

Balanced Scorecard Analysis as a Company Performance Measurement Tool at PT. Nippon Indosari Corpindo Tbk

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ABSTRACT

The performance of a company is a sacrifice made by a person, team, or organization to achieve a particular desire or goal. Measuring company performance is an aspect that is needed or used by certain parties in evaluating company performance or future planning. *The balanced scorecard* (BSC) can provide a choice of strategic systems that aim to measure work results and improve the organization. The use of *a balanced scorecard* can also replace business plans and strategies with an organizational benchmark. Currently, there are four aspects of performance measurement in *the balanced scorecard*, namely the financial aspect, the customer aspect, the internal business aspect, and the learning and growth aspect. From the research results obtained by PT Nippon Indosari Corpindo Tbk for 2021, 2022, and 2023, the company's performance from a financial perspective is in a good position with a liquidity ratio of 265.32%, 209.93%, and 174.11%. Leverage ratio 31.53%, 35.09%, and 39.31%. Profitability ratio 31.53%; 35.09%; and 39.31%. The customer perspective is quite good, as seen from the 2022-2021 period of 17.44% and the 2023-2022 period of 0.83%, with a score of 2. The internal business perspective is in good condition, as seen from the 2022-2021 period of 52.11% and the 2023-2022 period of 22.92%, with a score of 3 and a score of 2. From the learning and growth perspective, from 2021 to 2023, the total number of employees continues to increase, in contrast to the number of employees who leave, which decreases every year. The company continues to improve employee HR training and development, which is carried out continuously every year.

Keywords: Balanced Scorecard, Performance Measurement, Ratio

INTRODUCTION

In the era of globalization and technology today, all companies need the best strategy to face the highly competitive business world. Performance is a company's action to measure the success of a company in evaluating the results of the implementation of company activities. In this case, the measurement of company performance is still widely seen using traditional measurements, which only use or use the financial aspect. Measuring company performance using the economic aspect (finance) alone cannot measure the performance of fixed assets or non-fixed assets. In this case, measuring performance with this method causes the company to only focus on current finances and not see future finances.

In order for the company's performance to be more efficient and effective, accurate information is needed. Companies that use *balanced scorecards* become more precise in terms of the activities and progress that have been achieved (taken). *Balanced scorecards* support companies with a comprehensive perspective on the company's progress. *Balanced scorecards* are a strategic method for assessing company performance that is implemented using an assessment work system that refers to four perspectives, namely financial perspectives, customer perspectives, internal business perspectives, and learning and growth perspectives. This perspective creates stability and perfection of the company's targets for the near future and the future. On the other hand, *balanced scorecards* are also translators of strategies and visions for various sizes and balanced perspectives (perspectives). *Balanced scorecards* also focus on providing a more comprehensive view and are aimed at managers as decision-makers in a company.

The balanced scorecard method can stabilize the assessment of economic and non-economic fields. Its application allows leaders to assess current conditions and make company plans for the future. In addition, *the balanced scorecard* turns a traditional management system into a contemporary management system with measurable and balanced characteristics.

The author conducted research at PT Nippon Indosari Corpindo Tbk, which is currently engaged in the food industry, especially bread, bakery, and snacks. This company has grown rapidly since it was founded in 1995 and, until now, has a vast network spread throughout the archipelago. For increasing competition in the food and beverage industry, performance measurement becomes a benchmark to ensure the effectiveness of operations and business strategies being implemented. The purpose of this research is to analyze the company's performance based on *a balanced scorecard* with four perspectives, namely financial perspective, customer perspective, internal business perspective, learning and growth perspective, and *score determination* by referring to *the range* of performance assessment results.

Performance and Performance Measurement

Performance is the result of efforts made by individuals, teams, or organizations to complete work and responsibilities within a certain period of time. (Mayasari Lubis Fakultas Ekonomi dan Bisnis Islam et al., 2023). According to Kawengian et al. (2024), performance is something obtained or achieved from company activities that prioritize profits (revenues) achieved in a certain period.

According to (Ananda et al., 2023), performance measurement is a process of evaluation conducted by a company that assesses the effectiveness and efficiency of each employee. According to (Evan et al., 2021), performance measurement is part of a management control system to assess the level of success of a company that has achieved both short-term goals and long-term goals of employees. According to (Nyoman Niki Wagiswari et al., 2024), performance measurement is an input that can provide the effectiveness of a determination, provide a good strategy for the company, help to assess success and assess the weaknesses and shortcomings of the company in the future.

Purpose and Benefits of Performance Measurement

According to Karmir (2016) and (Evan et al., 2021), performance measurement has ten aspects.

The objectives include:

1. Adding perfection in carrying out activities
2. Rules or guidelines for determining the place
3. Desired career strategies and achievements
4. The need for training and capacity building
5. Adaptation process in work
6. Register to manage and organize compensation
7. Getting a job that suits your abilities and interests
8. Clear exchange of information between superiors and subordinates
9. Work habits that apply in a company
10. Consequences for employees who violate company regulations

According to Mulyadi & Setyawan (2000) (Handayani, 2017), performance measurement is helpful for:

1. Manage and supervise the company's operational activities to obtain maximum results.
2. As *feedback* for employees regarding work achievements (results) so far, they can understand the weaknesses or strengths of employees. This can be a reference for employees to improve their abilities further in the future.
3. This is used as a basis for the company's decision-making regarding employees who have good or exemplary achievements and should be promoted, transferred to a better place, given a more objective salary increase, or given awards.
4. For employee needs, training and development are conducted so that selection and evaluation performance can be improved.

Balanced scorecard (BSC)

The balanced scorecard is an idea or concept used with the aim of motivating to achieve vision, mission, strategy, and targets that are sustainable over a long period of time. (Sahrir & Sunusi, 2023, pp. 84–93). This is also planning, organizing, monitoring, and controlling appropriately in accordance with the goals and objectives. For company managers, it can provide input in the decision-making process and idea development. *A Balanced Scorecard* is a structure

used to organize and integrate various components in an organization that changes the vision, goals, and strategies of the company in performance measures contained in the financial perspective, customer perspective, internal business process perspective, and growth and learning perspective.(Djatnika, 2022).

Perspectives and Characteristics of the *Balanced Scorecard*

In the four perspectives of *the balanced scorecard*, it is known that there is an interrelationship in producing a strategy for the company. The four perspectives are tools for measuring company performance that complement each other as follows (Panudju, 2016):

1. Financial perspective

Companies use financial perspectives to determine whether they are really making a profit and whether their strategy is suitable. Financial perspectives usually use liquidity ratios, leverage ratios, and profitability ratios (Evan et al., 2021).

Liquidity Ratio:

$$\text{Current Ratio (CR)} = \frac{\text{Current Assets}}{\text{Short Term Liabilities}} \times 100\%$$

Leverage Ratio:

$$\text{Debt Ratio (DR)} = \frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$$

Profitability Ratio:

$$\text{Net Profit Margin (NPM)} = \frac{\text{Net Profit}}{\text{Sales}} \times 100\%$$

2. Customer Perspective

Customers have the perspective that a good or service has value if the customer has felt the usefulness that has been obtained, where the time or opportunity has been spent to produce the good or service (Ni Luh Ayu Atmi Kamaratih & Achmad Maqsudi, 2024).

The method used to measure company performance, especially from a customer perspective, is by comparing the achievements of this year with the previous year, as follows:

$$\text{Performance Range} = \frac{\text{Achievement in Year n} - \text{Achievement in Year n-1}}{\text{Achievement in Year n-1}}$$

To facilitate performance measurement, *a scorecard is created* based on performance improvements for each year.

Table 1. Determination of *Score* Based on Performance Measurement Result *Range*

Performance Range	Rate	Score	Performance Status
< 0%	D	1	Not enough
0 > 50%	C	2	Enough
51% - 100%	B	3	It is good
> 100%	A	4	Very good

3. Internal Business Perspective

The internal business perspective is that company activities are measured in all activities, both by leaders or superiors and staff or subordinates, with the aim of producing goods that can provide comfort for all customers and *stakeholders* (Evan et al., 2021). Internal business perspective measurement is the assessment measure that lets managers know the level of business performance that has been achieved, both the need for budgeted goods and goods needed by buyers (Sahrir & Sunusi, 2023, pp. 84–93). Internal business is divided into several parts, namely innovation, operations, and after-sales service (Suhada & Hendrayanti, 2019).

4. Learning and Growth Perspective

The learning and growth perspective is a step toward identifying the company's intention in connecting or combining people, systems, and business entities to produce company success (Evan et al., 2021).

The employee turnover rate can be used to assess company performance from a human resources (HR) perspective.

$$\text{Employee turnover rate} = \frac{\text{Total number of employees who left}}{\text{Total number of employees}} \times 100\%$$

This assessment will show where a company's strength can prosper employees. The company's long-term investment is loyal employees who have high integrity. It is only right that employees who excel are retained, given training, and promoted to appropriate positions according to their length of service in the company.

The advantages of a strategic planning system that has four *balanced scorecard characteristics* are as follows (Evan et al., 2021)

1. Comprehensive

BSC is able to enlarge activities that were previously from a financial perspective only to continue to other perspectives, namely customers, internal business, and learning and growth. The spread from one perspective to 4 perspectives resulted in financial performance experiencing an increase in profits; this shows that the organization is more confident in entering a larger business environment.

2. Coherent

BSC requires organizations to establish a relationship between events or conditions and their consequences (causal relationship) with strategic planning.

3. Balanced

The right proportion is obtained from strategic planning activities, which result in continuous financial performance without interruption.

4. Measurable

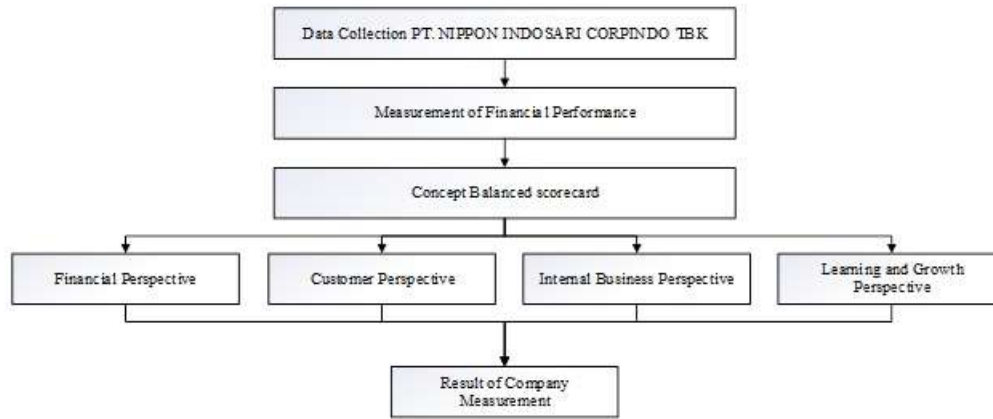
Activities that are assessed according to clear standards or criteria can produce strategic targets.

RESEARCH METHODS

The data source of the company studied is secondary data viewed through the Indonesia Stock Exchange (IDX). Where PT Nippon Indosari Corpindo Tbk is currently a company engaged in the food industry, especially bread, bakery, and snacks. The research classification used by the researcher is the qualitative research type. In the study, financial report data from 2021, 2022, and 2023 were used to calculate the financial perspective (*finance*), customer perspective (*customer*), internal business perspective, and learning and growth perspective at PT Nippon Indosari Corpindo Tbk,

Conceptual Framework

Figure 1 Conceptual Framework



RESULTS AND DISCUSSION

Company Performance Calculation with *Balanced Scorecard*

Financial Perspective

- Liquidity Ratio

The liquidity ratio measures a company's ability to pay off all its short-term debts (obligations of less than one year) using its available current assets.

Table 2. Calculation of *Current Ratio* (CR) for the period 2021 - 2023
(In Million Rupiah)

Information	Year		
	2021	2022	2023
Current assets	1,282,057	1,285,672	1,164,940
Short Term Liabilities	483.213	612,417	669,095
<i>Current Ratio</i> (CR)	265.32%	209.93%	174.11%

Based on Table 2, it can be seen that PT Nippon Indosari Corpindo Tbk, for its current assets from 2021 to 2022, increased by 3,615. Current assets from 2022 to 2023 decreased by 120,732. If viewed, short-term liabilities from 2021 to 2022 increased by 129,204. While short-term liabilities from 2022 to 2023 also increased by 56,678. When viewed from *the current Ratio* from 2021 to 2023, it resulted in a decrease from 2021 to 2022, decreasing by 55.39%, and from 2022 to 2023, decreasing by 35.82%. The reduction in *the current Ratio* is still in the good category

because the company is still able to finance its short-term liabilities, whereas current assets are still greater than short-term liabilities.

- Leverage Ratio

The leverage ratio is a determinant of a company's ability to use debt to improve financial performance.

Table 3. *Debt Ratio* (DR) calculation for the period 2021 – 2023
(In Million Rupiah)

Information	Year		
	2021	2022	2023
Total Debt	1.321693	1,449,163	1,550,086
Total Assets	4,191,284	4,130,321	3,943,518
Debt Ratio (DR)	31.53%	35.09%	39.31%

Based on Table 3, it can be seen that PT Nippon Indosari Corpindo Tbk's Debt ratio from 2021 to 2023 has continuously increased. From 2021 to 2022, it increased by 3.56%, and from 2022 to 2023, it also increased by 4.22%. Therefore, the calculation of Table 3 can be interpreted as indicating that the company is in a good category because it is still able to pay off its obligations every year.

- Profitability Ratio

The profitability ratio is a company's ability to generate profits.

Table 4. Calculation of *Net Profit Margin* (NPM) for the period 2021 – 2023
(In Million Rupiah)

Information	Year		
	2021	2022	2023
Net Profit	1,321,693	1,449,163	1,550,086
Sales	4,191,284	4,130,321	3,943,518
Net Profit Margin (NPM)	31.53%	35.09%	39.31%

Table 4 shows that after calculating, the company's net Profit from 2021 to 2022 increased by 127,470, and from 2022 to 2023, it increased by 100,923. If we look at the company's sales from 2021 to 2022, they decreased by 60,963, and from 2022 to 2023, they decreased by 186,803. This is a good category because the company is able to finance all its costs from its net Profit.

Customer Perspective

Table 5. Customer Perspective for the period 2021 – 2023
(In Million Rupiah)

Information	Year			Average
	2021	2022	2023	
Customer cash receipts	3,317,821	3,896,485	3,929,001	3,714,436

Table 5 shows that customer cash receipts from 2021 to 2023 continue to increase, indicating the sales department's success and cooperation with other departments in the company.

This shows that the company is in a good category because customers are satisfied and receive benefits.

Table 6. Customer Perspective *Scorecard*

Information	Measurement Period		Score	
	2022-2021	2023-2022	2022-2021	2023-2022
Customer cash receipts	17.44%	0.83%	C	C
Total <i>Scorecard</i>			2	2

Table 6 shows that the period 2022-2021 for customer cash receipts of 17.44% has a score of 2, while the period 2023-2022 for customer cash receipts of 0.83% has a score of 2, too.

Internal Business Perspective

Table 7. *Operating Profit* for the period 2021 – 2023
(In Million Rupiah)

Information	Year			Average
	2021	2022	2023	
<i>Operating Profit</i>	284,000	432,000	333,000	349,667

Based on Table 7, it can be seen that the 2021-2022 period experienced an increase in *Operating Profit* of 148,000, while the 2022-2023 period experienced a decrease of 99,000. Judging from the average *Operating Profit* of 349,000, this shows that the company's position can balance sales with other costs well.

Table 8: Internal Business Process Perspective *Scorecard*

Information	Measurement Period		Score	
	2022-2021	2023-2022	2022-2021	2023-2022
<i>Operating Profit</i>	52.11%	22.92%	B	C
Total <i>Scorecard</i>			3	2

Table 8 shows that the 2022-2021 *Operating Profit period* has a score of B or is good, and the 2023-2022 *Operating Profit period* has a score of C or is quite good. High sales can cover the costs of increasing production, developing the business, paying debts, increasing financial reserves, and paying dividends.

Learning and Growth Perspective

Table 9. Employee Retention period 2021 – 2023
(In Million Rupiah)

Information	Year		
	2021	2022	2023
Total Employees	5,057	5.259	5.313
The employee who left	405	263	106
Employee Retention	8%	5%	2%

Based on Table 9, employee retention from 2021 to 2023 has decreased. The table above shows that the number of employees leaving the company decreases every year. Employees who leave usually do so because they get a new job at another company or are fired by the company

for making repeated mistakes. The company's ability to retain employees from year to year is also inseparable from its improved performance and the availability of employee training programs every year.

Table 10. Employee HR Training and Development

Year	Education & Competency Development Program	Objective
2021	Core Competencies	Encourage employee agility in organization, cooperation, and implementation.
2022	Management Competence	Improve business acumen, self-development, and creative thinking.
2023	Functional Competence	Improving individual abilities and skills in performing specific tasks and functions in a job.

Table 10 shows that employee HR training and development were carried out routinely from 2021 to 2023. Implementing HR with high abilities or skills is very influential in realizing the company's goals and objectives. Routine activities must improve the quality of HR by organizing continuous education and competency development.

CONCLUSION

The financial perspective of PT Nippon Indosari Corpindo Tbk for the liquidity ratio shows a decline in the last three years, although this is still in the safe category, meaning that the company can pay its debts from its current assets. The leverage ratio shows an increase every year; this Ratio illustrates that the amount of debt is increasing compared to the amount of assets. The profitability ratio shows a significant increase from 2021 to 2022 and decreases in 2023. When viewed from the liquidity ratio, leverage ratio, and profitability ratio of PT Nippon Indosari Corpindo Tbk as a whole in the category of performance measurement results, it is good.

The customer perspective shows an increase in cash receipts from customers; this is due to the success in product sales, which has continued to increase from 2021 to 2023. The internal business perspective shows that the Profit obtained has increased quite significantly from 2021 to 2022. In 2023, there was a decrease in *Operating Profit*; in this case, the decrease is still tolerable, or the results of the performance measurements are classified as quite reasonable.

The learning and growth perspective has satisfactory results, although it needs to be improved even further in the future. The total number of employees continues to increase each year, in contrast to the number of employees who leave, which decreases every year. This shows that the company's condition is getting better, and employees are more comfortable and prosperous. The performance of employees is also improving because of the company's continuous training and development of employee human resources.

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