

Four Pillars Of Organizational Success: An In-Depth Analysis Of The Balanced Scorecard Perspective In Strategic Decision Making

Mika Mutiara Br Kesogihin¹⁾, Nabila Syawalia²⁾, Juslena Ompusunggu³⁾, Putri Nidiaty⁴⁾, Minarta Juani Aulia Sianturi⁵⁾, Galih Supraja⁶⁾

^{1,2,3,4,5,6)}Accounting Study Program, Faculty of Social Sciences, Panca Budi Development University

*Corresponding Author

Email : galih@dosen.pancabudi.ac.id

Abstract

In a competitive and dynamic business environment, performance measurement based solely on traditional financial indicators is no longer considered adequate to reflect the overall health of an organization. This study aims to examine the effectiveness of the Balanced Scorecard (BSC) as a strategic management system that integrates four key perspectives: financial, customer, internal business processes, and learning and growth. The method used was a systematic literature review and cross-sector case study analysis, ranging from large-scale manufacturing industries such as PT Toyota Astra Motor, the MSME sector, to the evaluation of information system performance in the culinary industry. The findings show that the implementation of the BSC is able to translate the organization's vision and mission into measurable strategic actions. In the manufacturing case study, the BSC successfully detected the imbalance between operational efficiency and the lack of product innovation and employee training, which is not visible in the financial statements alone. Conversely, in the service and information systems sector, the integration of the four perspectives showed strong alignment with the organization's business objectives, resulting in excellent system performance. Furthermore, the application in MSMEs proves that the BSC helps business owners balance short-term profit orientation with long-term sustainability through improving internal capabilities. In conclusion, the Balanced Scorecard is not just a measuring tool, but a vital strategic framework for managerial decision-making. By balancing financial and non-financial aspects, organizations can identify critical areas for improvement, drive innovation, and ensure sustainable competitive advantage into the future.

Keywords: *Balanced Scorecard, Performance Measurement, Strategic Management, Four Perspectives, Organizational Success.*

INTRODUCTION

In the modern business landscape characterized by globalization and increasingly fierce competition, organizations are required to possess a sustainable competitive advantage to survive and thrive. For decades, traditional corporate performance assessments have relied heavily on financial metrics. While financial indicators are important for assessing past results, this approach is considered fundamentally flawed because it tends to be short-term in nature and often ignores intangible assets such as human resource capabilities and customer satisfaction, which are crucial for future success.

Recognizing the limitations of one-dimensional measurement, the Balanced Scorecard (BSC) concept was introduced by Robert Kaplan and David Norton in the early 1990s as a comprehensive solution. The BSC offers a framework that balances financial and non-financial indicators through four main perspectives, namely: (1) Financial Perspective, (2) Customer Perspective, (3) Internal Business Process Perspective, and (4) Learning and Growth Perspective. These four pillars do not stand alone, but have a causal relationship that is interrelated, where improvements in the learning and growth aspects will drive internal process efficiency, increase customer satisfaction, and ultimately lead to improved financial performance.

The transformation of the BSC from a mere measuring tool into a strategic management system enables organizations to translate abstract visions and missions into concrete operational actions. The relevance of this method has been proven across sectors, from large manufacturing corporations such as PT Toyota Astra Motor, which uses it to monitor ROI stability and customer satisfaction, to medium-scale manufacturing industries that utilize it to detect product innovation gaps. Furthermore, the culinary services sector and MSMEs have also begun adopting the BSC to ensure alignment between information technology services, marketing strategies, and customer satisfaction.

Furthermore, the dynamics of business competition in the contemporary era have undergone a fundamental shift, where intangible assets such as human resource capabilities, a culture of innovation, and customer loyalty play a far more dominant role than physical assets in creating corporate value. The conventional accounting paradigm, which relies solely on lagging financial indicators, is considered fatally limited because it can only capture past historical results without providing predictive insight into the organization's future viability. Sole reliance on financial metrics often traps management in the illusion of short-term success, while simultaneously degrading the company's operational foundations undetectably.

This phenomenon underscores the urgency of adopting a more holistic and multidimensional performance measurement framework. Organizations, both large corporations and Micro, Small, and Medium Enterprises (MSMEs), often face strategic "blind spots." They may record nominal profits but fail to identify inefficiencies in internal business processes or declining customer satisfaction that are slowly eroding market share. Therefore, this research is highly significant in examining how the integration of financial and non-financial perspectives through the Balanced Scorecard method can uncover these performance distortions and provide a more accurate roadmap for translating strategic vision into measurable and sustainable operational actions.

RESEARCH METHODS

Research Design

This study uses a qualitative approach with a descriptive-analytical design. In accordance with the characteristics of non-interactive qualitative research or literature studies, the main focus of this study is to collect, identify, and provide interpretations of concepts and phenomena contained in written documents without conducting direct field observations. This approach was chosen to understand the phenomenon of Balanced Scorecard implementation in depth by exploring the meaning, process, and context of its implementation from various organizational management perspectives that have been documented in previous research. This method allows the author to synthesize findings from various industrial sectors to build a comprehensive understanding of the role of the four Balanced Scorecard perspectives in strategic decision-making.

Data Types and Sources

The type of data used in this study is secondary data, that is, data not obtained directly from the research subjects but through media or published documents. Data sources include academic literature in the form of scientific journals and research reports relevant to the Balanced Scorecard topic.

The data reviewed includes six main reference documents that represent variations in Balanced Scorecard implementation, including:

- A conceptual study and literature review of the basic theory and history of the Balanced Scorecard.
- Case study on a large-scale manufacturing company (PT Toyota Astra Motor).
- Analysis of the medium manufacturing industry (PT X Pot Factory).
- Implementation in the MSME sector.
 1. Evaluation of information system performance in the culinary industry (CV Sambara Boga).
 2. A systematic literature review on the use of BSC in various public and private sectors.

Data collection technique

Data collection techniques are carried out through documentation or library research. This process is similar to a detective investigation, where researchers gather primary and supporting data from various written literature. The data collection steps include:

- Search and Selection: Collecting journals and scientific articles relevant to the keywords Balanced Scorecard, performance measurement, and strategic management.
- Identification: Review the document to ensure the relevance of the content to the four BSC perspectives (Financial, Customer, Internal Business, Learning and Growth).
- Data Extraction: Taking the essence of the problem background, methods, and discussion results from each literature.

Data Analysis Techniques

Data analysis was conducted using content analysis and literature synthesis methods. This process aims to answer the research question through an in-depth understanding of books, documents, or other written sources. The analysis stages include:

1. Interpretation: Interpreting data found in reference journals to obtain facts about the study being discussed.
2. Comparative Synthesis: Comparing the implementation of BSC in various sectors (Manufacturing, Services, MSMEs) to find patterns of similarities and differences in strategic decision making.
3. Systematic Arrangement: Arranging the collected data in a structured manner to draw conclusions regarding the effectiveness of the Balanced Scorecard as a pillar of organizational success.

Validity Check: Ensuring the credibility of the data by using valid reference materials and re-checking the suitability between the data and existing theories.

RESULTS AND DISCUSSION

Performance Measurement Transformation: From Traditional to Comprehensive

The literature review reveals a significant paradigm shift in organizational performance measurement. Traditional methods that focus solely on financial statements are fundamentally flawed because they focus only on past results (lagging indicators) and tend to ignore intangible assets such as human resource competencies. Using a single indicator, such as short-term profit, often compromises a company's long-term viability.

In contrast, the Balanced Scorecard (BSC) serves as a framework that complements financial measures with performance drivers. The BSC has proven effective in translating an organization's vision and strategy into concrete operational actions through four balanced perspectives: finance, customers, internal business processes, and learning and growth. The primary advantage of this method lies in its comprehensive, coherent, balanced, and measurable characteristics, enabling it to boost an organization's ability to multiply long-term performance.

Analysis of the Four Pillars of Perspective in a Cross-Sector Case Study

Based on data synthesis from various research objects, the following is an in-depth discussion of the implementation of the four pillars of the BSC:

1. **Financial Perspective** Although the BSC emphasizes non-financial aspects, the financial perspective remains the ultimate goal for measuring the economic impact of the implemented strategy. In the case study of PT. X (Piece Pot Manufacturing), financial ratios such as net profit, equity, and assets showed a positive upward trend over the five years of observation (2017-2021). Conversely, at PT. Toyota Astra Motor, although the operating ratio was considered good, the ROI (Return on Investment) and profit margin indicators showed a downward trend or were at an "adequate" level, which was a signal for management to re-evaluate even though operations were running smoothly. In the MSME sector, financial performance was considered less than optimal due to marketing factors that had not yet expanded, resulting in suboptimal revenue.

2. **Customer Perspective** This perspective measures satisfaction, retention, and market share as key indicators.

Research results at PT. Toyota Astra Motor and PT. X indicate a good level of customer satisfaction. Consumers are satisfied with the company's service and image, which are important assets for loyalty. However, in the case of MSMEs, a serious problem was identified, namely a decline in the ability to acquire new customers. This was identified as the impact of a lack of promotion and service innovation, which resulted in customers switching to competitors.

3. **Internal Business Process Perspective** This perspective focuses on innovation and operations processes to create value for customers. The BSC has proven effective in detecting "hidden diseases" within an organization:

At PT. X, although production and service efficiency have shown improvements, marked by reduced cycle times, this has not been fully proportional to overall process effectiveness. There are indications that the accelerated workflow undertaken to achieve quantity targets has actually left gaps in quality control. This is evident in the persistence of rework activities, which, although not dominant, still create hidden cost inefficiencies. Furthermore, in the case of MSMEs, internal process weaknesses are clearly visible in the lack of product innovation and still conventional inventory management. The inability to adopt appropriate operational technology causes business processes to be slow and prone to human error, which ultimately hinders their ability to compete with more established companies.

4. **Learning and Growth Perspective** This perspective is the main foundation of the Balanced Scorecard building, because it focuses on the infrastructure that an organization must build to create long-term growth: people, systems, and organizational procedures.

Employee Capabilities: Based on data from the research objects (specifically PT. X and PT. Toyota Astra Motor), the level of employee satisfaction and workforce retention is in the "Good" category. This indicates that the organizational climate and compensation system

implemented have succeeded in motivating employees. Satisfied employees have been proven to have higher productivity (achieving an average score above 4 on a scale of 5), which is vital capital for the smooth running of internal business processes. Information System Capabilities: The role of information technology has proven crucial in supporting performance. Companies that have integrated reliable information systems are able to provide decision-makers with fast and accurate data access. Conversely, entities with minimal technological support experience communication barriers and delayed responses to market changes.

Discussion of Causal Relationships Between Perspectives

A comprehensive analysis of the four pillars above confirms the existence of a close and inseparable cause-and-effect relationship. This research finding demonstrates that superior financial performance is not a fluke, but rather the end result of a series of fundamental improvements.

This mechanism works sequentially: Investment in Learning and Growth (employee training and system improvements) directly increases staff competence and motivation. Competent employees are then able to improve Internal Business Processes to be more efficient, innovative, and error-free. This excellent process automatically increases the value received by customers, thus increasing scores on the Customer Perspective (satisfaction and loyalty). Ultimately, loyal customers will make repeat purchases, which leads to improved Financial Perspective (profitability and ROI).

Conversely, failure in one perspective, such as low innovation in internal processes (as is the case with MSMEs), will disrupt the value chain, resulting in lost market share and decreased financial returns. Therefore, the Balanced Scorecard cannot be implemented in isolation but must be holistically integrated as a single strategy.

CONCLUSION

Based on an in-depth analysis of the literature and various cross-sector case studies, this study concludes that the Balanced Scorecard (BSC) is a crucial tool for bridging the gap between long-term strategic planning and daily operational execution. Traditional approaches that rely solely on financial indicators have proven inadequate for mapping the overall health of an organization, as they often fail to detect fundamental issues in intangible assets. The integration of the four pillars of the BSC perspective of finance, customers, internal business processes, and learning and growth provides a holistic view for management in strategic decision making:

Cross-Sector Performance Validation: The implementation of the BSC has proven relevant and adaptive across various business scales. In a large corporation like PT. Toyota Astra Motor, the BSC effectively maintains performance stability amid fluctuating financial indicators by maintaining customer satisfaction and high internal innovation. In the culinary services sector (CV. Sambara Boga), the alignment between information systems and business objectives results in excellent system performance.

Diagnostic Functions: The BSC serves as a powerful early diagnostic tool. This is evident in the manufacturing case (PT. X), where healthy financial reports masked critical facts about

stagnant product innovation and a lack of employee training. Without BSC intervention, these fundamental weaknesses could potentially erode the company's future competitiveness.

MSME Strategy Guide: For the MSME sector, BSC helps business owners identify the true root of financial problems, which often boil down to a lack of promotional activities (customer perspective) and limited budget for human resource development (learning perspective).

The Managerial Implications of Balanced Scorecard Implementation emphasize that financial performance is merely a consequence of successfully managing the other three perspectives. Therefore, organizations are advised to no longer treat employee training or technology system development costs as mere expenses, but rather as strategic investments that drive business process improvements and increase customer loyalty. Management must establish clear causal relationships between perspectives so that the organization's vision can be translated into measurable targets that can be evaluated periodically.

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