

## CHAPTER I INTRODUCTION

### A. Study Background

The business world is constantly evolving, often experiencing rapid and drastic changes. Intense competition among businesses has led to significant shifts in various areas, including product competition, market dynamics, resource management, and corporate transactions.<sup>1</sup> This fierce competition has contributed to declining profits across multiple business units, making it essential for them to pursue unique advantages to attract consumer attention.<sup>2</sup> Difficult competition in the business field, makes businessmen look for imagination and creative things to survive in developing their businesses,<sup>3</sup> on the other hand, the performance of a business unit must be measured.

Measuring the performance of a corporate is a very important factor for a business organization. With the measurement of business unit performance, business unit management can evaluate all activities that have been carried out by the person in charge of each sector with the set activity standards.<sup>4</sup> The performance measurement system in a corporate has a huge influence on individual activities in both internal and external companies. If a corporate wants to survive with its business competition, then the use of an accurate measurement system and strategic management is required.<sup>5</sup>

The performance of a business unit can be measured using ROI (Return on Investment), ROE (Return on Equity), and profit margin. However this method

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<sup>1</sup> Akhyar, Z, et al, Implementasi Metode Balanced Scorecard Untuk Mengukur Kinerja Diperusahaan Engineering (Study Case PT. CSE), *Journal Industrial Services*, Vol. 05, No. 02, Maret 2020, p. 251.

<sup>2</sup> Harahap, S.F dan Tirtayasa, S, Pengaruh Motivasi, Disiplin, dan Kepuasan Kerja Terhadap Kinerja Karyawan di PT. Angkasa Putra II (Persero) Kantor Cabang Kualanamu, *Maneggio: Jurnal Ilmiah Magister Manajemen*, Vol. 03, No. 01, 2020, p. 120.

<sup>3</sup> Zeri Yusdinata dan Jeni Irawati, Perancangan Pengukuran Kinerja Perusahaan Logistik Menggunakan Metode Baalnced Scorecard (Studi Kasus PT. Centric Logistik Indonesia), *JIK: Jurnal Industri Kreatif*, Vol. 05, No. 01, 2021, p. 42.

<sup>4</sup> Ivan Albertus Andika, et al, Analisis Balanced Scorecard Sebagai Alat Pengukuran Kinerja Perusahaan X, *INAQUE: Journal Of Industrial and Quality Engineering*, 2019, p. 110.

<sup>5</sup> Anggi Mayasari Lubis, et al, Analisis Balanced Scorecard Sebagai Alat Pengukur Kinerja Perusahaan (Studi Kasus pada PT Toyota Astra Motor), *Trending: Jurnal Manajemen dan Ekonomi*, Vol. 01, No. 01, Januari 2023, p. 209.

has a drawback, namely it is less effective, because it only focuses on the financial systematics in the corporate and does not explain the conditions comprehensively. The results of this measurement have a great influence on the business unit as a whole, especially on internal management.<sup>6</sup> This traditional concept only focuses on increasing the corporate's short-term profits and pays less attention to the corporate's long-term viability.<sup>7</sup>

Over time, many have found new methods of measuring corporate performance, one of them is the Balanced Scorecard. This method can answer the needs of business units in assessing performance, because this method has a contemporary management system consisting of four aspects of performance, namely finance, customers, internal processes, learning and growth.<sup>8</sup> This implementation will be carried out in all processes of measurement, recording, achievement, and implementation so that the mission of the business unit can be carried out by the process carried out.<sup>9</sup> This system implements systematic performance with patterns that can overcome the weaknesses of performance that are still oriented to the traditional system to produce a satisfactory scorecard and meet the needs of the corporate's goals.<sup>10</sup>

The Balanced Scorecard is a system that measures the performance of business units to create a balance in different strategies so that they can achieve success in business, which can further encourage all aspects to develop according to the interests of the organization. This can be a decisive tool which help focus on business units, communication aid, set goals for the organization,

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<sup>6</sup> Imawanty dan Rais Hidayat, Balanced Scorecard (BSC) Sebagai Strategi: Studi Kasus Implementasi BSC Pada Organisasi Pendidikan, *NERACA: Jurnal Ekonomi, Manajemen, dan Akuntansi*, Vol. 01, No. 04, 2023, p. 370.

<sup>7</sup> Fitria dan Robby Ardiansyah, Penggunaan Metode Balanced Scorecard Untuk Mengukur Kinerja Pekerjaan Pada PT. Bangun Cipta Karya Pamungkas (PT. BCKP), *IBI Darmajaya*, 2019, p. 79.

<sup>8</sup> Pramesti dan Kristian, Penerapan Balanced Scorecard Pada Bisnis Kuliner di Karanganyar, *Journal Ukrim*, 2021, p. 203.

<sup>9</sup> Yuwono S, *Petunjuk Praktis Penyusunan Balanced: Menuju Organisasi Yang Berfokus Pada Strategi*, Jakarta, PT. Gramedia Pustaka Utama, 2002, p. 53.

<sup>10</sup> Teichgraber, U, et al, Development Of A Balanced Scorecard As A Strategic Performance Measurement System For Clinical Radiology As A Cost Center, *Insight Into Imaging*, Vol. 12, No. 01, 2021, p. 69.

and provide strategy feedback. This method can also be a comprehensive performance measurement.<sup>11</sup>

The Balanced Scorecard is a concept created by Kaplan and Norton in 1992. This concept was born to be a method of assessing the performance of business units in measuring the financial and non-financial of a business unit so that it can adjust the goals to be achieved by the organization. In 1992 this concept was widely used for experiments, so that companies participating in this experiment could feel different than before. As a result, many companies are doubling their performance from financial and non-financial.<sup>12</sup>

The corporation's performance that has been measured will produce results that are means to know the value of the performance that has been determined and implemented so that it can be a benchmark for pre-existing provisions.<sup>13</sup> Papa Ron's Pizza Semarang in improving its business performance conducts performance measurements, so that with the performance assessment, accurate values will be obtained as an evaluation for the overall performance of the business unit. With this, the researcher wants to measure the performance of the Balanced Scorecard in order to find out the performance in it.

The measurement carried out by a corporate aims to find out the development of a corporate. The results of the current measurement will be the basis for making improvements so that they can determine steps to continue moving forward in the future.<sup>14</sup> The measurement of corporate performance has great benefits and is an important aspect for management so that it can know all the results of the activities carried out, this can be accounted for by

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<sup>11</sup> Sadikin, et al, Pengukuran Kinerja Tenant IBT-POLMAN Bandung Menggunakan Metode Balance Scorecard, *JIMEA*, 2020, p. 50.

<sup>12</sup> Iidria Maita dan Liffia Julian Fahrani, Analisis Kinerja Perusahaan Menggunakan Metode Balanced Scorecard, *Jurnal Ilmiah Rekayasa dan Manajemen Sistem Informasi*, Vol. 06, No. 02, Agustus 2020, p. 149.

<sup>13</sup> Mulyadi, *Sistem Terpadu Pengelolaan Kinerja Personel Berbasis Balanced Scorecard* (Edisi ke-1 Cetakan Keempat): Yogyakarta, 2018 : UPP STIM YKPN, p. 59.

<sup>14</sup> I Gede Putu Banu Astawa, et al, Penilaian Kinerja Koperasi Unit Usaha (KUD) Penebel Tabanan Dengan Pendekatan Balanced Scorecard, *Jurnal MONEX*, Vol. 09, No. 01, Januari 2020, p. 18.

each sector in the corporate.<sup>15</sup> Good and regular performance measurement will help the effectiveness of performance in the corporate both in the short and long term.<sup>16</sup>

## **B. Problem Formulation**

Based on the above background, the formulation of the problem in this study is:

1. How is the corporate's performance assessed through the Balanced Scorecard method?
2. How is the review of Islamic business ethics on the performance assessment of the Papa Ron's pizza business unit using the Balanced Scorecard method?

## **C. Research Objectives**

Based on the background and formulation of the problem, this study aims to find out:

1. Knowing how to assess corporate performance through the Balanced Scorecard method.
2. To find out the review of Islamic business ethics on the performance assessment of the Papa Ron's pizza business unit using the Balanced Scorecard method.

## **D. Research Limitations**

For the discussion in this study not to deviate from the actual main problem, the researcher gives limits to the problem to be researched. This restriction serves to avoid deviations or widening of the problem, because, with the restriction of the research, the research will be more directed and easier in its discussion, thus the purpose of the research will be achieved. This research will analyze the performance of business units using the Balanced Scorecard method with four approaches, namely financial performance, internal business, customers, and learning and growth, which will then be reviewed with Islamic

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<sup>15</sup> Didin Herlinudinkhaji, Pengukuran Kinerja Layanan Akademik Dengan Maturity Level dan Analisis It Balanced Scorecard Berdasarkan Perspektif Orientasi Pengguna, *Jurnal Teknik Informatika STMIK Antar Bangsa*, Vol. 07, No. 02, Agustus 2021, p. 57.

<sup>16</sup> Jeril Riski Malara, et al, Pengukuran Kinerja Instalasi Farmasi Rumah Sakit Advent Manado Dengan Metode Balanced Scorecard Pada Perspektif Keuangan Dan Perspektif Proses Bisnis Internal, *PHARMACON: Program Studi Farmasi, FMIPA, Universitas Sam Ratulangi*, Vol. 09, No. 04, November 2020, p. 513.

business ethics. The object to be studied is Papa Ron's Pizza in the city of Semarang.

#### **E. Research Benefits**

This research has the goal of producing academic benefits and practical benefits, namely:

##### **1. Academic Benefits**

- a. In addition to insight into the Balanced Scorecard method and increase knowledge for students about the method of measuring business unit performance using the Balanced Scorecard method.
- b. As a material for study and reference in the field of economics, especially in the field of Islamic business economics and is expected to be a consideration for readers in measuring performance and developing business units, especially with the Balanced Scorecard method

##### **2. Practical Benefits**

- a. In order to add insight for entrepreneurs, managers, business people and benefit all students of Universitas Darussalam Gontor
- b. In order to be useful for the manager and all employees of Papa Ron's Pizza Semarang so that they can find out the performance in the business unit and its development using the Balanced Scorecard method so that they can get satisfactory results in accordance with the goals of the business unit.