

## **ANALYSIS OF FINANCIAL PERFORMANCE BASED ON THE BALANCED SCORECARD METHOD BEFORE AND DURING COVID-19 PANDEMIC AT PT. BANK TABUNGAN NEGARA, TBK**

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*This research is a descriptive verification study. This study is divided into two sections: before the COVID-19 pandemic and during the pandemic. It employs primary data in the form of a questionnaire. The goal of this study was to ascertain if PT's financial performance before and during the COVID-19 epidemic was impacted by the balanced scorecard, namely the four viewpoints. The analysis technique using four views of the "balanced scorecard method—financial perspective, customer perspective, internal business process perspective, "and development and learning perspective—have a substantial impact on financial performance during the pandemic, according to the findings of the research Results obtained; Only the financial and the development and learning perspectives, however, have a substantial impact on financial performance during the COVID-19 epidemic. The internal business process perspective and the consumer perspective, however, have little impact on financial performance.*

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## 1. Introduction

Customer trust in choosing banking services is a very important point for banks to improve banking performance in this era of globalization. The selection of the bank that the customers want to use requires all banks to have a good strategy and advantages for customers that can differentiate one bank from another. To face business competition, banks must measure performance so they can find out whether the strategy is successful or not. So far, the company's performance has only been assessed from the financial perspective and the bank environment. This is called traditional performance measurement (Salin, A., 2018). Customer trust in choosing banking services is a very important point for banks to improve banking performance in this era of globalization. The selection of the bank that the customers want to use requires all banks to have a good strategy and advantages for customers that can differentiate one bank from another. To face business competition, banks must measure performance so they can find out whether the strategy is successful or not. So far, the company's performance has only been assessed from the financial perspective and the bank environment. This is called traditional performance measurement.

The use of traditional performance measures in the performance assessment of a banking company has implications that must be considered and must be improved. The impact of traditional performance measurement is that the company is oriented towards short-term profit only and tends to ignore the company's long-term survival (Kaplan and Norton, 1996 in Farhan et al., 2016). To overcome this impact, companies start to look for the best options that can measure performance not only from a financial perspective, but also from an overall perspective (non-financial perspectives). One option that is being considered is the use of the balanced scorecard to measure the performance of a company. The balanced scorecard is considered important in banking operations because it measures a very comprehensive aspect, especially in the very rapid development of banking, which requires all banks to race in innovation to keep their customers from migrating to other banks. Because it will point employees to the critical success criteria for establishing corporate performance, the Balanced Scorecard (BSC), a measuring concept that was directly formed from the organization's business plan, must be regularly evaluated.

The use of the balanced scorecard has also been used by the banking industry in Indonesia, one of which is PT. Bank Tabungan Negara (BTN), Tbk. The use of BSC is considered very important in banking operations because BSC measures a very comprehensive aspect, especially regarding the very rapid development of banking, which requires all banks, including BTN Bank, to race in innovation to keep their customers from moving to other banks. However, sometimes in the development of the banking industry, there are obstacles that cannot be prevented. One of the obstacles that must be experienced by the banking industry in the world, especially in Indonesia, is that the COVID-19 pandemic, which is unavoidable and has a negative impact on the Indonesian economy, including the Indonesian banking industry.



## 2. Literature Review

### Theoretical Framework

A bank is an entity that acts as a financial middleman and is often authorized to receive cash deposits, provide loans, and print banknotes, sometimes known as promissory notes. The Italian term “banca,” which meaning money changer, is where the word “bank” originates.

According to Law Number 14 of 1967’s Article 1 on Banking Principles, a bank is a type of financial organization whose primary activity is the provision of credit and services related to the movement of money and payment transactions. Financial institutions are defined as “all entities that, via their activities in the financial sector, extract money and distribute it to the public” under the same legislation or regulation. A government-owned bank is a bank whose establishment certificate and bank capital are fully owned by the government, and the profits obtained are also owned by the government. One example is the postal savings bank (which is now known as BTN). (Rahmawati, C Diah and Sulistiyo, A Budi., 2015)

### Balanced Scorecard

The Balanced Scorecard is a strategic planning and management approach that is extensively utilized in both profit-driven and non-profit companies, according to Kaplan and Norton (1996) (quoted by Farhan et al., 2016). These firms benefit from better internal and external communication, alignment of their vision and strategy, and monitoring of organizational performance in accordance with business objectives. The balanced scorecard is used to examine financial performance from both financial and non-financial angles, including the customer’s perspective, internal company procedures, and development and learning (Ningrum, 2017 in Vitriana et al., 2021). The following is a description of the balanced scorecard:



Figure 1. Strategy Mapping by Kaplan and Norton

### Financial Perspective

This financial perspective shows whether planning and implementing strategies can provide fundamental improvements or not. To measure the financial perspective, Bank Tabungan Negara uses the APPLE method which consists of Asset, Productivity, Profitability, Liquidity, and Efficiency.

### Customer Perspective

From the “customer perspective, the balanced scorecard” sees this aspect as a very important role in the life of the company. The growth and firmness of companies in

the competition among companies is unlikely to survive if there is no support from customers.



**Figure 2. The customer perspective according to (Kaplan & Norton, 2000)**

BTN Bank has indicators to measure performance based on customer perspectives, among others:

1. Market share is a benchmark for banks in examining banking competition.
2. Passive accounts and closed accounts
3. Opening a new account
4. Complaints

### **Internal Business Process Perspective**

It is a series of activities performed by companies to produce products and services for customers (Aminarianti, 2014). The indicators to measure this perspective include:

1. Service according to standards
2. Fast credit distribution
3. Improved infrastructure

### **Growth and Learning Perspective**

This perspective aims to encourage the organization to grow into a learning organization. The objective is to create the framework necessary for the other three viewpoints to be realized. According to (Kaplan & Norton, 2000), there are three perspectives of growth and learning, namely:

1. Worker's ability (quality and competence of employees),
2. Information system capability (information technology reliability),
3. Employee motivation, empowerment and individual company harmony

### **Financial Performance**

Financial performance, as defined by Sucipta (2003) (in Makatita, 2016), is the choice of certain metrics that may assess how successfully a firm or organization generates profits. Financial ratios may be used to assess financial performance and include the following:

1. Liquidity Ratios  
This ratio compares the number of current assets to the amount of current debt to determine the company's capacity to pay its short-term financial commitments (debt). The current ratio is the liquidity ratio in use. The current ratio measures how well the business can use its current assets to cover its short-term obligations.
2. Solvency Ratio  
To determine solvency, debt to total assets is used. This ratio illustrates the proportion of a company's assets that are backed by debt, emphasizing the significance of debt financing.
3. Profitability Ratio (Rentability)  
This ratio assesses managerial efficiency as measured by the returns on sales and investments made by the organization.

### Hypothesis

The research hypothesis is as follows:

1. It is suspected that there is an influence from a financial perspective on the financial performance at PT.BTN, Tbk
2. It is suspected that there is an influence from the customer perspective on the financial performance at PT.BTN, Tbk
3. It is suspected that there is an influence from the perspective of internal business processes on the financial performance at PT.BTN, Tbk
4. It is suspected that there is an influence from the learning and development perspective on the financial performance at PT.BTN, Tbk.

### 3. Research Methods

This study employs quantitative methods. Finding knowledge through quantitative research involves utilizing numerical data as a tool to assess information about what the researchers are trying to learn (Sugiyono, 2018). The focus of this study was PT. BTN, Tbk. The population of this study consisted of all of the workers of PT. BTN, Tbk., and the sample consisted of 80 employees of the Ambon Branch of PT. Bank Tabungan Negara, Tbk. The study's data types included the following:

1. Primary data: questionnaires and interviews at PT.BTN, Tbk., Ambon Branch.
2. Secondary data: financial reports and annual reports published by PT.BTN, Tbk.

The data analysis design used in this study was Partial Least Square (PLS).

**Table 1. Variabel Operational**

<b>Indicator</b>	<b>Defenition</b>	<b>Scale</b>
Financial Perspective	View profits, growth trends, economic value-added, return of equity and investment, and cash flow	Ratio
Customer Perspective	Looking at customer satisfaction, retention, acquisition, value, and market share	Ordinal
Internal Business Process Perspective	Showing critical processes that enable business units to provide value propositions that are able	Ordinal



	to attract and retain customers in the desired market segments and satisfy shareholders	
Learning and Development Perspective	Provide the infrastructure for achieving the previous three perspectives and for generating long-term growth and improvement	Ordinal
Financial Performance	Measurement of financial performance shows whether planning, implementation and implementation as well as strategies provide fundamental improvements	Ordinal

#### 4. Results

##### R-Square

**Table 2. R-Square Value before the Pandemic**

Construct	R- Square Value	Percentage (%)
Financial Performance (Y)	1.000	100%

Source: Smart PLS 3, 2022

The table above shows that the financial performance before the pandemic was influenced by the variables of financial, customer, internal business process, growth and learning perspectives by 100%.

**Tabel 3. R-Square Value during the Pandemic**

Construct	R- Square Value	Percentage (%)
Financial Performance (Y)	0.984	98%

Source: Smart PLS 3, 2022

The table above shows that the financial performance during the pandemic is influenced by the variables of financial, customer, internal business process, growth and learning perspectives by 98%.

##### Hypothesis testing

**Table 4. Hypothesis Results before the Pandemic and during the Pandemic**

Exogenous Variables	Before the pandemic		During the pandemic	
	T-Statistic	P Value	T-Statistic	P Value
Financial perspective	6.403	0.000	7.059	0.000
Customer perspective	6.671	0.000	0.636	0.525
Internal business process perspective	15.005	0.000	0.041	0.967
Growth and learning perspective	5.423	0.000	6.017	0.000

Source: Smart PLS 3, 2022

As observed in the table, the endogenous variable, namely financial performance, is significantly influenced by the exogenous factors, among them are the financial viewpoint, the customer perspective, the perspective on internal company





processes, and the perspective on development and learning. This is because the T-statistic value meets the criteria in which the applied criteria are the T-statistic value  $> 1.96$ , and the P-value  $< 0.05$ .

Only financial perception and development and learning perspectives have a substantial impact on financial success throughout the epidemic. However, neither the internal business process viewpoint nor the consumer perspective significantly affects financial performance. The following is an Inner Model Image before and after the COVID-19 pandemic

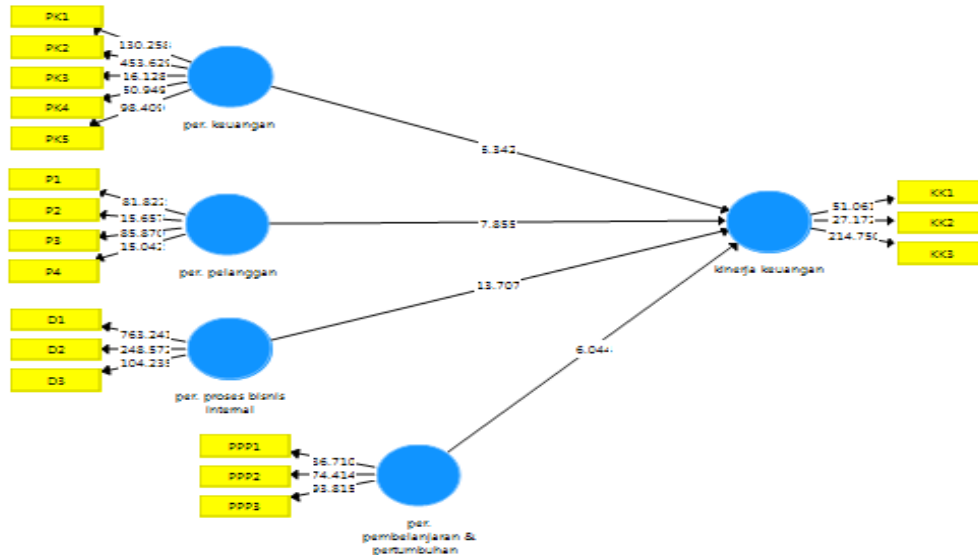


Figure 3. Inner Model (Before the Pandemic)

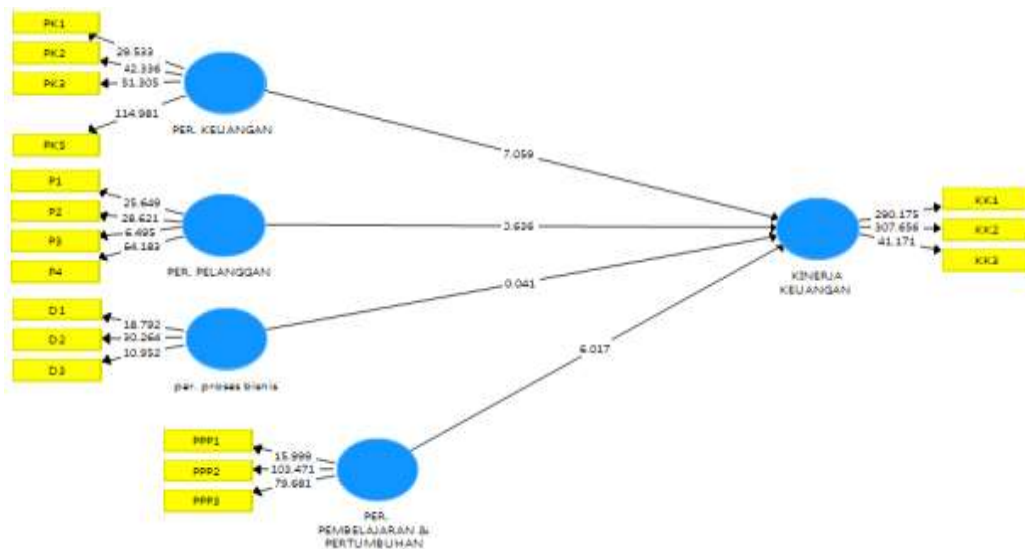


Figure 4. Inner Model (After the Pandemic)

## **Discussion**

### **Before the Covid-19 Pandemic**

#### **Financial Perspective on Financial Performance**

Asset, Productivity, Profitability, Liquidity, and Efficiency are the metrics used in the financial perspective to gauge financial performance. According to survey results, 91 percent of PT.BTN, Tbk. workers concur that the company's financial performance is impacted by the financial viewpoint. This is evident from the Smart PLS process findings, which demonstrate that prior to the pandemic, the financial viewpoint and the other three views had an impact on financial performance. Then, in the table of findings from the hypothesis test conducted before to the pandemic, it is evident that the financial viewpoint has a considerable impact on financial performance with a T-Statistic value of 6.403 or  $> 1.96$  and a P-Value of 0.000 or 0.05.

#### **Customer Perspective on Financial Performance**

Market share, closed and inactive accounts, new accounts, complaints, and market share are examples of consumer viewpoint indicators that were tested in this study. The results of the poll show that 91 percent of the employees of PT.BTN, Tbk. agree that customer perception affects the company's financial performance. The results of the Smart PLS methodology show that, prior to the pandemic, the customer perspective and three other viewpoints had an effect on financial performance. The table of results from the hypothesis test performed before the pandemic makes it evident that the customer's perspective has a significant influence on financial success. The T-Statistic value was 6.671 or  $> 1.96$  and the P-Value was 0.000 or 0.05.

#### **Internal business process perspective on financial performance**

This perspective focuses on strategies implemented by the banking industry to attract customer attention and loyalty to do transactions at the company. PT.BTN, Tbk. has carried out strategies to increase customer interest and loyalty to the company in the form of developed innovations, service standards and infrastructure provided, so as to improve financial performance. According to the findings from the questionnaire, PT.BTN, Tbk. workers overwhelmingly agreed—91%—that the internal business process viewpoint had an impact on the company's financial success. This is evident from the Smart PLS process findings, which demonstrate how, before the pandemic, internal business processes and the other three viewpoints had an impact on financial success. The table of data from the hypothesis test prior to the pandemic then reveals that the T-Statistic value is 15.005 or greater than 1, 96 and the P-Value is 0.000 or less than 0.05, indicating that the perspective of internal business processes has a large impact on financial performance.

#### **Growth and Learning Perspective on Financial Performance**

The long-term performance and expansion of the business are the main goals of this procedure. The same is done by PT. Bank Tabungan Negara, Tbk., which implements numerous growth- and learning-oriented initiatives to enhance the financial performance of the business. The outcomes of the Smart PLS method demonstrate that, prior to the pandemic, the growth and learning viewpoint and the





other three views had an impact on financial success. The findings of the hypothesis test prior to the pandemic indicate that the financial viewpoint has a substantial impact on financial performance with a T-Statistic value of 5.423 or  $> 1.96$  and a P-Value of 0.000 or 0.05.

### **During Covid -19 Pandemic**

#### **Financial Perspectives on Financial Performance**

Because of the Covid-19 epidemic, PT.BTN, Tbk's financial performance in 2020 was not successful. Employees nevertheless concur that a company's financial success may be impacted by its financial perspective. Based on the analysis's findings, between 66 and 95 percent of employees concur that the financial outlook has an impact on financial performance. This is because it is well known that the general economic climate in 2020 is unstable, which will also influence the Indonesian banking sector. Additionally, PT.BTN, Tbk, experienced it.

When viewed from the results of Smart PLS process, the R-Square table shows that during the pandemic, financial performance is influenced by the financial perspective and the other three perspectives by only 98%, while the other 2% is the influence from other factors not examined in this study. in the hypothesis test results table before the pandemic, it shows that the T-Statistic value: 7.059 or  $> 1.96$  and the P-Value: 0,000 or  $< 0.05$  during COVID-19 pandemic.

#### **Customer perspective on financial performance**

The results of the questionnaire reveal that 95% of the staff at the PT.BTN, Tbk., Ambon Branch, concur that the viewpoint of the client influences financial performance. However, 2020 was a challenging year for the Indonesian economy, particularly for the banking sector, which also affected the Ambon branch of PT.BTN, Tbk. The Covid-19 pandemic phase has led to a reduction in PT.BTN, Tbk customer's traffic, which has an impact on the company's declining financial performance.

Smart PLS results (R-square Result Table) indicate that, during a pandemic, only 98 percent of the financial performance is impacted by the viewpoint of the consumer, with the remaining 2 percent coming from influences that were not part of the study. Prior to the pandemic, the results of the hypothesis test were displayed in a table with the T-Statistic value of 0.636 or 1.96 and the P-Value of 0.525 or  $> 0.05$ . Conclusion: The customer's perspective has no bearing on financial success during the Covid-19 epidemic. This is because PT. Bank Tabungan Negara, Tbk's client visits and transaction volume have decreased owing to unsteady conditions. It affects the business's financial success as well.

#### **Internal Business Process Perspective on Financial Performance**

This perspective focuses on the strategies implemented by the banking industry to attract customer attention and loyalty to do transactions at the company. PT.BTN, Tbk. also has carried out strategies to increase the customer interest and loyalty to the company in the form of developed innovations, service standards and infrastructure provided, so as to improve financial performance. Based on the questionnaire data obtained, it can be seen that about 95% of PT.BTN, Tbk Ambon



Branch employees agreed that the perspective of internal business processes affects the company's financial performance. However, in 2020, PT.BTN, Tbk must face an unstable situation due to the Covid-19 pandemic which resulted in obstruction of the service system so that the transaction process was disrupted.

The results of Smart PLS process (R-square Result Table) show that during the pandemic, financial performance is influenced by the internal business process perspective and the other three perspectives by only 98%, while the other 2% is the influence from other factors not examined in this study. The hypothesis test results before the pandemic show that the T-Statistic value: 0.041 or  $< 1.96$  and the P-Value: 0.967 or  $> 0.05$ . It can be concluded that during Covid-19 pandemic, the perspective of internal business processes has no effect on financial performance. This is due to abnormal circumstances so that customer visits to make transactions at PT.BTN, Tbk decreased. It also has an impact on the company's financial performance.

### **Growth and Learning Perspectives on Financial Performance**

According to survey results, 95% of PT.BTN, Tbk. staff at the Ambon Branch agreed that the perspective of the client had an impact on financial success. However, 2020 was a challenging year for the Indonesian economy, particularly for the banking sector, which also affected the Ambon branch of PT.BTN, Tbk. The Covid 19 epidemic has resulted in a fall in consumer traffic at PT.BTN, which has an impact on the financial performance of the business.

The results of the Smart PLS (Table R-square Results) indicate that during the pandemic, the financial performance is influenced by the growth and learning perspective and the other three perspectives by only 98 percent, with the remaining 2 percent coming from other factors that were not considered in this study. Before the pandemic, the T-Statistic value was 6.017, or  $> 1.96$ , and the P-Value was 0.000, or 0.05, according to the table of hypothesis test findings. It may be argued that the development and learning viewpoint continues to have a substantial impact on financial performance during the Covid-19 epidemic.

## **5. Conclusion and Suggestion**

By including views other than financial ones, such as those of the customer, internal business processes, development, and learning, a balanced scorecard is a strategy used to assess a company's performance, particularly its total financial performance. The balanced scorecard system is also used by PT.BTN and Tbk to assess the company's financial performance. The financial statements of PT. Bank Tabungan Negara show that financial performance increased from 2015 to 2019 - or prior to the epidemic era. However, the Covid-19 pandemic conditions have negatively impacted the company's financial performance in 2020. The research's findings are summarized as follows: Prior to the COVID-19 epidemic, financial performance was significantly influenced by the perspectives of customers, employees, internal company processes, and learning and growth. Only the financial and development and learning perspectives. State of the art of this research, namely, previous research only looked at financial performance by using BSc in a company in one condition only. What distinguishes it from previous research is looking at the



financial performance of a company in a normal period and activities during periods when economic conditions are bad. and the results have a substantial impact on financial performance during the COVID-19 epidemic. The internal business process perspective and the consumer perspective, however, have little impact on financial performance. Based on the conclusions above, the suggestions that the authors can convey are:

1. It is expected that PT.BTN, Tbk. can extend service hours during the COVID-19 pandemic.
2. During the pandemic, it is hoped that there are additional tellers and customer services for the service process, so that the service process can run smoothly even though the conditions are not normal like before the pandemic.
3. It is expected that PT.BTN, Tbk. optimize services in customer complaints in order to improve services.
4. PT.BTN, Tbk. can optimize training for old and new employees in order to improve employee performance
5. PT.BTN, Tbk. should increase the use of social media to promote bank products to customers.
6. For future researchers who will take the same phenomenon or topic, they are expected to use a qualitative approach.

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