Applying Balanced Scorecard in Evaluating Performance: Evidence from a Food Retailer

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Abstract

Measuring employee performance through a balanced scorecard is crucial for providing a comprehensive view of an organization's effectiveness and strategic alignment. The Balanced Scorecard (BSC) is considered an instrument that can be used to effectively measure employee performance over a specific period of time. Performance appraisal not only helps companies determine the potential for human resource development but also improves employee motivation and productivity. Therefore, this study aims to empirically test and analyze employee performance measurement based on the balanced scorecard at the PHD Makassar Store. This study is a quantitative study. The population used is all employees of the PHD Makassar Store, with a sample size of 33 using the non-probability sampling method. The results of the study indicate that job satisfaction and employee turnover variables do not affect human resource performance at the PHD Bawakareng Store. Inversely, employee training and employee productivity variables affect human resource performance. This indicates that the comparison between employee input and output is running well.

Keywords: Balanced Scorecard; Employee Performance; Organization's Effectiveness; Strategic Alignment.

INTRODUCTION

Measuring employee performance is an essential part of human resource management that benefits both the company and the employees. Performance appraisal not only helps the company in determining the potential for human resource development, but also increases employee motivation and productivity. In an ever-changing environment, company management needs to design, install, operate a strategy formulation system, strategic planning system, and program preparation system and motivate all company personnel to work together to build their company. Performance measurement that focuses on the financial sector alone is less able to measure the performance of the company's intangible assets and intellectual assets (human resources).

Effective performance measurement is able to assess the overall perspective in a company where the performance measurement is summarized in a strategic measurement system, namely the Balanced Scorecard. Balanced Scorecard (BSC) is a contemporary management tool designed to improve the company's ability to multiply financial performance sustainably (sustainable outstanding financial performance) (Mulyadi, 2001). Measuring employee performance through the balanced scorecard is essential to provide a comprehensive view of an organization's effectiveness and strategic alignment. Therefore, this study highlights how this method integrates multiple performance perspectives to improve overall management outcomes.

Pizza Hut is one of the largest pizza restaurant chains in the world including in Indonesia. Pizza Hut was founded by two brothers Dan and Frank Carney in 1958. Pizza Hut continues to innovate, international expansion, acquisition by PepsiCo in 1997, innovation and adaptation in the 2000s with all the challenges and competition finally pushed Pizza Hut to adapt to healthy food trends and faster service. Entering the 2020s when facing the COVID-19 pandemic, Pizza Hut increased its focus on online delivery and ordering services, and also introduced various new offers from the sales aspect to attract customers. The various offers offered by the Pizza Hut sales team during the COVID-19 pandemic did not stabilize and increase sales. Pizza Hut's sales actually experienced a significant decline. Many outlets were forced to close, and reports showed large losses with a 25% decline in revenue in several quarters, despite efforts to adapt through delivery services and new promotions.

Despite the recovery strategy of menu innovation and programs, and many new competitors and local foods emerging, Pizza Hut still has a loyal customer base, enabling Pizza Hut to get through the difficult times of the effects of the COVID-19 pandemic. Not long after the COVID-19 pandemic passed, Pizza Hut again experienced a decline in sales. Pizza Hut Indonesia also showed a significant decline in sales after Israel's genocidal aggression against Palestine which led to a boycott of products affiliated with Israel. Sales dropped by 24.7% causing the closure of several outlets, with the impact of losses continuing to swell, as well as efficiency forcing the company to lay off thousands of employees. The decline in sales during the boycott was greater than during the COVID-19 pandemic.

Table 1. Development of PHD Sales of PT. Sarimelati Kencana, Tbk

No	Year	Sales (presented in millions of rupiah)
1	2023	3.543.983
2	2022	3.612.319
3	2021	3.418.811
4	2020	3.458.406

Source: PT. Sarimelati Kencana

Sales of PHD PT. Sarimelati Kencana, Tbk

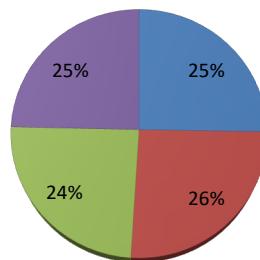■ Th 2023   ■ Th 2022   ■ Th 2021   ■ Th 2020

Figure 1. Sales of PHD PT. Sarimelati Kencana, Tbk
Source: PT. Sarimelati Kencana

The picture above illustrates the condition of Pizza Hut sales in 2020 and 2021, the sales achieved decreased from 25% to 24%, then after that the target achievement rose again by 2% in 2022 when compared to the previous year, which reached 26%, but there was another decline in sales in 2023 to 25%. The occurrence of fluctuating sales achievements that did not consistently increase was caused by several factors, especially the new normal period after the Covid-19 pandemic and the geopolitical genocide in the Middle East which caused a boycott of Pizza Hut products in several Muslim countries and Muslim-majority countries, including Indonesia.

Balanced scorecard (BSC) is considered as an instrument that can be used as a tool to measure employee performance effectively over a period of time. BSC helps define long-term strategic goals and mechanisms to achieve business goals from each perspective (Waluyo et al., 2016; Hermansyah et al., 2025). Research conducted by Prihatma & Fatah (2023) shows that the balanced scorecard has an effect on a company's sales performance. This BSC provides a comprehensive framework for measuring and improving business performance.

By looking at the relationship between financial, customer, internal business process, and learning and growth perspectives, companies can identify areas of improvement to better achieve sales targets. This study draws references from previous research conducted by Gunawan (2020) regarding the Analysis of Performance Measurement of PT Agung Podomoro Land Tbk using the Balanced Scorecard (BSC) Method. In the context of performance measurement, there is a gap in the literature related to the implementation of the BSC, most existing studies focus more on performance measurement in broader sectors or different companies, without considering the specific impact of geopolitical conditions and social changes on employee performance in fast food restaurants, especially Pizza Hut in Indonesia. Therefore, this study was conducted at a different location, namely PHD Gunung Makassar Makassar. Based on the background description, the researcher is interested in reviewing the research with the title **"Analysis of Employee Performance Measurement based on Balanced Scorecard at the PHD Makassar Store"**.

LITERATURE REVIEW

Balanced Scorecard (BSC)

1. History of Balanced Scorecard (BSC)

The use of a performance measurement system in a company is very helpful in knowing to what extent the company can achieve its goals through the established strategy. This measurement system is very important with the assumption that "if you can't measure it, it's hard to manage it" (Kaplan & Norton, 2000). To know whether a company's strategy is successful, an appropriate performance measurement system is needed so that management can use it to evaluate performance.

According to Kaplan & Norton (2000), the balanced scorecard emphasizes that financial and non-financial measures must be part of the employee information system at all levels of the organization. Frontline workers must be aware of the economic impact of their decisions and actions. Leaders need to understand what drives long-term economic success. Balanced Scorecard objectives and metrics are not simply ad hoc collections of financial and non-financial performance indicators. Both are derived from a top-down process determined by the mission and strategy of the business unit.

2. Definition of Balanced Scorecard (BSC)

According to Kaplan & Norton (2000), the balanced scorecard complements financial measures of past performance with measures of future performance drivers. The scorecard's objectives and metrics are derived from the organization's vision and strategy. These objectives and metrics evaluate the organization's performance from four perspectives: financial, customer, internal business processes, and learning and growth. These four perspectives form the framework of the balanced scorecard, as shown in the following figure:
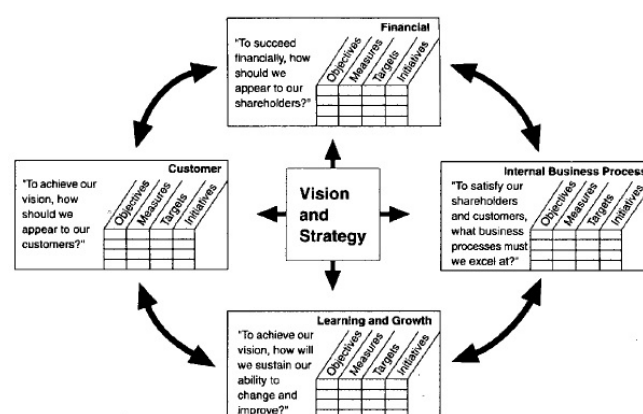

Figure 2. *The Balanced scorecard provides a framework to translate strategy into operational terms*

3. Balanced Scorecard as a Strategic Management System

Balanced ccorecard according to Kaplan & Norton (2000) is not just a tactical or operational measurement system. Innovative companies use scorecards as a strategic

management system to manage their long-term strategies. Companies use the focus of scorecard measurements to complete key management processes.

4. Balanced Scorecard Components

According to Kaplan & Norton (2000) as seen in Figure 2. above, the Balanced Scorecard components are divided into 4 perspectives, including:

(1) **Financial Perspective**

Financial objectives refer to profitability, which is measured by operating profit, return on capital employed (ROCE), and economic value added.

(2) **Customer Perpective**

A product or service is more valuable when its benefits meet or exceed consumer expectations. Companies are expected to segment the market and determine the most likely target market according to the company's capabilities, resources, and long-term plans.

(3) **Internal Business Process Perspective**

From the perspective of internal business processes, managers need to identify the most important processes to achieve the goal of increasing customer and shareholder value. In the BSC method, the objectives and measures of this perspective are derived from a clear strategy that aims to meet the expectations of target shareholders and customers. Each company has its own process of creating value for its customers and producing good financial results.

(4) **Learning and Growth Perspective**

The goal of the learning and growth perspective is to provide the infrastructure that enables the goals of the other three perspectives to be achieved. The organizational learning and growth process consists of three categories.

METHODOLOGY

The type of research used is quantitative research by collecting data in the form of numbers to be processed and analyzed so that hypothesis testing can be carried out. The population in this study were all employees of the PHD Makassar store. The sampling technique used the non-probability sampling method with the following criteria:

(1) Active employees at the PHD Makassar store.

(2) Employees with a minimum working period of 3 months.

In this study, the type of data used is subject data with primary data sources through questionnaires. The questionnaire questions in this research instrument consist of a five-point question scale using a Likert scale *(Likert, 1932)*. The data analysis technique uses multiple linear regression analysis through SPSS 25 software. The form of the regression equation is as follows:

$$y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + e$$

Description:
  Y   : Human Resource Performance
  α : Constant
  β : Regression Coefficient
  X_1 : Job Satisfaction

> X₂ : Employee Training
> X₃ : Employee Turnover
> X₄ : Employee Productivity
> e : *Error Term*

RESULTS

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to test the hypothesis in this study. The results of the test can be seen in the table below:

Table 2. Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3,184	2,610		-1,220	,233
	Job Satisfaction	-,033	,154	-,057	-,211	,834
	Employee Training	1,906	,320	,333	1,423	,003
	Employee Turnover	-,218	,230	-,167	-,949	,351
	Employee Productivity	1,813	,189	,797	5,366	,000

a. Dependent Variable: Human Resource Performance
Source: Output SPSS 25 (2025)

Based on the results of the t-test in table 2 above, the estimation model can be analyzed as follows:

$$y = 3,184 - 0,033x_1 + 1,906x_2 - 0,218x_3 + 1,813x_4 + e$$

1. The Influence of Job Satisfaction on Human Resource Performance

The significance value of the job satisfaction variable (X_1) on human resource performance (Y) is 0,834 > 0,05. And the t_{count} value of -0,033 is smaller than the t_{table} value of 1,7011 (df = 0,05 ; 33-5). Based on the significance value and t_{count} which are smaller t_{table}, H1 is rejected. Thus, job satisfaction does not affect human resource performance at the PHD Makassar Store.

This study is not in line with the results of the study by Monalis et al., (2020) which found a significant influence between employee job satisfaction and employee performance. Satisfaction will affect employee performance if the satisfaction obtained by employees from their work because there is a match between what is expected and what is received is able to encourage employees to achieve optimal performance. The condition of job satisfaction or dissatisfaction is feedback that will affect employee performance (Monalis et al., 2020).

2. The Influence of Employee Training on Human Resource Performance

The significance value of the employee training (X_2) on human resource performance (Y) is 0,003 < 0,05. And the t_{count} value of 1,906 is greater than the t_{table} value of 1,7011 (df =

0,05 ; 33-5). Based on the significance value and t_{count} which is greater than t_{table}, H$_2$ is accepted. Thus, employee training has an effect on human resource performance at the PHD Makassar Store.

This is in line with the research of Monalis et al., (2020) that human resource development has an impact on employee performance. Investment in human resource development (such as: learning, training and system development, reward and recognition, and provision of a human resource development climate information system) will encourage improved performance both individually and organizationally.

3. The Influence of Employee Turnover on Human Resource Performance

The significance value of the employee turnover (X$_3$) on human resource performance (Y) is 0,351 > 0,05. And the t_{count} value -0,218 is smaller than the t_{table} value of 1,7011 (df = 0,05 ; 33-5). Based on the significance value and t_{count} which are smaller t_{table}, H$_3$ is rejected. Thus, employee turnover does not affect human resource performance at Store PHD Makassar.

This study is not in line with the results of research by Syahputra & Wardayani (2019) which found that employee turnover has a significant effect on employee performance at Raz Hotel Medan. According to Ferdinand (2010), intention turnover shows the behavior of the intention to stay or leave the organization consistently related to job transfers. In addition, intention turnover among employees has a strong correlation with the intention to leave, look for work and think about leaving (Syahputra & Wardayani, 2019).

4. The Influence of Employee Productivity on Human Resource Performance

The significance value of the employee productivity (X$_4$) on human resource performance (Y) is 0,000 < 0,05. And the t_{count} value of 1,813 is greater than the t_{table} value of 1,7011 (df = 0,05 ; 33-5). Based on the significance value and t_{count} which is greater than t_{table}, H$_4$ is accepted. Thus, employee productivity affects the performance of human resources at the PHD Makassar Store.

According to Hasibuan (2012), work productivity is a comparison between output and input where the output must have added value and better processing techniques. Productivity is one of the measures often used in determining the effectiveness of an organization. An organization or company will not be able to develop if the work productivity of its employees does not increase, especially with the increasing level of competition in the business world (Topamba et al., 2023).

CONCLUSION

Effective performance measurement is able to assess the overall perspective in a company where the performance measurement is summarized in a strategic measurement system, namely the Balanced Scorecard. Measuring employee performance through a balanced scorecard is very important to provide a comprehensive view of the effectiveness and strategic alignment of an organization. Based on the results of data analysis, the results of research on human resource performance measurement based on the balanced scorecard at the PHD Makassar store show that the variables of job satisfaction and

employee turnover do not affect human resource performance at the PHD Makassar Store. In contrast to the variables of employee training and employee productivity, they affect human resource performance. This shows that the comparison between employee input and output is going well. An organization or company will not be able to develop if its employees work productivity does not increase.

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