Performance Measurement of Soasio Tidore Hospital from The Balanced Scorecard

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Abstract:

The purpose of this study was to determine the performance of the Soasio general hospital in a balanced scorecard perspective. This research is quantitative descriptive research. The operational variable of this research is performance measurement with indicators of four perspectives in the balanced scorecard, namely financial perspective, customer perspective, internal business process perspective, learning and growth perspective. The data sources used in this research are primary and sequential data. The data analysis technique used is descriptive analysis. The results showed that in the financial perspective the effectiveness ratio in achieving revenue was not effective.

Keywords: *Performance Measurement, Balanced Scorecard*

1. Introduction

Performance improvement is a goal pursued by all organizations. One of the tools for performance measurement used in profit institutions and adopted in the public sector is the balanced scorecard. Performance measurement is essential for evaluating and motivating employees to enhance performance and achieve organizational goals.

The use of the balanced scorecard (BSC) in the public sector is considered highly appropriate due to the sector's inherent complexity. The practical role of the BSC varies depending on the context in which it is used, allowing it to conceptualize the social, political, and economic realities practiced within an organization (Belete, 2014). The BSC provides a systemic, structured, and integrated approach, offering opportunities for sustainable value creation (Font, 2020). It serves as a guide for determining future policy directions, aligning the organization's vision, mission, and goals, and has a high success rate in improving organizational performance management (Mio et al., 2022).

The balanced scorecard has been widely applied in public sector performance measurement, particularly in education (Jubaeda, 2020) and health (Saraswati, 2018; Yuda, 2019). According to Alimudin (2017) and Natsir (2021), traditional measurements sourced from the Performance Accountability Report (LAKIP) are insufficient as guidelines for determining the quality of performance in the public

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sector. Research by Riwu (2021) found that implementing the BSC in hospitals offers several benefits, including evaluating performance assessment strategic plans, balancing financial and non-financial performance, aligning the organization's vision, mission, and goals, and encouraging work environment changes according to hospital needs (Frederico et al., 2021). Therefore, this study aims to explore performance measurement from the balanced scorecard perspective at Soasio Tidore General Hospital.

2. Theoretical Background

Performance Measurement
According to Muindro (2013) performance appraisal is part of the control system. Performance appraisal is carried out to determine the level of efficiency and effectiveness of the organisation in achieving organisational goals. Management accounting plays a role in making*key performance indicators* and measuring units for each activity carried out. According to Lailatus and Ja'far (2018: 4) performance measurement is a process where the organisation sets the parameters of results to be achieved by programs, investments, and acquisitions made.

The performance measurement process often requires the use of statistical evidence to determine the level of progress of an organisation in achieving its goals. The fundamental purpose behind measurement is to improve performance in general.

Balance Scorecard
The *balance scorecard* by Kaplan & Atkinson, (2007) is a concept developed to communicate the various related objectives that a company must achieve to compete based on capabilities and innovation, not just tangible physical assets. The Balanced Scorecard concept measures company performance by balancing two aspects, namely financial aspects and non-financial aspects, namely customer aspects, internal business process aspects, and growth learning aspects. These aspects can be used by companies to interpret the vision, mission, and strategy of an organisation into a goal to be achieved related to performance assessment (Rahayu et al., 2023).

Financial Perspective
Financial performance measurement is a necessary step for implementing strategies to increase company profits (Kaplan & Norton, 1996). Measuring financial performance reveals whether strategic planning and execution lead to improvements aimed at boosting profits. These improvements are reflected in specific targets related to measurable benefits, business growth, and shareholder value. Financial performance encompasses three strategic aspects: revenue growth and revenue mix, cost reduction and productivity improvement, and optimal asset utilization (Kadarova et al., 2015, as cited in Saraswati, 2018). Measurement of financial performance carried out in regional hospitals as public service agencies focuses on aspects of economy, effectiveness and efficiency (Wahyudin et al., 2021).

Customer Perspective

The customer perspective focuses on how the organisation cares for customers and successfully retains its customers. Knowing customers and their expectations is not enough, an organisation must also provide incentives to managers and employees who can meet customer expectations because with management's attention to employees, employees will always pay attention to customers. Companies, among others, use the following performance benchmarks when considering the customer perspective, namely

1. Customer satisfaction
2. Customer retention
3. Market share
4. Profitable customers

In the customer perspective, it is measured using indicators of customer satisfaction level, complaint handling, customer retention and market share.

Internal Business Process Perspective

The application of the *balanced scorecard* in the internal business perspective in hospitals is different from the application in companies both goods and other services, in the operating process is a process for creating and delivering services. Where in the operation process more emphasis is placed on operational activities that are directly related to hospital patients, namely service delivery activities to patients. Based on the Indonesian Ministry of Health in 2005, several indicators of hospital service measurement to determine the level of effectiveness and efficiency are as follows:

1. BOR (Bed Occupancy Rate or Bed Usage)
2. BTO*(Bed Turn Over Rate* or Bed Turnover)
3. GDR*(Gross Death Rate)*
4. NDR*(Net Death Rate)*
5. ALOS*(Average Length of Stay)*
6. TOI*(Internal Turn Over)*

Learning and Growth Perspective

The growth perspective aims at developing human resources. Managers are responsible for developing employee capabilities. Key benchmarks for assessing manager performance are employee satisfaction, employee retention, and employee productivity. Employee satisfaction recognises that employee morale is important for improving productivity, quality, customer satisfaction, and responsiveness to situations. Managers can measure satisfaction by sending surveys, interviewing employees, observing employees at work. Employee satisfaction recognises that employees who develop organisation-specific intellectual capital are valuable non-financial assets to the company. After all, it is very expensive to find and hire talented people to replace those who leave.

3. Methodology

This research is based on a*mixed-method* research design that is conducted sequentially, starting with quantitative research and then continuing with qualitative research. Quantitative research is required to process numbers through mathematical and statistical calculations. Data was taken and processed from documents available at the hospital containing data for 2021 and 2022. Performance measurement indicators are divided into four perspectives (finance, customers, internal business processes, and learning and growth) according to the *Balanced Scorecard* method.The determination of these indicators by considering several existing studies on hospital performance measurement with the *Balanced Scorecard*. The achievement of each performance indicator was analysed by comparing it with the target or standard.

The purpose of qualitative research is to get an explanation of the results that have been obtained. Therefore, we have interviewed several informants who are policy makers at Soasio Regional General Hospital

4. Empirical Findings/Result

Financial Perspective

Measurement with a financial perspective can be measured using economic ratios, effectiveness and efficiency ratios. in table 1. it can be explained that the Soasio regional hospital is able to manage its expenses so that it does not exceed the predetermined budget. The efficiency ratio that assesses the level of hospital independence is very efficient, which means that in carrying out its operations the hospital does not use its large resources. This means that the income earned by the hospital from its services has been able to fully cover its expenses. The effectiveness ratio that assesses the level of revenue achievement is still not effective. This means that revenue achievement is still lacking. Although in 2021 it is very effective with an effectiveness rate of 106%.

The economic ratio is already economical, with a high level of efficiency the hospital is able to finance all its operations and even the hospital is able to pay off some of its business debts, which in 2021 amounted to Rp. 9,558,590,162 to Rp. 2,934,839,518 or a reduction of 69%.

Customer Perspective
Customer perspective performance is measured using indicators of customer satisfaction level, complaint handling, customer retention, and market share.

a. Patient Satisfaction
Patient satisfaction is only known in 2022 when a satisfaction survey is conducted by the hospital, while in 2021 it is unknown because there is no measurement of patient satisfaction. The result of patient satisfaction in 2022 was 97.1%. This figure has reached the standard (80%). This means that the majority of patients are very satisfied with the services they receive. The patient satisfaction survey was conducted in four

hospital service units, namely the emergency department, outpatient department, inpatient department, and supporting department.

a. Grievance Handling

Grievance handling is measured based on the number of written complaints reported to the customer service management unit and have been responded to or followed up by hospital management compared to the total number of written complaints reported in the same year. Based on data in the grievance service unit of RSUD Soasio Tidore, there were only 5 complaints in 2021 and 3 complaints in 2022 from patients recorded and all of them have been handled. It can be measured that the service provided by the complaint resolution rate at RSUD Soasio is 100%. This means that all written complaints are handled by the hospital.

b. Customer Retention

Customer retention is calculated by comparing the number of old patients with the total visits in one year. Customer retention at RSUD Soasio Tidore is shown in table 2. 75% The figure has exceeded the target/standard (60-70%). This means that the hospital is able to retain existing customers (high patient loyalty). On the other hand, there was a decrease in patient acquisition. Patient acquisition is the percentage between the number of new patients and the total number of patients.

c. Market Share

Market share reflects the proportion of business controlled in a market segment. The measurement of hospital market share in this study is used to determine the number of patients based on the area that can be reached by the hospital. The hospital's market share is calculated based on the percentage of patient visits from out of town. The market share target shows an increase, which means that the hospital has dominated the out-of-town patient segment.

Internal Business Perspective

Internal business process performance is measured using the *Bed Occupancy Rate* (BOR) indicator. *Average Length of Stay* (ALOS), *Bed Turn Over* (BTO), and *Turn Over Interval* (TOI).

Learning and growth perspective

The learning and growth perspective is concerned with providing infrastructure to support the achievement of the other three perspectives, including employees. Employees or Human Resources (HR) is one of the elements in the organisation that has an important role. Hospitals as service organisations, good employee performance will affect the hospital service process. One measure of employee performance used in this study is the level of training. Informants stated that the training provided to employees had met the standards, in measuring it was proven that employee training was very high.

Employee performance will affect performance from other perspectives. In this case, employee training can affect service and financial performance. Performance in the learning and growth perspective is an input, the internal business process perspective

is a process *(service* process), then the expected output in this case is the performance of the customer and financial perspective

5. Discussion

The balanced scorecard analysis of Soasio Regional Hospital (RSUD Soasio) reveals a well-rounded performance across financial, customer, internal business process, and learning and growth perspectives. Financially, the hospital efficiently manages its expenses within the budget and demonstrates a high level of operational efficiency, covering its expenses with generated revenue and significantly reducing its business debts by 69% in 2021. However, despite a very effective revenue achievement rate of 106% in 2021, overall revenue generation needs improvement. From the customer perspective, patient satisfaction reached 97.1% in 2022, surpassing the 80% benchmark, and the hospital achieved a 100% complaint resolution rate, indicating effective grievance management. Customer retention was strong at 75%, exceeding the target range, although there was a decline in patient acquisition, suggesting a need for strategies to attract new patients. The hospital's market share increased, particularly among out-of-town patients. Internal business processes, assessed through indicators like Bed Occupancy Rate (BOR), Average Length of Stay (ALOS), Bed Turn Over (BTO), and Turn Over Interval (TOI), showed effective capacity management. In terms of learning and growth, the hospital reported high levels of employee training, meeting established standards. Effective training programs enhance employee performance, positively impacting service delivery and financial outcomes. Overall, while RSUD Soasio excels in several areas, there is room for improvement in revenue generation and patient acquisition to ensure sustained growth and success.

6. Conclusions

Based on the results of the study, it can be concluded that in the financial perspective the effectiveness ratio in achieving revenue is not yet effective, but several other indicators have very good performance. However, the author suggests that Soasio Hospital further improve employee performance in the form of increasing the ability and employees through education and training to continue to provide the best service for the community.

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