

DESIGNING MAP STRATEGY PERFORMANCE MEASUREMENT FUNCTIONAL UNITS ORGANIZATION METHOD BASED ON THE BALANCED SCORECARD (Case Study XYZ University)

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ABSTRACT

Entering the era of competition is very tight right now, required performance assessment criteria that describe accurately the condition of the company's performance in improving organizational performance. Balanced Scorecard is one of the alternative performance measurement that combines measures aimed at financial and non financial performance. There are four aspects to be measured in the Balanced Scorecard (BSC) is a financial perspective, customer perspective, internal business process perspective, the perspective of growth and learning.

From the results of this study obtained six maps a strategy that results from the five functional units were subjected in this study. Each functional unit produces a strategy map except map strategy for the Bureau of Promotion and Admissions is divided into two strategy map, the map a strategy for the promotion and map strategies for the new admissions. Of the six maps that strategy, only Bireu Admissions strategy map that makes financial perspective as the perspective of its top. As for the other five strategies to make the customer's perspective as the perspective of its top.

Key words: *Balanced scorecard (BSC),map the strategy, cascading, corporate strategy, functional unit.*

1. INTRODUCTION

Now the XYZ University is entering a Quality improvement and penetration (2010-2015) stage which has two targets namely most of the courses that there will be accredited with the rank of A and expand national and international. Therefore, XYZ University must formulate, develop and refine strategies in order to realize the target in this stage.

Strategies are formulated, developed and perfected is not enough at the level of Corporate Strategy, but also at the level of functional strategies that can support the implementation of corporate strategy. Functional strategy is short-term activities to be implemented by each functional area within an organization to implement the Corporate Strategy. Functional strategy serves to translate corporate strategy at the level of the organization as a whole be activities for the units in the organization. Functional strategies help the

implementation of the Corporate Strategy by identifying specific activities to be performed on each functional area.

A good corporate strategy and functional require measurements to evaluate the performance of the strategies have been implemented. A good performance measurement strategy is the measurement that is not only a view of the financial perspective alone, but must also consider non-financial perspective. This is because the financial perspective will only describe the measurement of the effectiveness of the use of assets and profits in support of sales during a certain period. Financial perspective does not describe the real about the situation of the organization because the organization did not consider other things outside of the financial perspective as a customer perspective, which is an important focus for an organization.

There are many methods to measure the performance of the strategy which see the perspective of financial and non-financial, one of which is the balanced scorecard method. Balanced scorecard (BSC) is a method developed by Kaplan and Norton to improve the traditional methods that only see the financial perspective as its performance measurement. This measurement system can measure the success of the organization in translating mission and strategy so the organization can survive in the long term.

Balanced scorecard introduces an organization performance measurement system by using certain criteria. These criteria is a translation of the organization's mission and strategy in the long run, which is classified in the four perspectives, are (1) finance (financial), (2) customer (Customer), (3) internal business processes (Internal Process), and (4) learning and growth (learning and growth).

Based on the above explanation, the authors wanted to design key performance indicator metrics for measuring the functional units at XYZ University.

2. PROBLEM FORMULATION

How the functional units of a company strategy map that is associated with whole corporate strategy map at the University of XYZ using the Balanced Scorecard?

3. RESEARCH OBJECTIVES

Creating functional units strategy maps of the organization associated with whole strategy map of the organization at the university XYZ using the Balanced Scorecard method.

4. RESEARCH BENEFITS

- a. Giving information to the XYZ University on the key performance indicators matrix design for measuring the functional units performance of the organization so it can be used to

measure the performance conditions at XYZ University.

- b. As input for the University of XYZ in order to improve performance and continuous improvement to face the competition with other college-universities.

5. REFERENCES REVIEW

5.1. Performance measurement

In order to ensure an organization is going well, then the organization needs to make the evaluation. Evaluation can be done by assessing / measuring performance, so that organizational activities can be monitored periodically. Performance in Kamus Besar Bahasa Indonesia (2000) defined as (1) something that is achieved, (2) performance is shown, and (3) work ability.

The performance usually associated with the assessment of the work of employees in performing work according to the tasks that have been given. In the organizational context, the performance associated with achievement of the strategic planning implementation to realize the vision and mission. To know the level of of success and the failure according to the defined plans, it is necessary to measure organizational performance.

Assessment/measurement of performance according to Siegel and Marconi (Mulyadi, 2001) is a periodic determination of the operational effectiveness of an organization, the organization and its employees based on goals, predefined standards and criteria.

The main objective of performance appraisal is to motivate employees in achieving organizational goals and to comply with standards of behavior that has been previously defined to produce the desired actions and outcomes. Performance assessment has also been conducted to press improper behavior (dysfunctional behavior) and to encourage proper behavior through feedback desired results and reward performance through intrinsic or extrinsic (Mulyadi, 2001).

According to Luis and Prima Suwardi A. Biromo (2007) define the BSC as a tool of performance management (performance management tool) that can help an organization to translate vision and strategy into action by using a set of financial indicators and non-financial are all intertwined in a causal relationship. While Kaplan and Norton in his book *The Balanced Scorecard Translating Strategy into Action* translated by Pasla (2000) argued that the Balanced Scorecard is a new framework for integrating various sizes derived from corporate strategy. In addition to past financial performance measures, balanced scorecard also introduced a driver of future financial performance. Performance drivers, which include customer perspective, internal business processes, and learning and growth, derived from the process of translating corporate strategy explicitly and strictly implemented into a variety of tangible objectives and measures.

Balanced scorecard advantages compared to the other methods is the first, significantly improving the quality of planning that consists of several stages of integrated (1) systems strategy formulation, (2) strategic planning system, (3) programming system. Second, improve the quality of personnel performance management which consists of several stages of integrated (1) planning the company's performance to be achieved, (2) determination of the role and core competencies of personnel in realizing the company's performance, (3) designing performance-based reward systems, (4) measurement and personnel performance appraisal, and (5) distribution of measurement results based awards and performance appraisal of personnel.

Advantages of balanced scorecard approach on strategic planning system is the balanced scorecard ability to generate the strategic plan that has characteristics of a comprehensive, coherent, balanced, and measurable.

The Balanced Scorecard translates mission and strategy into objectives and

measures, are arranged into four aspects, are: financial perspective, customer perspective, internal business process perspective and learning and growth perspective.

First, the financial perspective. Performance measures (strategic objectives) indicates whether the finance company's strategy, implementation, and implementation has been contributing to company profits. Therefore, the financial perspective the focus of purpose and a third the size of other perspectives. Balanced scorecard retains financial perspective since financial measures are useful in summarizing the available measurable economic consequences of the action taken. Balanced scorecard outlines the efforts of what to do to be successful financially, and how the company's financial performance in the eyes of shareholders.

In the financial perspective, the scorecard makes a business unit's senior executives were able to determine not only the size in which long-term corporate success will be evaluated, but also variables considered most important to realize and guide the long-term output targets. Guide in the financial perspective will be adjusted to the industry, competitive environment, and business unit strategy.

Measurement of financial performance considering the stage of the business life cycle, namely: Growth, Sustain, and Harvest. Each stage has a different target, so the emphasis of measurement differently.

Secondly, the customer perspective. In this era of globalization, this perspective is very important because considering intense competition retain its existing customers and win new customers. In preparing the performance measures in this perspective, companies need to use glasses of customers who enjoy the company's products or services. The goal is to find out how customers rate the product or service, and enterprise organizations. Before the performance measures established customer perspective, Kaplan and Norton

suggested that the company set a first determine the segmentation of potential customers who are in the segment that is more focused performance measures.

Third, internal business process perspective. What is meant by internal business process is a series of activities that exist in the business of the company internally is often called the value chain. In this perspective, the management identify the important processes in achieving company goals. Focusing on internal business process perspective is to achieve customer satisfaction and increase the level of achievement in financial targets. These processes will make the company able to (1) create a compelling value and retain customers in target market segments, and (2) to meet shareholder expectations of a satisfactory financial return.

Balanced scorecard approach to divide the measurement in the perspective of internal business processes into three parts, namely the innovation process, operation process, and after-sales service processes.

Fourth, learning and growth perspective. The purpose of this perspective is to provide the infrastructure to enable ambitious objectives in the three other perspectives is reached. The purpose of this perspective is a driving factor generates exceptional performance in three other perspectives.

Kaplan and Norton (Pasla, 2000) has three main categories in the learning and growth perspective, namely the capacity of workers, information systems capabilities & organization capital. Kaplan and Norton (Pasla, 2000) suggests several benefits of the Balanced Scorecard performance measurement concepts, are:

- a. Clarifying and generate consensus on strategy.
- b. Communicate the strategy around the company.
- c. Aligning departmental and personal goals with the corporate strategy.
- d. Linking strategic objectives with the long-term targets and annual budgets.
- e. Identify and align strategic initiatives.

- f. Implement strategic review periodically and systematically.
- g. Get the feedback needed to learn about and improve strategy.

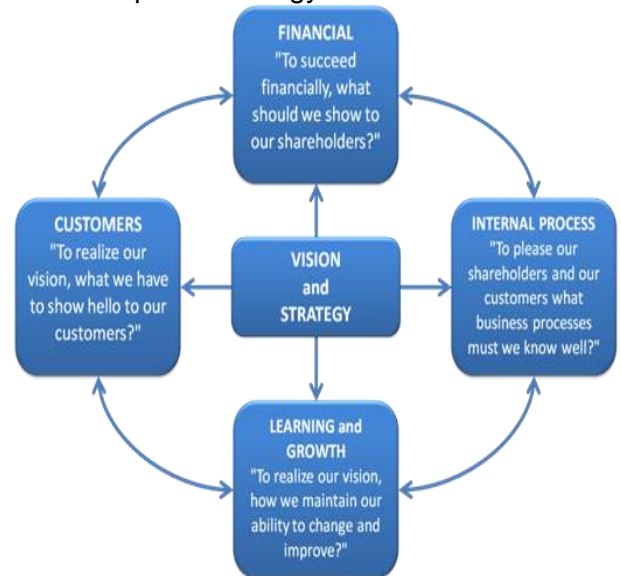


Figure 1. Four Perspectives BSC

5.2. Cascading The Corporate BSC To Division/Functional Unit Level

Once the strategy map at the corporate level authorized by the management, our strategy was needs to be aligned to the division/functional unit level, even to individual levels that are involved in the organization, to be implemented by all relevant parties in the organization. The process of "decline and alignment" is usually termed a "cascading".

To cascade literally means breaking down into detail, with a clear relationship between the general and details. With the cascading process intended strategic objectives at the corporate level is broken down more detailed and elaborated at the division/functional unit level, even to the individual level, with clear association. Thus will happen alignment between the corporate level strategy and the division/functional units level even at the individual level. Alignment is important because that implement those related divisions or functional units strategies, and finally the individuals within the divisions/functional units.

Division/functional units here includes all divisions that exist within the organization is concerned that generally includes the

business divisions and support division. Business division have a part to generate revenue for the company and provide added value to customers such as sales divisions. Meanwhile, as the name, the task of the supporting divisions is to provide support to business divisions in order to perform functions such as division of human resources, finance, information technology, and logistics.

6. RESEARCH METHODOLOGY

The steps in this research are shown in Figure 2 below.

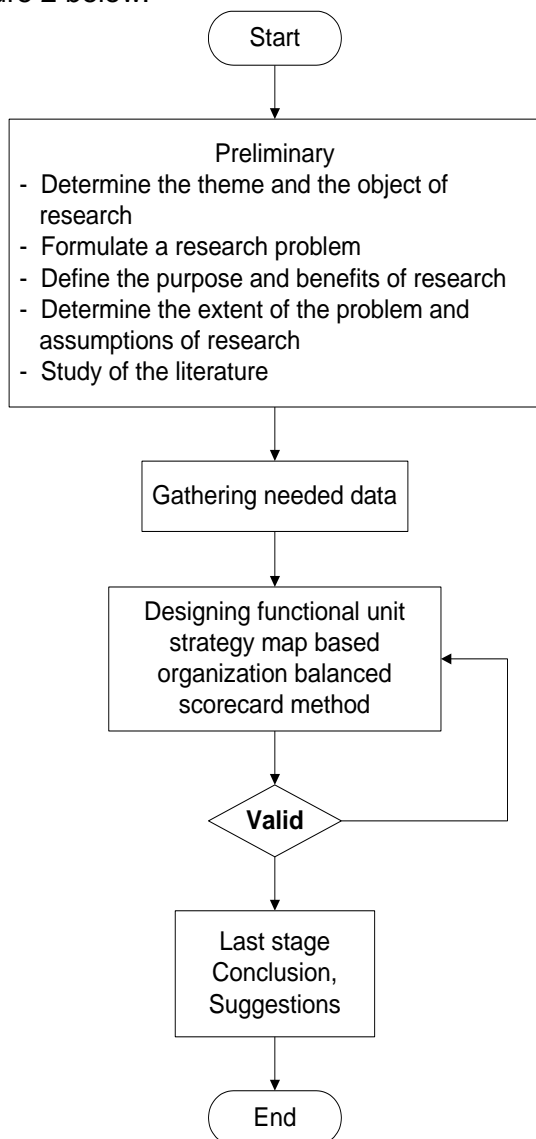


Figure 2. Research Steps

7. RESEARCH RESULTS

7.1 Strategy map

Based on corporate level strategy map generated from previous research, there are several strategic goals can be derived or cascading into a functional unit. Figure 3 below represents the organizational level strategy map and its symbols. The symbols are the strategic goals that can be derived to the functional unit corresponding to the symbol.

Different from the other bureaus strategy map, the Admissions section of Promotion and Admissions Bureau strategy map is a business sub-divisions (Figure 4). Therefore in strategy map, financial perspective is a top perspective. In the financial perspective there are two (2) the strategic goals are increasing revenue from new student funds and optimizing the budget of the Admissions section of Promotion and Admissions Bureau.

The next perspective is the customer's perspective. In this perspective there are three (3) the strategic goals are improving the quality and quantity of new students, increasing new students satisfaction, and selecting new students who qualified.

After customer's perspective there is internal process's perspective (internal business processes). In this perspective there are 6 (six) the strategic goals are improving service quality, increasing the effectiveness of facilities & infrastructure using, improving the selection program of qualified new student, establishing a strict selection, improving communication with other units, and improving cooperation with institutions/other agencies.

The last perspective is the learning and growth perspective. This perspective has two strategic goals are improving employee competence of the Admissions section of Promotion and Admissions Bureau and increasing productivity the Admissions section of Promotion and Admissions Bureau.

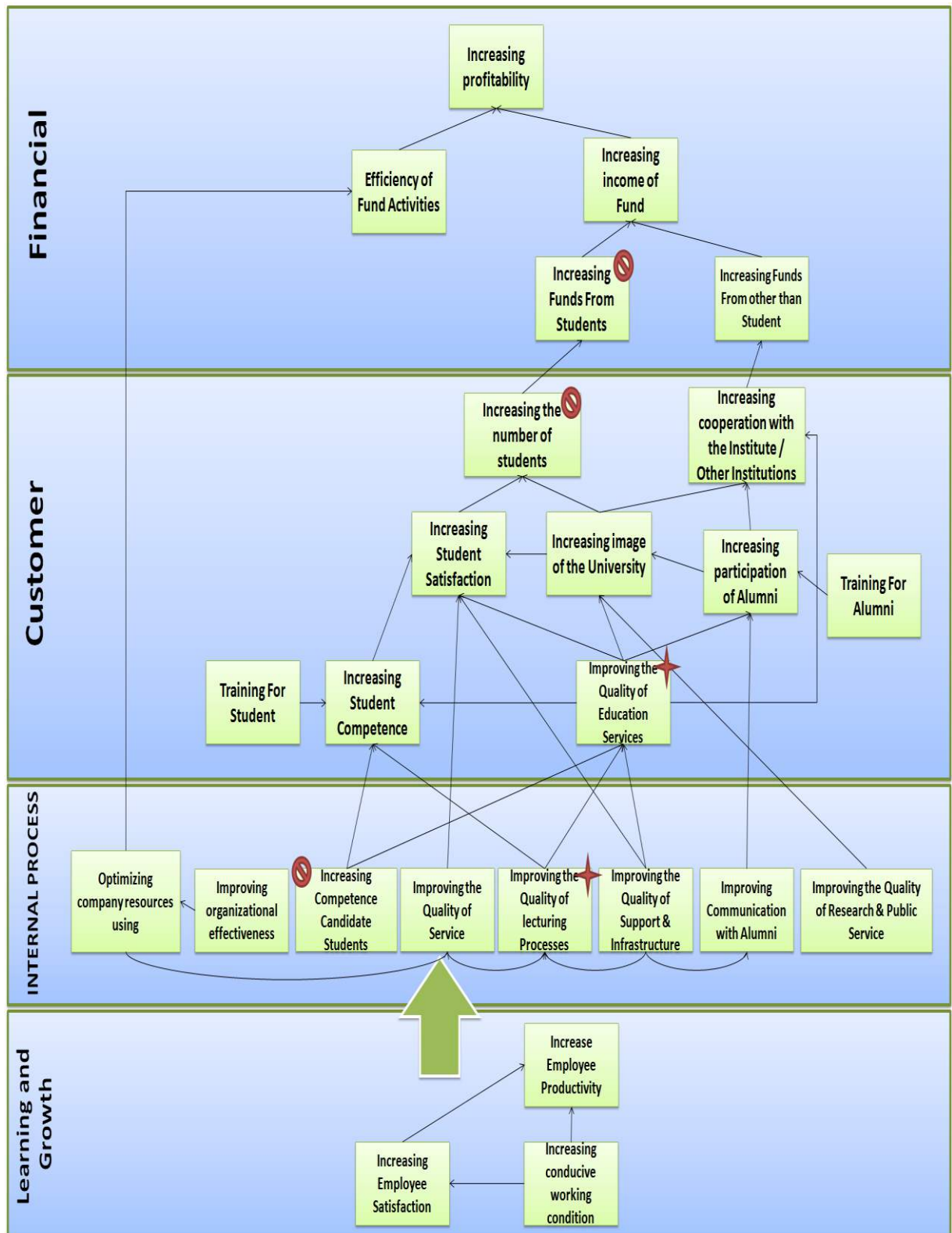


Figure 3. The Strategy Map of XYZ University Organization

- = Strategy Goals that will be cascaded to the Admissions section of Promotion & Admissions Bureau.
- = Strategy Goals that will be cascaded to the Bureau of Academic Administration.

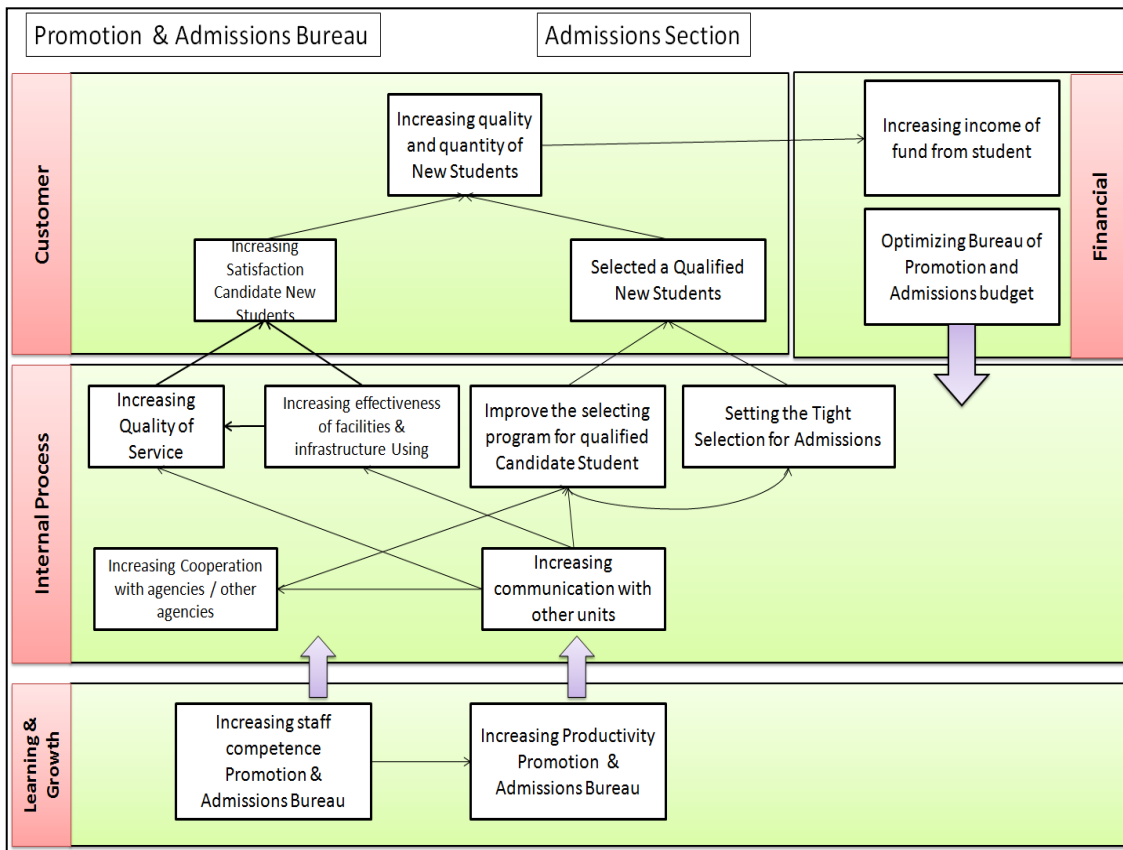


Figure 4. the Admissions section of Promotion and Admissions Bureau strategy map Admission Section

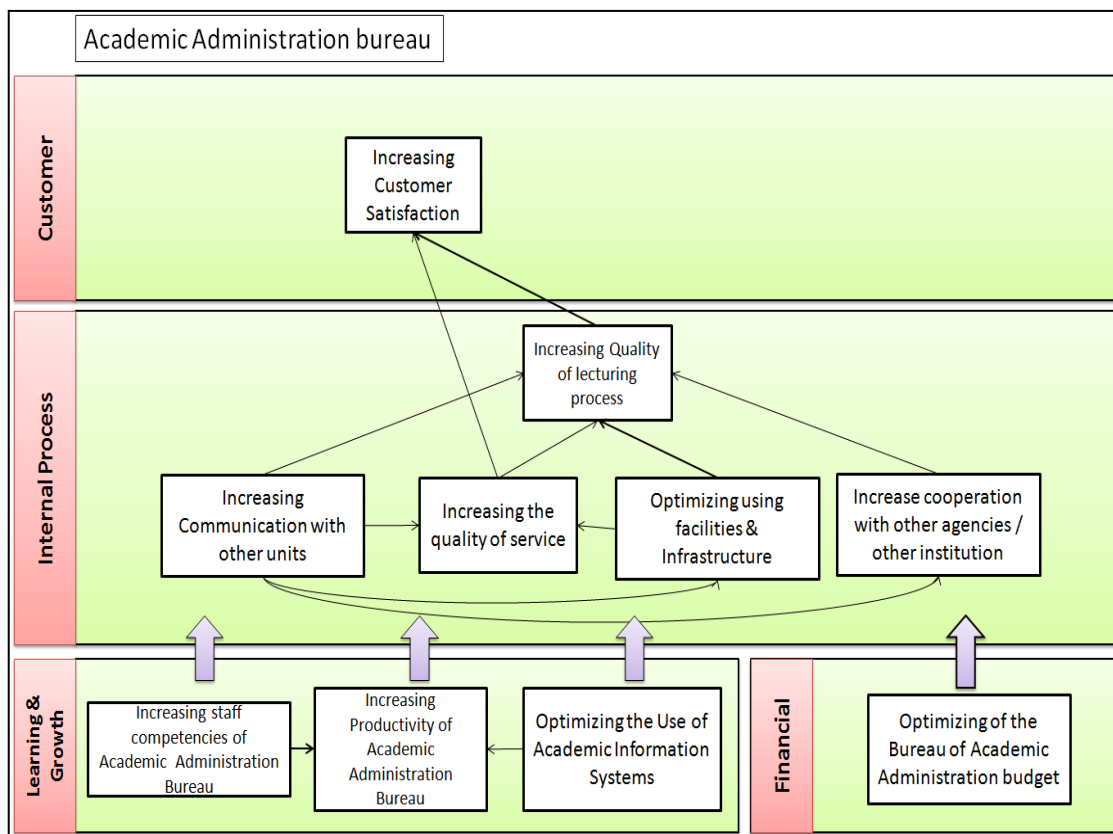


Figure 5. Academic Administration Bureau

Bureau of Academic Administration is one of supporting functional units at the University of XYZ. Academic Administration Bureau strategy map above shows that the top perspective is the customer perspective. In the customer perspective, there is one strategic goal is increasing customer satisfaction (Students, Alumni, Faculty and Study Program).

Once the customer perspective, the next perspective is the perspective of internal processes (internal business processes). This perspective has 5 (five) the strategic goals are improving the quality of the lecture, improving communication with other units, optimizing facilities and infrastructure using, and improve cooperation with institutions/other agencies.

Next is learning and growth perspective. In this perspective there are three (3) strategic goals are improving employee competence of Academic Administration Bureau, increasing productivity of Academic Administration Bureau, and optimizing Academic Information System using.

Final perspective is the financial perspective. This perspective has only one strategic goal is optimizing the Academic Administration bureau budget.

8. CONCLUSION

- a. From this study found two kinds of strategy map is map the strategy makes financial perspective as its top perspective and map a strategy that makes the customer perspective as the perspective of its top. This difference is caused by the different position of these functional units.
- b. Functional unit that makes the financial perspective as the perspective of the top is a business functional unit that generate funds for the organization. While the functional units that make the customer's perspective as its top perspective is a supporting functional

units that support the business functional unit.

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