

The Effectiveness of The Balanced Scorecard Implementation

Abstrak :

Globalization has a significant impact on the healthcare industry in Indonesia. Some foreign players have entered to the Indonesia market aggressively, especially in the big cities, such as Jakarta and Surabaya. The Balanced Scorecard (BSC) is a widely-used and proven framework to help management of many organizations in the developed countries to improve their competitive advantage and performance. This study focused on how three local hospitals in Surabaya struggled and prepared their organizations to face the pressure of increasing global competition, and on how the BSC was used to assist management to improve competitive advantage of their organizations. This study also focused on how deep and how success the BSC was implemented as a comprehensive management system.

The result of the study showed that all three local hospital organizations have implemented the BSC framework, but at different stages. Although the management felt that the BSC was a very good concept, it was not easy to implement it in their organizations. The management faced several constraints, such as lack of commitment, inconsistency, conceptual misunderstanding, lack of information technology, difficulties in finding right measures, endurance of the BSC team, different management style, and culture shock.

In conclusion, the result of the study showed that it was not easy to implement the BSC in the developing countries, such as in local hospitals in Surabaya due to the lack of readiness in intellectual capital (human capital, information capital and organization capital). Although the management claimed that the BSC would assist them to compete with global competitors, they still heavily relied on the budgetary system as their performance measurement and management system.

Keyword :

globalization, competitive advantage, Balanced Scorecard, performance management systems, budgetary control system

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