



Performance Analysis and Optimization Proposal Using Balanced Scorecard Framework for IT Outsourcing Company, PT IT Expert System

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ABSTRACT: IT outsourcing companies enable businesses to delegate their IT functions, focusing on core activities, cost efficiency, and access to advanced expertise and technology. The success of these companies hinges on employee performance, influenced by factors like psychological well-being, work environment, and organizational culture. In Indonesia, the IT outsourcing industry is rapidly transforming due to increasing demand for digital solutions and technology experts. Companies strive to provide faster, more efficient services while being flexible and adaptable. The IT services market revenue in Indonesia is expected to grow from \$4.89 billion in 2023 to \$9.07 billion in 2028, driven by digital transformation, supportive government policies, and increased IT infrastructure investments. PT IT Expert System (PT IES), established in 2010, provides IT services like software development and IT outsourcing. Despite sector growth, PT IES's financial performance has declined, with monthly revenue dropping from Rp. 220 million to Rp. 140 million, affecting liquidity and leading to debt for paying salaries. This financial strain is partly due to 46% of their IT professionals being idle and a lack of software development projects. The research aims to identify the main causes of PT IES's business problems, determine an appropriate performance management system framework, and establish suitable Key Performance Indicators (KPIs). The root cause identified is the absence of a performance management system, leading to an ineffective appraisal system and poor decision-making. The Balanced Scorecard framework is recommended for PT IES, translating strategic objectives into measurable processes across four perspectives. This framework streamlines performance evaluation and forecasting. The Balanced Scorecard framework proposal includes 4 perspectives, 9 strategic themes, and 18 strategies with key objectives. These strategies are cascaded into 92 business strategies and objectives with 92 KPIs.

KEYWORDS: Balanced Scorecard, Company Guidelines, Liquidity, Performance Management, IT Outsourcing Company.

1. INTRODUCTION

IT outsourcing companies allow other companies to outsource their IT functions, so they can focus on their core competencies and improve cost efficiency, operational effectiveness, and access to superior expertise and the latest technology. This has led to IT outsourcing companies being in high demand by various companies that focus on areas outside of IT. Firm value increases when management focuses on strategic alliances and marketing efficiency, especially in changing technological environments [1].

The success of IT outsourcing companies is linked to the performance of their employees. Unlike product-centered companies, IT outsourcing companies rely heavily on human resources as their main asset. Workforce effectiveness is affected by various factors such as psychological well-being, work environment, and organizational culture. Organizational improvements are often mediated by effective human resource management and a supportive organizational culture [2].

Revenue growth for the IT services market in Indonesia shows a significant rise, expected to more than double from \$4.89 billion in 2023 to \$9.07 billion in 2028. This increase is driven by the digital transformation trend, government policies, and increased IT infrastructure investments aimed at driving innovation and technology adoption across industries. Indonesian the government and private sector are collaborating to nurture 9 million digital professionals by 2030. the growing IT sector in Indonesia, emphasizing the urgency for these companies to embrace lean supply chain management and innovative strategies [3].

Established in 2010, PT IT Expert System (PT IES) is a startup that provides IT services such as software development and IT outsourcing. Despite the growth trend in the IT sector, the company's financial performance has declined. PT IES's monthly revenue decreased from Rp. 220 million to Rp. 140 million, impacting the company's liquidity. As a result, the company has had to incur debt to pay employee salaries since September 2023. This financial strain is partly due to 46% of their IT professionals being idle and a



lack of software development projects. The high percentage of idle talent is caused by management's wrong decision to allocate budget from experienced IT recruitment to bootcamp program, while decision making process is only based on common sense, not by guideline.

Balanced Scorecard is suitable for profit-oriented companies because it assesses each business perspective and its interrelationships such as financial performance, customer relationships, internal processes, and learning and growth, considering both internal and external factors. In IT companies, this multi-dimensional approach is essential for aligning technology initiatives with business objectives, ensuring operational efficiency and innovation. The continuous evaluation aspect of Balanced Scorecard helps companies adapt to rapidly changing industry trends [4].

2. LITERATURE REVIEW

2.1 BALANCED SCORECARD

Balanced Scorecard provides a framework for organizations to translate corporate vision and strategy into a set of measurable performance measures. These measures are not only financial in nature, but also include non-technical leading indicators. Kaplan and Norton argue that financial measures alone are insufficient to guide and evaluate the performance of companies in the information age to create future value through investments in customers, suppliers, employees, processes, technology, and innovation. The Balanced Scorecard perspective is as follows:

1. Financial Perspective: This dimension focuses on financial outcomes and measures how well the organization is performing financially. Typical metrics include profitability, revenue growth, and cost management. This perspective ensures that the strategic objectives are financially viable [4].
2. Customer Perspective: Emphasize the importance of customer satisfaction, market share, and customer retention. This perspective gauges the organization's success in its target market and the level of customer satisfaction it achieves [4].
3. Internal Business Process Perspective: This aspect looks at internal operational goals and measures the efficiency of business processes. It focuses on critical operations that enable the organization to satisfy customer and shareholder expectations [5].
4. Learning and Growth Perspective: This perspective centers on the intangible assets of an organization, particularly employee skills, organizational culture, and information systems. Continuous improvement in these areas drives long-term organizational success [5].

The Balanced Scorecard has been widely adopted across various industries. It provides a framework that helps organizations not only to measure current performance but also to identify areas for improvement. Balanced Scorecard adaptability makes it suitable for a wide range of organizations, regardless of size or sector [6].

2.2 Analytical Hierarchy Process

Analytical Hierarchy Process (AHP) is an easy-to-use decision-making tool for dealing with complex, unstructured, and multi-attribute problems [7]. In the context of the Balanced Scorecard, AHP assists in determining performance KPIs and in establishing their correlations. The Analytical Hierarchy Process quantifies qualitative data by categorizing relative importance using a scale of 1 to 9 and using the Consistency Ratio (CR) test to ensure consistency, with a CR of less than 10%.

3. METHODOLOGY

The research began with the identification of a business problem, which was a decrease in PT IES's revenue from Rp. 220 million per month to Rp. 140 million per month, thus the company had to go into debt since September 2023 to meet their employees' salaries, as 46% of their ITs were idle and PT IES had no external projects. Primary data obtained through interviews and focus group discussions (FGDs) with stakeholders will be used to conduct analysis to identify problems and a thorough review of business issues at each level of the Balanced Scorecard, and to develop solutions in the research. Secondary data is obtained in the form of company data (IT company placement, IT contracts, and revenue from client companies) and industry data, used to validate the identification of business problems based on primary data. The proposed solution will consist of a Balanced Scorecard framework as a performance management system that uses KPIs from the performance prism framework, which have been cascaded and tested for correlation using the Analytical Hierarchy Process. The solution (Balanced Scorecard) will be created, and the implementation plan will be carried out at PT IES with the approval of stakeholders.



4. RESULTS AND DISCUSSION

4.1 VISION AND MISSION CORE VALUES

The optimal approach to creating a strategy map involves a top-down methodology, starting with identifying the end goal and then delineating the path to achieve it. The approach begins with the company's stakeholders reassessing their vision statement, mission, and core values, which define the company's goals and guiding principles. Core values are integrated to form various strategies in each Balanced Scorecard perspective, these strategies must then explain the reasons and methods for achieving this goal [5]. Table 1 highlights the vision, mission, and core values of the company.

Table 1. PT IES' Vision, Mission, and Values

Vision	
<i>To become one of the largest backend IT outsourcing providers in Indonesia by 2025</i>	
Mission	
<i>To cultivate top-tier IT expertise and deliver pioneering, impactful, and streamlined services, ensuring customer convenience and simplicity.</i>	
Values	
V1	Excellence: Committing to the highest standards of service and top-tier IT expertise to ensure quality and performance.
V2	Impactful: Delivering services that have a meaningful and lasting effect on clients' businesses.
V3	Agility: Being adaptable and responsive to the dynamic IT environment to provide streamlined services.
V4	Customer Focus: Prioritizing customer convenience and striving to provide seamless and simple solutions.
V5	Innovation: Embracing cutting-edge technology and creative solutions to be at the forefront of IT outsourcing.
V6	Teamwork: Fostering collaboration and unity among team members to leverage collective expertise.
Targets	
T1	Market Leader: Expanding the market reach to become one of the largest BFSI Backend IT providers in Indonesia by 2025.
T2	Service Development: Continually developing and innovating service offerings to stay ahead in the industry, which serves as differentiator from their competitor.
T3	Improving Reputation: Establishing a reputation for pioneering and impactful IT solutions, especially as one of the best BFSI backend expert.
T4	Customer Satisfaction: Achieving high levels of customer satisfaction through efficient and effective service delivery.
T5	Operational Efficiency: Streamlining operations to maximize efficiency and minimize complexity for clients and PT XYZ'S business processes.
T6	Fostering IT Growth: Scaling the business sustainably to support the increasing demands of IT outsourcing services, by fostering their IT working with new technology.



4.1 Strategy Formulation

Based on the strategic values and targets outlined in Table IV.1, business strategies can be formulated to cover each Balanced Scorecard perspective. These strategies should be coherent, showing cause-and-effect relationships. The formation of Corporate Strategic Objectives is carried out by integrating Values and Targets found in Table 1 with the general strategy for each perspective discussed below:

1. Financial Perspective: The Company faces productivity issues with 46% of its IT talent being idle. The strategy should balance productivity and revenue growth, reallocating costs from non-productive assets (boot camps) to productive ones (recruiting senior IT and increasing marketing investment).
2. Customer Perspective: The Company operates in B2B with significant revenue from banking and government software projects. Banking companies prioritize customer intimacy (strong relationships, excellent service, comprehensive solutions), while software projects demand operational excellence (quality, rapid fulfillment, competitive pricing). PT IES's strategy involves enhancing customer satisfaction and operational excellence to become a market leader.
3. Internal Business Process Perspective: The Company must enhance operational excellence by streamlining low-value assets (boot camps) and improving high-value assets (senior IT talent and top campuses graduates). This will strengthen customer relationships, improve resource utilization efficiency, and align with the company's vision to be a market leader.
4. Learning & Growth Perspectives: IT development should include training on BFSI sector issues and soft skills, improving IT capabilities, and fostering customer familiarity. Training should target the recruitment and marketing divisions, aligning individual goals with company goals through a reward and punishment system based on contributions.

4.2 Strategy Maps

The Corporate Strategic Map, constructed based on the strategy formulation, is depicted in Figure.1. It includes explanations of proposed measurements based on the KPIs in the Performance Prism Variable Banks, as detailed in Table 2. Each key objective on this strategic map has causal relationships between key objectives across various perspectives, which can be traced. This setup allows for leading and lagging indicators, thus facilitating the company in forecasting performance and diagnosing issues or unachieved targets in each perspective.

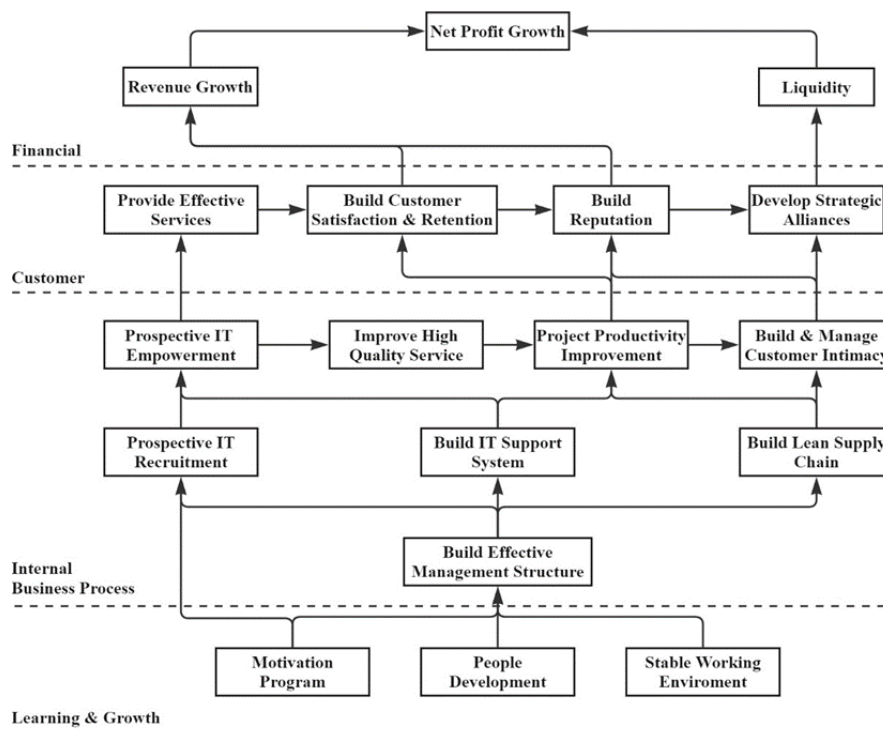


Figure 1. PT IES' Corporate Level Strategy Map



Table 2. Proposed Corporate Level KPI Measurement and Target

BSC Perspective	Strategy	Key Objectives	KPI Measure	KPI Formula	Period	Target
Financial	Achieve revenue growth and target market share growth	Revenue Growth	Revenue Growth	$(\text{Current Revenue} - \text{Previous Revenue}) / \text{Previous Revenue} \times 100\%$	Semi-Annually	25%
	Increase company's profitability	Net Profit Growth	Profit Margin Growth	$(\text{Current EPS} - \text{Previous EPS}) / \text{Previous EPS} \times 100\%$	Semi-Annually	40%
	Improve the company's financial performance through budget optimization and liquidity of existing resources	Liquidity Increase	Current Ratio	$\text{Current Assets} / \text{Current Liabilities} \times 100\%$	Monthly	200%
Customer	Enhance customer satisfaction and company reputation by providing excellent and impactful services	Build Customer Satisfaction and Retention	Repeat Order	$\text{Number of customers that repeat order} / \text{Total Customer} \times 100\%$	Quarterly	50%
	Enhance the company's reputation through word-of-mouth and proof of company performance	Build Reputation	Preferred Supplier Relationships / Customer Choice	$(\text{Number of exclusive vacancy or project by customer} / \text{Total vacancy or projects}) \times 100\%$	Semi-annually	50%
	Maintain good relationships forged with clients by building value co-creation for both parties	Develop Strategic Alliances	On Time Payment of Suppliers	$\text{customer's payment on period} / \text{total customer payment} \times 100\%$	Monthly	100%
	Increase operational excellence by delivering software solutions quickly and with the quality that matches the right price	Provide Effective Service	Service Level Agreement Achievement	$\text{Number of SLA fulfilled} / \text{total SLA} \times 100\%$	Monthly	100%
Internal Business Process	Streamline the company by prioritizing business processes towards potential resources	Build Lean Supply Chain	Infrastructure Availability	$\text{Number of times infrastructure is available when required} / \text{Total infrastructure required} \times 100\%$	Monthly	95%
	Improve the hierarchy and job desks of IT and staff to smooth communication and operational processes	Effective Management	Clarity of Regulations	$\text{Penalties incurred of ambiguities} / \text{total penalties} \times 100\%$	Monthly	0%



BSC Perspective	Strategy	Key Objectives	KPI Measure	KPI Formula	Period	Target
	Support IT performance with technology, accommodation, and other necessities	Build IT Support System	Availability of Technology	Times of occasion of technology are available when required / occasion of technology required x 100%	Monthly	95%
	Increase the effectiveness of software projects by forming teams with professional IT team leaders	Project Productivity Improvement	Project Completion Rate	Projects Completed On-Time / Total Projects	Monthly	100%
	Provide actual case studies to Polban interns to increase their experience	Prospectual IT Empowerment	Qualification Levels	Client's qualification fulfilled/ total client qualification x 100 %	Monthly	100%
	Conduct continuous improvement in recruitment by providing funds, technology, and people needed	Increase IT Recruitment	Vacancy fill speed	Average time required to fill vacancies	Monthly	2 week
	Implement focus group discussions with supervisors from PT XYZ to resolves customer problem	Improve High Quality Services Excellence	Quality Performance	Number of services that fit to purpose/ total customers issues or demand x 100%	Monthly	10%
	Conduct continuous improvement in marketing & after sales	Build and Manage Customer Intimacy	Inventory Level / Stock Turns	Average time of idle IT	Monthly	2 weeks
Learning & Growth	Align personal goals with company goals	Motivation Program	Remuneration and Benefits Benchmark	average salary paid vs. competition / industry and geographical norms	Annually	≥ 30%
	Create a productive work environment	Stable Working Environment	Employee Turnover / Loyalty	(Number of employees leave / total employess) x 100%	Annually	20%
	Provide training to staff and IT to increase productivity and the value of the company	People Development	Training for each Employee	Total Number of Trainings Attended by Employees / Total Number of Employees x 100%	Quarterly	100%



4.3 Strategy Cascade

Cascading a corporate Performance Management System (PMS) into divisional PMS is crucial for aligning strategic goals across an organization. This process translates high-level corporate objectives into actionable targets at the divisional level, ensuring coherence and unity in organizational direction. Laitinen and Kadak (2019) highlight the importance of this approach, showing that a strong chain of key factors in a PMS is associated with improved performance and strategic goal attainment. Table.3 – Table.7 below show the cascade for each division based on interview with stakeholders.

Table 3. Proposed Operational Division KPI Measurement and Target

BSC Perspective	Corporate Objectives	Divison Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
Financial	Liquidity	Decrease overhead operational expenses	Lower Operational Cost	Level of Capital Investment	IT operational cost / sales	Monthly	5%
	Net Profit Growth	Increase IT Productivity	Profitability	Acquired Sales / Profit Growth	Operating profit from current IT placement / operating profit from previous IT placement x 100%	Quarterly	20%
Customer	Build Customer Satisfaction and Retention & Build Reputation	Ensure no complaint reports from clients	Repeat Order	Customer Complaints / Returns	(Number of IT Employed Complained / Number of IT employed) x 100%	Monthly	0%
	Provide Effective Service	Ensure IT performance meets client targets	Client Target Fulfilled	Service Level Agreement Achievement	Number of SLA fulfilled / total SLA x 100%	Monthly	100%
Internal Business Process	Build Lean Supply Chain	Ensure clear responsibility hierarchy	Streamline Responsibility	Skills / Labour Utilisation	Labor hours worked / total labor hours x 100%	Monthly	95%
	Effective Management	Maintain good communication in HR and IT	Maintain effective communication	Clarity of Regulations	Penalties incurred of ambiguities / total penalties x 100%	Monthly	100%
	Build IT Support System	Technology sources aid IT issue resolution	Reduce technical issues	Infrastructure Availability	Number of times infrastructure is available when required / Total infrastructure required x 100%	Monthly	95%



BSC Perspective	Corporate Objectives	Division Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
	Project Productivity Improvement	Ensure project quality and timely completion	on-time project completion	Project Completion Rate	Projects Completed On-Time / Total Projects	Monthly	100%
	Prospectual IT Empowerment	Ensure good work cascade and interaction for apprentices	Good Apprentices Project Responsibility	Quality Performance	Service fit to purpose / total service x 100%	Monthly	100%
	Improve High Quality Services Excellence	Ensure quick and quality IT work completion	Deliver IT solutions promptly	Initiative Achievement on Time	Strategy program completed on time / total strategy programs x 100%	Monthly	90%
Learning & Growth	Motivation Program	Implement clear performance-reward system	Clear performance review	Remuneration and Benefits Benchmark	average salary paid vs. competition / industry and geographical norms	Annually	95%
	Stable Working Environment	Promote healthy work environment	Supportive work environment	Employee Satisfaction	Employee Satisfaction Survey	Annually	90%

Table 4. Proposed Learning Division KPI Measurement and Target

BSC Perspective	Corporate Objectives	Division Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
Financial	Net Profit Growth	Reduce operational and non-effective training costs in IT	Minimize IT trianing cost	Level of Capital Investment	IT operational cost / sales	Monthly	5%
	Liquidity	Enhance IT performance to improve financial outcomes	Raise employed IT on client's company	Employee Productivity	Operating profit from current IT placement / operating profit from previous IT placement x 100%	Quarterly	0.2
Customer	Provide Effective Service	Ensure IT can address and solve up-	provide up-to-date service	Quality Performance	Number of service fit fot purposes /	Monthly	100%



BSC Perspective	Corporate Objectives	Division Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
		to-date issues effectively			number of service x 100%		
Internal Business Processes	Effective Management	up-to-date Learning KPI	Assess and improve the learning outcomes in IT	Best Practices Coverage	Number of processes that are covered by practices that are considered to be best / number of practices x 100%	Semi-Annualy	90%
	Build IT Support System	up-to-date Learning Infrastructur	Keep IT training infrastructure and technology up-to-date	Infrastructure Availability	Number of times infrastructure is available when required / Total infrastructure required x 100%	Monthly	95%
	Project Productivity Improvement	Learning role classification	Clarify roles and responsibilities for IT projects and internships	Qualification Levels	Client's qualification fulfilled/ total client qualification x 100 %	Monthly	100%
	Prospective IT Empowerment	Study Case Learning	Empower IT managers with real-case project scenario training	Skills / Labour Utilisation	(Labours hour worked / Total labour hour) x 100%	Monthly	95%
	Improve High Quality Services Excellence	Ensure IT service quality meets and exceeds industry standards	Deliver services that not only meet client expectations but aim to exceed them	Quality Performance	Service fit to purpose / total service x 100%	Monthly	100%
Learning & Growth	Motivation Program	Effective Motivation Program	Implement engaging and effective	Remuneration and Benefits Benchmark	average salary paid vs. competition / industry and	Annually	≥ 30%



BSC Perspective	Corporate Objectives	Division Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
			motivation programs		geographical norms		
	Stable Working Environment	Align Learning with vision & mission	Promote a collaborative and supportive work environment	Employee Turnover / Loyalty	(Number of employees leave / total employees) x 100%	Annually	20%
	People Development	Supportive learning environment	Align staff development with strategic company goals	Training for each Employee	Total Number of Trainings Attended by Employees / Total Number of Employees x 100%	Quarterly	100%

Table 5. Proposed Marketing Division KPI Measurement and Target

BSC Perspective	Corporate Objectives	Division Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
Financial	Revenue Growth	Increase revenue from new clients and projects	Increase revenue from new client	Value of new accounts / customers	(Revenue from new customer / Total revenue) x 100%	Quarterly	10%
	Net Profit Growth	Obtain higher offerings for each IT	Maximize profit margins on IT services	Acquired Sales / Profit Growth	Operating profit from current IT placement / operating profit from previous IT placement x 100%	Quarterly	20%
	Liquidity	Conduct marketing cost efficiency with higher revenue acquisition	Optimize marketing ROI	Advertising Spend vs. Sales Turnover	(Marketing Cost / Sales) x 100%	Monthly	5%
Customer	Build Customer Satisfaction and Retention	Fulfill and exceed IT sales promises during the marketing process	Improve client retention rates	Repeat Order	Number of customers that repeat order / Total Customer x 100%	Quarterly	50%
	Build Reputation	Raise the company's reputation as a high-quality IT	Build Reputation	Customer Recommendation	Number of contracts or projects from customer	Semi-annually	50%



BSC Perspective	Corporate Objectives	Division Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
		outsourced vendor			recommendation to colleagues / total customer x 100%		
	Develop Strategic Alliances	Enhance good relationships with clients	Added value for both the company and customer	On Time Payment of Suppliers	customer's payment on period / total customer payment x 100%	Monthly	100%
	Provide Effective Service	Present software project solutions according to client needs and expectations	Provide Effective Service	Service Level Agreement Achievement	Number of SLA fulfilled / total SLA x 100%	Monthly	100%
Internal Business Process	Build Lean Supply Chain	Increase the effectiveness of marketing experienced IT	Marketing employee productivity	Inventory Level / Stock Turns	Average time of idle IT	Monthly	2 weeks
	Effective Management	Enhance the system and technology communication and work relationships	Improve cross-departmental collaborations	Clarity of Regulations	Penalties incurred of ambiguities / total penalties x 100%	Monthly	0%
	Build IT Support System	Conduct monitoring of IT performance evaluations by clients	Improve IT support feedback loop	Customer Complaints / Returns	(Number of IT Employed Complained / Number of IT employed) x 100%	Monthly	0%
	Build and Manage Successful Alliance	Conduct personal relationships with people within and outside the company	Foster strong alliances and partnerships	Preferred Supplier Relationships / Customer Choice	(Number of exclusive vacancy or project by customer/ Total vacancy or projects) x 100%	Semi-annually	50%
Learning & Growth	Stable Working Environment	Increase communication	Foster a supportive internal	Employee Turnover / Loyalty	(Number of Employees leave / total	Semi-annually	20%



BSC Perspective	Corporate Objectives	Division Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
		and relationships	communication network		employees) x 100%		
	People Development	Provide training on B2B relationships	Enhance employee B2B capabilities	Training for each Employee	Total Number of Trainings Attended by Employees / Total Number of Employees x 100%	Monthly	100%
	Motivation Program	Implement a bonus system for marketing personnel	Increase motivation and performance	Remuneration and Benefits Benchmark	average benefit paid vs. competition / industry and geographical norms	Annualy	Higher

Table 6. Proposed Human Resources Division KPI Measurement and Target

BSC Perspectives	Corporate Objectives	Division Strategy	Division Obejctives	KPI Measure	KPI Formula	Period	Target
Financial	Revenue Growth & Liquidity	Recruit a higher proportion of senior IT professionals with premium market value	Increase the number of high-value IT prospects	Acquired Sales / Profit Growth	Operating profit from current IT placement / operating profit from previous IT placement x 100%	Quarterly	20%
	Net Profit Growth	Decrease HR operational expenses without impacting performance effectiveness	Reduce non-contributory HR operational costs	Recruitment Spend vs. Sales Turnover	(Recruitment Cost / Sales) x 100%	Monthly	5%
		Improve the cost-effectiveness of IT recruitment relative to their market value	Enhance IT recruitment cost-effectiveness	Profit from New Products / Services	Total sales from new ITs / Total ITs	Monthly	30%



BSC Perspectives	Corporate Objectives	Division Strategy	Division Obejctives	KPI Measure	KPI Formula	Period	Target
Customer	Build Customer Satisfaction and Retention	Lower the rate of IT candidates rejected by clients due to lack of qualifications	Reduce client rejections	Product Standardisation	Number of ITs that have industry standard / total ITs x 100%	Monthly	95%
	Develop Strategic Alliances & Build Reputation	Supply IT personnel with skillsets making them indispensable to clients	Provide IT with high replaceability skills	Best Practice Coverage	Number of ITs that have best practice skills / total ITs x 100%	Monthly	95%
	Provide Effective Service	Provide IT personnel who meet or exceed client standards in a timely manner	Supply IT meeting/exceeding client standards quickly	Vacancy Fill Speed	average lead time to recruit Its	Monthly	2 Weeks
	Effective Management	Clearly delineate job responsibilities for recruiting from LinkedIn, campuses, and managing non-technical needs	Clearly define HR sub-division jobdesk and responsibility	Skills / Labour Availability	Mean time when IT workforce not avaiable	Monthly	1 week
	Build IT Support System	Offer comprehensive non-technical support to IT staff including accommodation and a feedback mechanism	Provide non-technical work support facilities for IT	Infrastructure Availability	Number of times infrastructure is available when required / Total infrastructure required x 100%	Monthly	100%
	Project Productivity Improvement	Supervise and assess IT staff during practical case studies to	Monitor IT learning & working process	Skills / Labour Utilisation	Labor hours worked / total labor hours x 100%	Monthly	95%



BSC Perspectives	Corporate Objectives	Division Strategy	Division Obejctives	KPI Measure	KPI Formula	Period	Target
		gauge performance and personality					
	Prospectual IT Empowerment	Conduct university visits and offer internships with real case study learning opportunities	Conduct university visits & recruitment process	Conditional Job Offers Withdrawn	Job offer withdrawn / total job offers x 100%	Monthly	10%
	Increase IT Recruitment	Improve the attractiveness of vendor offerings to IT candidates, focusing on senior and renowned university IT	Enhance vendor appeal to IT	Applications per vacancy	average number of applications received per vacancy	Monthly	10 applicant
	Improve High Quality Services Excellence	Organize focus group discussions to address and innovate solutions for non-technical issues raised by IT staff	Conduct non technical FGDs for IT	Training Take Up	number of Its take soft skill training / total Its x 100%	Monthly	100%
	Build and Manage Successful Alliance	Regularly coordinate with Marketing and Operations to anticipate and meet IT staffing needs	Maintain continuous contact with Marketing and Operations Division	Clarity of Regulations	Penalties incurred of ambiguities / total penalties x 100%	Monthly	0%
Learning & Growth	Motivation Program	Reward HR staff for successful client hires of their IT recruits exceeding	Provide bonuses program	Remuneration and Benefits Benchmark	average salary paid vs. competition / industry and geographica l norms	Annuall y	≥ 30%



BSC Perspectives	Corporate Objectives	Division Strategy	Division Obejctives	KPI Measure	KPI Formula	Period	Target
		predetermined targets					
	Stable Working Environment	Establish a work environment enabling HR staff to perform optimally with reasonable stress levels	Create a conducive work environment where HR staff can work effectively under manageable pressure	Employee Turnover / Loyalty	(Number of employees leave / total employess) x 100%	Annually	20%
	People Development	Conduct training sessions on effective vendor presentation techniques for IT recruitment	Train staff on recruitment	Training for each Employee	Total Number of Trainings Attended by Employees / Total Number of Employees x 100%	Quarterly	100%

Table 7. Proposed Finance Division KPI Measurement and Target

BSC Perspective	Key Objectives	Divison Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
Financial	Revenue Growth	Achieve revenue growth and target market share growth	Monitor company's revenue growth	Revenue Growth	(Current Revenue - Previous Revenue) / Previous Revenue x 100%	Semi-Annually	25%
	Net Profit Growth	Increase company's profability	Monitors company's profitabilit y and efficient budget managem ent	Profit Margin	(Current EPS - Previous EPS) / Current EPS x 100%	Semi-Annually	40%
	Liquidity	Improve the company's financial performance	Monitor company's liquidity and net	Current Ratio	Current Assets / Current Liabilities x100%	Monthly	200%



BSC Perspective	Key Objectives	Divison Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
		through budget optimization and liquidity of existing resources	working capital management				
Customer	Build Customer Satisfaction and Retention & Build Reputation	Ensure IT receives appropriate budget to meet client expectations and standards	Ensure client profitability	Value of existing accounts / customers	Revenue from existing customer/ total customers x100%	Semi-Annually	75%
	Develop Strategic Alliances	Ensure smooth client payments without coercion	Efficient client payment processing	On Time Payment of Suppliers	customer's payment on period / total customer payment x 100%	Monthly	100%
	Provide Effective Service	Ensure budget does not exceed budget plan	Budget adherence	Accuracy of cost estimation / business cases	Number of accurate cost estimation / Total number of cost estimation x 100%	Monthly	100%
Internal Business Process	Build Lean Supply Chain	Budget for business processes that contribute significantly to performance	Optimize budget allocation for key processes	Cost of Acquiring and Maintaining Best Practices	Average cost of acquiring or maintaining best practices	Monthly	Rp. 50 Million
	Effective Management	Communicate well with each division to understand budget prospects	Enhance employees' satisfaction with on time salary payment	Capital Availability / Accessibility	Value of funds made available by investors	Quarterly	Rp. 200 Million
	Build IT Support System & Productivity Improvement	Budget for technology to monitor financial	Allocate funds for technology to enhance division	Initiative Cost Achievement	(Actual programme budget - programme budget plan) /	Monthly	100%



BSC Perspective	Key Objectives	Divison Strategy	Division Objectives	KPI Measure	KPI Formula	Period	Target
		performance of divisions	performanc e		programme budget plan x 100%		
	Prospectual IT Empowerment	Increase budget for developing company assets and IT	Enhance IT assets and capabilities	Level of Capital Investment	IT operational cost / sales	Monthly	5%
	Increase IT Recruitment	Increase budget for recruiting and marketing potential IT talent	Boost IT talent acquisition and visibility	Recruitment Spend vs. Sales Turnover	(Recruitment Cost / Sales) x 100%	Monthly	5%
	Improve High Quality Services Excellence & IT Empowerment	Increase budget for company marketing	Enhance marketing efforts and outreach	Advertising Spend vs. Sales Turnover	(Marketing Cost / Sales) x 100%	Monthly	5%
	Build and Manage Successful Alliance	Maintain good relationships with banks, government, and clients	Strengthen financial and legal networks	Expenditure on Stakeholder Relations	PR Expenditure / Total Expenditure x 100%	Monthly	5%
Learning & Growth	Motivation Program	Implement bonus system for finance staff exceeding targets	Incentivize performance through bonuses	Remuneratio n and Benefits Benchmark	average salary paid vs. competition / industry and geographical norms	Monthly	1 week
	Stable Working Environment	Create a conducive work environment for finance staff	Improve workplace environme nt	Employee Turnover / Loyalty	(Number of finance Employees leave / total employess) x 100%	Monthly	10%
	People Development	Train soft skills and client-government relations	Enhance skills and relationships	Training for each Employee	Total Number of Trainings Attended by Employees / Total Number of Employees x 100%	Monthly	0.95



4.3 Analytical Hierarchy Process

The Analytic Hierarchy Process (AHP), a vital tool in Performance Management Systems and particularly significant in the context of the Balanced Scorecard, plays a crucial role in weighting indicators across various divisions of an organization. This methodology is renowned for its ability to transform subjective assessments of relative importance into a set of objective weights, which are pivotal in determining the most impactful division on overall organizational performance.

This comprehensive approach ensures that the assessment of various divisions within an organization is both systematic and reflective of the strategic priorities set at the corporate level, enabling a more objective and data-driven decision-making process in the context of performance management. The corporate level indicators weighting is shown in table 8.

Table 8. Indicator Weighting

Perspectives	Global Weight	Strategic Theme	Global Weight	Key Objectives	Global Weight
Financial	37%	Revenue Growth	18%	Revenue Growth	18%
		Productivity	18%	Net Profit Growth	9%
				ROCE	9%
Customer	37%	Customer Intimacy	31%	Build Customer Satisfaction and Retention	10%
				Build Reputation	10%
				Develop Strategic Alliances	10%
		Operational Excellence	6%	Provide Effective Service	6%
Internal Business Process	19%	Operational Excellence	10%	Build Lean Supply Chain	3%
				Effective Management Structure	3%
				Build IT Support System	1%
				Project Productivity Improvement	1%
				Prospective IT Apprentices Empowerment	1%
		Increasing Customer Value	10%	Prospective IT Recruitment	4%
				Improve High Quality Services Excellence	1%
		Build and Manage Customer Intimacy	4%		
Learning & Growth	7%	Develop People	5%	Motivation Program	4%
				People Development	1%
		Create Stable Work Enviroment	2%	Stable Working Enviroment	2%

5. CONCLUSION

PT IES lacks a performance management system to measure company performance and translate corporate strategies into daily operations. The company's performance assessment relies on basic financial metrics, specifically revenue and net profit, without specific measures for company, division, and employee performance. This absence hinders the company's ability to assess performance, identify problems, and lacks guidance for appropriate actions has led to numerous decision-making errors, resulting in decreased company liquidity and financial performance.

The Balanced Scorecard framework is recommended for PT IES as it is suitable for small and profit-oriented businesses like startups, translates strategic objectives into measurable operational processes. This framework, comprising four interlinked perspectives, streamlines the evaluation and forecasting of company performance. It's clear, interrelated indicators across these perspectives aid in coherent Performance Management System implementation. The practical application of this framework by Indonesian firms attests to its effectiveness in designing detailed PMS structures.



There are 9 proposed Business Strategies for PT IES which consists of 4 perspectives, 9 strategic themes, and 18 strategies with key objectives for each strategy. These 18 strategies and objectives across each perspective of the Corporate Balanced Scorecard serve as the basis for cascading strategies into the Balanced Scorecard of each division, totaling 92 business strategies divided into 4 perspectives across the corporate and 5 divisions with total of 92 KPIs.

The implementation of the created Balanced Scorecard framework for corporate and divisions is carried out through the organizational and cultural integration of the BSC, highlighted by regular communication, team formation, and training. The BSC metrics are incorporated into business processes, supported by an expert system developed for performance tracking. Data collection is organized around leading and lagging indicators, with regular reviews to adapt to market dynamics and internal changes.

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