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## Implementation Of Balance Score Card To Improve Employee Performance At PT Gaya Makmur Tractors

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### Keywords

balance score card;  
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### Abstract

To evaluate a company's success, performance evaluations must be conducted using acceptable performance assessment criteria. Performance appraisal also plays a vital role because it seeks to encourage employees to achieve efficiency and effectiveness in a company. Measuring performance with this system causes the company's orientation to only short-term profits and tends to ignore the long-term survival of the company. Performance measurements that focus on the financial sector are unable to estimate the performance of the company's intangible assets and intellectual assets (human resources). Additionally, this method of assessing achievement is less capable of entirely driving the organization on a better path and pays less consideration to the external sector and its history. Data analysis was carried out descriptively qualitatively. According to the findings, PT Gaya Makmur Tractors was urged to prepare for the worldwide marketplace by changes in performance activities. The key to competition in the global market is total quality which includes emphasis on product quality, cost or price quality, service quality, timely delivery quality, and other satisfactions that continue to develop to provide continuous satisfaction to customers. A crucial element of the business is performance measurement or assessment. Apart from being used to assess a company's success, performance measurement can also be used as a basis for determining a company's reward system, for example, to determine employee salary levels and appropriate rewards. Management can also use company performance measurements as a tool to evaluate the previous period



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### 1. Introduction

The company attempts to develop a strategy for business competition by creating a strategy, implementing the strategy, and then conducting an evaluation. Global competition encourages companies to pay attention to competitive advantages such as improving products, and services, and creating effective marketing for consumers. Performance constraints generally occur because most corporations are too focused on employee obligations and what employees must provide to the company. On the contrary, it ignores workers' rights. This imbalance between HR rights and obligations is what triggers performance problems, such as less productive and ineffective employee performance. Therefore, companies need to analyze employee performance to assess and determine work effectiveness and evaluate performance to become more effective. Through HRM practices, the company strives to control and manage employee performance to achieve targets set by the company. HRM practices also influence employees' perceptions of how much

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the company they work for cares about their welfare and believes that the resources they have provided to the organization will be reciprocated through policies (Ritonga, 2020).

Performance assessment or measurement is an important factor in the company. Apart from being used to assess a company's success, performance measurement can also be used as a basis for determining a company's reward system, for example, to determine employee salary levels and appropriate rewards. Management can also use company performance measurements as a tool to evaluate the previous period. So far, what is commonly used in companies is traditional performance measurement which only focuses on the financial sector. Measuring performance with this system causes the company's orientation to only short-term profits and tends to ignore the long-term survival of the company. The performance of a company's intangible and intellectual assets (human resources) cannot be calculated using performance metrics that are solely focused on the financial sector. Apart from that, estimating performance in this way is also less able to tell much about the company's past, pays less attention to the external sector, and is unable to entirely navigate the company in a better direction (Najjar, 2015) (Rafiq, Zhang, Yuan, Naz, & Maqbool, 2020).

Humans are given the freedom to choose the path they take. As for achieving happiness in this world and the hereafter, religious teachings teach their followers to do hard work both in the form of worship and good deeds. Worship is orders that must be carried out by Muslims that are directly related to Allah SWT and have been determined in detail regarding the procedures for carrying them out. Meanwhile, good deeds are good deeds carried out by Muslims, where these actions have a positive impact on the person concerned, on society, on the nation and state, and Muslims themselves. Another substantial element in integrated engagement is employee empowerment. Therefore, employees need to receive special attention from management, namely by empowering them in a better direction (Ramadhan, 2015).

For the PT Gaya Makmur Tractors company to compete, good cooperation in the political, economic, and socio-cultural fields that occur between countries is still needed. This is driven because countries need each other and is mainly caused by political-economic cooperation. These two things intersect with each other in conducting international business relations. One of the developments in the world of political economy is the emergence of multinational companies (MNCs). According to the Economic Dictionary, a Multinational Corporation (MNC) is a company whose operational area covers several countries and has production and service facilities outside its own country. To secure an organization that makes the company run well, that is by looking at the performance of human resources in a company by conducting performance evaluations for its employees. (Ilyasin, 2017).

Performance evaluations require appropriate assessment standards to evaluate the success of a company. Performance appraisal also plays a crucial role because it aims to motivate employees to work to achieve efficiency and effectiveness in a company. By carrying out performance assessments, central companies can find out how human resources are performing in the company's operations in various countries. It can be said that the Balanced Scorecard can help companies communicate the company business strategy and a company goal to achieve the vision and mission which can result in strategic changes and improvements made to achieve performance within a company unit to measure financial performance such as net profit and ROI, because these benchmarks are generally used in companies to determine profits. Financial benchmarks alone cannot describe the causes that lead to differences in the wealth created by a company or organization (Najjar, 2015).

According to etymology, the Balanced Scorecard consists of two words, namely "scorecard and balanced." A scorecard is a card used to record a person's performance score. The scorecard can also be used to plan the scores that personnel want to achieve in the future. Through a scorecard, the scores that personnel want to achieve in the future are compared with actual performance results. According to Kaplan and Norton, the Balanced Scorecard definition is a new framework for integrating various measures derived from company strategy. The definition of a Balanced Scorecard is an approach that emphasizes continuous improvement, not just achieving a narrow goal, such as a profit of several billion rupiahs. The continuous improvement is important for institutions to be competitive (Azmy, 2015).

Balance scorecard Growth is the initial stage of the business cycle. At this stage, a business must have an initial product that attracts a lot of attention from consumers. To support good products, producing new products must also be supported by good human resources, looking for investors to support business finances and other supporting infrastructure. Apart from that, the service sector also needs to be improved, shipping costs have to be considered when delivering commodities to agents. Apart from that, it is also necessary to establish good communication with consumers, so that consumers do not feel uncomfortable and this will have a bad impact on the product that will be released, even worse, it will result in a bad company image. (Berger, 2008).

Measurement or examination of performance needs to be carried out to find out whether, during the undertaking, there were deviations from the predetermined plan, whether the performance could be carried out according to the specified schedule, or whether the work results were achieved as expected. Performance assessment is one of the

processes in the management control system by comparing and evaluating the plans made and the results achieved, analyzing deviations that occur, and making improvements. In Islam, employee performance measurement must be based on justice, accountability, and responsibility. To ensure this happens, the assessment must be carried out fairly as best as possible as HR carries out the mandate of the company. In the assessment process, employees (HR) must not publicize the weaknesses of their employees and discriminate based on race, ethnicity, skin color, or religion. The purpose of conducting a performance assessment is to determine the productivity or work performance of HR in meeting work standards and work targets that contribute to achieving company goals (Hadjri, 2015).

The Balanced Scorecard is a performance measurement system that is suitable for use in contemporary management that utilizes information technology in business (Huslin & Kurniawati, 2023) (Witanti & Hadiana, 2016). Information technology does not determine what workers must do, but this technology provides freedom and convenience for users to realize their creativity. In the age of information technology, performance measures must no longer be aimed at controlling personnel actions but should be aimed at motivating personnel. The Balanced Scorecard concept is a performance measurement concept that provides a comprehensive framework for translating the vision into strategic targets. Comprehensive strategic targets can be formulated because the Balanced Scorecard uses four perspectives that are interconnected and cannot be separated.

## 2. Materials and Methods

This type of research is descriptive research. The approach used is a qualitative approach and a conceptual approach. The data source used is secondary data. Data analysis was carried out descriptively qualitatively (Sugiyono, 2019). Concluding is carried out using a deductive method, namely concluding from general to specific, especially those related to the research topic, namely the Application of Balance Score Cards to Improve Employee Performance at PT Gaya Makmur Tractors. If the empirical evidence is in the type of an assortment of words rather than a list of numbers and cannot be categorized, qualitative data analysis is used. Data can be collected in various ways (interview observations, document instances, and recording tapes). It is usually processed first before being used in qualitative research, including the results of interview transcripts, data reduction, analysis, data interpretation, and triangulation. (Amirudin, 2010).

## 3. Results and Discussions

### Form of Implementing the Balance Score Card to Improve Employee Performance at PT Gaya Makmur Tractors

At PT Gaya Makmur Tractors these changes encourage the company to prepare itself to be accepted in the global environment. The key to competition in the global market is total quality which includes emphasis on product quality, cost or price quality, service quality, timely delivery quality, and other satisfactions that continue to develop to provide continuous satisfaction to customers. With global competition, companies are faced with determining strategies for managing their business. Determination of strategy will be used as a basis and framework for realizing work targets that have been determined by management. So that it may be decided to what degree the predetermined strategies and targets can be accomplished, a tool for estimating performance is required. Performance appraisal plays an important role in the business world because by conducting performance appraisals the effectiveness of determining a strategy and its implementation within a certain period can be known.

In an organization or an institution, management is understood as a process of determining and achieving goals through the implementation of four basic functions, namely: Planning, which is a process involving efforts made to anticipate future trends, and determining appropriate strategies and tactics to realize organizational targets and goals. ; The coherence of strategic targets generated in the strategic planning system motivates personnel to be responsible in seeking strategic initiatives that are beneficial to generating financial performance. PT Gaya Makmur Tractors' strategic balance scorecard planning system that produces coherent strategic targets will promise multiplication of long-term financial performance because personnel are motivated to look for strategic initiatives that have benefits for the realization of strategic targets in the perspective of finance, customers, internal business processes, learning, and growth. Coherent strategic targets that promise to multiply financial performance are needed by companies to enter a competitive business environment.

For human resources to achieve all areas of competence, the cooperative must still provide education and training to its human resources, to further achieve the level of knowledge of human resources. Because, the suitability of the field of work with academic skills is the first factor that determines whether a person can work well, training and education are needed. Education is defined as a learning process for individuals to achieve higher knowledge and understanding regarding specific objects. Therefore, an institutional level also requires training and education for its

human resources. One way to get an education is through training. Training is an effort to improve work performance in a particular job for which one is responsible. Training is given to human resources to improve work performance, especially for employees or administrators who will operate the marketing system, because product marketing requires knowledge about what will be marketed to the public.

Developing a work culture will provide benefits, both for the employees themselves and the work environment in which the employees are located. The benefits of work culture for employees include providing opportunities for participation, achievement, self-actualization, recognition, appreciation, work pride, a sense of ownership and responsibility, broadening horizons, and improving the ability to lead and solve problems. These benefits are as follows: 1) Implementation of work culture has a very important meaning because it will change the attitudes and behavior of human resources to achieve higher work productivity in facing future challenges. The benefits that can be obtained include guaranteeing better quality work results, opening all communication networks, openness, togetherness, cooperation, and kinship, finding mistakes and quickly correcting mistakes, quickly adapting to developments from outside (external factors), reducing reports in the form of incorrect and false data and information (Nurmala & Sullaida, 2023).

Performance management strategies aim to provide a means by which better results can be obtained from organizations, teams, and individuals by understanding and managing performance within the framework of agreed goals, standards, and planned requirements. Performance management has benefits, including 1) Performance improvement to achieve organizational, team, and individual effectiveness; 2) Employee development, which discusses the basic competencies of the organization and the capabilities of individuals and teams; 3) Satisfaction of the needs and expectations of all organizational stakeholders-owners, management, employees, customers, suppliers and the general public; 4) Communication and involvement, this aims to create a climate where an ongoing dialogue between managers and team members occurs to set expectations and share information regarding mission, values and goals; 5) Ensure that every work carried out by employees contributes to the work group's goals, this can reduce the amount of supervision; 6) Makes it possible to recognize problems when they occur in the organization so that they can be corrected early; 7) Can increase employee work productivity.

The Balanced Scorecard has advantages that make today's strategic management systems significantly different from strategic management systems in traditional management. Traditional strategic management only focuses on financial targets, while contemporary strategic management systems cover a broad perspective, namely finance, customers, internal business processes, as well as learning and growth. Apart from that, the various strategic targets formulated in traditional strategic management systems are not coherent with each other, while the various strategic targets in contemporary strategic management systems are formulated coherently. In addition, the Balanced Scorecard is a contemporary strategic management system because it has special characteristics that traditional strategic management systems do not have, namely the characteristics of measurability and balance.

Implications of Implementing the Balance Score Card to Improve Employee Performance at PT Gaya Makmur Tractors. PT Gaya Makmur Tractors can find out what things need to be improved in measuring company performance. To measure company performance, an analysis of four perspectives is carried out, namely the financial perspective, customer perspective, internal business perspective, and learning and growth perspective. By using the balanced scorecard method and analyzing four perspectives it can be more measurable. Then the company can observe developments in competitive advantage and the company can also achieve the vision mission and strategies created in the balanced scorecard concept. By measuring it, it can be managed and realized. So that the company can find out what performance measurements there are and the causes and effects within the company and the company does not only measure from a financial perspective, but the company can measure the entire perspective within the company (AHMAD, 2022).

The balanced scorecard is a strategic management system more accurately called a "Strategic responsibility accounting system" which describes the mission and strategy of an organization into operational goals and performance benchmarks from four different perspectives, namely the financial perspective (Financial Perspective), the customer perspective (Customer Perspective), internal business process perspective, and learning and growth infrastructure perspective. In the balanced scorecard approach, the emphasis is on continuous improvement, not just achieving specific goals such as profits of several billion rupiah. If an organization does not make continuous improvements, the organization may be unable to compete. The benchmarks used in the Balanced Scorecard which consists of the 4 (four) groups above can be described as follows. Customer Perspective The customer perspective is focused on how the organization cares for its customers to be successful. Knowing customers and their expectations is not enough. An organization must also provide incentives to managers and employees who can meet customer expectations. Bill Mariot said "Take care of your employees and they take care of your customers" (SARI, 2017).

Learning and Growth Perspective For incentive purposes, the learning and growth perspective focuses on human capabilities. Key benchmarks for assessing manager performance are employee satisfaction, employee retention, and employee productivity. Employee satisfaction recognizes that employee morale is important to improving productivity, quality, customer satisfaction, and responsiveness to situations. Employee retention recognizes that employees develop organization-specific intellectual capital and are valuable non-financial assets for the company. Financial Perspective The balanced scorecard uses financial performance benchmarks, such as net profit and ROI (Return On Investment) because these benchmarks are generally used in profit-seeking organizations. Financial benchmarks provide a common language for analyzing and comparing companies.

Internal Business Perspective and Production Process Employees who do the work are the best source of new ideas for better business processes. Supplier relationships are critical to success, especially in retail and assembly manufacturing. The company can stop production if there is a problem with the supplier. Customers assess the goods and services received as reliable and on time. Suppliers can satisfy customers if they hold a large amount of inventory to ensure that goods are available on hand. To avoid excessive inventory, a possible alternative is to have suppliers reduce throughput time. Throughput time is the total time from the time the order is received by the company until the customer receives the product (Eunike et al., 2021).

The critical success factors in PT Gaya Makmur Tractors' Balance Score Card are benchmarks for aspects of company performance that are important to its competitive advantage and therefore to success. The strategic cost management system develops strategic information that includes financial and non-financial information. In the past, companies tended to focus primarily on financial performance measures, such as sales and profit growth, cash flow, and inventory value. In contrast, companies in the contemporary business environment use strategic management to focus primarily on nonfinancial operational measures, such as market share, product quality, customer satisfaction, and growth opportunities. Financial measures show the impact of company policies and procedures on the company's short-term financial position. Therefore, it also provides short-term returns for shareholders.

#### **4. Conclusion**

At PT Gaya Makmur Tractors, changes in performance activities encourage the company to prepare itself to be accepted in the global environment. The key to competition in the global market is total quality which includes emphasis on product quality, cost or price quality, service quality, timely delivery quality, and other satisfactions that continue to develop to provide continuous satisfaction to customers.

Performance assessment or measurement is an important factor in the company. Apart from being used to assess a company's success, performance measurement can also be used as a basis for determining a company's reward system, for example, to determine employee salary levels and appropriate rewards. Management can also use company performance measurements as a tool to evaluate the previous period.

PT Gaya Makmur Tractors' strategic balance scorecard planning system that produces coherent strategic targets will promise multiplication of long-term monetary performance because personnel is motivated to look for strategic initiatives that have benefits for the realization of strategic targets in the perspective of finance, customers, internal business processes, learning, and growth..

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