

# Balance Scorecard Approach to employee performance management in Tyre Company

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## Abstract

**Purpose:** This research aims to analyze employee performance management strategies using the Balance Scorecard approach in a tire company. In this study, a qualitative descriptive method was used with primary and secondary data collection techniques.

**Research Methodology:** Data collection was carried out by means of interviews, observation, and documentation. There were five informants in this study: Human Resource Plant Manager, People and Development Manager, Human Resource Business Partner, Labor Trainer, and Labor Trainer. Data processing was performed using the NVivo software application and source triangulation.

**Results:** This research shows that tyre corporations that implement Balance Scorecard have succeeded in making cost improvements in their operational activities. Apart from that, innovates from a learning and growth perspective by conducting an e-learning program utilizing digital-based technology to increase the competence of its employees. The interview results show that the application of the Balance Scorecard in managing employee performance at tyre corporations using a financial perspective, customer perspective, internal business perspective, and learning and growth perspective is going very well, and by using the Balance Scorecard, success can be achieved. Cascading strategies in the area of human resource management have been proven to contribute to reducing human resource costs.

**Conclusions:** The achievement indicators of the company's performance in the short term are connected to each other to achieve the predetermined vision, mission, and strategy.

**Limitations:** The use of in-depth interviews in data collection resulted in a very limited number of informants in this study.

**Contribution:** The use of a balance score card in employee performance analysis can help management map out strategic targets for achieving employee performance.

**Novelty:** By cascading the company's strategy and specializing in the human resources department, it shows something new to the implementation of a balanced scorecard.

**Keywords:** *Balanced Scorecard, Human resources, Labor Performance, Strategy*

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## 1. Introduction

The current development of the business world continues to grow, and is becoming increasingly competitive. In the era of globalization and industrial revolution 5.0, companies are required to be more professional in managing their businesses by taking priority steps. Determining priorities in achieving targets must be made by management as a guideline that must be taken into account so that every step and decision remains within the corridor that leads to the company's goals. To determine how effective

the implementation of the company's business strategy implementation strategy is, it is necessary to measure performance (Phina, Patrick, & Nwabuike, 2022). The effectiveness of strategy implementation requires effective evaluation (Tawse & Tabesh, 2021). Determining priorities in achieving targets must be made by management as a guideline that must be taken into account so that every step and decision remains within the corridor that leads to the company's goals. Performance measurement is a process of assessing work progress towards achieving predetermined goals, including analysis of service efficiency, comparison of activity results with set targets, and the effectiveness of actions taken in achieving these goals. Thus, business strategy is closely related to achieving company goals (Farida & Setiawan, 2022).

Balance scorecard is the overall performance evaluation model carried out by companies both internally and externally and is found in the Balanced Scorecard approach. A Balanced Scorecard is a strategic management framework used to measure and manage a company's performance from various balanced perspectives (Ubed & Raharjo, 2024). By using the Balanced Scorecard, companies can articulate corporate strategy into clear and measurable performance measures, as well as monitor their progress towards long-term goals. BSC covers the perspectives of internal processes, learning and growth, finance, and customers (Camilleri, 2021; Dwivedi et al., 2021), and combining financial and non-financial perspektif gives balance scorecard great advantage (Kumar, Lim, Sureka, Jabbour, & Bamel, 2024).

In the Balanced Scorecard, the goals of a unit are not only stated in financial terms but are further explained in measuring how the business unit creates non-financial added value. Through the Balanced Scorecard, weaknesses in performance measurement based on traditional approaches can be anticipated by measuring each perspective so that these weaknesses can be reduced. The development of a balance scorecard requires a continuous evaluation process, organizational culture, short-term plans, and long-term plans.

Performance is the result of actions carried out by the company within a certain period of time. The evaluation or measurement of company performance is carried out to evaluate the achievement of actions taken compared to the goals set by the company. Performance assessment is a systematic process carried out by superiors or managers to evaluate and measure the performance of an individual, team, or organization in achieving predetermined goals. Implementing an effective performance system requires employees to be dedicated to and participate effectively in the goal-setting process (Awan, Habib, Shoaib Akhtar, & Naveed, 2020).

The Balance Scorecard is an important tool in strategic management and organizational performance measurement. The Balance Scorecard allows companies to track short-term financial results while simultaneously monitoring their progress in building capabilities and acquiring intangible assets that generate growth for future financial performance. However, the balance scorecard concerns non-financial parameters that are as important as the financial perspective (Chehimi & Naro, 2024).

Based on various studies (Research Gap) conducted by previous researchers regarding the Balance Scorecard method, which translates vision, mission, and strategy into performance measures that have four indicators, namely, financial perspective, customer perspective, internal business perspective, and learning and growth perspective in managing employee performance, there is a contradiction, which is the difference in performance values from each perspective of the Balance Scorecard method. There is a theoretical gap, namely, "The Balanced Scorecard functions to examine strategy, making it clearer through the lens of a different perspective. With the Balanced Scorecard, weaknesses in performance measurement based on traditional approaches can be anticipated by measuring each perspective so that these weaknesses can be reduced.

There are not many specific uses of the Balance Score Card in the field of human resources; thus, this research has novelty that can contribute to good practice of the Balance Score Card in human resource management strategies. This research, which is novel in this research, was carried out in a multinational manufacturing company, using a cascade down business strategy, the Key Performance Indicator (KPI)

model instrument, and the Plant Optimization (PO) methodology from the center to all branches in various countries. It is interesting to analyze how this company can carry out its business strategy by focusing on managing employee performance through the Balance Scorecard approach by making direct observations in the field through interview methods and processing using the NVivo 14 application. Source triangulation was performed to account for the validity and legitimacy of the data. The problem in the research is limited to how to manage employee performance strategies in tire companies, with a case study at Tyre Company using the Balance Scorecard approach.

## **2. Literature review**

At the turn of the twenty-first century, leaders were challenged by the changes that occurred globally with uncertainty and economic fluctuations. The development of technology and the business environment ultimately forces companies to adjust to be sustainable. Company leaders need to carefully and continuously observe global environmental conditions so that business decision-making can be right on target (Chavan, 2009). Business decisions always go hand-in-hand with business risks; for that, before making business decisions, it is necessary to analyze several conditions. One of the analyses involved the use of a balance scorecard.

Since its inception, the balance scorecard has been increasingly used and developed as a management decision-making tool. The BSC is designed so that leaders can easily control and provide guidelines for achieving performance (Tawse & Tabesh, 2023). Among the developments of BSC is to combine it with game theory (Abedian, Amindoust, Madahi, & Jouzdani, 2021), used in the supply chain (Frederico, Garza-Reyes, Kumar, & Kumar, 2021), forensic accounting (Yang & Lee, 2020), performance management in higher education (Camilleri, 2021), healthcare (Betto, Sardi, Garengo, & Sorano, 2022), and many more uses of BSC in other fields.

Effective BSC implementation can be affected by organizational culture and intrapreneurship, and the effectiveness of accounting information systems has a positive effect (Gazi, Atan, & Kılıç, 2022). BSC implementation is also influenced by the size of the organization, organizational culture, manager awareness, accountant capability, BSC implementation costs, and benefits of using BSC (Ta, Doan, Tran, Dam, & Pham, 2022). Top management involvement, innovative culture, organizational resources, and business network support are important factors that impact BSC implementation (Ha, Le, Fisher, & Nguyen, 2022).

## **3. Methodology**

One of the characteristics of qualitative methods is inductive methods in theory development based on a priori assumptions (Peterson, 2019). In qualitative research, analysis can be conducted simultaneously or almost simultaneously with the data collection. Qualitative research is developed to gain an understanding of concepts and theories through observed individuals. The validity of the data is carried out by checking the data by means of source triangulation, checking data obtained from several sources such as interviews, documentation, and observation. Qualitative research has several advantages, including a flexible scope, appreciation of one's opinion, a comprehensive perspective, and contextual relevance (Lim, 2024).

This research uses qualitative methods in which data are collected through interviews, observation, documentation, and triangulation. In this research, the informants selected were the Human Resource Plant Manager, People and Development Manager, Human Resources Business Partner, and Labor trainer tyre company. When conducting the interview, the researcher prepared several question items that had been created in accordance with the Research Operational Variables and prepared equipment such as a recording application on a smartphone. The four perspectives used are the financial performance perspective, which is defined as the performance used to determine whether a company strategy, its implementation, and implementation will bring company improvements. This study uses interviews and observations of company managers to determine the dominant factors that have the most influence on the company. In addition, we also analyze Key Performance Indicator (KPI) achievement documents from the Balance Scorecard integration. The second perspective is the Customer/Consumer

Perspective, which determines consumers' desires to achieve a level of satisfaction with various strategic targets and indicators related to customer desires/needs identified and determined through service, as well as the company's reputation and image in the eyes of customers. The third perspective is internal business processes, where the company must be able to do it well because these internal processes have the values desired by customers (customer perspective) and will be able to provide the returns expected by shareholders (financial perspective). The final perspective is learning and growth, which is able to develop goals and measures that control the company's learning and growth.

## **4. Results and discussions**

### ***4.1. Description of Strategy Analysis***

For company strategy indicators regarding the implementation of the company's vision and mission of a tyre company, based on the results of field observations, company strategy is very important for a company as a way to achieve goals. The results of the interviews show that from the word count and tree map, it is known that the words Target, Process, and Performance appear the largest or have the largest space in the area of other words. This indicates that the informant is giving an assessment and assumes that the company's strategy is based on the company's targets. Then, the targets set are made into long-term plans and include multiple perspectives consisting of a financial perspective, customer perspective, internal business perspective, learning perspective, and growth perspective by integrating manufacturing and plants through indicators of safety, quality, productivity, cost, sustainability, etc. Long-term plans are made based on processes and performance determined through the company's top-level Position at the Global level with the term Bold Gold or Strategic Direction. Bold Gold or Strategic Direction will be downgraded to the regional level in the form of the company's terminology known as the "Y Chart." The Y Chart will be downgraded to the country and will be accountable by the Managing Director and then downgraded to the Function Leader and down to the individual level at a tyre company in Indonesia. The company's strategy accommodates business targets through the indicators presented above. Apart from that, if we look at the picture of the results of NVivo data processing, the achievement of this strategy will always be reviewed and evaluated periodically, and to achieve these business targets, the Leader provides motivation to workers through parameters, namely through the Balance Scorecard using smart methodology and KPI tools (Key Performance Indicator), which has been created so that the targets and motivation of workers are always maintained. In addition, the company makes improvements as a form of innovation and part of achieving business targets based on the results of reviews and evaluating achievements.

### ***4.2. Description of Financial Perspective***

The second indicator concerns financial perspective. It was found that the words target and cost are the words that appear so large in the word count and tree map. This indicates that, according to the informant, target and cost are the main factors from the financial perspective. How can management manage finances as much as possible? perhaps to maintain a balance of costs by synchronizing profit or revenue targets for the company and shareholders. Target setting in this case is how the company can produce tires with targets that have been set in terms of costs, in terms of cash flow, because in manufacturing it will depend a lot on the cost and productivity sides. Next, this cost is deployed to each function so that the company can achieve it. For this finance, tyre companies always review and evaluate the financial cash flows that occur every quarter. Cost is one of the tyre companies' Balance Scorecards, which is the baseline for how strategies can support achieving the set targets. Apart from that, the tyre company's Balance Scorecard also includes a comprehensive calculation of operational costs so that it has parameters so that these costs can be measured so that they can be reviewed and analyzed. When improvements are achieved, there is a cost process that can be improved into cost improvements that will be distributed for the benefit of employees.

### ***4.3. Customer Perspective Description***

For the third indicator, namely customer perspective, it can be seen that the words value and promotion are words that look big and have big boxes, meaning that according to the informant, a tyre company always maintains the value of its products from all sides, namely customer focus and customer satisfaction to maintain consumer satisfaction, in terms of quality, products, on-time delivery, maintaining relationships with customers to retain consumers, and the level of consumer satisfaction.

Through promotions, tyre companies try to gain market share and reach new consumers. Improve communication with customers and carry out analysis so that improvements can be made. Tyre companies try to innovate products by increasing competence through training and development so that the production process can be carried out correctly and produce products that meet specifications and are safe for customers. In this way, the image and reputation of the company brand in the eyes of consumers remains well maintained.

#### ***4.4. Description of Internal Business Perspective***

In the fourth indicator, namely, the internal business perspective, the words process and performance appear the largest and get the largest box. This indicates that according to the informant from the internal business perspective, performance measurement in the company's innovation process in order to identify the wants and needs of customers in the future is carried out using how to develop, improve, and continually innovate in creating and developing its products by previously reviewing and evaluating business conditions through predetermined parameters, so that tyre company can provide solutions to customers' desires and needs. Apart from that, tyre companies carry out promotions in the form of after-sales services and guarantees for their products by carrying out various repair activities and replacing damaged products. Then, it can be seen that cost from an internal business perspective is a word that looks big after process and performance, meaning that internal business development is expected to produce positive feedback on company revenue so that it can provide the returns expected by shareholders.

#### ***4.5. Description of learning and growth perspectives***

In the learning and growth indicators, it can be seen that the words Employee and Performance appear to be bigger words and bigger boxes, meaning that, according to the informant, employee performance is the main thing in the learning and growth perspective. Tyre company, in the process of achieving employee performance, uses the Balance Scorecard through KPI tools using parameters and indicators such as safety, quality, productivity, and sustainability. In this case, management always reviews employee performance to improve employee performance. The tyre company's performance development plan cycle is divided into three stages. The first is objective setting in January and February to determine the goal settings or targets for that year. Then in June is the Mid-Year Review cycle, then around October to December is Year and Review so that related to the communication process, it becomes part of a one-on-one quality conversation for each cycle.

The performance review formula is a consideration for promotion, incentives, and employee motivation by achieving KPIs and demonstrating themselves to tyre company through core competencies and behavior so that the results are expected to be in line with expectations. Employees are also required to take part in mandatory training to improve their skills and competencies to support productivity. Meanwhile, to maintain the turnover rate, tyre companies implement harmonious working conditions between employees and superiors, employees and employees, and management and workers' unions.

#### ***4.6. Description of employee performance management***

In the employee performance management indicator, it can be seen that the words process and performance look bigger because in this performance management indicator, the process and employee performance are indicators of the activities displayed by a worker in his activities, based on information received from informants that performance is assessed based on the achievement of the KPIs that have been achieved. created by each function leader using periodic review and evaluation methods, so that employee performance can be properly monitored by management. By using parameters that have been determined so that employee performance assessments will be objective, including safety, quality, productivity, cost, behavior, attitude, and discipline, all included in their respective scorecards, this assessment has an impact on employees by creating motivation because if the performance meets the company's target, the employee will receive compensation in the form of a salary increase or merit increase; apart from that, the employee will also get promotion opportunities in accordance with his competency based on his performance. Employees are also required to participate in training to improve their competence so that it is hoped that employees can provide improvement and innovation in their departments through continuous development. Employees are also involved in engagement in every

company program so that they have a high sense of belonging to the company and the level of loyalty will increase; management also builds safe, comfortable, and safe working conditions for workers, and builds harmonization as one of the key factors in maintaining stability and productivity. From a cost perspective, management creates indicators that can be improved so that these cost improvements can be allocated to employee welfare. which states that employee engagement refers to positive thinking and a pleasing mental status (Hossain, Khatun, & Shanjabin, 2023).

#### Source Triangulation

Apart from presenting data from data processing results through the NVivo 14 computer program application, the author also presents the results of interviews with informants through source triangulation involving two key informants from HRD with positions as Human Resource Plant Manager and People and Development Manager, and additional informants with Human Resource Business Partner and Labor Trainer positions.

From the results of interviews and direct observations at Tyre Company with five informants, consisting of two key informants and three people as supporting informants and source triangulation, it is clear that the business strategy implemented by the company, is derived from the company Global under the name gold bold or Strategic Targetction. Gold bold or Strategic Direction is a long-term plan made using the "Y Chart" method which includes all elements of SWOT (Strength, Weakness, Opportunity, Threat) apart from that there are Objectives and Leggings and Leading Indicators. Balance Scorecard, which is manifested through Key Performance Indicator (KPI) tools and PO Plant Optimization methodology. This strategy is accountable and accommodates a company's business targets through measurable indicators and parameters. Safety, quality, productivity, cost and sustainability, customer goods, and sales are indicators of company achievements. Innovation and improvement are part of a strategy that supports productivity and sales. This strategy is in accordance with existing theory, namely, the Scorecard functions to examine the strategy, making it clearer through the lens of a different point of view. The strategy implemented by Tyre Company accommodates all company operations because the concept, methodology, and tools used are strategies that have been tested with parameters that have been determined using the Balance Scorecard.

From the results of interviews and direct observations at Tyre company with five informants consisting of two key informants and three people as supporting informants and source triangulation, it is clear that from a financial perspective Tyre Company maintains financial balance by synchronizing costs with productivity so that targets company and shareholder profits can be realized well. Cash flow depends on costs and productivity. Each function has a target cost set after this cost has been deployed to each function according to the cascade down derived from the company Global. Through the Balance Scorecard, operational costs are calculated so that they have parameters, so that all functions can be reviewed and evaluated according to the parameters that have been created. Apart from that, tyre companies implement cost improvements with indicators such as achieving costs for safety, costs for quality, and costs for productivity, and these cost improvements will be distributed for the benefit of employees.

Reducing costs in all functions is something that management is currently doing. This is done according to the company's targets by implementing a zero loss culture or a culture of eliminating losses. This is in line with the company's strategy of implementing efficiency in all functional lines. Monthly scorecard review, with the participants being High Performance Team or specialist level, one of which is discussing the impact on any costs, for example waste on costs, safety improvement on costs, attendance rate on costs, over time on costs, so that everything is always on track. Metting will definitely be linked to costs, whether improvements or losses have an impact on costs.

From the results of interviews and direct observations at Tyre company with five informants consisting of two key informants and three people as supporting informants and triangulation of sources from the customer perspective, tyre company has a "customer satisfaction No. 1 (one)" platform. focus and customer satisfaction. Value was the main factor. Tyre companies always maintain their product quality. Based on direct field observations, all parties carry out the tire production process by maintaining the

quality from the start of the process. The targets were zero defects and zero waste. Carrying out innovation and improvement to meet customer needs and desires regarding the products produced. Maintaining customer satisfaction by maintaining quality, on-time delivery, and after-sales service programs are the company's efforts to maintain and retain customers. This is important because emotional labor plays a role in forming and maintaining employee satisfaction (Ezekiel & Nanfa, 2023).

From the results of interviews and direct observations at Tyre company with five informants consisting of two key informants and three people as supporting informants and source triangulation from an Internal Business perspective, tyre company always focuses on processes and performance. The performance measurement process is carried out periodically to improve employee performance, so that targets can be achieved well by all functions and individuals. The company's innovation process to identify customer needs is carried out by carrying out improvements, developments, and developments. The review and evaluation of business conditions are carried out through predetermined parameters, with indicators contained in the KPI for each function. The results of this review will motivate employees to improve performance so that company targets are achieved.

From the results of interviews and direct observations at Tyre company with five informants consisting of two key informants and three people as supporting informants and triangulation of sources from a learning and growth perspective, tyre company seeks to improve employee performance by conducting training to increase their competence. Management always reviews employee performance to improve employee performance. In 2023, tyre company will carry out a break through innovation, namely learning marathon, learning marathon is an initiative for employees to compete to carry out the learning process in a fun way, namely E-Learning, namely be self learning, a kind of FGD (Focus Group Discussion) group learning. The target setting and evaluation were divided into three parts. The first is objective setting in January and February to determine the goal settings or targets for that year. Then in June is the Mid-Year Review cycle, then around October to December is Year and Review so that related to the communication process, it becomes part of a one-on-one quality conversation for each cycle. The performance review formula is used as a consideration for promotion, incentives, and employee motivation with KPI achievement and with other variables, namely core competency and behavior. Currently, KPI achievement indicators are running well because this formula has a positive impact on employees in the form of wage increases, promotions, and, of course, it is a motivation for employees to improve their performance. Meanwhile, to maintain the turnover rate, tyre companies implement harmonious working conditions, career paths, promotions, and measurable compensation.

From the results of interviews and direct observations at Tyre Company with five informants consisting of two key informants and three people as supporting informants and triangulation of sources in the company's performance management, they created measurable parameters for assessing employee performance, including safety, quality, productivity, sustainability, cost, discipline, behavior, and attitude. Achieving KPI is a motivation for employees because it is a consideration for employees in promotions and wage increases, and it is also used as a tool for monitoring employee performance. Performance is one of the tools to show whether a person can be assessed or developed further, but during the promotion process, of course, what assessment requirements are needed regarding competency and the candidates or talents that have been identified. All employees are required to participate in training provided by the company with the target of increasing their competency so that employees can innovate and improve their work area so that they can provide positive feedback to the company, of course with a continuous development process. The analysis of performance has an impact on several aspects related to the deployment plan. Every year and in the next five years, employees will retire and the company will build a path line. Path line is a cadre formation setting for preparation when people or PICs in certain positions will end their term of service due to retirement, but on the other hand, a sore card is also needed because there are people who can leave the company due to personal interests such as resigning. . The company will link this to the performance system, benefit system that will be provided, and the development system. Management always carries out competency tests on everyone from the lowest, middle, to highest levels, and this mechanism will, of course, be carried out thoroughly because it will assess not only the soft skills aspect but also the hard skills for higher levels of course. Managerial leadership competency factors will also be tested because people may be experts in doing

something, but in principle, at a higher level, it is how to manage people, how to lead people, and how to implement strategy.

An increasingly complex business environment is developing, requiring companies to operate optimally to anticipate various aspects of the business environment. This includes business strategies and interactions to maintain competitiveness amidst an uncertain business environment and provide optimal value to shareholders and related parties of the company. Strategy comes from the Greek word *stratēgos*, which means war commander at that time, the process of determining plans by leaders that focus on the organization's long-term goals, as well as a series of methods or efforts so that these goals can be achieved. Strategy is defined as the process of determining plans by top leaders that focus on the long-term goals of the organization, accompanied by the preparation of a method or effort to achieve these goals. The seven strategic objectives are providing a long-term direction for the company to be achieved, helping the company adapt to every problem, making the company's performance more effective, applying and evaluating agreed strategies effectively and efficiently, creating new strategies to adapt to current developments, reviewing advantages and weaknesses as well as paying attention to the company's business opportunities and threats, and innovating products and services so that customers always like them.

Several studies have found significant correlations among corporate strategy, environmental conditions, and implemented controls. This research aims to reveal the facts and circumstances that occurred during the research, using qualitative methods. Based on research conducted by researchers, it can be concluded that the Balance Scorecard method translates vision, mission, and strategy into performance measures that have four indicators, namely the financial perspective shows fluctuating numbers, the customer perspective shows good results, the internal business process perspective shows that the company has carried out an innovation process, and a growth and learning perspective shows that the company's performance conditions are good because it can improve the quality of its employees, so using the Balance Scorecard method can be used as a benchmark for the success of a company. For it to be implemented well in the company, improvement efforts are needed both internally and externally. The company performance measurement process includes designing procedures, setting performance standards, evaluating employees, and providing feedback. Performance metrics are definitions that describe the scope, content, and components of a performance measurement system. Performance parameters can be defined as the standards used to measure efficiency and effectiveness in achieving organizational goals. Performance parameters commonly used in an organizational context include Organizational Goals and Targets, Performance Indicators, Performance Achievements on Strategic Targets, Service Quality, Employee Performance Standards, Work Results, and Performance Metrics.

The Balanced Scorecard is a medium for tracking progress towards achieving essential goals, a medium for implementing schemes by attracting management's attention regarding relevant success ranking factors essentially to clarify and as a strategy communication tool, a tool for aligning goals with targets, and as a tool for reviewing performance. Kaplan and Norton in, Balance Scorecard is an executive performance measuring tool that requires a comprehensive measure with four perspectives, namely the financial, customer, internal business, and growth and learning perspectives (Bisena & Susana, 2023). Meanwhile, a company performance measuring tool that measures company performance as a whole, both financially and non-financially, uses four perspectives, namely, the financial, customer, internal business, and growth and learning perspectives (Dekrita, Yunus, Citta, & Yamin, 2019). The BSC provides a full picture of whether a company is meeting its objectives. Moreover, using BSCs allows stakeholders to determine the health of short-, medium-, and long-term objectives at a glance (De Felice & Petrillo, 2013).

An integrated and comprehensive closed-loop management system can consist of active and interlocked parts and requires simultaneous coordination between all organizational lines and staff units (Kaplan, 2009). By using the Balanced Scorecard, companies can obtain a more comprehensive picture of performance through balanced measurement of financial and non-financial aspects, and can effectively direct their efforts towards achieving long-term goals. The Balanced Scorecard has advantages over



conventional methods of measuring performance because it can cover a broader perspective and provide more holistic information for all employees from various levels in the organization.

One aspect of the BSC is to provide a comprehensive picture of company performance through a combination of main and additional indicators (Kaplan & Norton, 2001). By combining various metrics related to company strategy, the Balanced Scorecard allows company leaders to gain a comprehensive understanding of the company's overall condition. The benefits of a balanced scorecard according to Kaplan and Norton include clarifying and updating strategy, communicating strategy throughout the company, aligning unit and personal goals with strategy, linking goals with long-term targets and budgets, and conducting performance evaluations. to improve strategy.

In the Balance Scorecard view, strong relationships between a company, consumers, and its competitors have a direct impact on company value through the value chain formed. Therefore, the Balanced Scorecard must start with a focus on learning and growth, internal business processes, and customer perspectives (Dwivedi et al., 2021; Ubed & Raharjo, 2024). If these three perspectives work well, they will have a positive impact on the company's financial performance. The sustainability of a balanced scorecard is determined by several factors: strategy, attention to stakeholders, organizational culture, commitment, organizational structure, and company size (Mio, Costantini, & Panfilo, 2022).

The Balanced Scorecard must be able to translate the company's vision, mission, and strategy into various goals and measures organized into four perspectives: financial, customer, internal business processes, and learning and growth. Evaluations and measurements related to performance management, which are usually carried out in the context of management control efforts, must be carried out in a balanced manner for these four perspectives.

This research is entitled Implementation of the Balance Scorecard Method for Measuring Performance in Engineering Companies. This research aims to conduct a performance assessment using the Balance Scorecard method. This research uses qualitative descriptive methods by collecting data through distributing questionnaires to company employees. Based on research conducted by researchers, it can be concluded that the overall performance of the Engineering Company (PT. MSE) was considered good. From a financial perspective, such as EBITDA, operating profit (OI), gross profit, and net profit show satisfactory results. Meanwhile, from the customer's perspective, its performance is also considered good. In terms of a company's internal processes, the ability to innovate is considered good, and in terms of employee innovation and learning, the conditions in the company are also considered good (Zuniawan et al., 2020).

Aly and Mansour (2017) show that research from three study groups agrees that it is necessary to evaluate board performance as a basis for implementing good corporate governance and accountability mechanisms that contribute to building trust in the company. All three study groups agreed that the proposed method is an effective tool for evaluating the performance of corporate boards. The three samples agree on the importance of the proposed method in providing measures that reflect the various responsibilities of corporate boards, assist in evaluating board performance from various aspects, and facilitate routine evaluation through clear and specific criteria. Another finding was that there were differences in the relative importance of most performance measures between the three groups. This result is due to the fact that each group pays attention to important steps from their perspective and the achievement of their interests. Ultimately, this study provides a useful tool for evaluating ongoing performance and a brief guide to the most important performance measures to use in the evaluation process.

A review of BSC research shows that the history of BSC research stretches back more than 30 years, with publications appearing in high-quality multidisciplinary journals from various writing groups around the world. This review also examines the main themes in the BSC field. These themes include customer orientation, financial management, integrated reporting, performance management, strategic management, sustainable development, and systems thinking. BSC sustainability is also important, which makes it a global agenda and a big challenge (Kumar et al., 2024).

The main goal of a company's management is to make it a wealth-enhancing institution. Therefore, management focuses on creating outstanding financial performance in a sustainable manner. To achieve these financial goals, management strives to produce products and services that are attractive to customers. To win customer preferences in the target market, management focuses on developing core competencies that are superior to competitors through good performance management. This leads to the building of excellent processes used to create products and services, as well as strengthening human capital through the development of human, information, and organizational capital. Each business entity has different human capital (Chude, Chude, & Egbunike, 2022); thus, having competent human capital can strengthen the organization in competing.

## **5. Conclusion**

### **5.1. Conclusion**

Tyre companies use the Balance Scorecard model as a tool to assess employee performance through a strategic management approach from four different perspectives. From a financial perspective, Tyre assesses employee performance based on achieving sales targets, net profit, revenue growth, and cost efficiency. By carrying out cost improvements, it can provide optimal profits for the company and also provide a benefit system that will be provided for the welfare of its employees. Customer Perspective: Employee performance is evaluated from the customer perspective. This includes the level of customer satisfaction, number of complaints received, response time to customer inquiries, and efforts to retain existing customers and gain new customers through promotions. Internal Business Perspective: A tire company evaluates employee performance from an internal process perspective, such as production cost efficiency, product quality, product innovation, and operational efficiency. Learning and Growth Perspective: Employees are also evaluated based on their ability to learn and develop, including participation in training and development, increasing competencies and skills, and contributing to an innovative and collaborative work culture. Performance management strategies in tire companies include actions such as acting with integrity, Energizing the Team/motivating the Team, promoting collaboration, acting intelligently, and delivering results.

Tyre companies have implemented the Balance Scorecard method comprehensively by making improvements based on evaluation results from all perspectives, which can have a positive impact on the business; this is a value that can be adopted by other companies, so it can be concluded that the performance management strategy employees through the Balance Scorecard method approach at Tyre companies are implemented well and can translate the company's vision as the company's long-term ideals by using KPI (Key Performance Indicator) model instruments and PO (Plant Optimization) methodology into long-term activities. short. Thus, the achievement indicators of the company's performance in the short term are connected to each other to achieve the predetermined vision, mission, and strategy.

### **5.2. Limitation**

A limitation of this study is that the use of in-depth interviews in data collection resulted in a very limited number of informants. This study did not examine the relationship comprehensively with other variables.

### **5.3. Suggestion**

In further research, it is suggested that cascading be carried out in other departments by increasing the number of informants and conducting focus group discussions.

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