

ANALYSIS OF BALANCED SCORECARD AS A TOOL FOR PERFORMANCE MEASUREMENT IN ISLAMIC HOSPITAL

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ABSTRACT

In this study, the measurement of performance at the Islamic Hospital emphasis on analysis of financial statements which have an impact on long-term investments that are uncertain. This is done to re-establish the operational strategic plan based on the Islamic Hospital performance in terms of the financial perspective. Therefore, this study was conducted to analyze the performance of Islamic Hospital X using the Balanced scorecard as a strategic measuring tool based. This intended for Balanced Scorecard would produce a further key performance indicators that determine the performance of the company refers to the optimal operational strategy. Analysis conducted based on the perspective of customer satisfaction, financial, internal business, growth and development. From the results of performance measurement at the Islamic Hospital X by applying the Balanced Scorecard with a value of 3.83 (Likert scale) were categorized quite good.

Keywords: *Performance, Performance Measurement, Balanced Scorecard, Performance Islamic Hospital*

1.0 INTRODUCTION

At this time, performance measurement has traditionally only focused on the financial aspect. Manager who managed to get high return would be considered successful and get good rewards from the company. But if the company's performance appraisal solely on the financial side would be misleading, because a good financial performance could be achieved at the expense of long-term interests of the company.

To overcome these problems, it has created an approach that measures the company's performance by considering four aspects: financial, customer aspects, aspects of internal business processes, as well as aspects of learning and growth (Mulyadi: 2000). This method seeks to balance financial measurements with non-financial aspects that are generally termed Balanced Scorecard. By using the Balanced Scorecard corporate managers will be able to measure how the business unit doing to the creation of the current value while considering the interests of the future.

Balanced Scorecard concept is a means to communicate the strategic perception of a company in a simple and easily understood by the various parties within the company, especially the parties that the organization will formulate a corporate strategy. Definition of Balanced Scorecard itself when translated could mean a balanced performance report card (Balanced). Scorecard is a card that is used to record the score results of the performance of an individual or

group, as well as to record the plan to be realized in the future. Thus, it can be said that, the implementation of the Balanced Scorecard concept greatly affect the achievement of corporate goals. According to the Balanced Scorecard approach, management translates their strategy into performance measures that can be understood and can be performed by the employee. Thus, the Balanced Scorecard is performance measurement systems that is derived from management's vision and strategy and reflect the most important aspects of a business.

Based on the company's experience in implementing the Balanced Scorecard, there is improvement on the company's performance from year to year. This is because all employees in the company understand clearly that their activities do influence to the successful achievement of the vision, mission and strategy of the company. So that they become a whole unified and can not be separated with a relationship that is happening within the company.

Hospital is a company engaged in the health service. In carrying out its operating activities as a health care services company, where the company from year to year should increase the company's performance. In this study, focused on the Islamic Hospital X. Based on research conducted by Spertus, et al. (2010) although initially envisioned as a means for physician-led quality-improvement Efforts, performance measures have been primarily used as tools for accountability and performance-based reimbursement. He claimed that a healthcare performance must be seen from how they developing process performance. In accordance to that, the need of quantifying process performance and the sequence of doing the service to the patient are necessity. In Contrary, in this research analyzes the performance of a hospital that performance appraisal using only financial statement analysis, and for that the company can implement the Balanced Scorecard as a measurement-based strategic, namely perspetif financial, internal business perspective, customer perspective, growth and development. In this way, expected to replicate and also quantify based on Spertus, et al (2010) research and a problem that can be identified that the application of the Balanced Scorecard method on measuring the performance of Islamic Hospital X with a perspective on the Key Performance Index as a state of the art in improving the quality of service of the Islamic Hospital.

2.0 HEALTHCARE PERFORMANCE MEASUREMENT

Performance is a state of the display as a whole over the company for a certain period of time, the result or achievement is affected by the operations of the company in utilizing the resources owned (Helfert, 1996 in Srimindarti, 5 2004). According to Zarkasyi (2008: 48) that Performance is something produced by an organization within a certain period with reference to the standard set. In order to determine the level of performance of a company , evaluation of a series of actions that are essentially an assessment of the results of the work done during a specific time period.

Based on this research which focus to healthcare service quality, the performance measurement of healthcare service, Cheng & Chien (2016) claimed that healthcare should consider these following aspect, such as service volumes and concurrency process must be shown in the first place, and need to be identify and quantify.

In the other hand, Balanced Scorecard concept is an approach to manage strategy developed by Robert Kaplan (Harvard Business School) and David Norton in early 1990. The Balanced Scorecard is derived from two words namely Balanced (balanced) and the scorecard (scorecard). Balanced (impartial) means a balance between financial and non-financial performance, the performance of short-term and long-term performance, the performance of

which is internal and external performance. While the scorecard (scorecard) that the card used to record scores the performance of the person / organization in the future.

According to Rodriguez (2016) financial performance has a relationship with other aspects, on his research found that social responsibility has an impact towards financial performance. Which will implicating corporate governance. The theoritical frameworks based on agency, stewardship, dependency resources, and stakeholder policies. In fact, we found that financial performance is not only how the companies making a deal with the customer only.

The most important thing in today's bussiness management are to become viral, sustain and survive in the market. Some of the companies using the benchmarking strategies and other tools to survive in the market and keep up review their product line. Refer to Propa, Banwet, & Goswani (2015) survival and sustainability are the important thing in today's business relevant management scenario. in addition to traditional financial measures, those need to be achieved strategically and in a balanced manner. Therefore, it is also need to be clear cut obojectives with definite measures, targets and initiatives. Refer to Propa, Banwet, & Goswani (2015) Balanced Scorecard as a strategic tool to the organizational measures of performance, based on four groups of strategic centric such as: financial, customer, learning and growth, and internal business process. By doing so, the balanced scorecard could quantify and identify performance and strategy for an organizational.

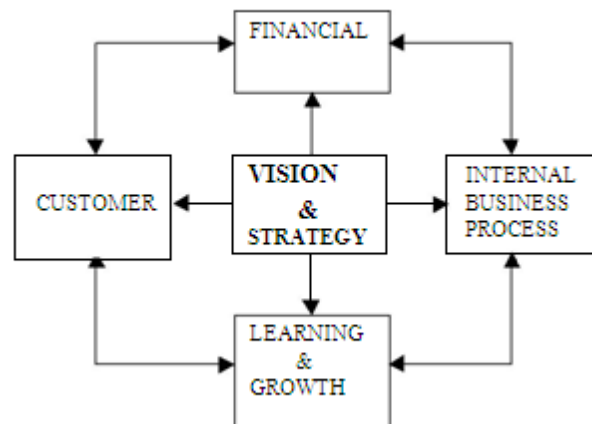


Figure 1. Balanced scorecard matrix
Source: Kaplan, 1996

Balanced scorecard is a performance measurement tool which focusing on a balanced strategic centric to push the organizational to react for good governance. In order to do that, balanced scorecard focusing on organizational, communication, organizational objectives, and a feedback for management. It measures from financial perspectives and non financial perspectives through a good infomation system amongs organizational (Kaplan, 1996, dalam Mirza, 1997: 14-15).

Refer to Figure 1, Balance Scorecard integrates management with a certain framework to translate vision and mission statemtent into a comprehensive strategy based on the matrix. From the matrix, it has a cyclical relationships amongs strategy that been used in an organization.

Kaplan dan Norton divides balanced scorecard into four distinctive perspectives for measuring business process. Each of the followings perspective will contribute to quantifying and identifying the existing condition and also the future implementation that an organization must have. Those following interellationship could be best explained in figure below

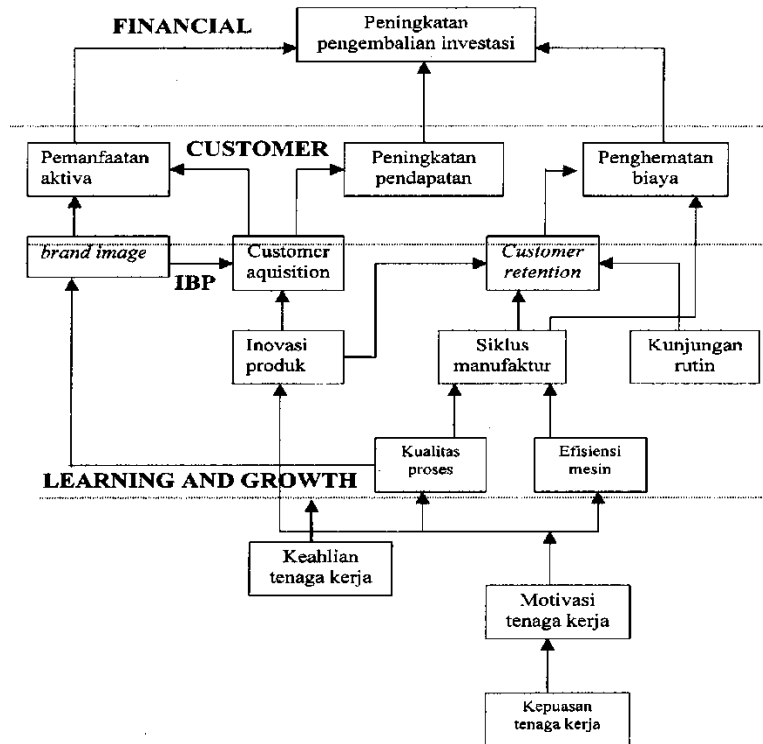


Figure 1. Balanced scorecard perspective
Source: Kaplan, 1996

2.1 Customer Satisfaction Perspective

Perspective of customer satisfaction among the public sector with the private sector are essentially the same, namely to find out how customers see the organization. In contrast, the main focus of public sector organizations in this perspective are the provision of public goods and services of high quality at an affordable price. To see the level of customer satisfaction, Valarie Zeithaml, A. Parasuraman, and Leonard A. Berry (1996) has developed an instrument called Service Quality (servqual) with five dimensions: physical form, reliability, responsiveness, assurance, and empathy,

2.2 Financial Perspective

In public sector organizations, financial perspective is to answer the question how do we increase revenue and reduce costs. Financial perspective explains what is expected by the stakeholder from a glimpse financial performance, the measurement of the financial perspective include:

1. Efficiency, aimed to find out how much expenditure incurred to generate revenues, if the amount of expenditure incurred is greater than the revenue received by the management performance can be said to be inefficient and vice versa if the amount of spending less than revenue received is called efficient.
2. Economical, aims to see the realization of the operational expenditure of the budget available, if the expenditure is greater than the budget management performance is not

economical and vice versa if the expenditures are smaller than the so-called economic or budget management can perform operational expenditure savings.

3. Effective, aims to determine the financial capacity of the Islamic Hospital X in achieving budgeted revenue target, if a incomes 'overtarget' happen means that management performance is effective and vice versa.

2.3 Internal Business Perspective

Basically, internal business perspective is to build organizational excellence through improved internal processes sustainable organization, and this perspective should be able to embrace the organization benchmark and know how to build those by certain strategy. Below are some aspects that quantify internal business performance perspective, such as:

1. Facilities and infrastructure, is a variable that draw condition of facilities and infrastructure owned in support internal activities.
2. Process, the intention was to assess the ability of employees on a range of work being done in providing public services.
3. Satisfaction of work, is the variable which describes the level of employee work satisfaction.

2.4 Growth and Development Perspective

In the public sector organization, perspective of growth and development is focused on the question of how organizations continue to make improvements and add value for customers and stakeholders. The performance indicators that can describe this perspective are:

1. Motivation, this variable describes the level of employee satisfaction over the policies taken by the management in running the organization
2. The opportunity to develop themselves, are variables that describe the level of employee satisfaction on self-development programs implemented by the organization.
3. Innovation is a variable that indicates the opportunity for employees to be creative and find new things in an effort to improve public services.
4. The atmosphere in the work is a variable that describes the level of employee satisfaction over the working atmosphere, the relationship between employees with leadership and teamwork in completing the work.

3.0 FINDINGS

The methodology by doing this study are using mixed method, which is by using primary observation and by using secondary data. Financial Perspective will use the data from financial report, especially operational expenditure report. Meanwhile, customer satisfaction, internal business, also growth and development will use questionnaire. Respectively, the respondent that will be used are number of customer and number of total employee. The sample on this study will have 94 customer and 64 employee. The instrument of each questionnaire will be based on the aspects which has a direct impact to the perspective discussed.

3.1 Financial Perspective

Source of data used to assess the financial performance of the Islamic Hospital X is from operational expenditure report, operational expenditure budget, realization of operating revenue, operating revenue budget Islamic Hospital X during the six months from January to

June 2015. The financial performance assessment carried out by the method that calculates Value For Money efficiency, economy and effectiveness. As for calculating the value of efficiency, economy, and effectiveness are as follows:

1. Economical

Based on the budget realization reports for operational expenditure during January to June 2015 reached Rp. 763 555 645 of the total budgetary expenditure of Rp. Rp. 900,000,000, -. Of the budget realization report, it can look for an economical rate financial condition of RS. Islam Asshobirin as follows:

$$\begin{aligned} \text{economical} &= \frac{\text{actual operating expenditure}}{\text{operational expenditure budget}} \times 100\% \\ &= \frac{\text{Rp } 763.555.645}{\text{Rp } 900.000.000} \times 100\% \\ &= 84.84 \% \end{aligned}$$

From the above calculation results obtained financial condition at Islamic Hospital X. Islamic Hospital X amounted to 84.84%, this condition also indicates that the Islamic Hospital X has conducted operational expenditure savings of Rp. 136 444 355 or 15.16% of the total budget. By using a Likert scale measuring the economic value of the financial results obtained by Islamic Hospital X by 4 or can be considered economical. Dari perhitungan tersebut di atas didapat hasil tingkat keekonomisan kondisi keuangan RS.

2. Effectiveness

Islamic Hospital X activity reports noted the realizable value of revenues from services during January to June amounted to Rp. 880.890.999 and the budget revenue of Rp.1.000.000.000. With this method of analysis value for money then can be quantifying financial effectiveness level condition of Islamic Hospital X as follows:

$$\begin{aligned} \text{Effectiveness} &= \frac{\text{Actual operating revenues}}{\text{Budget revenues}} \times 100\% \\ &= \frac{\text{Rp } 880.890.999}{\text{Rp } 1.000.000.000} \times 100\% \\ &= 88.08\% \end{aligned}$$

From the above calculations, actual operating revenues of the services has passed the target operating revenue of Rp.119.109.001, (Rp1.000.000.000.- Rp. 880 890 999, -) or 'over the target'. While the level of financial effectiveness Islamic Hospital X amounted to 88.08%. By using a Likert scale, the obtained results of financial effectiveness Islamic Hospital X by 4 or can be considered effective.

3. Efficiency

Based on the budget realization reports, financial results from Islamic Hospital X noted that the number of operational expenditure in January to June realized for Rp. 763 555 645 and the total realization of business revenue Rp.880.890.999,. With this method of analysis value for money then can be searched levels of efficiency Islamic Hospital X financial condition as follows:

$$\begin{aligned} \text{efficiency} &= \frac{\text{Actual Expenditure}}{\text{Realized Revenue}} \times 100\% \\ &= \frac{\text{Rp } 763.555.645}{\text{Rp } 880.890.999} \times 100\% \\ &= 86.68\% \end{aligned}$$

The calculation above shown that Islamic Hospital X for its financial efficiency reached 86.68%. By using a Likert scale, the obtained value by Islamic Hospital X efficiency by 5 or very efficient.

3.2 Customer Satisfaction Perspective

In this perspective, the state of the art in this perspective will be based on Service Quality aspects. Those aspects combined together in one questionnaire. The results are as follows

Table 1. Customer Satisfaction Perspective Result

No	Customer Satisfaction variable	Avg	Category
1	Tangible	3.19	Fair
2	Reliable	3.75	Fair
3	Responsive	3.67	Fair
4	Assurance	3.77	Fair
5	Emphaty	3.74	Fair
Total		3.62	Fair

Based on Table 1, the lowest average value was tangible variable, so it should be a particular concern for the hospital management to be able to provide and improve hospital facilities to more satisfying the customer.

3.3 Internal Bussiness Perspective

The performance assessment of internal business perspectives is done by distributing questionnaires to 64 respondents out of 180 medical and non- medical personnel who work on Islamic Hospital X.

Based on the results, respondents in each variable in this perspective mostly stated quite satisfied (fair) with the efforts of hospital staff to support the management objectives. The average value of satisfaction to hospital employees is 3.58, as shown in the Table 2 below:

Table 2. Intenal Business perspective result

No	Internal Bussiness Perspective	Avg	Category
1	Facilities	3.33	Fair
2	Process	3.72	Fair
3	Work Satisfaction	3.71	Fair
Total		3.58	Fair

According to Table 2 above, the lowest performance on the internal business perspective is variable Faicilities that is equal to 3.33. This is in line with the value of the performance on a customer satisfaction perspective, in which the lowest value is also contained in the variable tangibility (facilities). These conditions indicate that a common perception between patients and hospital staff in assessing the facilities and infrastructure of the hospital.

3.4 Growth and Development Perspective

Explanation of the results of each variable that is a benchmark for growth and development perspective, the general assessment of performance for this perspective can be seen in Table 4:19 as follows

Table 3. Growth and Development Performance Result

No	Growth and Development Perspective	Avg	Category
1	Motivation	3.94	Fair
2	Chances to develop	3.88	Fair
3	Inovation	3.61	Fair
4	Work Athmosphere	3.85	Fair
Jumlah		3.82	Fair

4.0 Conclusion and Discussion

Based on the assessment of performance from four perspectives above, the overall performance of Islamic Hospital X can be seen in Table 4 below:

Tabel 4. Performance measurement result

No	Perspective	Performance Value
1	Financial	4.33
2	Customer Satisfaction	3.62
3	Internal Business	3.58
4	Growth and Development	3.82
Avg		3.83
Category		Fair

(Sumber: Data Penelitian yang Diolah Kembali)

According to Table 4 above on the financial perspectives performance value at Islamic Hospital X is 4.33, mean that the financial condition at Islamic Hospital X is good, but in the perspective of customer satisfaction the performance is equal to 3.62, which means that the customer / patient feel quite satisfied. Meanwhile, the assessment of internal business perspective the performance is 3.58, which mean also quite good. In the other hand, perspective of growth and development the performance is 3.82, the value of the performance included into the category quite well. The averag performance value from the four perspectives is 3.50 with performance categories fair. Besides, the category of hospital performance was quite good also showed that the hospital management has not optimally implement programs / activities in the organization's strategic plan.

From this study, it can be concluded that customer in Islamic Hospital also needs a good facility from a hospital itself, whether it is a conventional or islamic hospital. Besides that, some aspects need to be focused in islamic hospital is about employees motivation, clear procedure / process, a good realiability from the services, and also effectiveness by using resources. Those aspects will determining islamic hospital performances in the future amongs a good facilities provided.

Whereas, from this study it can be incurred that hospital are not only rely on profitability itself. Islamic Hospital X previously based on this study still focusing on increment or decrement of profit that can be achieved annually. This condition are pictured from Table 4, which in financial aspect are very strong rather than other aspect. Which means, management just only relies on financial aspects.

There are need to be a benchmarking aspects that Islamic Hospital could provide, but from now it can be concluded that a benchmark is not only from the name and sector only. It also need to be supported by other aspect, as well as the commong features that other convenient hospital has for their service.

From this study, it can be further discussed based on each aspects need to be focused in a islamic hospital, such as employees motivation, clear procedure / process, a good realiability from the services, and also effectiveness by using resources. Not only those aspects that must be focused, but in the future need a brief explanation on how from those aspects has a direct impact to the benchmarking procedure. Researcher would suggest a complete discussion on how the islamic hospital could benchamark its procedure or process and also how to maintain reliability on those process. Perhaps, it would make the hospital has their own niche market and niche marketing strategy.

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