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Balanced Scorecard as a Method of Assessing the Performance of a Hospital Management System

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ABSTRACT

The Balanced Scorecard educates management and organizations to view the company as a whole from four perspectives: finance, customers, internal business processes, and learning and growth. The balanced scorecard consists of two words, namely the scorecard and balanced. The scorecard is a card used to record a person's/ personnel's performance score and plan the score that will be achieved in the future. The results of the comparison between the plans established and the actual results that were successfully achieved were used to carry out the evaluation. The balanced scorecard in this third-generation produces the most powerful performance measurement model because it shows the integration of organizational management processes starting from the planning stage, namely by establishing a vision and mission which contains the agreement of individuals in achieving organizational goals, then translated into organizational strategies implemented through Organizational programs/ activities in four interrelated balanced scorecard perspectives, then feedback will be taken on various information obtained from the evaluation of the implementation of the organization's programs/ activities.

1. Introduction

A comprehensive measurement system covering financial and non-financial aspects has been designed the Balanced Scorecard. The Balanced Scorecard educates management and organizations to view the company as a whole from four perspectives: finance, customers, internal business processes, and learning and growth. [Robert S. et.al, 2000].

Concept and understanding of the balanced scorecard

The balanced scorecard consists of two words, namely the scorecard and balanced. The scorecard is a card used to record a person's / personnel's performance score and plan the score that will be

achieved in the future. The results of the comparison between the plans established and the actual results that were successfully achieved were used to carry out the evaluation. Meanwhile, the word balanced shows that the performance of this personnel is measured in a balanced way from two aspects, both financial and non-financial, long term and short term, internal and external. The following are some definitions of the balanced scorecard. Atkinson, Banker, and Young define a balanced scorecard as follows: "A measurement and management system that views a business unit's performance from four perspectives: financial, customers, internal business process and learning and growth". the balanced scorecard is: "A set



of measures that gives the top manager a fast but comprehensive view of the business, includes financial measures that tell the results of actions already taken, complement the financial measures with operational measures on customer satisfaction, internal processes, and the organization's innovation and improvement. activities-operational measures that are the driver of future financial performance. " [Kaplan et.al [1996].

Based on the definitions above, it can be said that the balanced scorecard is a performance measurement and management system that views the company/hospital from four perspectives, namely financial, customer, internal business processes, and learning and growth perspectives to improve strategic decisions in achieving company goals. / Hospital and provide an understanding to managers of business performance. [Mulyadi. 2001]

Management process in the balanced scorecard

There are four new management processes introduced through the balanced scorecard in contributing to linking long-term strategies with short-term actions, namely: 1) Translating the vision. This first process helps managers in building a consensus or agreement on the company's vision and strategy. The vision and strategy statement should reflect an organized set of goals and measures and research the long-term drivers of success. [Hermawan A et al. 2008], 2) Communication and circle. The predetermined strategy is communicated to achieve the alignment of goals from top to bottom within the scope of the organization to certain parts and individual goals. This process also links compensation to performance measurement and empowerment of workers through an open approach and communication about strategies. [Umi P. 2010], 3) Business Planning. This process enables the company to integrate business planning with its financial resources. This process includes setting goals, clearly identifying strategic initiatives, allocating existing

company resources, and linking budgets to long-term strategic objectives. [Mulyadi et.al, 2001], 4) Feedback and learning. The company continues to review and learn about strategies through feedback. The advantages of the Balanced Scorecard as a Performance Measurement System The results of the evaluation of performance measurement based on the balanced scorecard that covers the four perspectives, both financial and non-financial, are able to generate strategic plans that can be formulated, determined, and achieved in the future in an effort to improve or improve company performance. The advantages of this balanced scorecard are contained in four characteristics, namely: comprehensive, coherent, balanced, and measurable. [Mulyadi, 2001],

Comprehensive

In contrast to performance measurement which is based solely on a financial perspective or what is known as traditional performance measurement, the balanced scorecard includes a perspective that is extended to a non-financial perspective, namely a customer perspective, an internal business process perspective, and a learning and growth perspective. This is not solely to increase the strategic goals that must be set, but more than that, namely to produce the following benefits: a) Promises multiple and long-term financial performances. Good financial performance (double) is a real effort generated by the creation of added value for customers, business processes, and productive and committed workers whose conclusions are comprehensively contained in the balanced scorecard. [Mardiasmo A. 2002b], b) Build companies into complex business environments. The strategies defined in each perspective broaden the scope of the company's business in achieving the company's mission and vision. Comprehension of this strategic objective is the right response for companies/hospitals in facing complex business environments.[Karl R K. 2001]



Coherent

The strategic objectives in each of the balanced scorecard perspectives have a causal relationship, both directly and indirectly, all of which boil down to strategic objectives from a financial perspective. The coherence between the strategy and its objectives from various perspectives will be able to improve financial performance which is needed by companies that are or are about to enter a turbulent business climate. [Gaspersz, V, 2005]

Balanced

Another advantage of the balanced scorecard is that there is a balance between the strategic objectives in its perspective. The image below shows the balance line between the strategic goals that are in the perspective of the balanced scorecard. [Salvador C et al 2003],

Measurable

All strategies defined in each balanced scorecard perspective have their own benchmarks. The strategic objectives that exist in the non-financial perspective are things that are not easily measured, but in the balanced scorecard approach strategic objectives from the customer perspective, internal business processes, and the learning and growth perspective are measured so that the results can be managed and evaluated and their contribution to the performance perspective finance. [Hadirezma R. 2010]

Balanced scorecard development

The balanced scorecard has undergone several improvements, in the first generation, namely in the early 90s, the balanced scorecard was only designed as a management performance measurement tool in four perspectives that must be able to provide answers to four basic questions. This first-generation balanced scorecard model caused difficulties, especially related to determining size. performance and grouping

performance measures into each perspective. [Novella A, 2010]

To overcome the difficulties mentioned above, the second-generation balanced scorecard began to be developed with a system of causality (cause-effect) between various items of performance measures contained in the four performance perspectives. This causality relationship is evidenced by the existence of a very close relationship between performance measure items, so the balanced scorecard in this second generation is not limited to the relationship between the four perspectives in general. The consequence of this change is a change in the methodology of designing the balanced scorecard, namely by making a direct link between organizational strategy and items that are used as performance measures. However, there are still weaknesses in this second-generation model, namely management difficulties in determining priority strategic goals and targets that support the achievement of the organization's vision and mission. [Aji DP. 2006]

The balanced scorecard continues to develop until the third generation, where the improvement of the balanced scorecard model focuses more on the relevance of determining performance targets and the validity of selecting strategic objectives. In the figure below, the balanced scorecard is used as a tool to translate the organization's vision and mission into measurable, planned, comprehensive, coherent and balanced strategic goals and strategic initiatives. Determining performance targets and strategic initiatives are the links in the chain to deliver the organization's vision, mission and objectives to the implementation stage. After the goals, performance measures, performance targets, and performance initiatives have been set, the next step is to make links between the items in the scorecard that include the four perspectives. This relationship shows the existence of a cause-and-effect relationship between one strategic objective and another. The balanced scorecard in this third-generation produces the most



powerful performance measurement model because it shows the integration of organizational management processes starting from the planning stage, namely by establishing a vision and mission which contains the agreement of individuals in achieving organizational goals, then translated into organizational strategies implemented through Organizational programs/activities in four interrelated balanced scorecard perspectives, then feedback will be taken on various information obtained from the evaluation of the implementation of the organization's programs/activities. [Siti C. 2009].

2. Conclusion

The balanced scorecard in this third-generation produces the most powerful performance measurement model because it shows the integration of organizational management processes starting from the planning stage, namely by establishing a vision and mission which contains the agreement of individuals in achieving organizational goals, then translated into organizational strategies implemented through Organizational programs/ activities in four interrelated balanced scorecard perspectives.

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