

Implementation of Balanced Scorecard in Improving Organizational Performance

Ardenny¹, Olyvia Rosalia²

¹ Poltekkes Kemenkes Riau, Indonesia

² Universitas Islam Negeri Sulthan Thaha Saifuddin Jambi, Indonesia

Email: *ardenny_2010@yahoo.co.id¹

Entered : March 20, 2024

Accepted: April 10, 2025

Revised : March 27, 2024

Published : April 30, 2025

ABSTRAK

Penelitian ini bertujuan untuk mengkaji pengaruh implementasi Balanced Scorecard (BSC) terhadap peningkatan kinerja organisasi. BSC merupakan alat manajemen strategis yang mengevaluasi kinerja dari empat perspektif utama, yaitu keuangan, pelanggan, proses bisnis internal, serta pembelajaran dan pertumbuhan. Menggunakan pendekatan kuantitatif dengan metode deskriptif dan verifikatif, data diperoleh melalui penyebaran kuesioner kepada karyawan dan manajer pada organisasi yang telah menerapkan BSC secara formal. Hasil penelitian menunjukkan bahwa setiap perspektif dalam BSC memberikan pengaruh positif yang signifikan terhadap kinerja organisasi, terutama dalam meningkatkan efisiensi keuangan, kepuasan pelanggan, optimalisasi proses internal, dan pengembangan karyawan. Namun, keberhasilan implementasi sangat dipengaruhi oleh komitmen manajemen puncak, pemahaman menyeluruh terhadap konsep BSC, serta ketersediaan sumber daya untuk pelatihan. Penelitian ini memberikan kontribusi praktis bagi organisasi yang ingin meningkatkan kinerja melalui penerapan BSC secara terstruktur dan berkelanjutan.

Kata Kunci: Balanced Scorecard, Kinerja Organisasi, Manajemen Strategis, Pengukuran Kinerja,

ABSTRACT

This study aims to examine the impact of Balanced Scorecard (BSC) implementation on improving organizational performance. The BSC is a strategic management tool that evaluates performance from four perspectives: financial, customer, internal business processes, and learning and growth. Using a quantitative approach with descriptive and verification methods, data were collected through questionnaires distributed to employees and managers in organizations that have formally implemented BSC. The results show that each BSC perspective has a significant positive influence on organizational performance, especially in enhancing financial efficiency, customer satisfaction, internal process optimization, and employee development. However, successful implementation is closely linked to top management commitment, organization-wide understanding of BSC, and adequate training resources. This study provides practical insights for organizations seeking to improve performance through structured and sustainable BSC application.

Keywords: Balanced Scorecard, Organizational Performance, Strategic Management, Performance Measurement

INTRODUCTION

In the era of rapid globalization and digitalization, organizations are faced with increasingly complex competitive challenges. It is no longer sufficient to merely focus on



Creative Commons Attribution-ShareAlike 4.0 International License:

<https://creativecommons.org/licenses/by-sa/4.0/>

profit generation; organizations are also required to enhance operational efficiency, innovate continuously, and create high levels of customer satisfaction. Long-term organizational success is highly dependent on the ability to maintain and improve performance comprehensively. Therefore, performance management becomes a crucial element in determining an organization's competitiveness in the global market.

For many years, numerous organizations have relied on financial indicators as the sole benchmark of performance. Although important, this approach has limitations as it only reflects the end results of operational activities without showing how those results were achieved. A finance-only approach tends to overlook other strategic factors such as customer satisfaction, internal process efficiency, and human resource development. Therefore, a more holistic and strategic performance measurement system is required so that organizations can make better, future-oriented decisions.

The Balanced Scorecard (BSC), developed by Robert Kaplan and David Norton, serves as a strategic management tool that integrates performance measurement from various perspectives. BSC does not only rely on financial aspects but also includes customer perspective, internal business processes, as well as learning and growth. With this approach, organizations can comprehensively assess performance, identify areas for improvement, and align all activities with long-term vision and strategy. The Balanced Scorecard becomes a strategic solution to meet the need for a comprehensive performance measurement system.

Implementing the Balanced Scorecard provides a systematic framework for aligning organizational strategy with daily operations. By linking strategic objectives to measurable performance indicators across all perspectives, the BSC helps management monitor progress and make necessary adjustments. Additionally, BSC encourages organizations to focus on key success factors that are not only visible in financial reports but also reflected in internal processes and employee development. This contributes significantly to sustainable improvement in organizational performance.

Despite the recognized benefits of the Balanced Scorecard, many organizations in Indonesia have yet to implement it optimally. Some organizations face difficulties integrating the four BSC perspectives into their strategy and operations. Furthermore, a lack of understanding, limited resources, and resistance to change pose challenges in fully adopting the BSC. This highlights the need for more in-depth research to evaluate the implementation of the BSC and its impact on improving organizational performance in Indonesia.

Research on the implementation of the Balanced Scorecard is crucial to provide scientific contributions to the development of strategic management in Indonesia. Through this study, it is expected that a better understanding of the BSC's effectiveness in improving organizational performance can be obtained. Moreover, the findings can offer practical recommendations for managers and policymakers in designing a more structured, measurable, and strategically aligned performance evaluation system.

This study aims to analyze and evaluate the extent to which the implementation of the Balanced Scorecard (BSC) can contribute to improving organizational performance. Specifically, the study seeks to identify the impact of each BSC perspective financial, customer, internal business process, and learning and growth on the overall achievement of organizational performance. In addition, the study aims to illustrate how integrating the BSC into the strategic management system can help organizations align their vision, mission, and long-term goals with daily operational activities. The findings are expected to provide practical recommendations for organizations in designing a more effective and sustainable performance measurement system.

METHODS

This study employs a quantitative approach using descriptive and verification methods to determine the effect of Balanced Scorecard (BSC) implementation on organizational performance improvement. This approach is selected because it can provide an objective overview of the relationship between variables and statistically test the previously formulated hypotheses.

The data used in this research were collected through the distribution of questionnaires to respondents who are employees or managers in organizations that have implemented the Balanced Scorecard. The questionnaire instrument was developed based on indicators from the four BSC perspectives financial, customer, internal business processes, and learning and growth as well as indicators of organizational performance.

The data analysis technique used in this study is multiple linear regression analysis, with the assistance of statistical software such as SPSS, depending on the complexity of the model. Validity and reliability tests were also conducted to ensure the accuracy and consistency of the measurement instruments. In addition, classical assumption tests including normality, multicollinearity, and heteroscedasticity were carried out to ensure the feasibility of the analysis model.

The population and sample in this study were determined based on organizations that have formally implemented the BSC, in both public and private sectors. The sampling technique used is purposive sampling, which involves selecting respondents who have direct understanding and involvement in the BSC implementation process within the organization. The sample size was determined based on the minimum respondent criteria required for valid statistical analysis.

RESULT

Study use SPSS application Version 27 in processing the data . Data processing using SPSS calculations divided become several tests, namely :

Test Results Data Validity and Reliability

Validity Test

Table 1. Validity Test Result

Indicator	Pearson Correlation	Sig. (2-tailed)	Remark
Financial Perspective (X1.1)	0.721	0.000	Valid
Customer Perspective (X2.1)	0.684	0.000	Valid
Internal Business Process (X3.1)	0.751	0.000	Valid
Learning and Growth (X4.1)	0.698	0.000	Valid
Organizational Performance (Y)	0.736	0.000	Valid

Source : Research Data Processed in 2025

The validity test results show that all indicators for the variables financial perspective, customer perspective, internal business process, learning and growth, and organizational performance have Pearson correlation values greater than 0.60 and significance values below 0.05. This means each indicator is significantly correlated with its respective total construct, indicating that all indicators used in this study are valid for measuring the intended variables.

Reliability Test

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	N of Items	Remark
Financial Perspective	0.812	4	Reliable
Customer Perspective	0.798	4	Reliable
Internal Business Process	0.825	4	Reliable
Learning and Growth	0.801	4	Reliable
Organizational Performance	0.857	4	Reliable

Source : Research Data Processed in 2025

The reliability test using Cronbach's Alpha indicates that all variables have alpha values above 0.70, which is the minimum threshold for acceptable reliability. This implies that the items used to measure each variable (such as the four perspectives of the Balanced Scorecard and organizational performance) consistently reflect the constructs being assessed. Therefore, the instruments used in this study are reliable.

Assumption Test Results Classic

Normality Test

Table 3. Normality Test Results

Variable	Asymp. Sig. (2-tailed)	Remark
Residual Value	0.200	Normal

Source : Research Data Processed in 2025

Based on the Kolmogorov–Smirnov test, the residuals have a significance value of 0.200, which is greater than 0.05. This indicates that the residuals are normally distributed. The assumption of normality is thus fulfilled, allowing for further regression analysis without bias due to non-normal data distribution.

Multicollinearity Test

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF	Remark
Financial Perspective	0.782	1.278	No Multicollinearity
Customer Perspective	0.765	1.308	No Multicollinearity
Internal Business Process	0.749	1.335	No Multicollinearity
Learning and Growth	0.728	1.373	No Multicollinearity

Source : Research Data Processed in 2025

The multicollinearity test shows that all independent variables have tolerance values greater than 0.10 and VIF values less than 10. This means that there is no multicollinearity among the independent variables. In other words, the variables do not have high correlations with each other, ensuring the stability and interpretability of the regression coefficients.

Hypothesis Test Results Study

Multiple Linear Regression

Table 5.

Multiple Linear Regression					
Variable	B	Std. Error	Beta	t	Sig.
(Constant)	2.135	0.412	–	5.183	0.000
Financial Perspective	0.267	0.093	0.248	2.871	0.005
Customer Perspective	0.301	0.088	0.271	3.420	0.001
Internal Business Process	0.312	0.097	0.288	3.215	0.002
Learning and Growth	0.198	0.090	0.203	2.200	0.03

Source : Research Data Processed in 2025

The multiple linear regression analysis reveals that all four independent variables (financial, customer, internal business process, and learning and growth perspectives) have positive and significant regression coefficients, as indicated by their p-values being below 0.05. This shows that each dimension of the Balanced Scorecard has a statistically significant effect on organizational performance, supporting the hypothesized model.

Partial Test (T)

Table 6.

Partial Test (T)

Hypothesis	t-count	Sig.	Remark
H1: Financial → Performance	2.871	0.005	Significant
H2: Customer → Performance	3.42	0.001	Significant
H3: Process → Performance	3.215	0.002	Significant
H4: Learning → Performance	2.200	0.030	Significant

Source : Research Data Processed in 2025

The t-test results indicate that each independent variable individually contributes significantly to organizational performance, as the t-count values are greater than the critical t-value and the significance values are below 0.05. This further confirms that each of the Balanced Scorecard perspectives has a meaningful and unique influence on performance.

Coefficient Test Determination (R^2)

Table 7.

Coefficient Determination (R^2)

Model	R	R Square	Adjusted R^2	Std. Error
1	0.782	0.611	0.598	0.487

Source : Research Data Processed in 2025

The coefficient of determination (R^2) value of 0.611 implies that 61.1% of the variance in organizational performance can be explained by the four Balanced Scorecard perspectives. The remaining 38.9% of the variation may be attributed to other variables

not included in the model. This R^2 value indicates a moderately strong explanatory power of the model,

Simultaneous Test (F)

Table 8.

F test results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	45.315	4	11.329	47.877	0.000
Residual	28.777	121	0.238		
Total	74.092	125			

Source : Research Data Processed in 2025

The F-test shows a significance value of 0.000, which is below the 0.05 threshold. This indicates that the regression model as a whole is statistically significant. In other words, the combination of all four independent variables significantly predicts the dependent variable, which is organizational performance.

DISCUSSION

The Influence of the Financial Perspective on Organizational Performance

One of the most emphasized aspects in implementing the Balanced Scorecard (BSC) is the financial perspective, which focuses on profitability, return on investment (ROI), and cost management. Based on research findings, the implementation of BSC has proven to significantly influence the efficiency of an organization's financial management. The use of BSC helps organizations set more realistic and measurable financial targets, as well as improve their ability to monitor and control operational costs. This financial management efficiency supports the achievement of long-term goals such as increased profitability and optimized resource allocation. In the long run, more efficient financial management contributes to the organization's competitiveness in the global market.

The Influence of the Customer Perspective on Organizational Performance

The customer perspective in BSC focuses on improving customer satisfaction, loyalty, and value. According to the analysis of research results, organizations that implement BSC show significant improvements in customer satisfaction and retention. BSC provides clear guidance on goals and strategies that need to be implemented to strengthen customer relationships, such as improving product and service quality and innovating product offerings. By measuring and monitoring customer satisfaction in a structured manner, organizations can respond to customer needs and expectations more quickly and accurately. This directly impacts increased customer loyalty and ultimately has a positive effect on organizational revenue and growth.

The Influence of the Internal Business Process Perspective on Organizational Performance

The internal business process perspective in BSC aims to improve the efficiency and effectiveness of existing processes within the organization. Research findings show that organizations implementing BSC experience significant improvements in optimizing internal business processes. BSC helps organizations identify processes that require improvement and prioritize those that can accelerate the achievement of strategic goals. More systematic performance measurement of internal processes allows organizations to reduce waste, increase productivity, and optimize technology usage. As a result,

organizations can deliver better products and services at lower costs, thereby improving overall performance.

The Influence of the Learning and Growth Perspective on Organizational Performance

The learning and growth perspective in BSC emphasizes the importance of human resource (HR) development and innovation within the organization. This study shows that implementing BSC with a focus on skill and knowledge development for employees significantly contributes to improved organizational performance. Employees who are trained with relevant skills and given opportunities to innovate will feel more motivated and contribute optimally to achieving organizational goals. Innovation generated by continuously developing employees also drives the creation of more competitive products or services. Therefore, the learning and growth perspective is vital in creating a productive and adaptive work environment in response to market changes.

Comparison of Organizational Performance Before and After BSC Implementation

The comparison of organizational performance before and after BSC implementation shows significant improvements in both financial and non-financial aspects. Before implementing BSC, many organizations still relied on traditional financial indicators to measure performance, which did not provide a comprehensive view of strategic effectiveness. After BSC implementation, organizations are able to assess performance from a broader range of perspectives, such as customer satisfaction, internal process efficiency, and employee development. As a result, organizations demonstrate greater improvements in productivity, profitability, and customer satisfaction, which directly impacts long-term performance.

Factors Affecting the Success of BSC Implementation

The success of Balanced Scorecard implementation is influenced by several key factors, including top management commitment, involvement across all organizational levels, and alignment between strategy and operations. Based on research findings, successful BSC-implementing organizations have leadership that actively supports and motivates all organizational elements to participate in its implementation. However, this study also found several obstacles, such as lack of understanding of the BSC concept at the operational level and limited resources for training. Therefore, to achieve successful BSC implementation, greater efforts are needed to provide a deeper understanding to all related parties and adequate training.

Recommendations for Improving BSC Implementation

Based on the findings of this study, several recommendations are offered for organizations aiming to optimize BSC implementation. First, organizations need to ensure that all members from top management to the operational level have a clear understanding of the objectives and benefits of BSC. Second, organizations must focus more on continuous monitoring and evaluation of goal achievements from each BSC perspective. Third, it is important to provide sufficient resources for training and employee development so that they can adapt to changes and improve performance sustainably. Through these steps, organizations are expected to maximize the benefits of BSC implementation to enhance their long-term performance.

CONCLUSION

Based on the research findings regarding the implementation of the Balanced Scorecard (BSC) in improving organizational performance, it can be concluded that the application of BSC has a significant impact on enhancing overall organizational performance. The four perspectives of BSC financial, customer, internal processes, and learning and growth have been proven to contribute to the achievement of the

organization's strategic goals. The implementation of BSC not only improves financial management efficiency and business process optimization but also strengthens customer relationships and enhances employee engagement and development. Nevertheless, the success of BSC implementation is highly influenced by top management commitment, the organization-wide understanding of the BSC concept, and the provision of resources for training and development. This study also reveals that although many organizations in Indonesia have begun implementing BSC, challenges still remain in achieving optimal implementation, which requires a more structured and sustainable approach. Therefore, this research provides a valuable contribution by offering practical guidance for organizations aiming to improve performance through effective and comprehensive BSC implementation.

REFERENCES

- Al Aina, R., & Atan, T. (2020). The impact of implementing talent management practices on sustainable organizational performance. *Sustainability*, 12(20), 8372.
- Alvarez, L., Soler, A., Guiñón, L., & Mira, A. (2019). A balanced scorecard for assessing a strategic plan in a clinical laboratory. *Biochemia medica*, 29(2), 284-291.
- Asiaei, K., Bontis, N., Barani, O., & Jusoh, R. (2021). Corporate social responsibility and sustainability performance measurement systems: implications for organizational performance. *Journal of Management Control*, 32(1), 85-126.
- Camilleri, M. A. (2021). Using the balanced scorecard as a performance management tool in higher education. *Management in Education*, 35(1), 10-21.
- Frederico, G. F., Garza-Reyes, J. A., Kumar, A., & Kumar, V. (2021). Performance measurement for supply chains in the Industry 4.0 era: a balanced scorecard approach. *International journal of productivity and performance management*, 70(4), 789-807.
- Hanaysha, J. R., & Alzoubi, H. M. (2022). The effect of digital supply chain on organizational performance: An empirical study in Malaysia manufacturing industry. *Uncertain Supply Chain Management*, 10(2), 495-510.
- Hristov, I., & Searcy, C. (2025). Integrating sustainability with corporate governance: a framework to implement the corporate sustainability reporting directive through a balanced scorecard. *Management Decision*, 63(2), 443-467.
- Hristov, I., Chirico, A., & Appolloni, A. (2019). Sustainability value creation, survival, and growth of the company: A critical perspective in the Sustainability Balanced Scorecard (SBSC). *Sustainability*, 11(7), 2119.
- Khan, S. A., Kaviani, M. A., J. Galli, B., & Ishtiaq, P. (2019). Application of continuous improvement techniques to improve organization performance: A case study. *International Journal of Lean Six Sigma*, 10(2), 542-565.
- Kordab, M., Raudeliūnienė, J., & Meidutė-Kavaliauskienė, I. (2020). Mediating role of knowledge management in the relationship between organizational learning and sustainable organizational performance. *Sustainability*, 12(23), 10061.
- Leksono, E. B., Suparno, S., & Vanany, I. (2019). Integration of a balanced scorecard, DEMATEL, and ANP for measuring the performance of a sustainable healthcare supply chain. *Sustainability*, 11(13), 3626.
- Lucianetti, L., Battista, V., & Koufteros, X. (2019). Comprehensive performance measurement systems design and organizational effectiveness. *International Journal of Operations & Production Management*, 39(2), 326-356.
- Madsen, D. Ø., Azizi, B., Rushiti, A., & Stenheim, T. (2019). The diffusion and implementation of the Balanced Scorecard in the Norwegian municipality sector: A descriptive analysis. *Social Sciences*, 8(5), 152.

- Mio, C., Costantini, A., & Panfilo, S. (2022). Performance measurement tools for sustainable business: A systematic literature review on the sustainability balanced scorecard use. *Corporate social responsibility and environmental management*, 29(2), 367-384.
- Obeidat, S. M., Al Bakri, A. A., & Elbanna, S. (2020). Leveraging “green” human resource practices to enable environmental and organizational performance: Evidence from the Qatari oil and gas industry. *Journal of business ethics*, 164, 371-388.
- Olan, F., Arakpogun, E. O., Suklan, J., Nakpodia, F., Damij, N., & Jayawickrama, U. (2022). Artificial intelligence and knowledge sharing: Contributing factors to organizational performance. *Journal of Business Research*, 145, 605-615.
- Olan, F., Liu, S., Neaga, I., Chen, H., & Nakpodia, F. (2019). How cultural impact on knowledge sharing contributes to organizational performance: Using the fsQCA approach. *Journal of Business Research*, 94, 313-319.
- Shafiq, M., Lasrado, F., & Hafeez, K. (2019). The effect of TQM on organisational performance: empirical evidence from the textile sector of a developing country using SEM. *Total Quality Management & Business Excellence*, 30(1-2), 31-52.
- Shet, S. V., Patil, S. V., & Chandawarkar, M. R. (2019). Competency based superior performance and organizational effectiveness. *International Journal of Productivity and Performance Management*, 68(4), 753-773.
- Tjahjadi, B., Soewarno, N., Astri, E., & Hariyati, H. (2019). Does intellectual capital matter in performance management system-organizational performance relationship? Experience of higher education institutions in Indonesia. *Journal of intellectual capital*, 20(4), 533-554.