

The implementation of Balanced Scorecard Toward Work Performance Through Competency and Work Discipline

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Abstract- This study aims to analyze the influence of Balance Scorecard toward employee's competency and work discipline. This study was conducted in Indonesia, with PT Muamalat Bank as the participant. It used confirmatory research (explanatory research). The data collection techniques used were through questionnaires, interviews and observations. The population in this research is all employees of Muamalat Indonesia Bank. The whole employees are about 420 people. Thus, the sampling technique used was Simple Random Sampling. The number of samples in this study set at 81 respondents refers to the opinion of Slovin and Umar (2005: 78). The results showed that there is a significant influence of Balance Scorecard in the perspective of learning and growth of competence and work discipline.

Keywords: Balanced Scorecard, Employee's Performance, Competency, Work Discipline, Intervening

I. INTRODUCTION

Employee performance is closely related to performance appraisal. Performance appraisals are needed to determine the outcome or level of employee success. The purposes of performance appraisal is to create human resource decisions, evaluation, and feedback (Dessler, 2010: 68). The underlying objective of performance appraisal is to improve individual's performance leading to improved overall company performance. Employee will feel to be appreciated through positive feedback. Performance is a concrete, observable, and measurable work "(Irawan, 2006: 588). Therefore, the performance is the result of work achieved by employees in the implementation of tasks based on specified size and time . According Mangkunegara (2011: 7), performance is commensurate with the actual performance including their work quality and quantity achieved. According to Rivai (2009: 532) performance means the willingness of a person or group to perform an activity and to refine it based on its responsibilities with the expected results.

The performance appraisal of a bank is based solely on financial information. However, this kind of performance appraisal method is considered to have less attention to the external sector and unable to fully guide the company to develop better (Kaplan and Norton, 2000: 75). This paradigm shift will certainly change the measuring tool or reference used by the company to measure its performance. performance appraisals are also required to make non-financial performance appraisals, such as customer satisfaction levels, internal business processes, learning, and organizational growth.

According to Sri Sularso (1998: 201), the Bank's business and health performance appraisal currently used by Indonesia Bank (BI) have weaknesses, such as: financial aspects, business strategy achievement and implementation of the plan. According to Kaplan and Norton (2000: 241), the performance appraisal of financial performance has weaknesses and limitations, including: historical

performance appraisal approach, less work orientation of performance appraisal leading to strategic management, and unable to present intangible assets performance.

One of the new concepts of management accounting developed by Kaplan and Norton (2000: 127) to assess a company's performance is Balanced Scorecard (BSC), a performance appraisal system that seeks to outline business unit objectives and strategies into operational action, as well as balancing target aspects. Its concept formulates more conclusive approach model that is able to measure the company's performance in various dimension and balance, not only measuring the financial aspects and outcomes but also incorporating the intangible aspects, such as the technology, skills and entrepreneurship, consumer loyalty, corporate culture, and final driver activities. The Balanced Score Card (BSC) concept theory is a strategy approach that balances the growth financial, customer, internal business processes and learning. BSC has transformed the performance of many companies around the world, helping many top management, setting company goals and strategies and translating them concretely into a process that not only belongs to top management but also to individuals at every level within the company.

Kaplan and Norton (2000: 75) proposed a corporate performance evaluation system called the Balanced Scorecard. Balanced Scorecard by Kaplan and Norton (2000: 126) is not only used as a performance appraisal tool, but as a strategic management system used to translate vision, mission, goals and strategies into strategic goals and strategic initiatives that are comprehensive, coherent, balanced and measurable. The Balanced Scorecard is also a system that focuses the organization to improve communication, determine organizational goals and provide continuous feedback for strategic decisions (Mahmudi, 2005: 321).

Corporate Scorecard established in PT. Muamalat Indonesia Bank for 2016 based on Board of Directors (BoD) meeting Date October 28, 2015 is as displayed figure below:

Figure 1: Corporate Bank Muamalat Scorecard Year 2016

BSC	Sub BSC	KPM	Performance Indicator	WEIGHT	
				Key Parameter (BSC)	KPM
Economic Profit	Profitability	Profit	PBT	25%	30%
		Cost	CIR		30%
	Sustainability	Portfolio Quality	- Gross NPF - Cash Provision (LLC)		40%
Excellent Service	Competitiveness	Market Share	BMI Assets / Sharia Ind.	25%	40%
		Service Level	MRI Rating		30%
	Effectiveness	Branch Performance	Branch Financial Perf.		30%
Efficient Process	Standards	Agreement Quality	SLA	25%	50%
	Compliance				50%
Enabling People	Competency	Development	Trained Staff	25%	30%
		Investment	Development Spending		15%
		Productivity	PPE		25%
	Discipline	Time	Absenteeism Rate on time		15%
	Innovation	Suggestion	SS		15%

Source: Performance Management System of Muamalat Bank 2016

Similar previous study been done by Tirta (2008) who mentioned that the variables used as measuring tools are work satisfaction, training, turnover and employee productivity. According to Mavrincac (1999: 190) most companies have difficulty to detect the alignment of activities and corporate strategy with goals to achieve Competence is one of the factors that affect employee's performance and provide results which is appropriate with corporate goals and objective. It concerns the authority of each individual to perform or to take decisions based on its role in the organization relevant to the expertise, knowledge and capabilities possessed. The competencies of individual employees must be able to support the implementation of organizational strategy and able to support any changes made by management. In other words, the competence of individuals support work system based on team. Asumantri (2003: 105) argued that competency is a treasure of mental wealth that directly or indirectly enrich human life. Human can solve various problems faced through competency. According to Hutapea and Thoha (2008: 28) the competence is the ability and willingness in performing the duties effectively and efficiently to achieve corporate goals. Employee competence consists of knowledge, skills, attitude, situation.

Supiyanto (2015: 48) explained that employees who have a good competence will successfully predict the performance of individuals in the work. Competence related to the role of human resources (HR) in an organization whose meaning is the work itself. The quality of human resources owned by employees can be determined by the high competencies of each HR in an organization that will ultimately determine the competitive quality of the organization itself. Pandaleke (2016) stated that competence has a positive effect for employee performance. Competence is individual's characteristic that underlies workplace performance or behavior. Dewi (2015) stated that the true competence has a relationship with employee performance where the performance of employees will increase as well as the increasing of the employee's competence in a company.

Attendance, productivity and accuracy to do duties are another indicators to assessed employee's performance. Nasution (2000: 91) argued employee's performance appraisal can also be used to determine the behavior and employee's target achievement reflected by work discipline, knowledge, communication, leadership, supervision, plan, and coaching. While the target achieved by an employee can be assessed from the quantity and quality of his work. Hence, performance appraisal can be said to have a relationship with employee's work discipline. It is an action or attitude of employee's obedience to the rules of work that exist within the organization. Rivai (2009: 153) argued that work discipline is a tool used by managers to communicate with employees so that they are willing to change a behavior as well as an attempt to raise a person's awareness and willingness to abide rules and to prevail social norms. Simamora (2006: 141), as well as Rivai also stated that work discipline is a procedure that corrects or punish subordinates for violating rules or procedures. The formation of work discipline is an absolute thing for every employee because it will increase employee performance itself.

Additionally, Rivai (2009: 259) added that without any discipline, all activities done will bring less satisfactory result. As the result, company will have lack of goal achievement. Research on performance appraisal and its relation to competence, work discipline, and performance has been widely practiced before. Sundari (2010) stated in her study that the performance appraisal directly have positive and significant effect to the competence of BKD staff of Kab. Lamongan. Aprianti (2013) conducted a study on the effect of performance evaluation in the field of Basic Education Department of West Java Provincial Education Office against employee work discipline. The results stated that performance appraisal affects employees' work discipline. Nugroho (2015) showed that the discipline of work has a positive and significant effect on the performance of employees of the Yogyakarta Special Territory of Tourism.

Based on the previous explanation regarding the implementation of balanced scorecard, this study the improved the research by completing the previous studies gap, such how balanced scorecard is being implemented in PT Muamalat Indonesia Bank to measure the employee's work evaluation and human resource development focusing on their work discipline and competency.

II. LITERATURE REVIEW

Employee Performance supporting Factors

According to Nitisemito (2008: 117) there are various factors supporting employee performance, such as: compensation, training welfare, promotion and good communication to either leader and other employees. Thus, factors affecting employee’s performance is from both internal and external factors. According to Bernardin and Russel (2000), employee performance appraisal based on quality, quantity, timeliness, cost effectiveness, supervisor needs, and relationships among employees. Simamora (2001: 418) argued that some dimensions of employee performance are absenteeism, delay, length of service, relief of task completion, minimum quantity and quality benchmarks fulfillment, cooperation, protective actions, constructive ideas, self-training, and attitudes profitable. Based on some experts’ opinion, the performance appraisal in this research consist of: Quality Work, Quantity Work and Timeliness. According to Sedarmayanti (2007: 262) specifically the use of the performance appraisal system is the basis for decision-making to promote the work of achievers.

Conceptual Balanced Scorecard (BSC)

The Balanced Scorecard (BSC) is an approach to management strategies developed by Kaplan (Harvard Business School) and Norton in the early 1990s. It was originally used to improve the executive performance appraisal system measured only in financial terms. However, it was then developed to measure the whole elements performance of an organization. According to Mulyadi (2001: 45), BSC approach as a strategy that has been formulated at the stage of strategy formulation is translated into strategic targets that includes four comprehensive perspective such as finance, customers, internal business processes, and learning and growth. Comprehensive and coherent strategic plans generated through the BSC approach affect of the next planning process, programming and budgeting. Both programs are used to further elaborate selected strategic initiatives containing a comprehensive and coherent long-term and short-term plan. Lubis and Sutopo in Muhammad (2015: 18) suggested that a good BSC must meet several criteria as shown in the following figure:

Figure 2: Corporate Bank Muamalat Scorecard 2016



The scorecard balance framework has several important elements including:

1. Financial performance offers the strongest definition of organizational success. Strategy explains the organization's intention to create sustainable growth for shareholders' value.
2. Components of the principal to improve financial performance resulting from the achievement of target customers. The customer perspective defines the value of the proportion for the targeted customer segment.
3. Internal processes create and provide value of proportion or customer. Internal process performance is an important indicator for subsequent developments in total customer and financial results.
4. Assets that can not be assessed are the ultimate source for sustainable value creation. The purpose of training and development explains how unified people, technology, and organizational climate support strategy. Development in training and developmental performance appraisals are important indicators for internal, customer and financial process performance.

Competence

Competence is an ability to perform a job based on skills and knowledge supported by the work attitude. It is as a person's ability to produce satisfactory level in the workplace also demonstrates the characteristics of knowledge and skills that individuals possess or need that enables them to perform their duties and responsibilities effectively.

There are two terms that arise from two different streams about the concept of conformity in work. The rifest is "Competency" which is a description of the behavior, and "Competence" which is the description of the task or work result (Palan, 2007: 5). Although the different meanings of both terms are generally accepted, their use is still often interchangeable, which causes everyone to have a different understanding. Generally people use the term competence and the like to create their own understanding based on their interests.

Palan (2007: 6) argued that "Competence, competency model and competency-based training are word that can be interpreted in various definition. The difference in meaning does not stem from the ignorance or greed of the market, but from some fundamental procedures and philosophical differences among those who are competing to define and shape those concepts and set models for those of us who will use competence in our day-to-day efforts.

Palan (2007: 6), suggested that competence refers to the underlying characteristics of behaviors that describe the motives, personal characteristics, self-concept, values, knowledge or skills that a superior performer performs in the workplace. Furthermore, Palan (2007: 6), outlined five characteristics that make up the competence, are: Knowledge, Skills, Self-concept and values, Personal Characteristics, Motives.

Work Discipline

Discipline according to Simamora (2006: 610) is a procedure that corrects or punishes subordinates for violating rules or procedures. Discipline is a form of employee self-control and regular implementation and shows the level of seriousness of work teams within an

organization. According to Handoko (2008: 208) discipline is a management activity to run organizational standards. There are two types of disciplinary activities, preventive and corrective discipline. Preventive discipline is an activity undertaken to encourage employees to follow various standards and rules, so that frauds can be prevented. The main goal is to encourage self-discipline among employees. Corrective discipline is an activity undertaken to deal with violations of the rules and to try to avoid further violations. Corrective activity is often a form of punishment and is called disciplinary action. For example, disciplinary action may be a warning or suspension.

Based on the above opinion it can be said that the discipline of work is the attitude of employees to behave based on the established rules he worked for. While the act of discipline itself is a reduction imposed by the leader on rewards given by the organization because of a case (Gibson et.al., 2009: 119). This disciplinary action does not include temporary dismissals or the inclusion of labor numbers caused by specific employee behavior events that result in low productivity or violations of agency rules. According to Rivai (2004: 25) work discipline is a tool used by managers to communicate with employees so that they are willing to change a behavior as well as an effort to raise awareness and willingness to comply with all corporate rules and prevailing social norms.

Alike the previous point, discipline also has two types of division, are: preventive and corrective. Preventive discipline is an activity undertaken to encourage employees to follow standards and rules, so that frauds can be prevented. Corrective discipline is an activity undertaken to deal with violations of the rules and to try to avoid further violations (Handoko, 2008: 227). The disciplinary objective is to improve the violation, to prevent other employees from performing similar activities, and to keep the various group standards consistent and effective (Handoko, 2008). The purpose of the discipline is to prepare an atmosphere in which the discipline itself can be developed (Handoko, 2008: 267). According to Dessler (2010: 243-244) the performance appraisal factors are: Quality of work, Quantity of work, Supervision required, Presence, Conservas.

III. METHODOLOGY

This research is confirmatory research. Data collection techniques used were questionnaires, interviews and observations. The population in this research was all employees of Muamalat Indonesia Bank in Java Area . The status of employees consists of contract employees and permanent employees of 420 people. Sampling technique in this research use Simple Random Sampling. The number of samples in this study set at 81 respondents refers to the opinion of Slovin and Umar (2005: 78).

IV. DISCUSSION

The effect of Balance Scorecard implementation on competence

The perception of most respondents who stated "good" about the application of Balance Scorecard variables has succeeded in increasing the competence of employees at PT Muamalat Indonesia Bank. This is evidenced by the provision of extensive opportunities for employees to take the initiative in the completion of work. In addition, the successful implementation of Balanced Scorecard on the competence is seen from most employees who already have the knowledge and work skills that can support the implementation of duties, employee's good behavior good and experience to serve customers. According to Zakir (2006: 98), the concept theory of The Balanced Score Card (BSC) is a strategy approach by balancing between four perspectives: financial, customer, internal business processes and learning and growth. BSC has transformed the performance of many companies around the world, helping many top management, setting company goals and strategies and translating them concretely into a process that not only belongs to top management but also to individuals at every level within the company. A framework that describes an organization's strategy, division, business unit or department by linking performance appraisal that plays an important role in maintaining a company's performance. The assessment of work can detect weaknesses or deficiencies that still exist in a company which will then lead to make improvements in the future.

The influence of the Balanced Scorecard on the discipline of work

Similar to previous points, this point is also based on the perception of most respondents who stated "good" with the sense that the application of Balance Scorecard variables has managed to improve employee work discipline. This is proven from all employees are always in place / office during working hours, employees always work based on the established standards. Then, employees always obey all applicable regulations and always carry out work based on the authority and responsibility that have been determined. This is in line with the opinion of Kaplan and Norton (2000: 75) which proposed a company performance evaluation system called the Balanced Scorecard which is not only used as performance appraisal tools but also as a strategic management system used to translate

vision, mission, goals and strategies into strategic goals and strategic initiatives that are comprehensive, coherent, balanced and measurable. The Balanced Scorecard is also a system that focuses the organization to improve communication, determine organizational goals and provide continuous feedback for strategic decisions (Mahmudi, 2005: 321). According to Nasution, performance appraisals with the implementation of Balanced Scorecard implemented to determine the quality and quantity of employees.

In that opinion, performance appraisals with the application of Balanced Scorecard generally can be said to have a relationship with employee discipline. Work discipline is an action or obedience of employees to the rules of work within the organization itself. Rivai (2009: 153) argued that work discipline is a tool used by managers to communicate with employees so that they are willing to change a behavior as well as an attempt to raise a person's awareness and willingness to abide by all company rules and prevailing social norms .

The influence of competence on employee performance

Respondents who stated "good" to the terms of good employee competence have managed to improve employee performance. As the fact that the majority of employees who already have the knowledge and work skills to support the implementation of tasks in the office, employee's behavior is good in providing services to customers and work experience owned by employees has supported the implementation of services for customers which is a factor that can determine employee performance at PT. Muamalat Indonesia Bank. Competence is the characteristics associated with superior performance. Armstrong (2006: 46) stated that competence is what people bring to a job in the form of different types and levels of behavior. Sudarmanto (2009: 87) defined competence as the ability and characteristics of an employee in the form of knowledge, skills, and attitudes to do the duties, so that employees can perform their duties professionally, effectively and efficiently.

Employee performance is closely related to performance appraisal. It is needed to determine the outcome or level of employee success. Performance is a concrete, observable, and measurable work "(Irawan, 2006: 588). therefore, the performance is the result of work achieved by employees in the implementation of tasks based on the size and time specified. According Mangkunegara (2011: 7), performance is commensurate with the performance performance of actual performance, which is the result of quality and quantity achieved by an employee in performing their duties based on their responsibility.

The influence of work discipline on employee performance

High work discipline of employees has managed to improve employee performance. The proof that all employees who are always in place / office during working hours, employees always work in based on the established standards, regulation, authority and responsibility. Discipline, according to Simamora (2006: 245), is a procedure that corrects or punishes subordinates for violating rules or procedures. Discipline is a form of employee self-control and regular execution and shows the level of earnestness of work teams within an organization. However, Hasibuan (2009: 145), stated that performance is the result achieved by a person in carrying out tasks assigned to him based on skill, experience, and sincerity. A good performance improvement must be balanced with the existence of an embedded discipline in each employee's self.

V. CONCLUSION

Based on the descriptions that have been disclosed in the discussion, then the conclusion of this study is that the balance scorecard (BSC) gives a significant influence on the competencies that then affect the work discipline and employee performance. Moreover, PT. Muamalat Indonesia Bank has long applied this system which facilitate the company to improve the quality of the human resource. Thus, the implementation of balanced scorecard is useful to value employee's work performance.

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