MANAGEMENT PERFORMANCE USING BALANCE SCORECARD CONCEPT IN
PT BANK NAGARI MAIN BRANCH OFFICE PADANG

THESIS

Written By:
YOLANDA DWI SARI
0810534048

Submitted as Partial Fulfillment of Requirement for the Undergraduate Degree in
Accounting Department Faculty Of Economics

ACCOUNTING DEPARTMENT ECONOMIC FACULTY
ANDALAS UNIVERSITY
PADANG
2012

FACULTY OF ECONOMICS
ANDALAS UNIVERSITY

THESIS APPROVAL LETTER

Herewith, Head of Accounting Program Andalas University, Head of Accounting International Program and Thesis Advisor, stated that:

Name : YOLANDA DWI SARI
Student’s ID Number : 0810534048
Field of Study : Accounting
Degree : Bachelor Degree of Economics
Thesis Title : Management Performance Using Balance Scorecard Concept in PT Bank Nagari Main Branch Office Padang

Has already passes the thesis seminar on Friday, August 3, 2012 based on procedures and regulation prevailed in the Faculty of Economic-Andalas University.

Padang, August 2012
Thesis Advisor

Dr. Yulia Hendri Yeni, SE, MT, Ak
NIP. 196407021990112001

Approved by:

Head of Accounting Program

Dr. H. Yuskar, SE, MA, Ak
NIP. 196009111986031001

Head of Accounting International Program

Rayna Kartika, SE, M.Com, Ak
NIP. 198103112005012001

ABSTRACT
In era globalization, the world of business experienced growth to resulting in an increasingly competitive conditions competition. In order to enhance organizational performance, alignment of organizational and individual objectives within the organization is important. Accordingly, the performance appraisal system is needed that describes the condition of the company's performance accurately. The Balanced Scorecard is one of the alternative performance measures that aims to combine the size of financial and non financial performance. This measurement is the result of a process based on its mission and strategy of a firm. There are four aspects that are measured in the Balanced Scorecard (BSC) is a financial perspective, customer perspective, internal business process perspective, growth and learning perspective.

The objective of this research is to analyze the performance of PT Bank Nagari Main Branch Office Padang using the Balance Scorecard Concept. The collected of data using primary and secondary data. The primary data obtained from questionnaires that distributed to employees and customers of PT Bank Nagari Main Branch Office Padang. Secondary data obtained from annual reports of PT Bank Nagari Main Branch Office Padang per December period in 2009, 2010, 2011. Those data are compared to the standard set whether each variables in each perspective categorize as “good”, “enough”, or “bad” condition.

The result of the research shows that the overall performance of PT Bank Nagari Main Branch Office Padang is good, where the the value of each perspectives are mostly categorized as “good” standard. For the learning and growth perspective, all the variables measured are in the good standard. In the internal business perspective, the result reveals enough performance. While in the customer perspective the overall result from each measurement is in the good criteria. The crucial thing to be recognized is about financial condition, where the ROA is in the good criteria, but for LDR is stand in the bad condition. So the company need to set better strategy to fix their performance in the financial aspect to make the organization balance both in the financial and non financial to increase its performance.

Keyword: Balanced Scorecard, Business Performance

ACKNOWLEDGEMENT
Alhamdulillahhirrabil’alamin. Thanks to Allah for blessing and guidance, so I am able to finish this thesis as a partial fulfillment to achieve Undergraduate Degree fro Accounting Department of Andalas University. Shalawat and salam is directed only for the prophet Muhammad SAW for the guiding in the belief of the power of Allah SWT. Beyond this, I have learned more about hardwork, patience, respect, faithful, discipline, and even blessing in disguise and also destiny. Sure, this is such a complex process and complex learning I had been through within my entire life.

In achieving this, I am absolutely supported by so many parties starting from the proposal idea until the final revision. The studying process is the most crucial part to get here and those support accompanied me along the way. Without them, I would not have been in this place right now where I am in a few step closer in reaching my goals and dreams. Particularly, I would like to express my deepest gratitude to those parties who had given contribution and support either in my study and this thesis.

This acknowledgement is especially addressed to:

1. My lovely parents, ANASRUN AZIZ and SULASTRI Z.A. Thanks god I have them as my parents, a very huge thanks to you both for filling my life with a wonderful love and affection ever. Words just can not describe how thankful I am to be your kid. Thank you so much for become my advisor, a faithful supporter, the best listener ever, my very best friend, and also my financial support :-p I love you Mama and Papa more than I can say.
2. For the only sister I have ROZA GUSMA PUTRI ANAS for your childish battle. And for all the miracle that happen in your life. Seriously, it always be my inspiration. Note it, the miracles in your life yaa.. not you Hahahahahaha. For your annoyed phone call, anyway sometimes your stupid spirit from phone or message makes me strong. I love u sist. Muuuaacccchhh :* :* :*
3. For my precious gift, joy and spirit M. Taufik Aswin. Thanks because you always stand by me in every condition and fight for us. For every laugh and love 😄
4. For Tante Sas, without your help I won’t be able to finish this thesis earlier.
5. Prof. Dr. Tafdil Husni, SE., MBA., as the Dean of Economic Faculty of Andalas University
6. Dr. Yuskar, SE., MA., as the head of Accounting Program of Andalas University
7. Drs. Riwayadi, MBA., Ak as the Secretary of Accounting Program of Andalas University.

8. Dr Yulia Hendri Yeni, SE., MT., Ak as my thesis advisor for providing me a very great supervise and learning in her very tight schedule, busy day, and hard condition. Maam, I bet you such a great and inspiring Lecture, Mom, and Wife. So lucky to be your student 😊. Thank you so much n love you :*


10. Prof. Dr. Eddy . Rasyid M.Com(Hons)., Ak as my comprehensive lecture examiner. Thanks for your support and advice for me. It means a lot sir. Also for all of Accounting lecturers. Thank you for the knowledge.

11. Bureau staff, da Ari (the most handsome guy in Accounting LOL), Ni Eva and Mama Loli. Thanks to make the bureaucracy becomes easy and smooth. I bet everyone in the department would not be able to run the learning process smoothly without their help. Thank you so much.

12. My best partner and my best friend in doing this thesis Melin Rahmadhani Henidal. Thanks for being my best friend, for every worried and panic condition in the last minutes that we’ve made, but we can beat it! Yeeeyyyyy!!! I can’t imagine if I should do this alone. And thanks for every spirit n motivation that we share each other.

13. My partner and besties in International Accounting 2008 Meyyyyyiiinn..Onyyyyyyy… and Iyyyyym.. for a childish accompany since in the first year. Hope we can achieve all of our goals and dreams. Lot of love and laugh galz :* :*

14. All of “Jaka-Jaka” in International Accounting 2008 the genius boy Abdurahman, the guy that though he is a “don juan” Dede, the handsome Arif Ariadi, the twins ‘ambuank’ Adi n Fadil, ambassador of every event Loveandyo. For Wellykau, Indra, Viqi, Diez, Mumud and gossiping boy Putro.


16. For all of my friends in “Angkatan Hujan” Accounting Department 08. Ipit, Tika, Puput, Shintya, Kodonk, Amak, Revi, Zahra, Mike, Dedek, Rosa, Resa, Ziah, Echa, Widya
‘Emwe’ etc. The’rasan’ guy Ook, Vicky, Anes, Apin, Taufik, Doli, Teja, Ronal, Ryant, Cypai, Pewe, Vicky, Ijun, etc. thank for making my day in accounting so colorfull.

17. My ICX famz kak Cei, Nene, Yana, and Water. You guys are my best team ever. Thank you for being part of my life with all of your achievements as my inspiration. U rock guys!!

18. For AIESECers LC UA Bibi, Randy Abak, Bang Yamin, Kak Iin, Tete Intan, Cece Rere, Dady Jimmy, Ajay, Meli, Kak Ade, etc. I’m sorry I can not mention one by one. Nice to be a part of this organization. Keep inspire other and hope AIESEC UA always be a platform for young leaders to develop their self.

19. My Senior High friends Ziah, Amynk, Loren, Mela, Angel, Vidi, Tongek. For the D’janers class. Miss our time in SMA N 1 Padang.

20. My Best friends since Junior High Tami, Meta, Dea, Catra, Vika, Poppy thanks for being my friends for almost 10 years and always there to hear my problems.

21. For Ikatan UDA UNI kota solok. Thanks for giving me a great experience and those responsibilities.

22. For Ikatan Uda Uni Sumbar. So proud to be a part of this inspiring young people. love ya ;*

There are still many others whom I can not mention one by one. Thank you for every single help I can not reply, all I can do is only pray for the success of all. Amin.

Padang, August 2012

Sincerely,

Yolanda Dwi Sari

CONTENT
CHAPTER 1 INTRODUCTION

1.1 Background......................................................... 1
1.2 Problem Identification........................................... 4
1.3 Research Objective and Benefit............................... 5
  1.3.1 Research Object.............................................. 5
  1.3.2 Research Objective......................................... 5
1.4 Writing Systematic .............................................. 6

CHAPTER 2 THEORETICAL FRAMEWORK

2.1 Overview of Bank.................................................. 7
2.2 Performance Measurement...................................... 10
2.3 Performance Measurement with Traditional Assessment..... 13
2.4 Balance Scorecard Performance Measurement............... 14
  2.4.1 Financial Perspective........................................ 15
  2.4.2 Customer Perspective....................................... 18
  2.4.3 Internal Business Perspective............................. 21
  2.4.4 Learning and Growth Perspective........................ 22
CHAPTER 3  RESEARCH OBJECT

3.1 Research Object ........................................... 25
3.2 Type of Research ........................................... 25
3.3 Type of Data .............................................. 25
3.4 Research Variable and Variable Measurement .............. 26
  3.4.1 Financial Perspective Variable Measurement .......... 26
  3.4.2 Customer Perspective Variable Measurement .......... 27
  3.4.3 Internal Business Perspective Variable Measurement .... 27
  3.4.4 Learning and Growth Perspective Variable Measurement .. 28
3.5 Data Gathering Method .................................... 28
  3.5.1 Financial Perspective Data ................................ 28
  3.5.2 Customer Perspective Data ................................ 28
  3.5.3 Internal Business Perspective Data ....................... 30
  3.5.4 Learning and Growth Perspective Data ................. 30
3.6 An Assessment of Research Instrument ....................... 32
  3.6.1 Validity Test .......................................... 32
  3.6.2 Reliability Test ....................................... 32
3.7 Data Analysis Method ...................................... 33
  3.7.1 Financial Perspective Data Analysis .................... 33
  3.7.2 Customer Perspective Data Analysis .................... 35
CHAPTER 4 ANALYSIS AND DISCUSSION

4.1 Brief History of PT. Bank Nagari……………………………………… 39

4.2 Vision and Mission of PT Bank Nagari Main Branch Office Padang…………………………………………………………… 40

4.3 Products of PT Bank Nagari Main Branch Office Padang…… 41

4.3.1 Fund Products…………………………………………………… 42

4.3.2 Credit Products………………………………………………… 45

4.3.3 Sharia Products………………………………………………… 48

4.3.4 Service Products………………………………………………… 49

4.4 Organizational Structure of PT Bank Nagari Main Branch Office Padang…………………………………………………………… 50

4.5 Respondent Profile…………………………………………………… 51

4.5.1 Customer Profile………………………………………………… 51

4.5.2 Employees Profile………………………………………………… 53

4.6 Data Analysis…………………………………………………………… 55

4.6.1 Financial Perspective Data Analysis…………………………… 55

4.6.2 Customer Perspective Data Analysis…………………………… 57

4.6.3 Internal Business Perspective Data Analysis………………… 60

4.6.4 Learning and Growth Perspective Data Analysis……… 61
4.7 The Result of Performance Measurement of PT Bank Nagari Main Branch Office Padang Using Balance Scorecard Concept

CHAPTER 5 CONCLUSION

5.1 Conclusions

5.2 Implication of the research

5.3 Limitation of the Research

5.4 Suggestion

REFERENCE

APPENDIX

FIGURES
TABLES
CHAPTER 1
INTRODUCTION

1.1 Background

The business world becomes more competitive. It is indicated by the big changes in the competition, production, marketing, human resources management, and transaction holding between company with customer and company with another company. Now the competition become global and sharp, it is cause the decreasing in profit that earned by the companies that entering the world-level competition. The company charged to take strategic action in every condition. Beside the ability to compete, the company should also have a superiority that can distinguish one company with another. Many companies try to formulate their business strategy in order to win the competition. But, only the company which has superiority could satisfy and fulfill costumer needs, able in producing quality product and cost effective (Mulyadi, 2001).

To be the winner in this tight competition the company need the correct standard to measure their performance. Commonly during this time the company uses traditional performance measure that only focus on the financial sector. This traditional performance measure has advantages and disadvantages. The advantage is it will push the management to work harder if the company only looking for the short term benefit. While the disadvantage is when the performance measure only focus on the financial sector will be underprivileged in measuring intangible asset performance and the intellectual asset (human resources) of the company. Beside that in measuring performance with this way underprivileged to tell a lot about company history, less
attention to the external sector, and not able to fully lead the company toward better (Kaplan and Norton, 1996).

Because of those disadvantages appear an idea to make a new performance measurement which can measure both, financial sector and non financial sector. The performance measurement in using non financial data, include the following: market size and level of growth, the ability of firms in producing products that are popular by consumers, development and assessment of employees including the employee turnover, corporate image in the eyes of society, on time delivery, the percentage of goods damaged during production, the number of customer complaints and warranty for customer.

Kaplan and Norton design the more comprehensive performance measurement system that is known as Balance Scorecard. According to Kaplan and Norton (1993) “Balance Scorecard provides executives with a comprehensive framework that translates a company’s strategic objectives into a coherent set of performance measures”. Balance scorecard seeing the organization from four perspectives, that are:

1. Financial perspective
2. Customer perspective
3. Internal business perspective
4. Learning and growth perspective

Balanced scorecard can be applied to the business organizations that produce products or services. But, in this research the writer choose service company engaged in the financial sector that is bank as the research object. Based on “Undang-undang RI”
No. 10 year 1998 about the changes on “Undang-undang” No. 7 year 1992 about Banking, bank is committee that collect fund from society in form of saving and distribute it to society in form of credit and/or other forms in order to increase the society’s living standard. Based on that law, bank as financial institutions are divided into two, namely Commercial Bank and Rural Bank. The Bank’s activities in Indonesia, especially activities of commercial banks is to collect funds from the community (funding), to deliver funds to the public (lending), and provides other banking services (services).

Bank Pembangunan Daerah of West Sumatra was officially established on March 12, 1962 under the name "PT. BANK PEMBANGUNAN DAERAH SUMATERA BARAT". The establishment was pioneered by The Local Government, society and entrepreneurs in West Sumatra, on the premise the need for a financial institution in the form of the Bank, which specifically assist the government in implementing development in the area. In 1996 through Perda No. 2/1996 authorized call name as “Bank Nagari” the aim is to be more popular, build brand image as well interpret order system of Government in West Sumatra. Although Bank Nagari is the government bank, but to win the competition in the market, Bank Nagari must be able to compete with the commercial bank. One of the movement of Bank Nagari is sign by launching a new logo, new vision and mission of Bank Pembangunan Daerah on 27 November 2008. Through this moment of change hopes that Bank Nagari has a new spirit to serve and can reach their vision that is “Menjadi Bank Pembangunan Daerah Terkemuka dan Terpercaya di Indonesia”. With the high integrity and loyalty from stakeholders of Bank Nagari is committed to continuously cultivate motivation, creativity, accuracy, and innovation both in terms of
improving services in order to maintain existing customer and attract new prospect that Bank will improve its performance in the future.

To achieve the vision and mission Bank Nagari needs the comprehensive strategies which involve many kind of aspect, financial and non-financial. In the balance scorecard performance measurement system, the importance of financial and non-financial aspect are revealed. According to Mulyadi (1996), balance scorecard is the performance measurement concept that actually gives a comprehensive framework to explore the vision into strategic goals. The comprehensive strategic goals can be formulated as a balanced scorecard uses four perspectives that are interrelated one to another and cannot be separated (Gaspersz, 2005). This effort related with the internal and external parties in the company. For example, costumer satisfaction, the quality of product or services, employee loyalty, and so on.

Based on the background, the writer interested to do a research with title:

“Management Performance Using Balance Scorecard Concept In PT Bank Nagari Main Branch Office Padang”

1.2 Problem Identification

Based on the background state above, then the problem that writer would like to discuss in this research is stressed on:

1. How is the the performance of PT Bank Nagari Main Branch Office Padang observed from the financial perspective?

2. How is the the performance of PT Bank Nagari Main Branch Office Padang observed from the customer perspective?
3. How is the performance of PT Bank Nagari Main Branch Office Padang observed from the internal business process perspective?

4. How is the performance of PT Bank Nagari Main Branch Office Padang observed from the learning and growth perspective?

1.3 Research Objective and Benefits

1.3.1 Research Objectives

Based on the problem identification above the objective of this research is to analyze the performance measurement in PT. Bank Nagari Main Branch Office Padang based on Balance scorecard concept.

1.3.2 Research Benefits

This research is expected to give benefit to all the related parties. The objectives are:

1. For PT Bank Nagari Main Branch Office Padang
   Analysis result obtained from this research is expected to be a consideration to increase and keep the existing performance and to bring into a better organization.

2. For Writer
   Giving insight to comprehend the using of the balanced scorecard concept as performance measurement, especially in PT Bank Nagari Main Branch Office Padang.

3. For Another Party
   To be a reference to conduct further research.
1.4 Writing Systematic

This research is divided into five chapters, those are:

Chapter I (Introduction)

This chapter explains the overview of the background of the introduction, problem definition, purpose and benefit of the research and writing systematic.

Chapter II (Theoretical Framework)

Theoretical Framework provides an overview of literature survey about the purpose, benefit, and characteristic of performance measurement system. It also describes about Balanced Scorecard and its perspectives as performance measurement system.

Chapter III (Research Methodology)

Research Methodology discuss research object, type of research, type of data used in the research, data gathering method, research variable and variable measurement, assessment of research instrument and data analysis method.

Chapter IV (Analysis)

Provides discussion and analysis.

Chapter V (Conclusion)

This chapter consists of research conclusions of the analysis in previous chapters. This chapter also explains the research limitations as well as suggestions and implications of the research not only for the company itself but also to other parties who might have interest in this topic.