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Perspective Application of Four Pillars Balance Scorecard (BSC) On Company Organization Performance

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Abstract: *The four pillars of balanced scorecard (BSC) are as a encouraging reference to the same size perfekstif usage, financial performance, Business, Customer, learning and growth. The financial and nonfinancial balance, the company determines a strategic goal by balancing multiple perspectives on finance, customers, internal business processes, and learning and Growth to measure company performance (Kaplan and Norton, 1992 - 1996), Application of Balance Scorcard is trying to explore how a balanced business market design is designed and how far the rate of growth and success, to be applied to the intended Company, into the organizational structure, philosophy and performance of the company.*
Keywords: *Perspective, Four Pillars, Balance Scorecard*

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I. Introduction

According to Robert S. Kaplan and David P. Norton The concept of "Balance Scorecard was developed by starting from a study of business performance measurement in 1990". Balanced Scorecard consists of two words:

1. Scorecard and
2. Balanced (balanced).

A scorecard is a card used to record an organization's performance score or individual score. The scorecard can also be used to plan the score to be realized in the future. Through a scorecard, the scores that the organization intends to embody, the individual in the future is compared to the actual performance results.

The results of this comparison are used to evaluate the performance of the organizations / individuals concerned. The word balanced is intended to show that organizational / individual performance is measured on a balanced basis from two aspects: financial and non-financial, short-term and long-term, internal and external. In another definition Balance Scorecard is a concept to measure whether the operational activities of an enterprise on a smaller scale are in line with larger goals in terms of vision and strategy.

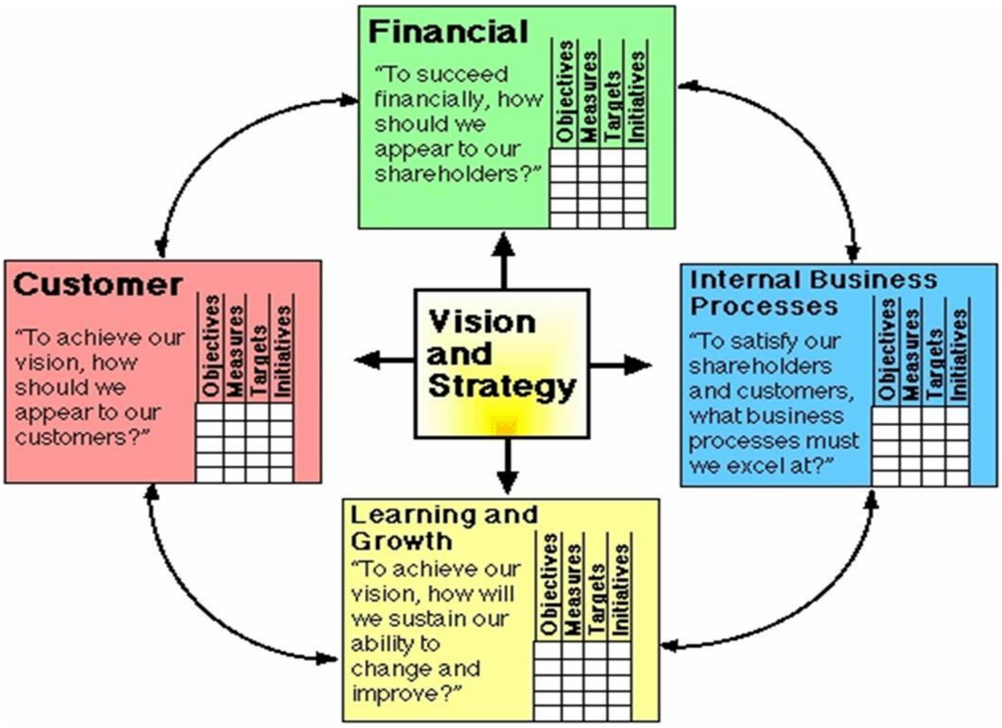
II. Formulation of the problem

1. Are the four pillars of Banace scorcard effective?
2. How good is it to apply Balanace scorcard to the Company?
3. Why is Balance Scorcard applied to the company?

III. Purpose and objectives

1. To apply four pillar balance scor cards to a company to balance the source, transformation, out put and out come it.
2. Creating and shaping the company's management more efficiently and effectively in balancing the four pillars principles in developing the company, succeeding in financially, managing customer, balanced in effort and building business and feel comfortable as employee, so that company grow and develop.

IV. Discussion



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Balanced scorecard is a management system for managing strategy implementation, measuring performance in full, communicating vision, strategy and target to stakeholders. The balanced word in the balanced scorecard refers to the concept of balance between the various perspectives, the time period (short and long), the scope of attention (internal and external). The word scorecard refers to an organization's performance plan and its parts as well as its size quantitatively.Balanced scorecards benefit organizations in several ways:

1. Explain the vision of the organization
2. Aligning the organization to achieve the vision
3. Tegrate strategic planning and resource allocation
4. Improve management effectiveness by providing appropriate information to guide change

According to Robert Kaplan and David Norton, in applying the balanced scorecard, the following five key principles are required:

1. Translating a balanced scorecard based strategy management system into operational terminology so that everyone can understand
2. Linking and aligning organizations with that strategy. This is to provide direction from the executive to the front line staff
3. Creating a strategy is a job for everyone through the contribution of everyone in strategic implementation
4. Develop a strategy of a continuous process through organizational learning and adaptation
5. Implement a change agenda by the executive to mobilize change.

History of BSC DevelopmentIn the first introduction of the concept of balance scorecard (BSC) in 1990 by Robert S Kaplan and David P. Norton, the BSC was only used as a performance measurement tool for business organizations. BSC as a performance measurement system can be used as a means of controlling, analyzing and revising the organization's strategy (Campbell et al., 2002).

The BSC was originally intended for profit-oriented organizations although BSCs were actually applicable to public sector organizations. When the BSC at each level is clearly communicated throughout the organization, individuals within the organization can adjust their daily activities with strategies and will automatically assist the organization in achieving its strategic objectives. This is relevant not only to private sector organizations but also to public sector organizations including government organizations.

In public sector organizations BSC can be used to monitor and evaluate organizational performance on the perspective of internal processes (eg amount of waste transported), customer satisfaction (public and political leaders as customers), finance (eg credit level, fund balance), and on other perspectives . In general there are BSC perspective differences applied to profit-oriented business organizations and public serviceoriented public sector organizations (Blocher et al., 2005: 50).Although public organizations are not for profit, the organization is made up of interrelated units that share the same mission of serving the community.

Therefore, the public organization must be able to translate its vision into the strategy, objectives, measures, and targets to be achieved. Further communicated to existing units to be implemented so that all units have the same goal, namely the achievement of the mission of the organization. To that end, public organizations can use the BSC to translate the organization's mission into a series of actions to serve the community. Given the differences between business and public organizations, the BSC must be modified first to fit the needs of the public organization (Rohm, 2003).

The emergence of Balanced Scorecard is caused by the shifting level of business competition from industrial competition to information competition, thus changing the measuring instrument or reference used by the company to measure its performance.

1. Technology changes
2. Tight competition in the business world
3. Encouraging the Need for Information
4. Resulting Information competition

To help make a decision, the existence of the word Balance itself shows a balance in organizational management so that it can run well and able to improve organizational performance well. To realize that then in Balance Scorecard in this concept introduces a company performance measurement system by using certain criteria. These criteria are in fact a translation of what the company's mission and strategy are in the long run, which are categorized into four different perspectives:

1. Financial perspective is how we are oriented to shareholders.
2. Customer perspective is how we can become the most valuable main supplier for the customer.Perspective of the process, internal business, which is the best
3. Business process we should do, in the long term and short term to achieve inancial goals and customer satisfaction.
4. The perspective of growth and learning is how we can improve and create value continuously, especially in relation to the ability and motivation of employees.
5. In the Balanced Scorecard, the four perspectives are an integral whole. These four perspectives are also indicators of performance measurement that complement each other and have causal relationships.

Measurement of the four perspectives can be done as follows:

1. Financial Perspective by Kaplan (Kaplan, 1996) at the time of the company's financial measurement, the first thing to do is to detect the existence of the industry it owns. Kaplan classifies three stages of industrial development namely; growth, sustain, and harvest.From the stages of industrial development will require different strategies. In a financial perspective, there are three aspects of a company's strategy;

a. Revenue growth and revenue combinations that a business organization has.
b. Decreased costs and increased productivity
c. Optimal asset use and investment strategy.

2. Customer Perspective, in this customer's perspective, identifies how their customer's condition and the market segment have been chosen by the company to compete with their competitors. The segment they have chosen reflects the customer's existence as their source of income. In this perspective, measurements are performed with five main aspects (Kaplan, 1996: 67); that is

a. The measurement of market share, the measurement of the size of the firm's market share reflects the proportion of the business in a given business area expressed in terms of money, number of customers, or unit volume sold over each unit of product sold.
b. Customer retention, measurement can be done by knowing the percentage of business growth with the number of customers currently owned by the company.
c. customer acquisition, the measurement can be done through the percentage of the number of new customer additions and the ratio of total sales to the number of new customers available.
d. Customer satisfaction, the measurement of this level of customer satisfaction can be done with various techniques such as: surveys by mail (post), telephone interviews, or personal interview.
e. Customer profitability, measurement to customer profitability can be done by using Activity Based-Costing (ABC) technique.

3. Internal Business Process Perspective, in this perspective, the company makes measurements on all activities undertaken by the company both manager and employees to create a product that can provide certain satisfaction for customers and shareholders. In this case the company focuses on three main business processes namely: process innovation, operation process, post sales process.

4. Growth and Learning Perspective, The last perspective in the Balanced Scorecard is the perspective of growth and learning. Kaplan (Kaplan, 1996) reveals how important a business organization is to continuously pay attention to its employees, monitor employee welfare and improve employee knowledge because with increasing levels of employee knowledge will improve also the ability of employees to participate in achieving the results of the above three perspectives and company goals.

The problems that arise in the application of Balanced Scorecard and many faced by companies who want to apply Balanced Scorecard in its management system include:

1. How to design a scorecard, a good scorecard design is basically a design that reflects the organization's strategic goals. Some companies in America have tried to design a performance appraisal scorecard based on the categories disclosed by Kaplan & Norton. In practice, there are still many companies that can not formulate, a strategy and have a strategy that is not clear at all (Mavrinac & Vitale, 1999: 1). This of course will complicate the design of the scorecard in accordance with the strategic objectives of the company to be achieved.
2. The number of measuring tools needed, The number of measuring tools developed by the company is not the most important problem is how the measuring tool-measuring tool that is biased covers the overall strategy of the company can primarily measure the most important dimensions of a strategy. But the thing to remember is that the gauge can reach a broad perspective of performance improvement with minimal measurements.
3. Is the Scorecard worthy enough to be a performance appraiser, According to Sarah Marvinack (Marvinack, 1999: 1) The worth of scorecards formed by the company will depend on the value and orientation of the company's strategy. In some companies in America, they pay more attention to the values that are explicitly and quantitatively associated with their business strategy.
4. The need for a Scorecard is linked to individual benefits and benefits. Many companies in America link between performance in the Balanced Scorecard and individual gainsharing. But it should be borne in mind that the basis for benefit sharing (gainsharing) is how much support innovation or cultural changes provided by individuals to improve company performance.
5. Does the existing scorecard replace the entire old management system? In practice, it is very difficult to replace the old management system with a completely new Balanced Scorecard management system, but the company is expected to do so if the old management system fails to support the organization's objectives all this time. In some companies in the United States trying to apply the Balanced Scorecard concept in their company (Mavrinac, 1999: 4), they chose to combine systems that are still relevant to the achievement of organizational goals with the Balanced Scorecard system.

According to O Reilly (Mattson, 1999: 2) One of the keys to the successful implementation of the Balanced Scorecard is the full support of every layer of management that exists within the organization. The Balanced Scorecard not only serves as a report but more than that, the Balanced Scorecard must be a reflection of a company's strategy and vision of the organization. Even O Reilly says that the Balanced Scorecard can be viewed as a tool to communicate the company's strategy and vision continuously. Ian Alliott, a large American consulting firm, identified four key steps that companies must adopt if the company will implement the Balanced Scorecard concept. These steps are (Mattson, 1999: 2):

1. Obtaining mutual agreement and commitment between the top management of the company.
2. Design a Balanced Scorecard model, which allows the company to define several determinants such as strategic objectives, business perspective, key performance assessment indicators.
3. Develop a program the most appropriate approach used by the company so that Balanced Scorecard become part of the culture of the organization concerned. The concept of a developed scorecard can serve as one of the controllers if there is a change of culture within the company. In other words the company should take into account whether the implementation of the Balanced Scorecard will lead to considerable changes in the organization of the company.
4. Aspects of technology usage Many companies have begun using computer software to determine scorecard elements and automate the distribution of data into the scorecard. The scorecard data, in the form of these measurement figures, will be interviews from period to period on an ongoing basis.

The Concept of Balanced Scorecard Performance (BSC)

The Balanced Scorecard (BSC) was first introduced by Robert S. Kaplan and David P. Norton in 1990. The Harvard University alumnus conducted a research on measuring company performance with surprising results. Kaplan and Norton found that the main causes of organizational failure are:

1. Inability to execute the strategy that affects the kineja of the company, less than 10% of the company's organization is able to run its strategy in running the company. Failure in carrying out this strategy because it

is caused by several reasons that is the workers who understand the company's organization strategy is its vision and mission. From literacy survey results that only 5% of the total employee of a company organization that understands the organization's strategy in the company. Means 95% of workers do not understand just walking like people do not see who do not know which direction the company's organization is running.

2. Kaplan and Norton found that only 25% of managers linked incentives to the strategy (people barrier). In fact, the incentive is one of the effective motivators to encourage workers to work according to the target company. Certainly it is not possible for a company's organization to mobilize its workers by relying on threats only, whereas such a policy would lead to the work of strikes, denials and demonstrations.
3. The results of Kaplan and Norton's research reveal the fact that executives, leaders, managers who are authorized to make decisions, do more work routines that workers do, not on strategic policies, management barriers. 85% of the executives only spend less than 1 hour in a month to talk about the company's strategy of organization, with a very short time allocation, it is impossible for leaders to formulate a qualified and executable company organization strategy.
4. The resources of the company's organization are not appropriately allocated, the resource barrier, because of the results of the study, only 40% of organizations that associate the organization's budget with the strategy owned, means that the majority of resources owned by the company's organization 60% is used for the actual things has nothing to do with the goals that are targeted and achieved in the organization of the company.

Therefore, based on the facts of such data, Kaplan and Norton introduced the concept of BSC as a performance management system. A system that tries to balance the interests of all sections of the corporate organization, defined as the objectives of the organization of the Company.

Strategic Performance InitiativeStrategic performance initiatives or work programs that need to be prioritized to run are often a challenge. Especially when we do not have a framework for prioritization. By using the BSC concept, the determination of strategic initiatives is guided by performance indicators. The targets set for this indicator are often challenging, which has a relatively significant difference compared to the current conditions. To close this distinction, called performance gap, a number of strategic initiatives are needed. Through this process, the determination of better guided strategic initiatives. We are led to focus on initiatives that are indeed relevant to the performance indicators being the reference. For example, a company that launches a growth strategy for a company, wants to boost production from 60% to 80% within a year by running an incentive initiative on production that exceeds the number of production targets in each month then the production department is entitled to the incentive .

Organizational Performance ControlBalance scorecards also allow work units to align their performance targets with organizational strategic priorities. Imagine if a set of units of work sets performance targets for each of them without following a common referral. It could be that each work unit will show excellent performance, although the performance of the corporation actually sag. This is because the performance delegation mechanism from the organizational level to the work unit level does not occur. Balance scorecards help us to delegate top-down performance fairly through a mechanism called vertical alignment.

Balance scorecards also help to identify how work units can harmonize each other's performance through horizontal alignment mechanisms. This mechanism helps support units to sharpen their performance indicators, targets and strategic initiatives to meet the expectations of other work units serving both internal and external customers. For example, in the Human Resources section can determine the target lead time in performing performance in its HR section in the process of maximum recruitment, rotation and promotion of their positions as their internal customer expectations.

Performance and Risk DeterminationIdentifying risk through strategic objectives developed based on Balance Scorcard is a widely used approach. In general, that is to be proactive in managing risk performance. But we are often constrained in determining risks that should be of concern to the organizational level, risks that can threaten long-term organizational performance. Balance scorecard provides a framework for determining risk, which priority when an organization has been able to determine its strategic objectives as its target targets, then the strategic objectives can be the basis for determining the priority risk that must be considered by the company. In a short time, risks can be derived and eliminated from the things that hinder the achievement of these strategic goals. Scorcard balances are essentially not just performance measurement tools, but more than that, which is a framework that links strategy with the various practices of corporate management strategies.

V. Closing

According to Kaplan and Norton in providing generic models that are very useful in the form of a balanced scorecard on the company, in case studies as well as application of performance and culture within the company should be a major consideration in the development and completion of each case. Visual model presentation is very important, as most workers will relate to visual presentations much more easily than text or tables or other presentation forms. From the results of this case study, a number of key issues can be absorbed so that the balanced scorecard succeeds in delivering strategic goals.

Balanced Scorecard business, Financial, Customer, Internal Bussines and Learn and growt must be balanced:

1. Delivering the information that serves as the backbone of the strategy serves as a foundation for the present and future organization's success by balancing short and short-term financial performance, with long-term growth opportunities
2. Balancing internal and external perspectives by ensuring that comparisons against competitors are currently being performed, in addition to comparisons with past organizational performance
3. Highlights performance by adopting a broad perspective: financial, business, inter-customer / market processes and employee work motivation
4. Act as an integration tool, horizontally between parts, cross-functional and vertical to the above management through management level, by communicating business strategy and organizational priority
5. It functions as a dynamic and continuous process used to evaluate performance and redefine strategy and action based on results.

Using the Balanced Scorecard as a measurement system, it enables all strategic business units and working groups to stay focused on what matters to future success for the Company. Contribute to the achievement of overall corporate objectives, linking scorecards to key management processes, such as budgeting and business planning, ensuring all energy is directed in accordance with predetermined strategies. Balanced scorecard to all levels and levels in the company. It is possible to determine how its actions and policies should contribute to the company's success.

According to Ricardo Semler, CEO of the Brazilian company Semco, argues: "No one can expect the spirit of engagement and partnership to grow without being supported with much information available even to the lowest worker.The Balanced Scorecard can be a key tool in the overall information sharing strategy.

VI. Conclusion

1. The effectiveness of BSC implementation is the achievement of BSC implementation objectives in the management strategy, while the benefits obtained by management, as well as the alignment between theory, organization with the principles adopted by companies that are considered successful in the application of BSC. Research is done by studying how BSC implementation in Company environment.
2. One of the best practices of BSC implementation in the company has been implemented in several companies, beginning its development, strategic map in the company consists of describing the company's income and profits, corporate financing, corporate wealth, and quality of production. Through BSC application method.
3. The BSC method with these four perspectives (financial, internal business processes, learning and development, and customer) helps all levels of organizational management to focus on key performance indicators that are fully structured by organizational strategy. Which should have clear vision, mission, and strategy of the Company.

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