



A Proposed Corporate Performance Management System Using the Balanced Scorecard for PT PJM

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ABSTRACT

PT PJM experienced significant financial losses in 2023 due to high operational costs and inadequate profit margins, highlighting inefficiencies in its performance management. The absence of a comprehensive Performance Management System (PMS) limited the company's focus to financial metrics, neglecting critical dimensions such as customer satisfaction, operational efficiency, and employee development. This research aims to address these challenges by proposing a Balanced Scorecard (BSC) framework tailored to PT PJM's needs to improve profitability and efficiency. The study employed a mixed-methods approach, utilizing primary data from interviews and observations and secondary data from the company's financial records. Key Performance Indicators (KPIs) were developed to align with the BSC framework, focusing on financial, customer, internal processes, and learning and growth perspectives. This multi-dimensional framework allows PT PJM to address operational inefficiencies and improve overall performance. The findings indicate that implementing the BSC-based PMS can optimize operational costs, improve customer satisfaction, enhance employee competency, and ultimately drive sustainable growth. This research not only provides actionable recommendations for PT PJM but also contributes to the literature on strategic performance management in medium-sized enterprises in emerging markets. Future research could explore the application of this framework in other regions or industries to validate its effectiveness and scalability.

Keywords: Performance Management System, Balanced Scorecard, Gas Station, Strategic Performance Management, Operational Efficiency.

INTRODUCTION

Company performance is a fundamental aspect that determines the success of an organization (Fadillah, 2017). By measuring and monitoring performance, companies can ensure every aspect of operations is running in accordance with planned strategic goals (Paramansyah & SE, 2022). This includes effectively allocating resources to optimize efficiency and profitability, where reliable performance data serves as a guide for long-term decision-making (Mahdi et al., 2023). In the global landscape, competition is intensifying across various industry sectors, including in the retail fuel

market (Jaya, 2023). Technological transformation, increased customer expectations, and economic uncertainty are major challenges that companies must face (Adhvaryu et al., 2022).

One important approach to meet this challenge is to adopt a comprehensive data-driven performance management system (Azmy, 2015). Research shows that companies that implement strategic frameworks such as the Balanced Scorecard are able to create synergy between long-term goals and daily operational needs (Hadiansah et al., 2021). This system not only focuses on financial indicators, but also includes customer perspectives, internal processes, and learning innovation. In a global context, adaptations to this model have successfully helped companies improve their competitiveness amid market volatility (Kushariyadi et al., 2024). However, implementation challenges remain, especially in organizations facing resource constraints and lack of strategy clarity.

In the specific context of Indonesia, PT PJM - a private fuel station - faces significant competitive pressure in the retail fuel industry. As a medium-sized company, PT PJM suffers from serious financial constraints, one of which is high operating costs that are not proportional to the revenue generated. Analysis shows that the majority of the company's expenditure, 96.4%, is allocated to Cost of Goods Sold (COGS), while operating costs only account for 2.2% of total revenue. A visualization of this allocation is shown in Figure 1.

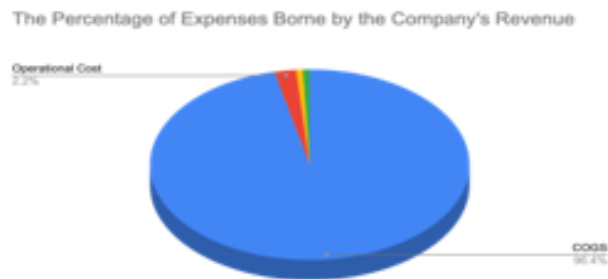


Figure 1. The Percentage of Expenses Borne by the Company's Revenue

Furthermore, an analysis of the cost to gross profit ratio showed that operating costs accounted for 67.67%, while other ancillary costs resulted in total expenses exceeding gross profit by 109.91%. This situation indicates significant inefficiencies in the company's cost management, putting PT PJM at serious sustainability risk. This ratio is visualized in Figure 2.

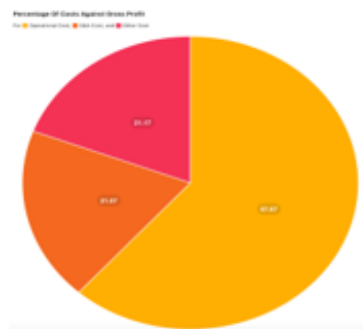


Figure 2. Percentage of Costs Against Gross Profit

Based on previous literature, the implementation of an integrated performance management system (PMS) has proven effective in overcoming similar obstacles. (Chandra et al., 2015) shows that the Balanced Scorecard (BSC) approach can improve company performance by evaluating financial dimensions, customer satisfaction, internal business processes, and organizational learning and growth. Similarly, research by (Yanto et al., 2024) confirms the importance of multi-dimensional performance measurement in identifying performance gaps and supporting strategic decision making. Another study by (Khamaludin et al., 2024) revealed that the implementation of BSC in energy sector companies succeeded in improving operational efficiency through optimizing internal processes and actively involving employees in innovation. In addition, (HARTANTO, 2023) found that the implementation of BSC-based PMS not only improved profitability but also strengthened customer relationships, especially in companies with operational bases facing market pressures. However, the adoption of this approach on the scale of a medium-sized company such as PT PJM is still very limited, so this research fills a gap in the literature by providing a specific case study.

The urgency of this research lies in the effort to create a holistic solution to the performance challenges at PT PJM. This research not only provides practical guidance to improve the company's efficiency and profitability, but also offers an implementation model that can be replicated in similar industries. The novelty of this research is the application of BSC in the context of a medium-sized fuel company in Indonesia, where operational complexity and financial constraints are often not the main focus in previous studies.

Based on the above background, this study aims to: (1) Identify the main factors affecting the performance of PT PJM, (2) Develop a Balanced Scorecard-based performance management system that suits the needs of the company, and (3) Develop a strategic implementation plan to improve the profitability and sustainability of the company. The benefits of this research include theoretical contributions in the form of developing literature on Balanced Scorecard (BSC) in the context of medium-sized companies in emerging markets, as well as practical benefits in the form of strategic recommendations that can be adopted by PT PJM. The implications of this research are not only limited to improving the performance of PT PJM, but also to providing a framework that can support the transformation of the fuel industry more broadly in Indonesia.

RESEARCH METHOD

This research uses a mixed method that uses primary data and secondary data. The data collected aims to understand the subject matter to provide solutions to current problems. Primary data was obtained and collected by conducting direct interviews with the management and observation (i.e, direct observation and CCTV). Meanwhile, secondary data was obtained by the company financial report from January - December 2023. In conducting the interviews, careful planning was undertaken, which included setting the dates, identifying the interviewees' positions, and outlining the main topics to be discussed during each session.

Table 1. Summary of Interview Session

No.	Date of Interview	The Position of Interviewee	Main Topics
1	10 July 2024	The Director	a. The Company performance b. The challenges of running the company c. History and implementation for performance measurement parameters d. The validating and discuss for business solution
2	15 July 2024	The Field Operator	a. The operation of company b. The challenges in service delivery c. Customer complaints
3	15 July 2024	The Field Supervisor	a. Customer satisfaction b. The operation of company c. Level of capability of field operators in serving customers

And the observations at the gas station were conducted over three days (July 20-22, 2024) using both direct observation and CCTV monitoring to capture comprehensive insights into customer behavior and service dynamics. Observations were scheduled at different times of the day—morning, afternoon, and evening—to assess the station's performance during varying levels of customer volume, ensuring a detailed analysis of service quality across different conditions.

The use of secondary data, such as company annual reports, to analyze trends and inform research. Specifically, the data from PT PJM'S 2023 annual report reveals a fluctuating but overall declining revenue trend, highlighting the need for the company to boost sales and reduce costs associated with gasoline evaporation in storage tanks. Increasing gasoline turnover is suggested as a strategy to mitigate these risks and enhance profitability.

RESULT AND DISCUSSION

Results from the Interview

In 2023, PT PJM faced declining revenue and high operating costs due to strict fuel price regulations and fuel losses due to evaporation, resulting in insufficient gross profit to cover operating costs. The company director highlighted that the current performance measurement, which only focuses on financial aspects, is inadequate and needs to include other dimensions such as customer satisfaction, human resource competency, and operational efficiency. PT PJM plans to introduce cashless payment methods and provide ATM facilities to facilitate customer transactions.

Interviews with Field Operators and Supervisors revealed that PT PJM has digitized fuel sales control in collaboration with PT Pertamina and PT Telkom Indonesia. However, frequent technical issues cause customer waiting times to increase and present operational challenges. Customer complaints include fuel shortages, lack of change, and unavailability of electronic transaction options. Although the company's human resources are considered competent, the company has not conducted a formal customer satisfaction survey, relying on direct communication between customers and operators or supervisors to handle complaints and provide advice.

These results are consistent with previous research that shows the importance of a multi-dimensional approach to performance measurement. (Kuzmin, n.d.) the developer of the Balanced Scorecard, emphasized that an exclusive focus on financial metrics can lead to missed opportunities to improve operational efficiency and customer satisfaction. In a similar context, research by (Vientiany et al., 2024) highlighted that the implementation of the Balanced Scorecard in medium-sized companies was able to increase transparency in performance measurement and result in more strategic decision-making.

Table 2. Result based on the interview

The Position of Interviewee	The Results	The Objectives
The Director	a. Fluctuating trend of revenue, yet with a tendency to decline b. High operational costs due c. Insufficient to cover operational expenses. d. Adopting new payment methods e. No employee training except for the 3S approach training	a. Current Ratio b. Revenue Growth c. Profitability Ratio d. Debt Ratio e. Customer Growth Number f. Payment Methods g. Employee Training
Field Supervisor and Field Operator	a. Complaints regarding gas stock availability, payment methods, and errors in EDC machines for subsidized fuel purchases b. No customer satisfaction surveys are conducted. c. Employee training is only provided during the first three months of employment	a. Customer Satisfaction b. Report quality c. Payment Method d. Delay of Gasoline Supplies

Results from the Observation

The observations conducted at SPBU PT PJM over three days from July 20 to July 22, 2024, revealed several key insights into the gas station's operations. The availability of different types

of fuel, including Pertalite, Pertamina Bulk, Pertamina Turbo, and Pertamina Dex, varied throughout the observation periods, with frequent stockouts of Solar and Pertalite. The refueling process was generally orderly, with operators efficiently managing queues and customer interactions, particularly during peak times. However, customer preferences leaned heavily towards Pertalite when available, followed by Pertamina Bulk. The observations also noted differences in consumer behavior and station activity at various times of the day.

Results from Secondary Data



Figure 3. Revenue, Gross Profit, and Profit/(Loss) of the Company

According to this data suggests that the company needs to undertake strategic measures to improve its financial health, particularly by focusing on reducing debt burden and enhancing operational efficiency to reverse the ongoing trend of sustained losses.

Business Solution

Table 4. Proposed Balanced Scorecard for PT PJM

Perspective	ST	Objective	PI	Indicator	Current Condition
Financial	F1	To increase company ability to fulfill short-term liabilities	F11	Current Ratio	94.50%
Financial	F2	To increase the revenue	F21	Revenue Growth	-9.5%
Financial	F3	To lower the expense and revenue ratio	F31	Expense Ratio	F31
Financial	F4	To increase Return on Capital	F41	Return on Equity (ROE)	-27.44%
Financial	F5	To increase company ability in generating profit and efficient use of funds	F51	Net Profit Margin (NPM)	-1.89%
Financial	F6	To reduce the liability risk	F61	Debt to Assets Ratio (DAR)	82.63%
Customer	C1	Gain Customer Satisfaction	C11	Customer satisfaction	No customer satisfaction survey.
Customer	C2	To Increase Customer Growth Rate	C21	% change in the number of	-41.83%

Perspective	ST	Objective	PI	Indicator	Current Condition
				customers within a period	
Internal Process	I1	To Improve Service Efficiency	I11	Average Service Duration	2 Minutes
Internal Process	I2	To Increase Report Quality	I21	Number of Report	100%
Internal Process	I3	To Enhance Customer Convenience in Making Payments	I31	Payments using cash	100%
Internal Process	I4	To Decrease the Number of Delay of Gasoline Supplies	I41	Average Number of Delay in Gasoline Supplies	33.33%
Internal Process	I5	To Decrease the Number of Accident	I51	Frequency of Accidents	0%
Learning & Growth	L1	Increase Commitment and Integrity	L11	Attendance Rate	23.33%
Learning & Growth	L2	Increase Employee Happiness	L21	Turnover Rate	0%
Learning & Growth	L3	To Increase Employee Skills and Knowledge	L31	Employees Attending Training	0%

The company's data on Customer, Internal Process, and Learning & Growth aspects was gathered and analyzed to set targets through discussions with management. In the Customer segment, the company currently lacks a strategy for obtaining customer satisfaction ratings and feedback. Historical transaction data revealed a 41.83% decline in total transactions from 2022 to 2023, with an expected consumer growth rate of $\geq 5\%$ for the following year. In the Internal Process segment, the average service duration was calculated for customers using various types of vehicles, and it was noted that the company only accepts cash transactions. There is an average supply delay of 33.33% per month, with a wait time of about 7 hours for gasoline deliveries from the Pertamina Balongan Refinery. Notably, the company experienced no accidents in 2023. In the Learning and Growth segment, employee attendance data for December 2023 showed an average absence of seven days per month, with management setting a new target of a maximum of four days per month. Additionally, it was decided that the company should increase training opportunities, aiming for 45% of the workforce, or ten employees, to participate in training programs to enhance their skills and competencies.

The following initiatives can be undertaken to achieve the specified targets:

1) Customer Aspect:

- The company lacks a customer satisfaction survey, and it's recommended to implement one to achieve an 85% satisfaction score.
- There was a 41.83% decline in customers from 2022 to 2023. The goal is to increase customer numbers by 5%.

- c. To improve customer growth, the company should consider installing Electronic Data Capture (EDC) machines and increasing marketing efforts.

2) Internal Process Aspect:

- a. The current service duration averages 2 minutes, with a target to reduce it to 1.5 minutes.
- b. All reports have been 100% accurate, and this should be maintained.
- c. The company currently operates with 100% cash transactions, but it is recommended to introduce electronic payment methods.
- d. The average delay in gasoline supplies is 33.33% per month, with a goal to eliminate these delays.
- e. There were no accidents in the past year, and the company should maintain this record.

3) Learning and Growth Aspect:

- a. The average attendance rate is currently 23.13%, with a target to reduce absences to 13% per month.
- b. There were no employee turnovers in 2023, with a goal to keep the turnover rate below 3%.
- c. The company needs to introduce more training programs, including Occupational Health and Safety, emergency drills, financial management, and technical equipment training.

The overall recommendations aim to implement a structured Performance Management System (PMS) to enhance customer satisfaction, increase revenue, improve operational efficiency, and ensure employee development.

Strategy Map

Based on the analysis of the company's current condition and the proposed solution, a strategy map using the Balanced Scorecard (BSC) method has been developed for PT PJM. This strategy map illustrates how the linkage of each performance measurement perspective in various areas can contribute to the achievement of the company's strategic goals.

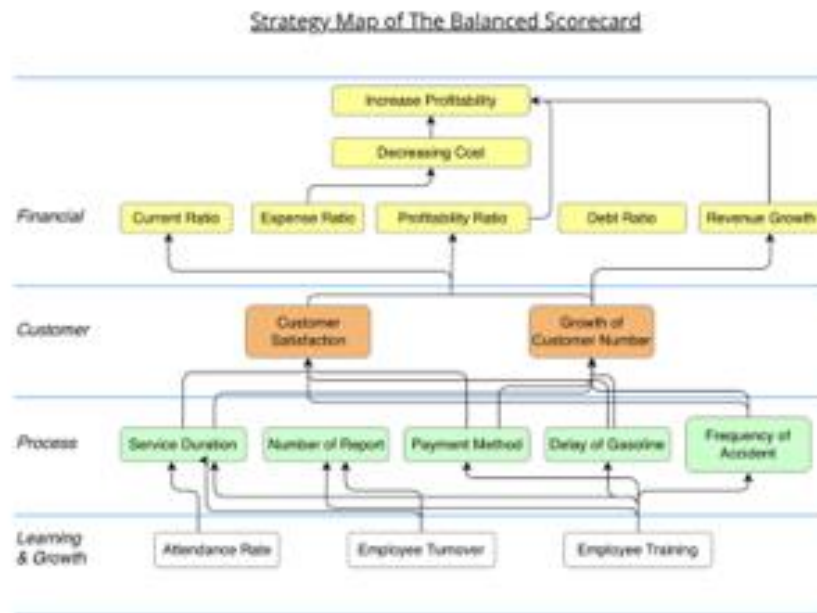


Figure 4. Strategy Map pf the Balanced Scorecard

The company's main objective is to increase profitability primarily through cost reduction by setting key performance indicators (KPIs) that focus on employee attendance, turnover, and training. Improvements in attendance rates and optimization of employee turnover are expected to have a positive impact on service duration, reporting accuracy, as well as ensuring adequate staffing at fuel stations. Employee training programs will focus on improving internal processes such as service duration, reporting, payment methods, and reducing delays and accidents. As employees' skills and knowledge improve, the company anticipates improvements in service quality, customer satisfaction, and customer numbers, which will ultimately increase revenue. Overall, these efforts are expected to reduce operating costs and increase profitability.

This result is in line with previous research that highlights the effectiveness of the Balanced Scorecard as a strategic tool for integrating various dimensions of organizational performance. (Evan et al., 2021) asserts that strategies that focus on learning and growth of human resources contribute directly to improving internal processes, customer satisfaction, and financial results. Research by (Wahyudi et al., 2023) also shows that focused employee training can improve organizational performance by optimizing workforce productivity. Through the implementation of this BSC-based strategy map, PT PJM is expected to overcome operational challenges, improve efficiency, and ensure long-term sustainability of its business.

CONCLUSION

his study successfully identified the main problems facing PT PJM in 2023, namely financial losses caused by high operating costs and insufficient gross profit margins. The analysis showed

that the absence of a comprehensive Performance Management System (PMS) limited the company's performance measurement to financial aspects only, neglecting other important dimensions such as customer satisfaction, operational efficiency, and employee development. To address this challenge, the study proposes the implementation of a Balanced Scorecard (BSC) framework as the new PMS, which includes financial, customer, internal process, and learning and growth perspectives. The system is designed to increase profitability, improve service duration, reduce fuel delivery delays, and increase customer satisfaction and growth. In addition, the development of Key Performance Indicators (KPIs) that fit within the BSC framework is expected to optimize operational costs, improve customer experience, and create a culture of continuous improvement among employees, supporting the company's sustainable growth.

The contribution of this research is not only relevant to PT PJM but also provides insights for other companies in the retail fuel sector facing similar challenges. In the future, this research can be extended to include additional performance metrics, such as competitor analysis, customer engagement, and employee satisfaction. In addition, a more in-depth exploration of customer experience and the application of advanced data analytics could provide more effective strategies to improve competitiveness. Future research could also utilize a mixed-methods approach and conduct comparative studies across different regions in Indonesia to provide more holistic and relevant insights in a broader market context. The implementation of this technology-supported BSC-based solution has the potential to become a replicable model for improving company performance in the fuel industry and other sectors.

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