Designing Performance Appraisal Using Balanced Scorecard Methods for PT Talenta Indonesia Raya

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ABSTRACT: The Balanced Scorecard concept is a comprehensive instrument that requires each organizational unit to modify its actions in order to meet goals while establishing a company plan. (Benková, Gallo, Balogová, & Nemec, 2020) . Individual business units in organizations must identify their metrics in order to connect the four BSC key views. These views include the financial perspective, customer perspective, the internal process perspective, the learning and growth perspective.The primary goal of the Balanced Scorecard idea is to ensure that the firm is managed in the future rather than in the past in order to ensure its long-term survival. The goal of this study is provide an overview of the existing situation, determine the suitable solution, and to design the suitable Performance Management System (PMS) for PT Talenta Indonesia Raya. In this study, the PMS was created using the Balanced Scorecard method where the company's objectives and assessments are carried out not only from one perspective but from four different perspectives in order to create organizational balance; namely Financial Perspective, Customer Perspective, Internal Process Perspective, and Learning and Growth Perspective. This study using primary and secondary data, which is the survey conducted on 46 employee of Talenta Indonesia and the interview for 3 employees. The overall performance of the company is sufficient, but it is still below the company's expectations and still has many rooms for improvement. This value is obtained from the results of 60% (Need Development) on the Financial Perspective, 81.33% (Fair) on the Customer Perspective, 87% (Good) on the Internal Business Process Perspective, and 96.67% (Excellent) on Learning and Growth Perspectives.

KEYWORDS: Balance score card, Customers, Financial perspectives, Internal business perspectives, Learning and growth perspectives, Performance.

INTRODUCTION

In every globally competitive world of business, the ability of an organization or company to achieve its vision and mission is highly dependent on the quality of their human resources. The quality of human resources can be demonstrated by the competencies, skills and abilities of employees who produce highly qualified professionals in building teamwork within an organization.To achieve a good result, an organizational human resource management needs to of improving an organization's performance in terms of productivity, service and quality in order to achieve its main goals.

Talenta Indonesia is a Psychology and Management Consultants organization that was founded in 2018 and is based in South Jakarta. Based on the review being held by the company, it was found that there is declining in the economical aspect of Talenta Indonesia, while the outstanding is increasing. While the revenue and profit throughout the year keeps increasing since 2019 to 2021, but the issue keeps arised. Furthermore, it is hard for employees because there is no objective appraisal or positive feedback on their performance. As an outcome, it is extremely difficult for the management of Talenta Indonesia to collect good and objective performance evaluation data, which will later be used as a foundation for making decisions such as assessing performance. It is believed that making the performance measure should be able to have profound impact on employees performance In addition, the growth in demand and development from the company requires Talenta Indonesia to always be able to compete with other companies, by implementing changes and improvements in all areas of the company. To carry out these improvements, it is necessary to measure the performance of the company's performance. The research conducted have objective to provide an overview of the existing situation at Talenta Indonesia in order to determine the suitable for company and to designing the Performance Measurement System (PMS) for Talenta Indonesia.

LITERATURE REVIEW

A. Performance Management

Based on (Tardi, 2022) Performance management is a corporate management technique that allows managers to monitor and analyze the performance of their staff. The purpose of performance management is to create an atmosphere in which individuals can perform to the best of their ability and deliver the highest-quality work in the most efficient and effective manner. Continuous accountability fosters a healthier, more transparent workplace, and a focus on frequent meetings may enhance overall communications. Everyone understands the requirements better because performance management creates precise guidelines. The job is less stressful when expectations are explicit. Employees are not attempting to impress a boss by executing a random activity, and managers are not concerned about how to inform employees that they are underperforming. If the system is functional, they are presumably already aware of it.

B. Performance Appraisal

According to (Dessler, 2020), the performance appraisal often plays a role in emplotment lawsuits, such as when employees claim that they were fired for poor performance in violation of an implied contract, or claim they were defamed during or in an appraisal. Performance Appraisal means evaluating employee's current and/or past performance relative to his or her performance standards. Performance Appraisal can be called performance evaluations and/or review, because the objective of Performance Appraisal is to obtain the score and review of employee's performance in work.

C. Key Performance Indicator (KPI)

According to (BadawyA.A, M, IdressHesham, & Hossam, 2016) Key Performance Indications (KPIs) are quantifiable indicators of progress toward a certain goal. KPIs serve as a focal point for strategic and operational improvement, serve as an analytical foundation for decision making, and aid in focusing attention on what is most important. Setting targets (the intended level of performance) and tracking progress against those targets are part of managing with KPIs. Managing using KPIs frequently entails striving to enhance performance through the use of leading indicators, which are markers of future success and will eventually generate the desired outcomes shown by lagging measurements.

D. Balanced Scorecard

Balanced Scorecard (BSC) is a concept that describes how to translate vision and strategy into goals and measures that cover not only financial performance but also non-financial performance. The BSC organizes the goals and measures across four perspectives: financial, customer, internal processes and learning, and growth. The BSC is a mechanism for communicating mission and strategy between management levels and ordinary personnel. It is utilized to keep all employees up to date on the activators that affect current and future success (Anand, 2016).

ANALYSIS

A. Data Analysis

The analysis being done on the result of surveys and interviews that has been conducted to the employees. In general, the analysis is made by making the surveys results that were previously subjective become more objective.

a. Analysis of Performance Survey

The analysis for the performance survey was carried out to see at what level employees feel dissatisfied at work, which can later be used by the author to analyze and ascertain the stages and solutions that will be offered by the company. Previously, it was informed that there was a decrease in the company's revenue and an increase in the number of errors occurred in the company. This survey was conducted in order to see the reasons for the errors that occurred. Through a survey that was distributed and filled in by all employees in the operational division, the following findings were obtained:

Table 1. Analysis of Performance Survey

Aspect	The Question	Average Score	Description
Self Awareness	I feel that I Have Provided Good Performance For The Company	9,105	Excellent
Salary & Bonuses	I feel that the company has provided a salary that is in accordance with applicable standards	8,804	Good
Salary & Bonuses	I feel that the company has provided bonuses and benefits according to the work I do	7,739	Good
Knowledge	I feel that I understand the work I do	8,804	Good
Performance Appraisal	I feel that the company has provided clear directions regarding employee performance appraisal	4,543	Poor
Performance Appraisal	I feel that that the company has provided an appropriate and objective assessment of my work	4,782	Poor
Performance Appraisal	I feel that that the company has provided an appropriate and objective assessment of the work of my colleagues	5,24	Fair
Performance Appraisal	I understand how companies conduct performance appraisals for their employees	4,478	Poor
Leader	I feel that My Boss Provides Training To Me Fairly	8,174	Good
Leader	I feel that My Boss Gives Tasks Fairly	8,776	Good
Average Score		7,0445	Good

Based on the results of the data obtained from 46 correspondents, it was found that in general the overall average value was at a good number, namely at a value of 7.0445. However, when viewed in more detail, there are 3 statements that still get a "poor" score, which all of them are in the Performance Appraisal aspect.

In Performance Appraisal, there are 4 statements where one statement gets the "fair" category and 3 other statements get the "poor" category, with a total average value in this aspect of 4,761 (poor). This shows that employees are dissatisfied with the Performance Appraisal aspect which is based on:

1. The company has not yer provided clear directions regarding employee performance appraisal
2. The company has not yet provided an appropriate and objective assessment of employee's work
3. The employee do not understand about how companies conduct performance appraisals

The results of this survey can be used to support the previous observations and assumptions related to the decreasing of employee performance.

b. *Analysis of Interview*

Interviews were conducted for several sections, namely Mrs. Putri as the director and stakeholder of Talenta Indonesia, Mr. Ivan as the Operations Manager, and one staff from the assessment and operational division. This interview was conducted to confirm the results of the survey that had been conducted and to align the perspectives and expectations of various parts of the company.

In interviews conducted with the directors and operational managers, some information was quite consistent, such as the statement that there was an increase in the error value to a value above 9% in August 2022, as well as a spike in the increase in the outstanding value resulting from employee negligence. In addition, information was also obtained that the implementation of company performance appraisal was still a subjective result and did not

have specific tools for conducting an assessment. Currently, the method used is limited to the application of reviews that are still valid subjectively and are considered to have not made a significant change. Meanwhile, In interviews conducted with staff at Talenta Indonesia, it was valid and true that employees tended to feel that the assessments made by managerial parties were not fair and tended to be subjective. Employees also feel they do not understand how far they need to work and feel they do not have benchmarks at work. This is felt to be less comfortable by employees and it is hoped by employees that it can change and can be better adjusted.

RESULT AND DISCUSSSION

The Performance Indicators (PI) obtained through literature study and discussion with management. The PI used for measuring the level of successness of the company's strategy. Every strategic target (ST) should be represented by at least one PI so every strategic target can be measured successfully. The Financial Perspective has two ST which is to increase profit and to gain operational efficiency. Each ST has one indicators, with the stated target so it will be measure correctly. For the Customer Perspective, there are three ST which is to increase market, gain customer loyalty, and gain customer satisfaction. For the ST C1 and C2, they have one indicators each, while the C3 has two indicators to be measured with the target stated each. In the Internal Business Process, there are two ST with two indicators and target each. The last is for the Learning and Growth Perspective which has two ST with two indicators each that has their own target. After designing and knowing the PI, a strategic mapping was made with the aim of seeing the relationship between existing strategic objectives from each perspective in the balanced scorecard.
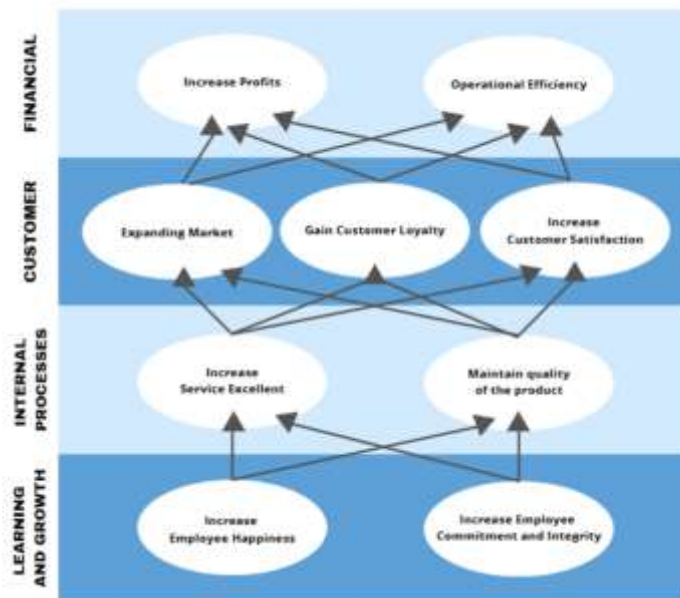

Figure 1. Proposed Strategic Mapping for Talenta Indonesia

The strategic mapping that is made shows the relationship between indicators in each perspective. Even though they are in different perspectives, each indicator is connected to one another to create a balance between each perspective. It can be seen in the picture above that starting from the Learning and Growth Perspective, there are two indicators, namely Increase Employee Happiness and Increase Employee Commitment and Integrity, each of which is connected to the indicators on the Internal Processes Perspective, namely Increase Service Excellent and Maintain Quality of The Product, which are then connected back to the customer perspective, namely each one is connected to the indicators Expanding Market, Gain Customer Loyalty, and Increase Customer Satisfaction. Furthermore, from this Customer Perspective, each indicator is linked again to the indicators in the Financial Perspective, namely Increase Profits and Operational Efficiency. This gives the meaning that each indicator has a relationship between one another which will create a balance in the company's operations later. After knowing the relationship between the indicators, then each of these indicators will have a certain weight, targets, and measurements for each. It will refers to the vision, mission, and corporate culture, while also pararelly consider the needs and requirement of the company. In general, the weight area decided after brainstorming and

discussion with company internal team to be able to obtain the most suitable decision for company. However, in Talenta Indonesia case, most of the decision being made by the Director as the holders and decision maker.

Table 2. Proposed Weighted Area for Talenta Indonesia

Perspective	ST	Objective	PI	Indicators	Total Weight	Weightages	Target
Financial	F1	Increase Profits	F11	Profit Margin	25	15	50%
	F2	Operational Efficiency	F21	Operational Cost		10	20%
Customer	C1	Increase Market	C11	Increase Market Penetration	25	5	15%
	C2	Gain Customer Loyalty	C21	Quantity of Return Customer		7,5	50%
	C3	Gain Customer Satisfaction	C31	Customer Satisfaction Index		7,5	90%
			C32	Customer Complaint Index		5	15%
Internal Business Process	I1	Increase the Service Excellent	I11	Delivering Report On Time	25	10	100%
			I12	Resolve Issue		5	90%
	I2	Maintain the quality of products	I21	The right report with zero mistake		5	100%
			I22	Report with good integrity		5	100%
Learning and Growth	L1	Increase Employee Happiness	L11	Turnover Rate	25	5	10%
			L12	Employee Satisfaction Index		7,5	90%
	L2	Increase Employee Commitment and Integrity	L21	Attendance Rate		7,5	90%
			L22	Level of Productivity		5	80%

The table above shows the proposed weighted area for Talenta Indonesia as the company. This table the target made simpler and numerical to make it easier for the calculation later. Percentage 0% - 100% is used in this assessment. The design of this description definition was carried out based on the results of brainstorming and also discussions with related parties in the company. Furthermore, this percentage will be divided into 4 ranges to determine the ability and results of performance, that is 90% to 100% as "excellent:, 85% to 90% as "Good", 75% to 85% as "Fair", and below 75% as "Need Development". By providing this definition, the company can find out how their performance situation is, in which perspective the company is leading and in which perspective the company still needs improvement.

Table below shows the adapted dashboard for company. The Actual numbers should be filled with actual values that occur at the end of the year. Due to the data that has not been obtained, in this section the value is given is limited to the data per september 2022.

Table 3. Balanced Scorecard Dashboard

Perspective	SS	PI	Total Weight	Weightages	Target	Actual	Final Score	FS Per Perspective	% Per Perspective	Description
Financial	F1	F11	25	15	50%	25,0%	7,50	15,00	60,00%	Need Development
	F2	F21		10	20%	15,0%	7,50			
Customer	C1	C11	25	5	15%	10,0%	3,33	20,33	81,33%	Fair
	C2	C21		7,5	50%	30,0%	4,50			
	C3	C31		7,5	90%	92,0%	7,50			
		C32		5	15%	10,0%	5,00			

Internal Business Process	I1	I11	25	10	100%	85,0%	8,50	21,75	87,00%	Good
		I12		5	90%	90,0%	5,00			
	I2	I21		5	100%	85,0%	4,25			
		I22		5	100%	80,0%	4,00			
Learning and Growth	L1	L11	25	5	10%	3,0%	5,00	24,17	96,67%	Excellent
		L12		7,5	90%	85,0%	7,08			
	L2	L21		7,5	90%	85,0%	7,08			
		L22		5	80%	82,0%	5,00			
Total Score									**81,25%**	**Fair**

The results obtained from the dashboard above show that up to September 2022, in general, the performance appraisal results obtained were quite good, that is, as a whole, it has a performance value of 81.25% or in the "fair" category. When broken down and viewed one by one at the value per perspective, it can be seen that each perspective has its own value. In the Financial Perspective, a value of 60% is obtained which is in the "Need Development" category, followed by a Customer Perspective which obtains a value of 81.33% which is in the "Fair" category, the Internal Business Process Perspective obtains a value of 87% which is in the category "good", and the highest score was obtained by Learning and Growth which scored 96.67% in the "Excellent" category. This shows that the company has a fairly good performance, but still needs performance improvement and development, especially from the Finance Perspective section. Meanwhile, the Customer Perspective and Internal Business Perspective sections can also be developed so that they can achieve an "Excellent" value or in line with company expectations.

CONCLUSION

In the last 6 months, there are declining in employee performance in Talenta Indonesia due to employee confusion regarding the work they are doing and the absence of an objective way of measuring performance for employees. At first, the judgment still felt subjective. Through analysis conducted from previously obtained data, clear information is obtained that the company needs a clear and objective Performance Appraisal with a Performance Measurement System to improve the quality of the company to be able to compete in the market.

The Performance Management System was created using the Balanced Scorecard method where the company's objectives and assessments are carried out not only from one perspective but from four different perspectives in order to create organizational balance; namely Financial Perspective, Customer Perspective, Internal Process Perspective, and Learning and Growth Perspective. Each of these perspectives is given its own indicators, measurements, weights, and targets.

In the Financial Perspective, there are two objectives, namely Increase Profits and Operational Efficiency. In the Customer Perspective, there are three objectives, namely Increase Market, Gain Customer Loyalty, and Gain Customer Satisfaction. In the Internal Business Process Perspective, there are two objectives, namely Increase the Service Excellent and Maintain the quantity of products. Finally, in the Learning and Growth Perspective, the objective is to Increase Employee Happiness and Increase Employee Commitment and Integrity. Each objective has at least one indicator for its measurement.

The calculations were carried out up to data in September 2022. The result in general shows the performance value at 81.25% which is in the "Fair" category. This indicates that in general, the overall performance of the company is sufficient, but it is still below the company's expectations and still has many rooms for improvement. This value is obtained from the results of 60% (Need Development) on the Financial Perspective, 81.33% (Fair) on the Customer Perspective, 87% (Good) on the Internal Business Process Perspective, and 96.67% (Excellent) on Learning and Growth Perspectives.

Based on the data and the analysis, the recommendation given by the author is to apply an objective Performance Measurement System (PMS) to assess the performance of the employees. By having the suitable PMS, the company is expected to be able to make benchmarks of the work carried out by the company as a whole, and later on a per division to per individual basis. Making PMS in

companies can be used to review performance and later provide feedback to companies, divisions, and their employees. This can also help companies to carry out periodic evaluations related to the performance being carried out, so that they can target the right parts for improvement needs.

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