PERFORMANCE ASSESSMENT ANALYSIS OF RSIA UMMU HANI USING A BALANCED SCORECARD APPROACH

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Abstract

This study aims to determine the hospital’s performance assessment with the Balanced Scorecard approach. The object of this research is a private hospital in Purbalingga. The research method used is a case study quantitative research method. This study’s data collection techniques used financial statement documentation for secondary data. The results showed that the hospital’s performance assessment from the three balanced scorecard perspectives was quite good. It was concluded that: (1) the financial perspective is good in terms of financial ratios following the criteria; (2) the customer perspective is quite good based on the result of the calculation of customer retention and customer acquisition; (3) the internal business perspective is quite good based on the result of the percentage of BOR, TOI, LOS, and BTO values is not following the Minister of Health standards No. 1171 of 2011; and (4) the perspective of growth and learning is quite good because based on HR training data regarding employee retention and employee training.

Keywords: Hospital, Performance, Balanced Scorecard.

1. INTRODUCTION

The demand for community needs services in the health sector is getting advanced, this requires service companies in the hospital sector to be able to provide the best service and create innovation amid current hospital competition. Companies that have good financial or non-financial resources are characteristic of competitive companies. Therefore, the company requires a breakthrough in its internal business processes to produce services that meet the needs of today's society.

Balanced Scorecard is one of the methods that can be used by companies to measure their performance both in financial and non-financial terms and is divided into four perspectives. Perspectives that can be used to measure company performance are financial or financial aspects, customer aspects, internal business processes, and growth and learning processes. According to Kaplan & Norton (1996), a balanced scorecard should describe the overall business unit strategy, using a measure of results with performance factors through a series of relationships. According to Hansen & Mowen (2009), a balanced scorecard is an integrated strategy performance management system that connects the organization’s various objectives, performance measures, and strategies.

The use of the Balanced Scorecard as a performance measurement method is more widely used in companies that produce goods, but can also be applied to hospitals engaged in services. In hospitals, to be able to provide excellent service to the community, it is necessary to develop a vision, mission, goals, objectives, and indicators of success, which are grouped in the form of a strategic plan. Zelman et al. (2003) argues that the management of a health system must develop a Balanced Scorecard that links the organization with management strategy and performance measurement.

RSIA Ummu Hani Purbalingga has made a work plan and strategic plan which are used in maintaining the process of achieving the vision, mission, and goals of the hospital for 5 years. This means that RSIA Ummu Hani Purbalingga has implemented strategic management, which is a process for making plans, actions, and policies to achieve the vision, mission, and goals that have been set. Hospital employees know more about the hospital's vision and mission than the
hospital’s strategic goals. This makes strategic goals less informed and made only for the short term.

RSIA Ummu Hani is a private hospital that is developing in Purbalingga. As a private hospital, the hospital requires a special strategy for providing excellent service to the community. This is because other private hospitals in Purbalingga have better attractiveness. Marketing strategies and the addition of supporting services that have never existed in private hospitals before in Purbalingga have been implemented in other private hospitals. Marketing strategies via social media networks are very influential in increasing the number of patient visits. The strategy is carried out in the face of competition from private hospitals in Purbalingga which are growing dynamically. The strategy is structured in a company's strategic plan that includes vision, mission, goals, objectives, and success indicators. The preparation and implementation of work programs and business innovations provided by hospitals to improve the quality of service so that customers in this case give patients increased confidence.

RSIA Ummu Hani as a type C special hospital has programs that provide more added value for customers, employees, and the community and support regional economic growth. To assess the success of the programs implemented, it is necessary to conduct an assessment. The performance assessment at RSIA Ummu Hani Purbalingga still focuses on assessing the success of a program in the financial and service aspects.

Thus a performance appraisal system is needed to measure performance more accurately and comprehensively, one way is to use the Balanced Scorecard. The Balanced Scorecard is not only a performance appraisal tool but has developed further into a strategic management system that helps translate and communicate the vision and mission of the organization, as well as obtain feedback from lessons learned. The performance evaluation of RSIA Ummu Hani Purbalingga is very important in efforts to improve public health status for the future. RSIA Ummu Hani Purbalingga is expected to be able to carry out preventive and promotive efforts to increase hospital benefits without forgetting the social functions of the hospital that have been reported.

Bharata et al. (2019) showed that a balanced scorecard can be applied and used in corporate performance appraisal. In addition, Sari & Retnani (2015) show that four perspectives including the financial perspective, customer perspective, business process perspective, and learning and growth perspective can be assessed using a balanced scorecard. Based on the backgrounds, the authors are intrigued to study the performance appraisal analysis of RSIA Ummu Hani with the Balanced Scorecard approach. This study aims to determine and evaluate the extent of the role of the balanced scorecard application as a measure of corporate performance. The application of a deep perspective balanced scorecard is viewed from a financial perspective, customer perspective, and growth and learning perspective to support the health services performance to the community.

2. LITERATURE REVIEW

Performance Appraisal

Performance is something produced by a company or organization in a certain period and refers to the standards that have been set. Performance is the results achieved by a good organization that is profit-oriented and non-profit oriented in a certain period (Fahmi, 2010). Mahsun (2013) stated that performance is an overview of the achievement level in the implementation of activities or programs that are made to realize the goals, objectives, mission, and vision of the organization contained in the strategy of a company. From the various opinions above, it is concluded that performance is the result achieved by individuals or groups within the company, both in nature profit-oriented and non-profit oriented, which aims to realize the vision and mission of the organization through planning in a certain period.

Companies that want to evaluate their company performance must perform performance measurement and assessment. Performance measurement is an activity to assess the achievement of targets set in the organization's strategic objectives (Mahsun, 2013). Meanwhile, according to Moeheriono (2009), performance measurement can be summarized as the activities of collecting data and information relevant to the goals or the evaluation program objectives. From the various opinions above, it is concluded that performance measurement is an assessment carried out...
on management and employees by collecting data relevant to the goals or objectives of the evaluation program previously determined.

**Balanced Scorecard**

Balanced Scorecard is a concept that aims to support the realization of the vision, mission, and strategy of the company with a long-term target that emphasizes four studies, namely financial perspectives, customers, internal business processes, and learning and growth (Fahmi, 2010). Meanwhile, Ulum (2012) stated that a balanced scorecard is a performance measurement tool that integrates good corporate governance with good performance management information. The balanced scorecard is the development of measuring the organization's success within the company by emphasizing four studies, namely financial perspectives, customers, internal business processes, as well as learning, and growth with long-term targets that aim to support the realization of the company's vision, mission, and strategy (Gaspersz, 2002).

Balanced Scorecard has four perspectives associated with the company's strategy (Nawawi, 2006). It is consisted of:

1. **Financial Perspective**
   The financial perspective deals with the financial performance of the organization within the company. Financial performance is very important in the business operations environment, especially those concerning profit which is the only element that can be used in supporting the realization of the strategy to maintain and develop the organization's existence now and in the future.

   The ratios used in measuring the financial perspective are:
   a. **NPM**
      Net Profit Margin is one of the profitability ratios required by a company to determine the percentage of net profit earned after deducting taxes. This ratio measurement aims to see how effectively the company operates. The formula is:

      $$\text{NPM} = \frac{\text{Net Profit}}{\text{Income}} \times 100\%$$

   b. **ROI**
      Return on Investment or ROI is the profit and loss ratio of an investment which is then compared to the amount of money invested. ROI is the percentage or profit that can be obtained from the total amount of assets invested.

      $$\text{ROI} = \frac{\text{Net Return on Investment}}{\text{Cost of Investment}} \times 100\%$$

   c. **Effectiveness Ratio**
      Effectiveness is a measure of the success or failure of an organization in achieving its goals. In this case, the effectiveness is measured between the realization of income and the income target that has been set. According to Mol (1996) to measure the level of effectiveness can be calculated using the formula below:

      $$\text{Effectiveness Ratio} = \frac{\text{Revenue's Realization}}{\text{Revenue's Budget}} \times 100\%$$

   d. **Efficiency Ratio**
      Efficiency is measured by the comparison between the costs incurred to obtain revenue and the realization of income. According to Mol (1996) to measure the level of efficiency can be calculated with the formula below:

      $$\text{Efficiency Ratio} = \frac{\text{Expense's Realization}}{\text{Expense's Budget}} \times 100\%$$

2. **Customer Perspective**
   From a customer perspective, companies must be able to identify customers. The ratios used in measuring the customer’s perspective are:
   a. **Customer Retention**
      Customer retention measures the organization’s efforts within the company to maintain its customers as regular customers, by having a high level of brand loyalty (Zeithaml, 1990). Customer retention can be seen from the comparison between the number of existing patients and the total patient visits.

      $$\text{Customer Retention} = \frac{\text{Existing Patients}}{\text{Total Patient Visits}} \times 100\%$$
b. Customer Acquisition
Customer Acquisition is used to measure how much a company manages to attract new customers by comparing how much the hospital has succeeded in attracting new patients and visitors to total visits.

\[
\text{Customer Acquisition} = \frac{\text{New Patients}}{\text{Total Patient Visits}} \times 100\%
\]

3. Internal Business Perspective
Measurement of the internal business perspective serves to determine the activities in the production process. The operational stage is the process where the organization seeks to provide solutions to customers in meeting customer needs and desires. In this case, the operational stage indicators for the RSIA Ummu Hani Purbalingga are:

a. LOS (Length of Stay)
LOS, according to the Indonesian Ministry of Health (2005) is the average length of stay in the hospital and measured by:

\[
\text{LOS} = \frac{\text{Number of Patient Care Days Out}}{\text{Number of Discharged Patients}} \times 100\%
\]

b. BOR (Bed Occupancy Ratio)
BOR, according to the Indonesian Ministry of Health (2005) is the average percentage of bed usage at a certain time unit and measured by:

\[
\text{BOR} = \frac{\text{Number of Hospital Treatment Days}}{\text{Number of Beds} \times \text{Number of Days in Time Units}} \times 100\%
\]

c. TOI (Turn Over Internal)
TOI, according to the Indonesian Ministry of Health (2005) is the average number of days when a bed is not occupied to when it is filled next. This indicator provides an overview of the efficiency level of bed use.

\[
\text{TOI} = \frac{(\text{Number of Beds} \times \text{Number of Days}) - \text{Number of Treatment Days}}{\text{Number of Discharged Patients}} \times 100\%
\]

d. BTO (Bed Turnover Rate)
BTO, according to the Indonesian Ministry of Health (2005) is the frequency of use of the bed in one period and the number of times the bed is used in a certain time unit.

\[
\text{BTO} = \frac{\text{Number of Discharged Patients}}{\text{Number of Beds}} \times 100\%
\]

4. Learning and Growth Perspective
The benchmark in the perspective of learning and growth consists of three aspects as follows:

a. Employee Retention
This benchmark aims to maintain the beneficial workers of the company as long as possible and is measured by:

\[
\text{Employee Retention} = \frac{\text{Number of Employees who Left}}{\text{Number of Employees}} \times 100\%
\]

b. Employee Training Level
This benchmark is used to measure how much the hospital provides training to its employees and is measured by:

\[
\text{Employee Training Level} = \frac{\text{Total Employees who Received Training}}{\text{Number of Employees}} \times 100\%
\]

3. RESEARCH METHODS
The research conducted is a case study on RSIA Ummu Hani Purbalingga. Case studies are detailed and in-depth research about a program and activity (Chandrarin, 2017). Case study methods aim to evaluate the hospital's performance using a balanced scorecard approach. The approach used is a descriptive quantitative approach that is done by analyzing the data obtained in the data collection. The type of data in this research is secondary data which consisted of:

1. RSIA Ummu Hani 2020–2021 Financial Statements are used to measure performance from a financial perspective.
2. The 2020–2021 Health Services Reports are used to measure performance from a customer perspective and an internal business perspective.
3. The 2020–2021 Human Resources (HR) Reports are used to measure performance from a learning and growth perspective.

This research used a direct interview method to obtain primary data directly from the source. This method used written questions given to the respondents who are hospital employees. Data were obtained from the finance, personnel, and training of RSIA Ummu Hani, taken from 2020 to 2021. Data analysis using the balanced scorecard approach according to three perspectives including financial
perspective, customer perspective, and perspective of growth and learning.

4. RESULTS AND DISCUSSION

From the analysis of the performance assessment of RSIA Ummu Hani using the balanced scorecard approach, it can be concluded that the balanced scorecard is considered acceptable from three perspectives.

Financial Perspective

Performance measurement from a financial perspective is based on the 2020–2021 audited RSIA Ummu Hani financial reports. The NPM, ROI, effectiveness ratio, and efficiency ratio calculations are shown in Table 1.

Table 1. Financial Perspective Analysis of RSIA Ummu Hani

<table>
<thead>
<tr>
<th>Year</th>
<th>NPM</th>
<th>ROI</th>
<th>Effectiveness Ratio</th>
<th>Efficiency Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.76%</td>
<td>0.48%</td>
<td>113.44%</td>
<td>92.42%</td>
</tr>
<tr>
<td>2021</td>
<td>19.53%</td>
<td>15.50%</td>
<td>114.02%</td>
<td>74.56%</td>
</tr>
</tbody>
</table>

Net profit margin is used to determine the size of the net profit between revenues. Data in 2020 amounted to 0.76%, then increased in 2021 by 19.53%. It means that the performance of the financial perspective seen from the indicator net profit margin is passable. Thus, the hospital has a good ability to profit from revenue. The higher the level of NPM, the better the company's operations.

Return on investment describes the hospital's ability to use the capital invested in all assets to obtain net profit. In 2020, the ROI of 0.48% increased to 15.50% in 2021. It means that the performance of the financial perspective seen from the ROI indicator is passable. Thus, the hospital can manage the capital invested in the overall assets to generate a net profit.

The efficiency ratio describes the decrease in operating costs related to revenue used by hospitals. Data shows that in 2020, the efficiency ratio of 92.42% decreased to 74.56% in 2021. It means that the performance of the financial perspective seen from the efficiency ratio indicator is considered poor. The decrease in efficiency ratio is caused by the lack of hospital management strategies in evaluating financial ratios.

Customer Perspective

The performance of RSIA Ummu Hani from the customer perspective is analyzed from the medical records, such as the number of new patient visits, old patients, and the total number of patients who have come from 2020 to 2021.

Outpatient visits increased every year from 2020 to 2021 with an increase of 24% or 7,013 patients. Inpatient visits increased from 2020 to 2021 by 1,954 patients or 29%. An increase in outpatient and inpatient visits happens amid the Covid-19 pandemic, due to hospitals continuing to increase brand covid-19 Free Hospital strategy so that patients feel safe when they go to the hospital. On the other hand, hospitals continue to perform health protocols by screening patients who are both outpatient and inpatient.

Table 2. Customer Perspective Analysis of RSIA Ummu Hani

<table>
<thead>
<tr>
<th>Year</th>
<th>Outpatients</th>
<th>Hospitalization</th>
<th>Customer Retention</th>
<th>Customer Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>28,768</td>
<td>6,789</td>
<td>82.47%</td>
<td>36.22%</td>
</tr>
<tr>
<td>2021</td>
<td>35,781</td>
<td>8,743</td>
<td>62.56%</td>
<td>37.44%</td>
</tr>
</tbody>
</table>

From the table above, the customer retention rate at RSIA Ummu Hani in 2020–2021 is poor. Customer retention decreased by -19.91% from 2020 to 2021. In the hospital industry, customer retention will be achieved if old patients return to perform health services, but they are not coming for the same disease. Thus, it is implied that RSIA Ummu Hani has not been able to maintain its old patients. This is because the hospital management has not conducted a significant evaluation related to customer service analysis. In addition, the hospital has not developed promotional strategies or other programs.

Data showed an increase from 2020 to 2021 of 1.22%, where customer acquisition in 2020 and 2021 amounted to 36.22% and 37.44% respectively. This shows that the customer acquisition rate is quite good. However, RSIA Ummu Hani was less able to attract new customers due to the lack of improvement. It has happened since the hospital has not been able to carry out promotional strategies for patients following the hospital market. The declining rate of customer acquisition will lower the hospital’s revenue. This affects the profitability of the hospital.
Internal Business Perspective

Performance measurement from the perspective of internal business processes at RSIA Ummu Hani is based on the Minister of Health Regulation Number 1171 of 2011 regarding Hospital Information System. The most frequently used ratios to assess hospital performance are BOR, LOS, TOI, and BTO. The results of measurement using these ratio are as follows:

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2020</th>
<th>2021</th>
<th>Minister of Health Regulation No. 1171 of 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Beds</td>
<td>54</td>
<td>123</td>
<td></td>
</tr>
<tr>
<td>Number of Days</td>
<td>18,763</td>
<td>25,517</td>
<td></td>
</tr>
<tr>
<td>The Number of Days in Units of Time</td>
<td>366</td>
<td>365</td>
<td></td>
</tr>
<tr>
<td>Length of Time Treated</td>
<td>16,251</td>
<td>22,992</td>
<td></td>
</tr>
<tr>
<td>BOR</td>
<td>94%</td>
<td>57%</td>
<td>60%-85 %</td>
</tr>
<tr>
<td>LOS</td>
<td>3 days</td>
<td>3 days</td>
<td>3-9 days</td>
</tr>
<tr>
<td>TOI</td>
<td>1 day</td>
<td>2 days</td>
<td>1-3 days</td>
</tr>
<tr>
<td>BTO</td>
<td>133 times</td>
<td>72 times</td>
<td>40-50 times</td>
</tr>
<tr>
<td>Number of Discharged Patients</td>
<td>7,224</td>
<td>8,811</td>
<td></td>
</tr>
</tbody>
</table>

Based on the table, the BOR value for 2020 is 94%, which is far above the regulations. This requires the development of hospitals or additional beds. In 2021 BOR is below the standard value, which is 57%.

LOS in 2020–2021 are still at the ideal number, both are the same at 3 days. The length of the day is still at the lowest default value.

TOI in 2020 is 1 day, and in 2021 is 2 days. These values are still ideal and not too high, which means that the use of the bed is getting better.

Based on table 3, the average BTO in RSIA Ummu Hani for 2020–2021 is 102.5 times/year, above the ideal number of the regulations. It means that the frequency of bed usage is less than the ideal standard at 50 times.

Growth and Learning Perspective

Growth and learning perspective measurements use 2 indicators, such as employee retention and employee training. Indicators of employee retention and employee training are obtained from the hospital staffing development.

<table>
<thead>
<tr>
<th>Year</th>
<th>Employee Retention</th>
<th>Employee Training Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>3.60%</td>
<td>94.59%</td>
</tr>
<tr>
<td>2021</td>
<td>0.71%</td>
<td>92.53%</td>
</tr>
</tbody>
</table>

Based on the data above, the employee retention rate decreased by -2.89% in 2021 at 0.71%. The employee retention rate is quite good, as it has decreased from 2020 to 2021. This is due to the decrease in employees discharged from the hospital. However, the hospital still needs to evaluate employee retention to discover the employees resignation causes in the previous year. Therefore, there is no evaluation related to employee retention at RSIA Ummu Hani.

Based on the data above, the level of employee training decreased by -2.06% in 2021 at 92.53%. The level of employee training is poor, as it has decreased. This is because the hospital has not been able to improve the equitable distribution of employee training. Employee training aims to improve professionalism in performing tasks so that the hospital can achieve the goals and objectives set.

5. CONCLUSION

From the analysis results, it can be concluded that the performance assessment of RSIA Ummu Hani with the approach balanced scorecard is suitable for implementation in hospitals. The results show that the performance analysis of the RSIA Ummu Hani is passable. From a financial perspective obtained excellent results, while from the customer, internal business, and growth and learning perspectives obtained good results. RSIA Ummu Hani must continue to evaluate and improve the company’s performance.
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Undang-Undang Republik Indonesia Nomor 23 Tahun 2005 tentang Kesehatan.
