTIC HIERARCHY PROCESS)

AHP process is a flexible model that allows us to make decisions by combining consideration and personal values logically (Saaty, 1993). In this study, AHP will be used as tools to weighting each perspective and its variables. The steps that must be done in using AHP to solve the problem are as follows:

1. Defining the problem and determine the desired solution.
2. Creating a hierarchical structure of complex decision-making problems can be reviewed in detail.

Set priorities for each element of the problem at the level of the hierarchy. This process will result in weight, so the element with the highest weight has priority handling.

SNORM NORMALIZATION

The process of normalization is done with normalization formula Snorm of De Boer (Trienekens and Hvloby, 2000). Snorm normalization is needed in order to create a standard scale of the variables that call now being used. Weighting of all variables can be known through the multiplication of the value of the normalization of the weights at each performance criteria. The formula of Snorm normalization as follow:

$$SNORM = \frac{S1 - S\,min}{(S\,max - S\,min)} \ x \ 100$$

S   = Raw score
Smin   = Minimum Scale
Smax = Maximum Scale

METHOD

A. Sample

The samples of this study are the head of branch office of Bank Jabar Banten in Ujung Berung, the customers and employees of Bank Jabar Banten. Total sample for customers are 400 respondents, and for the employees are 100 respondents. The questionnaire of customer is consist of 15 questions and questionnaire of employee is consist of 12 questions having validated and reliable throughout validity and reliability test. The both questionnaire is using 1-5 of Likert scale.

B. Data Analysis

The data obtained from both customer and employee satisfaction questionnaire will process using SPSS statistical program and continuum line. To find out the customers and employees preference, thus it will revealing how satisfy the respondents.

DISCUSSION OF FINDINGS

A. Weighting Process Using AHP Between Perspective

In table below, it shows the result of the weighting score of each perspective using AHP, it have to be done to find out which perspective is more important than others according to Bank Jabar Banten point of view. The weighting score can be seen in row average column. The result is consistent because the consistency ratio of each perspective < 0.1.

Table 1
Result of Weighting Process Using AHP

Variables	Financial	Customer	Internal Business Process	Learning and Growth
Weighted Score	0.537	0.277	0.111	0.071

B. Weighting Process in Financial Perspectives

In table below is the result of weighting process in financial perspective. The weighting can be seen in
row average. The result as follow:

Table 2
Result of Weighting Process Using AHP in Financial Perspective

Variables	ROA	BOPO	LDR
Weighted Score	0.333	0.141	0.524

C. Weighting Process in Customer Perspectives

In table below is the result of weighting process in Customer perspective. The weighting can be seen in column row average. The result as follow:

Table 3
AHP result of customer perspective

Variables	Customer Satisfaction	Market Share	Customer Profitability
Weighted Score	0.589	0.159	0.250

D. Weighting Process in Learning and Growth Perspectives

In table below is the result of weighting process in Learning and Growth perspective. The weighting can be seen in column row average, the result as follow:

Table 4
AHP result of learning and growth perspective

Variable	Training Employee	Employee Satisfaction
Weighted Score	0.25	0.75

E. The Results of the Performance Measurement of Each Perspective

In table below is the result of performance measurement of each perspective based on its variables will be displayed. The calculation of the variables is based on formula described above. Thus, the result also needs to be standardizing by using Snorm normalization.

Table 5
Result of Normalization

Dimensions	Variables	Raw Score	Standardize Raw Score
Financial	ROA	100	100
	BOPO	90	90
	LDR	100	100
Customer	Customer Satisfaction	72.98%	72.98

	Market Share	41.13%	41.13
	Customer Profitability	37.03%	37.03
Internal Business Process	AETR	80	80
Learning and Growth	Skilled Employee	43.94%	43.94
	Employee Satisfaction	71.14%	71.14

F. Analysis of the Result

Based on data above, the final score can be concluded. Therefore, the sum of all score each dimension can be seen below:

Table 6
Scoring of Final result

DIMENSION	SCORE
Financial Perspective	52.74
Customer Perspective	16.27
Internal Business Process	8.88
Learning and Growth	4.567
Total Score	**82.45**

The results of analysis data of the four perspectives are related and have a causal relationship each other. The performance in Learning and Growth in 2011 – 2013 shows that the trend in Employee Training is declining in last three years with average percentage at 52.33%, and in 2013 the percentage is fall into 43.94%, this caused by the sharply increase of total employee but not followed by the amount of trained employee. Even though, Bank Jabar Banten can still record a good percentage of Employee Satisfaction at 71.14%, which is categorized as good.

In Internal Business Process, Bank Jabar Banten records an average 10.01%, and in 2013 it rises to 11.8%. With those percentages, according to Bank Indonesia standard, Bank Jabar Banten deserved score of 80 which means that performance of Bank Jabar Banten is quite good. This measurement aims to increase the efficiency, effectiveness and determination of process time for transaction conducted to boost the sales service. Those results affect the Customer Perspective, which is Bank Jabar banten can record Market Share 41.13% in 2013. Customer Profitability average at

36.54% in 2011- 2013 can be recorded. With those efforts, Bank Jabar Banten can achieve Customer satisfaction level at 72.98%, which is categorized as good.

Those three perspectives performance have a great effect to Financial Perspective. The company's ability to generate profit can be measured through financial ratio. Ratio has been measured included the average value of LDR at 97.81% and BOPO 71.74% in 2013. According to standard of Bank Indonesia, with percentage the author mention before, LDR and BOPO of Bank Jabar Banten deserve score 100 and 90. Thus, with such a great financial performance, Bank Jabar Banten can record ROA at 1.93% equal to score 100 according to standard of Bank Indonesia.

Finally, after the total score from each perspective can be obtained, with the total score 82.45, based on the value of feasibility, the performance of Bank Jabar Banten can be assumes as generally good. This score, later on can be used as standard for next Balanced Scorecard measurement on Bank Jabar Banten.

CONCLUSION AND SUGGESTION

A. Conclusion

According to Kaplan and Norton (2000), to measure the performance of the executive in the future required comprehensive parameters, performance measurement of Bank Jabar Banten using Balanced Scorecard conducted to measure the four parameters, thus it can be concluded some point's as follow:

1. In this point author can conclude the performance of the company based on its perspective:

    a. Financial Perspective

    The result in this perspective shows that Bank Jabar Banten performance from 2011 to 2013 is good. It can achieve an optimal profit for the company. The author can assume that Bank Jabar Banten reach their cost effectiveness. According to Anthony and Govindajaran (2003), relying only on the financial aspects is not enough. Therefore, the other perspectives should have to be concluded.

    b. Customer Perspective

    The result of this perspective shows that customer profitability increased every year in 2011 – 2013, with average 36.54. It indicates that the higher customer profitability, the higher the profit for the company. Bank Jabar Banten also achieved 72.98% on customer satisfaction which is categorized as good. However, in market share, it declined every year through 2011 – 2013.

    c. Internal Business Process Perspective

    Bank Jabar Banten achieved an outstanding result in Internal Business Process. The score for AETR in 2011 is 90 and slightly move downward to 80

in 2012 and 2013. This represents the success of Bank Jabar Banten in maintaining the efficiency, effectiveness and accuracy of the transaction.

    d. Learning and Growth Perspective

        The result of this perspective indicates that percentage of skilled employee and employee productivity are declining every year. Training employee only had average at 52.33% in 2011 – 2013. Nevertheless, Bank Jabar Banten still have a good point in employee satisfaction, achieved 71.14%, which is categorized as good. It will encourage employee to work better, according to Robbins & Judge (2007), employee intend to emotionally response to a job related to factors reward, personal growth, recognition and appraisal.

2. In order to achieved their target to become one of the best top 10 banks in Indonesia, PT. Bank Jabar Banten have to increase the number of training employee, it indispensable for the company to increase skilled employee in order to increase employee productivity. Empowered the available human resource in the organization, would be help in so many ways, rather than to hire unnecessary employees.

B. Suggestions

From the conclusion that is described above, suggestions can be given as follows:

Practitioner

1. For the practitioner in PT. Bank Jabar Banten, they are expected to continue to develop all perspective in order to achieve its goals. The results of the study can be made as a standard for future development. This suggestion is in line with Kang and Lepin (2012), that the result of Balanced Scorecard research can be used as benchmark scoring for next Balanced Scorecard conducted in PT.Bank Jabar Banten

Further Academic Researcher

1. For further research, the result shows that in this research, the author used three financial ratios. The author expected the future researches could use more complete financial ratios.
2. For further research, the non-financial perspective is expected to develop a measurement outside of this research to deepen the study produced.

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