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MEASURING THE PERFORMANCE OF BATAM CITY GOVERNMENT USING THE BALANCED SCORECARD (BSC) MODEL

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Abstract:
This study aims to measure the performance of the Batam City Government using the Balanced Scorecard (BSC) approach as a comprehensive performance measurement model. The BSC evaluates four main perspectives: financial, customer (public), internal processes, and organizational learning and growth. This study employs a qualitative descriptive approach, which is suitable for gaining an in-depth understanding of complex phenomena, particularly those related to organizational behavior and public administration. The research was conducted in Batam City, Indonesia, during the period from January to May 2025. The findings indicate that the implementation of BSC provides a holistic overview of budget management effectiveness, public service quality, internal process efficiency, and human resource development within the Batam City Government. The study also reveals that integrated performance measurement can enhance accountability, transparency, and the overall quality of governance. Therefore, the application of BSC in the public sector is considered a relevant strategic tool to support planning and more targeted decision-making.

Keywords: Balanced Scorecard, local government performance, public service, performance management, Batam City.

INTRODUCTION

The performance of local governments plays a vital role in achieving sustainable development, improving the quality of public services, and promoting good governance. In today's dynamic environment, public institutions are increasingly expected to deliver high-quality services that are transparent, accountable, and responsive to community needs. The city of Batam, as a Special Economic Zone (SEZ) and a Free Trade Zone (FTZ), has experienced rapid development, particularly in the industrial, trade, and investment sectors. This growth has brought about increased expectations from the public regarding the performance of government institutions.

However, traditional performance measurement systems used in the public sector often emphasize financial outcomes and output indicators, while neglecting important non-financial dimensions such as citizen satisfaction, internal processes, and the capacity for innovation and learning. This creates a fragmented and often inadequate assessment of organizational effectiveness. In response to this challenge, the Balanced Scorecard (BSC) model, developed by Kaplan and Norton, offers a more integrated and strategic framework. It allows organizations to translate their vision and mission into measurable indicators across four key perspectives: financial, customer (citizen), internal processes, and learning and growth.

This study aims to apply the BSC framework to assess the performance of the Batam City Government. By mapping governmental programs and strategies into the four BSC perspectives, this study seeks to generate a holistic and objective evaluation of organizational effectiveness.

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Moreover, it aims to provide practical recommendations for improving strategic planning, service delivery, and human resource management within the public sector.

METHODS

This study employs a qualitative descriptive approach, which is suitable for gaining an in-depth understanding of complex phenomena, particularly those related to organizational behavior and public administration. The research was conducted in Batam City, Indonesia, during the period from January to May 2025.

Data Collection Techniques. Document Review includes analysis of strategic plans (RPJMD), annual performance reports (LAKIP), budget realization documents (APBD), and relevant performance indicators. In-depth Interviews: Conducted with key stakeholders, including officials from the regional development planning agency (Bapelitbangda), the inspectorate, and various public service departments.

Observation, field visits to selected public service units to observe service delivery processes and internal administrative practices. Analytical Framework, the collected data were categorized into the four perspectives of the BSC.

Financial Perspective, focused on budget efficiency, realization rates, and revenue generation (especially PAD—Local Own-Source Revenue). Customer Perspective, assessed based on citizen satisfaction surveys, complaint management systems, and service quality indicators. Internal Business Processes, evaluated through Standard Operating Procedures (SOPs), innovation practices, and inter-agency coordination mechanisms. Learning and Growth, explored through HR development initiatives, training programs, employee satisfaction, and digital transformation efforts. The data were then interpreted using content analysis techniques, emphasizing pattern recognition and thematic synthesis to draw meaningful conclusions.

RESULT AND DISCUSSION

The application of the Balanced Scorecard model to the Batam City Government revealed several key findings across all four perspectives:

Financial Perspective. Batam City's financial performance demonstrates strong budget realization with increasing revenue from Local Own-Source Revenue (PAD), particularly from taxes and retributions such as hotel, restaurant, and advertisement taxes. In 2023, Batam received national recognition at the APBD Award for significant improvements in revenue collection. However, challenges remain in optimizing capital expenditures and ensuring equitable budget distribution among sectors.

The financial performance of the Batam City Government demonstrates fairly good financial management. The results of this study show that the financial perspective of the Batam City Government scored 71.42. This score is based on the application of the Balanced Scorecard (BSC) in the integrated information system, budget transparency, as well as management that prioritizes efficiency and effectiveness. The consistent achievement of an Unqualified Opinion (WTP) serves as an indicator of successful budget management. However, challenges remain in the form of the dominance of routine expenditure, lack of innovation in budget policy, limited real-time data, and the need to increase public participation in budget oversight.

Customer (Citizen) Perspective. The public's perception of Batam City Government's services is generally positive. The city received a "High Quality" rating in the 2023 Public Service Compliance Assessment by the Ombudsman of the Republic of Indonesia. A customer satisfaction index (IKM)

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shows that most residents are satisfied with services in areas such as civil registration, health, and education. However, issues like service delays and communication gaps still affect certain sectors.

From the customer (community) perspective, public services have shown improvement through service digitalization and increased community participation in development. The community provided a positive assessment, with the results of this study showing a score of 70.86, particularly in formal education and health services. Nevertheless, slow bureaucracy, complex regulations, and suboptimal digital services remain obstacles that need to be addressed to make services more responsive and inclusive.

Internal Business Processes. While Batam City has implemented SOPs across departments and has introduced digital platforms for licensing and public services, there is still room for improvement in inter-departmental coordination and process standardization. Bureaucratic inefficiencies and overlapping functions occasionally hinder service delivery. Strengthening monitoring systems and risk management is essential to improve internal performance.

In the internal process perspective, the effectiveness and efficiency of the Batam City Government's internal processes have been given attention. The results of this study show that the internal process perspective scored 67.85, which includes the use of information technology such as SIPD and SIMPEG. However, layered bureaucracy, suboptimal cross-sectoral coordination, and limited human resources still hinder quick and accurate decision-making.

Learning and Growth Perspective. The Batam City Government has made efforts in capacity building through employee training programs and the adoption of e-government systems. However, the findings suggest that these initiatives are not yet systematic or sustained across all units. Furthermore, innovation culture remains limited, with few departments actively engaging in performance-based incentives or collaborative problem-solving mechanisms.

The learning and growth perspective shows that efforts have been made to improve the capacity of government officials through training and fostering a culture of innovation. This is reflected in the learning and growth score of the Batam City Government, which stands at 56.42. This score is due to uneven implementation and the fact that the efforts have not yet had a significant impact on performance and public services. Budget constraints, the relevance of training, and a bureaucratic culture that does not fully support continuous learning remain the main challenges to be addressed.

CONCLUSION

This study demonstrates that the Balanced Scorecard is a practical and effective tool for measuring and improving the performance of public sector institutions. Its multidimensional framework allows for a comprehensive evaluation that integrates financial accountability, citizen satisfaction, internal process optimization, and organizational learning. Applied to the Batam City Government, BSC identified both strengths, such as budget performance and public satisfaction and weaknesses in human resource development and internal process efficiency.

By adopting the BSC approach, the Batam City Government can enhance strategic decision-making, foster a performance-driven culture, and ensure greater transparency and accountability. The study recommends institutionalizing the BSC model into the city's regular performance management system and expanding its use across all departments. Future research should consider combining qualitative analysis with quantitative metrics and exploring longitudinal impacts of BSC implementation on governance outcomes.

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