BUSINESS STRATEGY MAP AND KEY PERFORMANCE INDICATORS FOR SAFFRON PETSHOP BASED ON BALANCED SCORECARD

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ABSTRACT

Introduction: The success of the implemented business strategy is considered successful if the company's performance ability or performance is positive or increases well. One way to calculate company performance is with a Key Performance Indicator (KPI).

Objective: This paper aims to analyze the business strategy map and key performance indicators of Saffron Petshop based on a balanced scorecard.

Design/methodology/approach: This research uses quantitative methods with a descriptive approach. Descriptive approach describes and explains phenomena to conclude phenomena with limited implications. The theories used in this research are Key Performance Indicators (KPI), balance Scorecard theory, and Strategic maps. The data collection technique used in this research is semi-structured interviews using questionnaires to customers at Saffron Petshop.

Findings: The main findings in this study indicate that performance based on a financial perspective shows quite effective results with an increase in net profit when other types of businesses are affected by covid 19. Second, performance based on customer perspective shows very effective results when indicators of good customer satisfaction levels are calculated. Third, the effectiveness of performance based on internal business perspectives shows effective results with increased service and product innovation to increase revenue from Saffron Petshop. Fourth, performance based on the learning and growth perspective shows effective results with increased productivity and employee satisfaction.

Keywords: Key Performance Indicator, Balanced Scorecard, Business.

MAPA DE ESTRATÉGIA DE NEGÓCIOS E PRINCIPAIS INDICADORES DE DESEMPENHO PARA O SAFFRON PETSHOP COM BASE NO BALANCED SCORECARD

RESUMO

Introdução: O sucesso da estratégia de negócios implementada é considerado bem-sucedido se a capacidade de desempenho ou do desempenho da empresa for positivo ou aumentar bem. Uma maneira de calcular o desempenho da empresa é com um KPI (Key Performance Indicator, indicador principal de desempenho).

Objetivo: Este artigo tem como objetivo analisar o mapa estratégico de negócios e os principais indicadores de desempenho da Saffron Petshop com base em um scorecard equilibrado.

Projeto/metodologia/abordagem: Esta pesquisa utiliza métodos quantitativos com uma abordagem descritiva. Abordagem descritiva descreve e explica fenômenos para concluir fenômenos com implicações limitadas. As teorias usadas nesta pesquisa são os KPIs (Key Performance Indicators), a teoria do Balanço de Scorecard e mapas

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estratégicos. A técnica de coleta de dados utilizada nesta pesquisa é a realização de entrevistas semi-estruturadas usando questionários a clientes da Saffron Petshop.

**Conclusões:** As principais conclusões deste estudo indicam que o desempenho baseado nas perspectivas financeiras apresenta resultados bastante eficazes com um aumento do lucro líquido quando outros tipos de empresas são afetados pela covid 19. Em segundo lugar, o desempenho baseado na perspectiva do cliente mostra resultados muito eficazes quando são calculados indicadores de bons níveis de satisfação do cliente. Em terceiro lugar, a eficácia do desempenho com base em perspectivas comerciais internas mostra resultados efetivos com maior inovação de serviços e produtos para aumentar a receita da Saffron Petshop. Em quarto lugar, o desempenho baseado na perspectiva de aprendizado e crescimento mostra resultados efetivos com maior produtividade e satisfação do funcionário.

**Keywords:** Indicador Chave de Desempenho, Balanced Scorecard, Negócios.

**MAPA DE ESTRATEGIA EMPRESARIAL E INDICADORES CLAVE DE RENDIMIENTO PARA SAFFRON PETSHOP BASADOS EN BALANCED SCORECARD**

**RESUMEN**

**Introducción:** El éxito de la estrategia de negocio implementada se considera exitoso si la capacidad de desempeño o desempeño de la empresa es positivo o aumenta bien. Una forma de calcular el rendimiento de la empresa es con un indicador clave de rendimiento (KPI).

**Objetivo:** El presente trabajo tiene como objetivo analizar el mapa de estrategia empresarial y los indicadores clave de desempeño de Saffron Petshop en base a un cuadro de mando equilibrado.

**Diseño/metodología/enfoque:** Esta investigación utiliza métodos cuantitativos con un enfoque descriptivo. El enfoque descriptivo describe y explica los fenómenos para concluir fenómenos con implicaciones limitadas. Las teorías utilizadas en esta investigación son los Indicadores Clave de Desempeño (KPI), la teoría del Cuadro de Mando Integral y los Mapas Estratégicos. La técnica de recolección de datos utilizada en esta investigación es entrevistas semi-estruturadas utilizando cuestionarios a los clientes de Saffron Petshop.

**Conclusiones:** Los principales resultados de este estudio indican que el rendimiento basado en las perspectivas financieras muestra resultados muy efectivos con un aumento del beneficio neto cuando otros tipos de empresas se ven afectados por la covid 19. En segundo lugar, el rendimiento basado en la perspectiva del cliente muestra resultados muy efectivos cuando se calculan indicadores de buena satisfacción del cliente. En tercer lugar, la eficacia del rendimiento basada en las perspectivas empresariales internas muestra resultados efectivos con mayor innovación en los productos y servicios para aumentar los ingresos de Saffron Petshop. Cuarto, el desempeño basado en la perspectiva de aprendizaje y crecimiento muestra resultados efectivos con mayor productividad y satisfacción de los empleados.

**Palabras clave:** Indicador Clave de Desempeño, Cuadro de Mando Integral, Negocios.

**1 INTRODUCTION**

Companies must be more responsive to survive and thrive in a changing corporate environment that is increasingly competitive (Ratna et al., 2022). Therefore, it is necessary to have a business strategy that must be implemented in a business. The success of implemented business strategy is considered successful if the company's performance ability or performance...
is positive or increases well (Suryani & FoEh, 2018). One way to calculate the company's performance is with a Key Performance Indicator (KPI) (Damayanti et al., 2023). Key Performance Indicators are useful decision-making tools because KPIs can make it easier for organizations or companies to measure individual performance and help evaluate the organization's performance to achieve its strategic vision goals (Dipura & Soediantono, 2022).

Measuring a company's performance includes internal and external factors, where internal factors consist of two, namely financial and managerial aspects. In contrast, external factors can include political, economic, social, cultural conditions, etc. The competitive business world must be very concerned; to improve the ability and profit of the company in a competitive world, it must be able to make performance measurements of current conditions (Hanuma & Kiswara, 2011; Ciptani, 2000). There are four perspectives in balance scorecard-based performance measurement: financial perspective, customer perspective, internal business perspective, and growth and learning.

Balanced scorecard (BSC) is a performance measurement concept introduced by Kaplan & Norton (2000). The balanced scorecard is a comprehensive performance measurement method organized into four perspectives: financial, customer, internal business processes, and learning and growth. The balanced scorecard concept originated from the idea of performance measurement. The basic idea is to balance financial and non-financial aspects. In its development, the concept has moved from the idea of measurement to a strategic management system (Tjahjono, 2004).

The BSC system is expected to provide comprehensive managerial feedback by complementing financial measures with additional matrices that measure performance in customer satisfaction, product innovation, etc. According to Tjahjono (2004), The balanced scorecard helps an integrated strategic management system ranging from strategic vision mission to budgeting. Tjahjono (2004) adds that the balanced scorecard connects organizational functions from human resource management to finance.

Saffron Petshop is a shop or company engaged in retail and wholesale providing pet needs such as cats, dogs, rabbits, fish, hamsters, etc. In its business, marketing products that are not monopolistic is a challenge in maintaining the existence of Saffron Petshop in the retail and wholesale business. In its development, many similar companies have sprung up, becoming competitors in the pet shop world.

Currently, the company's performance measurement, owned by Saffron Petshop, is only limited to reporting the number of sales and profits per month that the company has achieved. This certainly cannot describe the overall condition of the company. To be able to compete with
competitors, companies must be able to manage their resources and innovate to create customer satisfaction. Especially with the condition of the company, which is still developing and wants to expand, many things must always be considered to make improvements. Therefore, Saffron Petshop needs a performance measurement system that measures performance from both financial and non-financial aspects. Designating a performance measurement system with the Balance Scorecard (BSC) framework is the appropriate method.

From the background explained above, this research focuses on the "Business Strategy Map of Saffron Petshop Key Performance Indicator Based on Balance Scorecard." The problems in this study are as follows: First, how is the Saffron Petshop business strategy map in terms of financial and non-financial aspects according to the company's vision, mission, and strategy? Second, what is the Key Performance Indicator for each perspective that Saffron Petshop can compile based on BSC?.

2 LITERATURE REVIEW

Research related to formulating and implementing corporate strategy with the Balanced Scorecard method has been carried out by various previous researchers.

2.1 REVIEW OF EXISTING FORMULATION AND IMPLEMENTATION OF COMPANY STRATEGY USING THE BALANCED SCORECARD METHOD

Table 1
Review of Existing

<table>
<thead>
<tr>
<th>Author/Year</th>
<th>Method</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Pika &amp; Dharmadika, 2018)</td>
<td>Quantitative</td>
<td>The results of this study concluded that the performance of PT BPR Sari Sedana from a financial perspective, customer perspective, and learning and growth perspective is good. In contrast, the internal business process perspective is quite good.</td>
</tr>
<tr>
<td>(Andriyanto &amp; Metalia, 2010)</td>
<td>Quantitative</td>
<td>According to the study, BSC-enabled SOEs do better managerially than those that use traditional assessments of performance. This data can be employed as a starting point for a study into the reasons behind the lack of adoption of the balanced scorecard in Indonesian companies.</td>
</tr>
<tr>
<td>(Amboro, 2017)</td>
<td>Qualitative and Quantitatif</td>
<td>The research outcomes indicate that: (1) the Tarakanita Foundation's process for creating the Balanced Scorecard demonstrates 100% compliance with the academic sector's process, as per the scientific review; and (2) the Tarakanita Foundation's the notion for the Balanced Scorecard. The Tarakanita Foundation reports that the learning sector complies with the Balanced Scorecard theory in 75% of cases, while the use of the Balanced Scorecard at the Tarakanita the Foundation demonstrates 67% of cases.</td>
</tr>
</tbody>
</table>
The study results indicate that the practice of good corporate governance in PDAMs in Jambi Province has pretty good criteria. PDAM performance scores, as measured by the balanced scorecard, show that overall PDAM performance is still categorized as less than the maximum performance target. The Pearson Product Moment test results show a solid but insignificant relationship between good corporate governance practices and performance.

The results showed that both from a financial perspective, customers, internal business processes, and learning and growth have a significant influence on improving company performance. This means that with strategic measurements, the goals and programs in the form of actions from each perspective can influence the improvement of company performance.

The results of this study suggest a balanced scorecard is a prominent tool that can be used to strategize and monitor organizational performance. The overall strength of the BSC is that it builds an evaluation system that generates precise performance indicators.

This research states that the balanced scorecard is an innovative system concept in strategic control that considers both financial and non-financial factors as well as external and internal factors.

2.2 BALANCE SCORECARD

According to Atkinson et al. (1997), the Balanced Scorecard is: "a measurement and management system that views a business unit's performance from four perspectives: financial, customer, internal business process, and learning and growth." Thus, the Balanced Scorecard is a company performance measurement tool that measures the company's overall financial and non-financial performance using four perspectives: financial perspective, customer perspective, internal business perspective, and growth and learning perspective. In addition, the Balance Scorecard also provides a framework to translate the company's strategy into operational terms. Kaplan & Norton (2000) indicated businesses create a variety of management procedures using the scorecard measuring focus.

With the Balance Scorecard, a company's objectives are not only expressed in financial measures. Still, they are described in terms of how the company creates value for current and future customers and how the company must improve its internal capabilities, including investment in people, systems, and procedures needed to obtain better performance in the future. Through the Balance Scorecard, financial and non-financial performance measurement is expected to become part of the organization's information system for all employees and levels. Pancawati et al. (2010) Today, the Balanced Scorecard is no longer considered a performance measure but has become a framework for thinking in strategy development.

The following is an image of the Balance Scorecard framework, which consists of four perspectives, including financial perspectives (finance), customers (customer), internal business processes (internal business processes), and learning and growth (learning & development).
A strategy map is formed after forming the framework of the Balance Scorecard as shown above. The strategy map is a set of strategies grouped and adjusted to the perspectives in the Balance Scorecard. The following is an example of a balanced scorecard strategy map.

**Figure 1**
*Framework Balance Scorecard*

![Framework Balance Scorecard Diagram](image)

Source: (Kaplan & Norton, 2000)

**Figure 2**
*Strategy Map BSC*

![Strategy Map BSC Diagram](image)

Source: (Kaplan & Norton, 2000)
2.3 KEY PERFORMANCE INDICATORS (KPI)

Key performance indicators or measurements are used to calculate performance achievement against predetermined strategic goals (Kristiyanti, 2012). Each strategic goal contained in the BSC must have KPIs that have been determined. Of course, the KPIs must be sustainable and relevant, so making them is not easy. If the KPIs are inappropriate, the performance measurement can be irrelevant (Soemohadiwidjojo, 2015). There are seven characteristics of effective KPIs, according to David Parmenter, namely:

**Figure 3**

*Characteristics of Key Performance Indicators*

Indicators of performance are critical to a business's development. It is now imperative for the organization to have a well-defined vision and mission, along with actionable plans to achieve its objectives. However, the business is still able to gauge its performance thanks to key performance indicators. Is it right, or is it completely wrong? Since key performance indicators are instruments for measuring an organization's success, they must also represent the objectives of the organization. Each company's Key Performance Indicators may differ according to its needs.

Critical Performance Indicators require careful planning. The availability of accurate and consistent data and information must also support it. This is where information systems play an essential role for a company. Suppose the company is able to provide an accurate,
consistent, and easily accessible information system for anyone interested. In that case, the data obtained can undoubtedly be accounted for its accuracy and consistency. As a result, the company must also provide functional and targeted information technology tools. For key performance indicators to function optimally, they must fulfill the SMART rules, which are scientific, measurable, achievable, reliable, and time-bound.

### Table 2

*Examples of KPIs and Targets for Strategic Objectives*

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO</td>
<td>Good budgeting management</td>
</tr>
<tr>
<td>KPI</td>
<td>Percentage of budget used</td>
</tr>
<tr>
<td>Target</td>
<td>Not more than 7%</td>
</tr>
</tbody>
</table>

### 2.4 STRATEGY MAP

According to Luis & Biromo (2010), A strategy map describes the interrelationships between several strategic objectives in the form of causal relationships, which explain the "journey" of an organization's strategy. Meanwhile, according to Mulyadi (2001), Through cause-and-effect links between strategic targets from the learning and growth perspective and strategic targets from the process view, customer perspective, and financial perspective, the strategy map demonstrates how to transform intangible assets into tangible ones. At the same time, Kaplan & Norton (2001) explain that the strategy map for the balanced scorecard makes the strategy hypothesis explicit. Each measure on the balanced scorecard becomes embedded in a logical causal chain that links the expected outcomes of the strategy with the drivers that will lead to the strategic outcomes.

Dalam merumuskan rencana strategis perusahaan, tahap formulasi strategy is the first step as well as the key to successful strategy implementation. After formulating the strategy, the next step that needs to be done is to map the approach that has been formulated into a strategy map to facilitate communication with all levels of company managers. According to Luis & Biromo (2010), Balanced Scorecard-based strategy maps effectively illustrate the logical cause-and-effect relationships of predetermined strategies.

Visualizing the strategy as a strategic map will ensure focus and cohesion of the various strategic activities that have been determined. Also, a strategic map will facilitate communication and understanding of the strategy, thereby increasing the success rate of strategy implementation. According to Rohm (2002), The Strategy Map is built by linking the
company's strategic objectives with four perspectives: financial, customer, internal process, and organizational capacity.

The figure below shows how the goal (oval image) generates a causal relationship to define a strategy to deliver meaningful value to customers, employees, and business owners.

**Figure 4**

*Causal Relationships on the Strategy Map*

![Causal Relationships on the Strategy Map](image)

Source: (Rohm, 2002)

Furthermore, the Strategy Map with its strategic objectives can be seen
This research uses quantitative methods with a descriptive approach. The descriptive approach describes and explains phenomena to draw conclusions about phenomena with limited implications such as the organization's scope. Descriptive studies use quantitative and qualitative techniques to strengthen the weaknesses of each technique (Tjahjono, 2015). The survey method is research conducted on a population by analyzing data from the population.

The data sources in this study are entrepreneurs, producers, and consumers, who comprise the scope of the research data. The research data collected comes from the organization or collection of the human resources section, the sales section, and the finance section, and the time horizon is cross-sectional (studies conducted with data that is only collected once in a certain period, daily, weekly, monthly, and annually to answer research questions). The object studied is Saffron Petshop, which includes the four perspectives that will be the benchmark in working on the Balanced Scorecard.
3.1 OPERATIONAL VARIABLE

Table 3

Operational Variable

<table>
<thead>
<tr>
<th>Variable</th>
<th>Concept of Variable</th>
<th>Indicator</th>
<th>Parameters</th>
<th>Scale</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Performance Measurement using the Balanced Scorecard method</td>
<td>An instrument for management used to raise the standard of accountability and decision-making is organizational performance measurement. In order to enhance organizational performance measurement serves as a management and communication tool.</td>
<td>Key Performance Indicator (KPI)</td>
<td>Financial and Non-financial</td>
<td>Ratio</td>
<td></td>
</tr>
<tr>
<td>Four Perspectives</td>
<td>A balanced scorecard is a strategic management system, more accurately called a &quot;Strategic responsibility accounting system,&quot; that translates an organization's mission and strategy into operational goals and performance benchmarks.</td>
<td>1. Financial Perspective</td>
<td>Ratio</td>
<td>Sales target</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Customer perspective</td>
<td>Nominal</td>
<td>Satisfied/not</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Internal Business Process Perspective</td>
<td>Ratio</td>
<td>Number of innovations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Learning and Growth Perspective</td>
<td>Nominal</td>
<td>Existence/absence of Management Training (MT))</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ratio</td>
<td>Variations of promotion</td>
<td></td>
</tr>
</tbody>
</table>

3.2 DATA COLLECTION TECHNIQUES

The data collection techniques used in this research are semi-structured interviews and questionnaires to customers at Saffron Petshop. The questionnaires distributed are included in the closed questionnaire because the answers are already available, so respondents can choose the answers that are already available and study relevant literature to obtain a theoretical overview of the concept of Balanced Scorecard performance appraisal. The data analysis used in this research is SWOT analysis, making a Swot analysis diagram, a strategy map, and a KPI.

4 RESULTS AND DISCUSSION

In this section, the author will analyse and discuss the company's performance measurements, including each measure of success covered in each perspective in a balanced scorecard. In addition, a strategic plan has been prepared, and Saffron Petshop will use that as a reference for strategy selection to improve company performance.
4.1 CUSTOMER PERSPECTIVE

The customer perspective is an indicator of customer satisfaction. Customer satisfaction indicators are measured by questionnaires with a total of 100 customers. Most customers are satisfied with Saffron Petshop's services in terms of service quality dimensions. Tjiptono (2007) states that there are five dominant factors or determinants of service quality; five dominant factors include:

1. Tangible has indicators of interior quality, exterior quality, comfort of seats in outlets, cleanliness of outlets, completeness of facilities in outlets, and tidiness of employee uniforms;
2. Empathy indicates an employee's ability to communicate friendliness, understanding customer needs, and employee courtesy;
3. Reliability is an indicator of customer confidence in service quality, and employees do not differentiate between the services provided to customers and the accuracy of sales assistant services to customers;
4. Responsiveness indicates employees responding to customer complaints, having clarity of product information, knowing to answer customer questions, and having initiative in providing customer services;
5. Assurance has indicators of the accuracy of opening and closing schedules, security in outlets, safety guarantees, and guarantees of accuracy.

4.2 FINANCIAL PERSPECTIVE

The financial perspective has indicators of profit development, liquidity development, an increase in net profit, and company revenue. The profit development indicator provides a development result of 9.73%. This increased value refers to the profit earned in 2021 compared to 2020. This shows that the value obtained in 2021 has grown compared to 2020. During the pandemic, petshop visitors have increased significantly because nowadays, many people work at home. So, they pay more attention and care for their pets, and few want to adopt animals. So, it can be said that the petshop business is not negatively affected by the covid 19 pandemic (https://ekbis.sindonews.com)
4.3 INTERNAL BUSINESS PERSPECTIVE

The internal business perspective has indicators of service and product innovation development. In service, Saffron Petshop provides convenience for customers through a free delivery service. This causes customers to feel satisfied with the ease of service and does not burden them because of shipping costs. Another innovation made by Saffron Petshop is the manufacture of cat litter with good quality but affordable prices. Moreover, suitable quality cat litter must be imported first, even though the import ban during the pandemic makes it difficult for importers to bring goods from abroad. Saffron Petshop has also utilized information technology such as social media, online marketing systems, etc.

Reward and punishment explain how employees are handled through rewards and punishments. In the range of 2020 - 2021, Saffron Petshop gives rewards to its employees an average of two people per month, while for punishment, on average, one person per month is given to employees.

4.4 GROWTH AND LEARNING PERSPECTIVE

From a growth and learning perspective, indicators are increased employee productivity, number of employees, and satisfaction. The level of employee productivity is a benchmark to determine the percentage of employee productivity at work. With 35 employees in 2020, productivity has increased by 9% compared to the previous year's productivity. This is because the work system at Saffron Petshop has been arranged so that work can be completed immediately.

The number of employees is how Saffron Petshop can retain its employees each year. In 2020, the number of employees entered two people, while in 2021, the number of employees entered three. The development of the number of employees by 50% shows that there will be an increase in the number of employees in 2021.

Employee satisfaction indicators were measured using a questionnaire with 23 employees as a sample. The data was tested for validity and reliability, and all data that had been taken was declared valid and reliable. From the data taken, employees are satisfied with the criteria statement that is the benchmark for the questionnaire.
5 CONCLUSION

Based on the discussion that has been described in the previous chapter, the conclusions of this study on measuring the effectiveness of company performance using a balanced scorecard include: First, the effectiveness of performance based on a financial perspective shows quite effective results with an increase in net profit when other types of businesses are affected by covid 19. Second, performance based on customer perspective shows very effective results when the indicators of good customer satisfaction levels are calculated.

Third, the effectiveness of performance based on internal business perspectives shows effective results with increased service and product innovation to increase revenue from Saffron Petshop. Fourth, performance based on a learning and growth perspective shows effective results with increased employee productivity and satisfaction.

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