

## Analysis of Balanced Scorecard Implementation as Performance Management System at Deputy for Law Enforcement – Indonesian FDA

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### ARTICLE INFORMATION

#### Publication Information

#### Research Article

#### HOW TO CITE

Octaviani, L., & Anggoro, Y. (2021). Analysis of Balanced Scorecard Implementation as Performance Management System at Deputy for Law Enforcement – Indonesian FDA. *Journal of International Conference Proceedings*, 9(1), 23-31.

#### DOI:

<https://doi.org/10.32535/jicp.v4i2.1241>

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Received: 12 September 2021  
Accepted: 9 October 2021  
Published: 15 November 2021

### ABSTRACT

Deputy for Law Enforcement (Deputy IV) is a strategy for strengthening the Indonesian FDA (BPOM) in responding to future law enforcement challenges that have functions and duties of the regulation and comprehensively eliminate crime in the Drug and Food sectors. They required a well-planned strategic plan to carry out their tasks and responsibilities, including a performance management system based on the Balanced Scorecard (BSC) approach. This research aims to evaluate the effectiveness of Balanced Scorecard (BSC) implementation at Deputy IV. The qualitative descriptive methodology was used in this research, analyzing primary data sources obtained through interviews with internal stakeholders. The result shows that there are essential factors on each system performance evaluation category such as integrity, commitment, responsibility, strategy map, key performance indicator (KPI), cascading, valid and balanced measurement, realistic target, individual and objective alignment, cascading, human resources, budgeting process, strategic planning process, data collection, and reporting. The recommendation, Deputy IV must be maintained the essential factors of BSC implementation to improve their future performance. This research is intended to assist public officials as policymakers in strategic planning and performance management evaluation.

**Keywords:** Balanced Scorecard, Deputy for Law Enforcement, Indonesian FDA, Leadership, System Performance Evaluation

**JEL Classification:** D78, G38, H11

## **INTRODUCTION**

Deputy for Law Enforcement (Deputy IV) is a strategy for strengthening the Indonesian FDA (BPOM) to address future law enforcement issues. It is supported by elements of the deterrence, intelligence, cyber, and investigation functions. This task makes it possible to completely eradicate crime in the Drug and Food sector through enforcement and investigation activities supplemented by information gathering, cyber surveillance, and strong deterrent measures (Deputy for Law Enforcement, 2021). In carrying out their tasks and functions in the law enforcement sector, it was undoubtedly necessary to have a well-planned strategy plan to accomplish the Indonesian FDA's vision and mission.

By utilizing BSC as strategy execution tools, the organization's entire strategy will be integrated and linked to the adjusted views in the strategy map, including four perspectives (Kaplan & Norton, 1996). Each perspective undoubtedly has cause-and-effect links, with the Learning and Growth Perspective affecting the Internal Process Perspective's accomplishment. The total achievement in the Internal Process Perspective will result in stakeholder satisfaction with Deputy IV's performance in the law enforcement sector, which is the primary indicator of Deputy IV's success in the Stakeholder Perspective (Kaplan & Norton, 2005a). Thus, Deputy IV must employ a BSC approach when implementing its strategic management. Deputy IV might meet their objectives and targets with this planning system, which utilizes the BSC approach as the foundation for performance management. It provides the performance framework and key performance indicators. First, however, we must assess the efficiency of BSC's implementation as the Deputy IV performance management system, considering that the system has been in place since 2018. This assessment enables us to determine which issues should be prioritized for implementing BSC at Deputy IV. Thus, by identifying critical elements affecting BSC implementation, it would be possible to evaluate and recommend what Deputy IV should do in the following years to improve strategic management practices and thus achieve their objective.

## **LITERATURE REVIEW**

### **Balanced Scorecard (BSC) Concept**

According to Kaplan & Norton (1996), the Balanced Scorecard's name referred to the balance of short- and long-term goals, financial and non-financial metrics, lagging and leading indicators, and external and internal performance perspectives. The balanced scorecard was created to assist corporations in translating their vision and strategy into a collection of supporting criteria. By generating indicators for each category, the balanced scorecard can equip an organization with the required tools for performance evaluation and monitoring, addressing numerous facets that contribute to the organization's overall vision and strategy. Numerous studies have demonstrated that the balanced scorecard may be used effectively in public sector organizations (Dreveton, 2013; Gomes et al., 2007; Kaplan, 2008; Northcott & Ma'amora Taulapapa, 2012), private hospitals (Yang et al., 2005), and local government (Nor, 2012). According to Flak et al. (2013), implementing the balanced scorecard (BSC) in public sector organizations is more likely to work if the organizations already have a defined vision, strategy, and outcomes. When establishing and implementing strategy, the balanced scorecard is particularly beneficial for stressing numerous elements. Greatbanks R and Tapp D (2007) also conclude that in the case organization, by utilizing scorecards, employees can gain a clear understanding of their position and focus on generating performance-related metrics that complement the company's plan.

### **Balanced Scorecard Implementation at Deputy IV**

Deputy IV's performance management is based on the BSC. BSC is a strategy that helps entities view their processes and transform strategy into a series of strategic objectives with measurable and trackable performance indicators. As a government institution (non-profit oriented), Deputy IV only uses three perspectives: stakeholder perspective, internal process perspective, and learning and growth perspective (Deputy for Law Enforcement, 2021).

The objective of BSC implementation is to serve as a bridge between planning and execution since the implementation of BSC is a relevant instrument that makes vision easier to put into action. Using BSC, an organization has tools for conducting feedback, learning, and monitoring the effectiveness of planning and strategy execution. Additionally, BSC is a tool for communicating and connecting communication across the business, unit, and individual levels. And also, the BSC implementation enables the firm to combine business and financial planning, resulting in a more integrated planning process (Kaplan & Norton, 2005b).

### **Balanced Scorecard Evaluation**

According to Balanced Scorecard Institute (2019), there are two components of Balanced Scorecard (BSC) Evaluation: System Performance and Strategic Performance. Strategic performance evaluates strategic results as well as the strategy itself. The evaluation focuses on formulating a strategy and assessing if the strategy is implemented according to plan, whether the results meet expectations, and what adjustments should be made for the upcoming planning cycle.

System performance assesses both the technical performance of the system and the behaviour of its personnel. Technically, performance-based evaluations focus on the completeness and effectiveness of the balanced scorecard system's framework. In addition, it will be examined how an organization's alignment with the plan and how the strategy is conveyed to the entire organization is accomplished. The evaluation will also discuss how strategic objectives, initiatives, and tracking processes are measured and tracked. The following are 9 (nine) evaluation categories of system performance evaluation: Organizational Leadership, Balanced Scorecard Management, Organizational-Wide Scorecard, Departmental Scorecard, Employee Level, Results, Communications, Automation & Reporting, and Sustainability.

## **RESEARCH METHOD**

This research employed a qualitative methodology. The descriptive analysis methodology is a method of conducting research that results in a descriptive explanation that is systematic, factual, and correct in terms of facts, features, and connections between events. This research examined BSC implementation at Deputy IV by collecting, classifying, presenting, and evaluating the data gathered, resulting in conclusions and recommendations based on observations. The data collection technique was conducted at Deputy IV by interviewing internal stakeholders. The data were analyzed using MAXQDA Analytics Pro 2020 (release 20.3.0) to identify the essential factor in each system performance evaluation category.

## **RESULTS**

Before analyzing the BSC implementation in Deputy IV, the author did a SWOT analysis to comprehensively understand the enablers and barriers to success in law enforcement. Internal and external aspects are included in the SWOT analysis. Strengths and opportunities are positive enhancers of Deputy IV's success, while weaknesses and

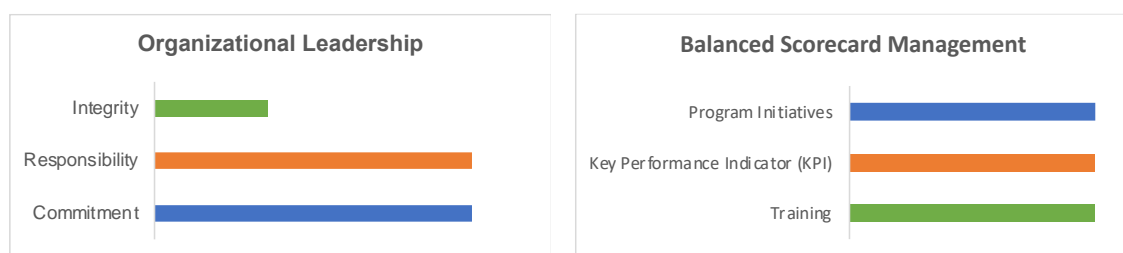
threats challenge Deputy IV to achieve their objectives and strategy. The author used the SWOT analysis framework to determine Deputy IV's factors due to internal and external causes. The SWOT analysis used secondary sources such as academic journals and Deputy IV's internal data then examined PESTEL and VRIO frameworks. The obtained data will be matched to create the SWOT analysis matrix. The SWOT analysis of Deputy IV is shown in Table 1.

**Table 1.** SWOT Matrix of Deputy IV

Strengths	Weakness
<ul style="list-style-type: none"> <li>An active civil investigator conducting criminal case investigation</li> <li>Differs education background</li> <li>High commitment in bureaucratic reform implementation</li> </ul>	<ul style="list-style-type: none"> <li>Lack of personnel number to cover the wide supervision area</li> <li>Limited resources to supervise the online drug and food market</li> <li>The different perceptions among food and drug officers in public service</li> <li>Drug and Food authority Law has not been passed</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Ease of doing businesses impact on increasing of food and drug industry</li> <li>The increase of public awareness in health, especially during a pandemic</li> <li>Implementation Law No. 11 of 2020 on Job Creation – A paradigm change</li> </ul>	<ul style="list-style-type: none"> <li>Various modus operandi develops around food and drug criminal, e.g., increase of online drug and food circulation</li> <li>Political intervention</li> </ul>

The system performance evaluation approach, which evaluates both technical and behavioural aspects, will evaluate Deputy IV's BSC implementation. The technical evaluation assesses the organization's ability to modify the BSC system by integrating and improving the BSC system's tools, training, and language. While behavioural assessment examines an organization's culture and norms, it also examines how the creation and implementation of a BSC system conform to the organization's culture and norms. The following categories comprise the system performance evaluation, as mentioned before, consisting of 9 categories. Each category will list essential factors affecting BSC implementation in Deputy IV based on the interview results, as shown below.

**Picture 1.** Essential Factors of Deputy IV BSC Implementation based on System Performance Evaluation





## DISCUSSION

The SWOT analysis will reveal which enablers will give Deputy IV in increasing their performance and which challenges they must overcome to avoid their performance deteriorating. Based on the SWOT analysis of the results above, we can discover the factors contributing to Deputy IV's performance by reviewing the organization's business environment and potential resources in creating targets and formulating a realistic organization strategy. These factors will allow the development of Deputy IV's future strategy for increasing its performance with BSC.

The explanation of each category from System Performance Evaluation is described below:

### 1. Organizational Leadership

According to Fickry et al. (2020), leadership is a critical component of management success and is essential in an organization's success. Ferdinan and Lindawati (2021) also mention that the leadership style and company culture affect innovative work behaviour and performance. Based on interview results, the essential factors of the organizational leadership category are responsibility, integrity, and commitment in BSC implementation at Deputy IV. Kepramareni et al. (2021), in their research

mention, that responsibility, independence, and fairness have a positive effect on organization performance.

**2. Balanced Scorecard Management**

An organization's goal is achieved by delivering value through a balanced scorecard. Proper balanced scorecard management is concerned with achieving goals and improving performance. We will know how to achieve our goals via strategy formulation using Balanced Scorecard Management. As well as how to improve our performance to reach the goals more effectively. The interview results revealed that training, KPIs, and program activities are essential variables in BSC implementation at Deputy IV.

**3. Organization Wide-Scorecard**

Organization-wide strategy is the organization's overall strategy. According to the interview results, the organization-wide scoring category includes vision, mission, and strategy map.

**4. Departmental Scorecard**

The departmental Scorecard displayed every department's KPI and target. The departmental scorecard category at Deputy IV is crucial for contribution, objective alignment, and valid and balanced measurement based on interview results.

**5. Employee Level**

One technique to ensure that everyone understands the strategy is to cascade the departmental scorecard down to the employee level. According to interview data, individual objective alignment, rewards, and recognition are essential aspects in adopting BSC at Deputy IV.

**6. Results**

Results are essential for BSC evaluation which assess the organization's progress toward its Strategic Goals and the overall Strategic Planning and Management System. According to the interview results, realistic goals and stakeholder expectations are essential aspects in BSC implementation at Deputy IV.

**7. Communication**

A well-designed and executed communication strategy and plan can help us shape our message, the organization's strategy. According to the interview data, the alignment process and cascading are crucial aspects in the communication category in BSC implementation at Deputy IV.

**8. Reporting**

Reporting define how we will track and report data, including automation. More data will be easy to consolidate and report from any place. Using one system and sharing related elements (strategy maps, objectives, indicators, and initiatives) intuitively connected saves time and money. The data collection and reporting process are crucial components in reporting category for implementing BSC at Deputy IV.

**9. Sustainability**

With sustainability, the organization's approach may meet current requirements without jeopardizing future generations' ability to meet their own. According to the sustainability category, human resources, budgeting, and strategic planning are essential variables in adopting BSC at Deputy IV.

## **CONCLUSION**

After conducting this research comprehensively, System Performance Evaluation Category can be analyzed by 9 main categories with each essential factor for implementing BSC at Deputy IV: (1) Commitment, responsibility, integrity related Organizational Leadership;; (2) Training, KPI, Program Initiatives related to Balanced Scorecard Management; (3) Strategy map, vision and mission related to Organization-wide Scorecard; (4) contribution, objective alignment, valid measurement related to Departmental Scorecard; (5) Individual Objective Alignment, Qualified Performance

Measurement and Evaluation, Incentive and Recognition related to Employee Level; (6) Realistic Targets, Stakeholder Expectation and Partner Expectation related Results; (7) Communication, Cascading and alignment process related to Communication and Change Management; (8) Data collection and reporting process related to Automation and Reporting; and (9) Human resources, budgeting process and strategic planning process to ensure Sustainability. This research is intended to assist public officials as policymakers in strategic planning and performance management evaluation.

#### LIMITATION

This research focuses on Deputy IV's BSC Implementation from 2018 to 2021. It limits the generalizability of our findings. There needs to continue this research by conducting the strategic management maturity model assessment and also needs to be expert judgment to assess the suitability of the Deputy IV's improvement strategy.

#### ACKNOWLEDGMENT

We acknowledge the support received from the Deputy for Law Enforcement – Indonesian FDA for providing the Data. We also thank you to the School of Business and Management, Institut Teknologi Bandung.

#### DECLARATION OF CONFLICTING INTERESTS

The authors claim that no conflicts of interest exist.

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