
ORGANIZATIONAL PERFORMANCE IMPROVEMENT STRATEGIES THROUGH THE IMPLEMENTATION OF BALANCED SCORECARD AT KPPN JAKARTA VII

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Abstract

KPPN Jakarta VII is a vertical agency under the Regional Office of the Directorate General of Treasury of DKI Jakarta Province, Directorate General of Treasury, Ministry of Finance which has the task of carrying out the authority as the State General Treasurer, distributing financing at the expense of the budget, and administering budget receipts and expenditures through and from the state treasury based on statutory regulations. In carrying out the tasks and objectives of the organization, KPPN Jakarta VII carries out performance management based on a balanced scorecard. A balanced scorecard is a strategic management system that guides leaders and members of the organization to translate the vision, mission, and strategy of the organization into real measurable actions. Organizational performance is measured so that it can reflect the achievement of organizational goals. This is very important as part of the implementation of good governance. This paper provides an overview of the implementation of the balanced scorecard at KPPN Jakarta VII as a tool in managing organizational performance. The method used is descriptive qualitative with primary data in the form of performance improvement strategies and organizational performance achievements. As a result, the consistent and continuously improved implementation of the balanced scorecard results in an increased organizational performance score of KPPN Jakarta VII and encourages the creation of service innovations as a form of adaptive organization.

Keywords: balanced scorecard, performance measurement, performance appraisal, government.

Introduction

The State Treasury Service Office Jakarta VII (KPPN Jakarta VII) has a strategic role as a distributor of the state budget for the ministry/government institution. KPPN Jakarta VII in carrying out its duties and functions has a vision: To become a superior state treasury manager at the world level in order to support the vision of the Ministry of Finance "Becoming a State Financial Manager to Realize a Productive, Competitive, Inclusive and Equitable Indonesian Economy". To achieve these goals, a performance management system is needed that can map the strategies to be implemented by each part of the organization. Based on the Decree of the Minister of Finance Number 300/KMK.01/2022 concerning Performance Management in the Ministry of Finance, the performance management system used by KPPN Jakarta VII is Balanced Scorecard (BSC).

Balanced Scorecard is a strategic management tool that translates vision, mission, goals, and strategies into an operational framework and helps realize the great organizational and employee performance. To find out the progress of BSC implementation, KPPN Jakarta VII implemented steps to improve the quality of performance management based on Strategy-Focused Organization (SFO). SFO has 5 (five) principles that are elaborated with relevant action plans implemented at KPPN. The five principles include: (1) Driving change through leadership; (2) Translating strategy into an operational framework; (3) Aligning the organization to the strategy; (4) Motivating to make strategy the work of all employees; and (5) Managing to make strategy a continuous process.

Through the implementation of BSC and SFO, KPPN Jakarta VII is expected to achieve its goals and realize good governance and increase public trust. The implementation of BSC and SFO at KPPN Jakarta VII needs to be reviewed to determine its impact on organizational performance and what strategies KPPN Jakarta VII has taken to achieve its vision and mission.

Research is useful for improving government performance and providing insights for organizational decision/policy making. In addition, the implementation of performance management creates public accountability and information media for the public.

Based on the results of previous research conducted by Funam Islamidina and Epi Fitriah (2022), it is stated that the application of BSC can improve the managerial performance of one department store in Banten which

shows Very Good results. Teguh Narutomo (2012) conducted research on the implementation of BSC at the Ministry of Home Affairs, the results stated that through BSC, the role of all units in government organizations can be maximized their contribution. He added that the formulation of BSC is not a one-time job, but a continuous task with a process of improvement so that it can be useful for achieving the vision and mission of the organization.

RESEARCH METHODS

This research uses a qualitative descriptive analysis method with data collection in the form of document review and survey and data description analysis. Document review is carried out using performance planning document and its achievements as well as SFO-based performance management reports. The survey was conducted for all employees of KPPN Jakarta VII to assess the leadership's commitment to BSC implementation and efforts to achieve the vision and mission of KPPN Jakarta VII. In this study, the data used are data and documents in 2023.

RESULTS AND DISCUSSION

Performance measurement is a process of assessing work progress against predetermined goals and objectives (Mashun, 2009: 25). From this explanation, it can be seen that performance measurement is the most important thing to determine the progress of an organization, and can determine the extent of the achievement or success of each activity that has been programmed by the organization. Furthermore, Mardiasmo (2002) explains that public sector performance measurement is carried out to fulfill three purposes: (1) Public sector performance measurement is intended to help improve government performance. Performance measures are intended to be able to help the government focus on the goals and objectives of work unit programs. This can ultimately improve the efficiency and effectiveness of public sector organizations; (2) Public sector performance measurement is used for resource allocation and decision making; (3) Public sector performance measurements are intended to realize public accountability and improve institutional communication.

Yuwono (2002) quoted Lynch and Cross on the benefits of public sector performance measurement, among others: (1) Build performance in accordance with customer expectations and make all employees involved in efforts to provide satisfaction to customers; (2) Provide motivation to employees to provide good service as part of organizational activities; (3) Identify and reduce potential waste; (4) Clarify strategic goals into real steps so that they can be easily understood by employees; (5) Always make changes and reward these changes.

Performance measurement at KPPN Jakarta VII is carried out with the Balanced Scorecard (BSC) concept. The BSC performance measurement model was first introduced by Professor Robert S. Kaplan and Doctor David P. Norton in 1992 through his scientific writing entitled "BSC: Measures That Drive Performance" in the US scientific journal Harvard Business Review in 1992. After conducting various further research and refinements, both of them explained the BSC concept more clearly through several books, among others through a book entitled "BSC: Translating Strategy into Action" (1996) and another scientific paper entitled "Using BSC as a Strategic Management System" published by the Harvard Business Review magazine in 1996.

Balanced Scorecard comes from two words: balanced and scorecard. Balanced means there is a balance between financial and non-financial performance, short-term performance and long-term performance, between internal performance and external performance. Meanwhile, a scorecard is a card used to record a person's performance score. Scorecards can also be used to plan the score that a person wants to realize in the future.

To determine the progress of BSC implementation, Kaplan and Norton compiled 5 (five) Strategy-Focused Organization (SFO) principles, namely: (1) Driving change through leadership; (2) Translating strategy into an operational framework; (3) Aligning the organization to strategy; (4) Motivating to make strategy the work of all employees; and (5) Managing to make strategy a continuous process.

The Balanced Scorecard translates the organization's mission and strategy into a comprehensive set of performance measures that provide a framework for strategic measurement and management systems (Kaplan & Norton, 1996). In line with that, Sudiantini (2002: 34) argues that after the vision is formulated, all strategies must refer to the vision and should not be reversed, the strategy is formulated first, then the vision later because it is feared that the strategy will not be effective because the commitment and direction of the goals of all people in the organization are different and compartmentalized in the functional structure. In communicating the vision, the role of leadership is very decisive.

Initially, the BSC concept was only applied to a few private organizations in the United States until it was successfully applied in many companies in the world. Along with its development, the BSC concept was also successfully applied to public sector organizations around the world. The first public sector organization to apply the BSC concept was the government of Charlotte City, North Carolina, United States in 1996. Starting from this success, then BSC was also successfully applied in many government agencies in various countries such as in America, England, Canada, government of Malaysia, Singapore, and others. BSC translates an organization's vision and strategy into tangible goals organized around four different perspectives: financial, customer, internal business process, and learning and growth.

In government organizations, BSC answers 4 (four) fundamental questions through perspectives, namely: (1) How do we look to stakeholders? (Stakeholder perspective). This perspective includes the strategic goals that the organization wants to realize to meet expectations so that it is considered successful from the stakeholder's point of view. Stakeholders are internal and external parties who directly or indirectly have an interest in the output or outcome of an organization, but do not use the organization's services directly; (2) How do customers see us? (Customer perspective). This perspective includes strategic goals that the organization wants to realize to meet customer expectations (service users) and/or organizational expectations of customers. Customers are external parties directly related to the services of an organization; (3) What must we excel at? (Internal business process perspective). This perspective includes strategic goals to be realized through a series of processes managed by the organization in providing services and creating value for stakeholders and customers (value chain); (4) Can we continue to improve and create value? (Learning and growth perspective). This perspective includes strategic goals in the form of ideal conditions for the organization's internal resources to be realized or that should be owned by the organization to run business processes to produce organizational outputs or outcomes in accordance with customer and stakeholder expectations.

Parayudha (2009) argues that the BSC concept can improve the quality of strategic management and governance of public organizations. BSC encourages better management behavior of each element (leaders and members) through strong similarities between the proposed approach and other designs, as in commercial sector organizations.

The BSC of the Ministry of Finance is a strategic management tool that translates the vision, mission, goals, and strategies (as stated in the strategic plan) into a strategy map. The framework for aligning strategic planning and strategy execution based on BSC is described as follows:



Figure 1: Ministry of Finance BSC Framework

The organizational vision of KPPN Jakarta VII is contained in the Strategic Plan for 2019 - 2024 of the Directorate General of Treasury, namely: Becoming a superior state treasury manager at the world level in order to support the vision of the Ministry of Finance "Becoming a State Financial Manager to Realize a Productive, Competitive, Inclusive and Equitable Indonesian Economy". As for the missions and objectives formulated to achieve the vision include: (1) Realizing prudent, efficient, and optimal state cash management; (2) Supporting efficient, effective, and accountable state budget implementation performance; (3) Realizing accountable, transparent, reliable, and timely government financial accounting and reporting; (4) Realizing modern, inclusive, and sustainable government investment governance; (5) Realizing innovative and modern public service agency financial services and governance; (6) Realizing modern, effective, and adaptive governance of treasury resources, business processes, and information technology systems.

Strategic Objective (SO) is a priority that KPPN Jakarta VII wants to have, run and achieve in a certain period. All strategic objectives are outlined in the Strategy Map. Each SO is measured by Key Performance Indicators (KPIs) and KPI targets to ensure the achievement of these goals. In 2023 KPPN Jakarta VII has the following strategy map:

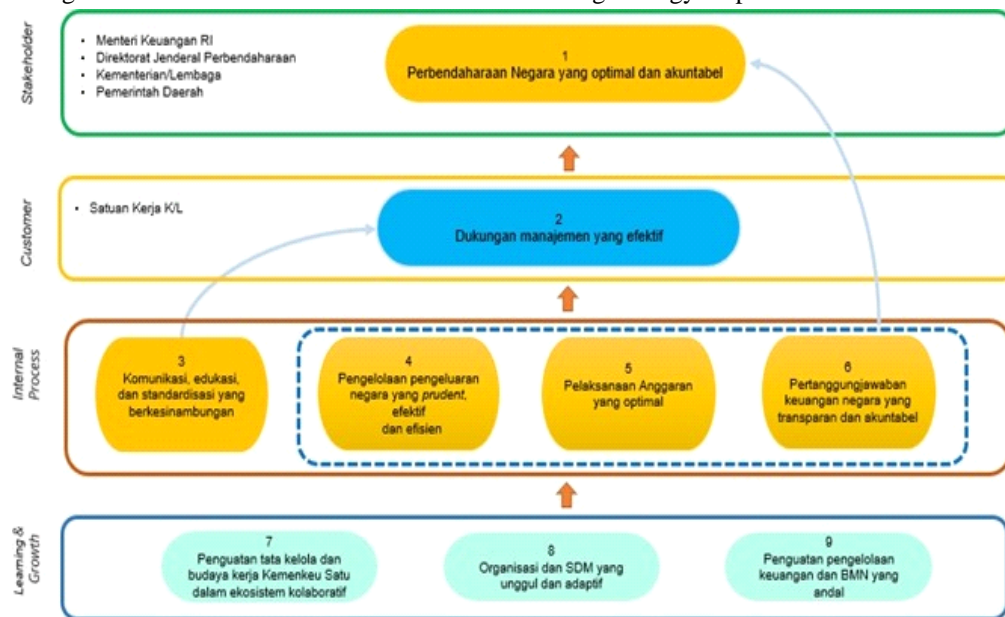


Figure 2: Strategy map of KPPN Jakarta VII in 2023

Furthermore, there are 9 (nine) strategic objectives implemented through 17 (seventeen) key performance indicators in the performance planning document as follows:

No.	Strategic Objectives/Program	Performance Indicators		Target
1	Optimal and accountable State Treasury	1a-CP	Ministry/institution budget implementation performance score	90
		1b-N	Financial repost quality index of KPPN as States Treasury Authorization	3 (scale 4)
2	Effective management support	2a-N	Customer satisfaction index with KPPN services	4,66 (scale 5)
3	Continuous communication, education, and standardization	3a-N	Percentage of implementation rate standardization of treasury official competencies	93%
		3b-N	Level of effectiveness of education in the field of treasury management	89
4	Prudent, effective and efficient management of state expenditure	4a-CP	Percentage of cash planning accuracy	80%
		4b-N	Quality level of SP2D settlement	3 (scale 5)
5	Optimized budget execution	5b-N	Digipay implementation quality index	3,1 (scale 4)
6	Transparent and accountable state financial accountability	6a-CP	Quality index of reconciliation of UAKPA level	3,25 (scale 4)
		6b-N	Quality index of Ministry/Institution Treasurer's Accountability Report	3 (scale 4)
7	Strengthening the governance and work culture of MOF One in a collaborative ecosystem	7a-CP	Implementation level of task sharpening of Treasury and Financial Advisory	80%

8	Excellent and adaptive organization and human resources	8a-N	The level of quality of performance management based on Strategy Focused Organization	85
		8b-N	Learning organization implementation level	85
		8c-N	Evaluation result of internal compliance task implementation	86
9	Strengthening reliable financial and BMN management	9a-CP	Percentage of budget execution quality KPPN	95,5%
		9b-N	Quality score of Financial Report at UAKPA and UAKPB level	84
		9c-N	Procurement and government property management quality	100%

Table 1: Strategic goals and key performance indicators of KPPN Jakarta VII by 2023

The success of an organization in improving performance can be measured through the achievement of performance targets set in the performance planning document. Performance measurement and performance achievement of KPPN Jakarta VII in 2023 are as follows:

SO/K PI Code	Strategic Objective/K PI	Target	Realization	Polarization	Validity/Control	Weight	Weighted Weight	Achievement Index
Stakeholders (30.00)								111.16
Optimal and accountable State Treasury								111.16
1a-CP	Ministry/institution budget implementation performance score	90.00	92.08	Maximize	Moderate Proxy	14.00 %	50.00%	102.31
1b-N	Financial repost quality index of KPPN as States Treasury Authorization	3.00	4.00	Maximize	Moderate Proxy	14.00 %	50.00%	120.00
Customer (20.00)								103.76
Effective management support								103.76
2a-N	Customer satisfaction index with KPPN services	4.66	4.84	Maximize	Moderate Proxy	14.00 %	100.00%	103.76
Internal Process (25.00)								116.50
Continuous communication, education, and standardization								105.98
3a-N	Percentage of implementation rate of standardization of competence of treasury officials	93.00	99.83	Maximize	Moderate Proxy	14.00 %	50.00%	107.34

3b-N	Level of effectiveness of education in the field of treasury management	89.00	93.12	Maximize	Moderate Proxy	14.00 %	50.00%	104.62
Prudent, effective and efficient management of state expenditure								120.00
4a-CP	Percentage of cash planning accuracy	80.00	97.33	Maximize	Moderate Proxy	14.00 %	50.00%	120.00
4b-N	Quality level of SP2D settlement	3.00	4.72	Maximize	Moderate Proxy	14.00 %	50.00%	120.00
Optimized budget execution								120.00
5b-N	Digipay Implementation on quality index	3.10	4.00	Maximize	Moderate Proxy	14.00 %	100.00%	120.00
Transparent and accountable state financial accountability								120.00
6a-CP	Quality index of reconciliation of UAKPA level	3.25	4.00	Maximize	Moderate Proxy	14.00 %	50.00%	120.00
6b-N	Quality index of Ministry/Institution on Treasurer's Accountability Report	3.00	4.00	Maximize	Moderate Proxy	14.00 %	50.00%	120.00
<i>Learning and Growth (25.00)</i>								114.31
Strengthening the governance and work culture of MOF One in a collaborative ecosystem								120.00
7a-CP	Implementation level of task sharpening of Treasury and Financial Advisory	80.00	100.00	Maximize	Moderate Proxy	14.00 %	100.00%	120.00
Excellent and adaptive organization and human resources								111.31
8a-N	The level of quality of performance management based on <i>Strategy-Focused Organization</i>	85.00	89.69	Maximize	Moderate Proxy	14.00 %	33.33%	105.52
8b-N	<i>Learning Organization</i> Implementation Level	85.00	100.00	Maximize	Moderate Proxy	14.00 %	33.33%	117.65
8c-N	Evaluation result of internal compliance task implementation	86.00	95.28	Maximize	Moderate Proxy	14.00 %	33.33%	110.79
Strengthening reliable financial and BMN management								111.63
9a-CP	Percentage of budget execution	95.50	99.85	Maximize	Moderate Proxy	14.00 %	33.33%	104.55

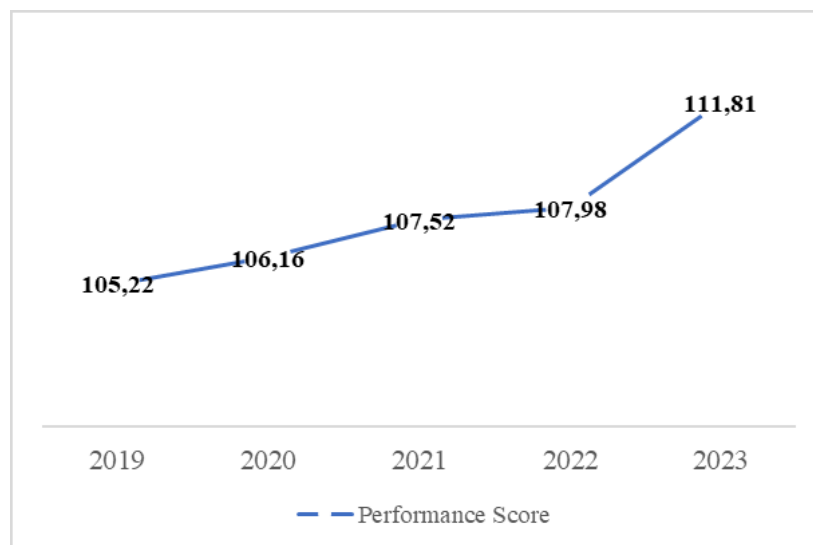
	quality KPPN							
9b-N	Quality score of Financial Report at UAKPA and UAKPB level	84.00	92.70	Maximize	Moderate Proxy	14.00 %	33.33%	110.36
9c-N	Procurement and government property management quality	100.00	120.00	Maximize	Moderate Proxy	14.00 %	33.33%	120.00
ORGANIZATION PERFORMANCE SCORE								111.81

Table 2: Performance measurement and performance achievement of KPPN Jakarta VII in 2023

From the performance measurement in Table 2, it can be seen that each BSC perspective has its own weight and performance achievement is measured based on the weight of each KPI. The KPI weighting system is based on the quality of KPI which is distinguished by the level of validity and the level of control. The consolidation of all KPI achievements results in SO scores and perspective scores. Furthermore, the overall value of perspective values and organizational KPI achievements results in an organizational performance score.

In order to achieve organizational performance and performance value, KPPN Jakarta VII implements steps to improve the quality of performance management based on strategy-focused organization (SFO). There are 5 (five) SFO principles, namely: (1) Driving change through leadership; (2) Translating strategy into an operational framework; (3) Aligning the organization to the strategy; (4) Motivating to make strategy the work of all employees; and (5) Managing to make strategy a sustainable process. The five principles are implemented by KPPN Jakarta VII with the implementation of activities and implementation time as in Appendix I.

The implementation to improve the quality of SFO-based performance management has been carried out since the issuance of the Decree of the Director General of Treasury Number KEP-241/PB/2015 concerning Performance Management in Directorate General of Treasury. With the consistent implementation of SFO, the organizational performance score of KPPN Jakarta VII continues to increase as illustrated in the following graph:

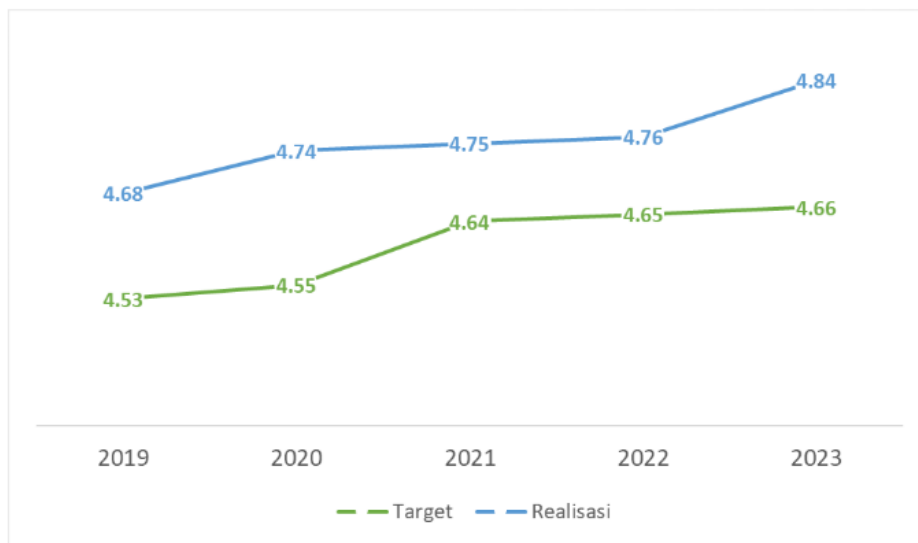


Graph 1: Trends in organizational performance scores of KPPN Jakarta VII in the last five years

To find out the commitment of leaders and performance managers to the implementation of the SFO action plan, an SFO leadership survey was conducted with all KPPN Jakarta VII employees as respondents. In 2023, a qualitative assessment of the leadership survey obtained the results that the leaders and performance managers of KPPN Jakarta VII have carried out their duties well, employees are helped in overcoming problems around performance, mobilizing and motivating employees in improving performance and creating innovations in order to achieve organizational performance targets.

Several innovations were created by KPPN Jakarta VII in order to achieve performance targets and organizational strategies in 2023, among others: (1) Obras Kemeja (Dialogue About Personnel and Performance Management); (2) Batavia 7 (Motivation and Integrity Talk); (3) Si Tampan (Budget Transparency and Monitoring Application); (4) Mosaic 7 Bulletin; (5) Kastalis (Data Analyst Community); (6) SIAP 7 (Jakarta VII Accounting and Reporting Consultation); (7) NGOPI (Dialogue about Institution's Application); (8) QUPON KL (Quick Response Service Satisfaction); (9) Ladis (Dispensation Service); (10) Rendang (Afternoon Dancing), in order to strengthen integrity, intimacy and managerial skills in an informal forum.

Service innovation is one of the factors driving the increase in service user satisfaction levels as a result of satisfaction surveys with respondents of KPPN Jakarta VII partner work units as service users (customers). In the last five years there has been an increase in the work unit satisfaction index as illustrated in the following graph:



Graph 2: Trends in work unit satisfaction index achievements in the last five years

From the graph above, it can be explained that in the last five years, the customer satisfaction index continues to increase with the services provided by KPPN Jakarta VII. The index achievement that exceeds the target shows that KPPN Jakarta VII services can exceed the expectations of KPPN Jakarta VII customers.

CONCLUSIONS

In order to achieve organizational performance, KPPN Jakarta VII implements a balanced scorecard (BSC) as a strategic management tool which is then executed more tangibly with the implementation of strategy-focused organization (SFO) based performance management. With the strategic tasks and functions of KPPN Jakarta VII as a distributor of the state budget, BSC is consistently implemented while remaining adaptive according to the development of tasks/functions and organizational policies. The BSC framework is very useful

for the organization and all employees because it can map strategic goals/objectives into concrete steps and clear measures so that they are easily understood in carrying out the duties and functions of each individual in the organization. In addition, BSC encourages the improvement of organizational performance achievements, the creation of innovation and increased customer satisfaction with KPPN Jakarta VII services.

In addition to the above conclusions, the authors also include suggestions for future research, including: (1) conduct research development, (2) increase literature studies, (3) examine the challenges faced and opportunities for improvement in BSC implementation, especially in government institution.

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