

# Designing Performance Evaluating System of a Religious Service Company Using Balanced Scorecard, A Lesson from Umrah Pilgrimage Travel Agent in Indonesia

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**Abstract:** *One of business sectors which is significantly growing in Indonesia is an umroh pilgrimage travel agency. In running the business, umroh pilgrimage travel agencies were in a dilemma since the company is demanded to not only give the best service to umrah pilgrims but also have to gain benefit in order to make this business always grows and develops. If several business aspects are not on balance, the impacts can be fatal. This happened to PT XYZ which experienced a huge loss which caused them folded up. During their business journey, PT XYZ always prioritized several aspects i.e. customers or best quality service for the consumers, while financial aspect was in the latter portion. Hence, it is normal if PT XYZ folded up in 2017. Therefore, it is recommended for PT XYZ to prioritize financial aspect. Although this company is categorized as a service company, nevertheless, in practice, this company is profit-oriented.*

**Keywords:** travel, balanced scorecard, customer, finance

## 1. Introduction

In this globalization, there are abundant probabilities and threats which appear in business world. Some of the probabilities are the more unfolded opportunities to market the products in the new market share as well as the rapid information which are spreaded or received. However, threats that may appear is the more competitors which are new which could threaten the existence of a company. Therefore, a company must be shrewd in viewing the probability of an available market and threats which could be risky for the company by managing the probabilities and threats thoroughly. A company must be able to optimally take advantage from the strengths a company has and attempt to maximally decrease the weaknesses within a company.

Table 1 showed that there is an average of the increased number of umrah pilgrims from 2010 to 2015 as big as 34%. The highest increase happed in 2012 which reached 65% out of 295 500 to 487 878 pilgrims. This is due to a policy from the Indonesian Government concerning the waiting-list schedule of Hajj pilgrimage which is more than 10 years in 2011 so that the demands of umrah pilgrimage is significantly getting higher (Ministry of Religious Affairs, 2016).

One of companies providing a service for umrah pilgrimage travel in Indonesia with continually increasing market share is travel company PT XYZ. PT XYZ as its trademark, during its business journey, always gave the optimum service and could earn considerable trust from Indonesian citizen. This is proven by the fact on the average of positive growth in regards to the number of umrah pilgrims which had been departed by PT XYZ from 2010 – 2016. In the following is delivered a data of

the number of pilgrims departed by PT XYZ from 2010 to 2016.

**Table 1:** Growth of the number of umroh pilgrims in Indonesia in 2011- 2015

Year	Number of Pilgrims (People)
2011	295.000
2012	487.878
2013	548.903
2014	582.000
2015	699.612

Source: Ministry of Religious Affairs (2016)

Umrah pilgrimage travel business has been rapidly developed. This happened due to the income level of Indonesian citizens which is continually increasing and a factor of Hajj waiting list which has been awaited for more than ten years (Monistry of Religious Affairs, 2016). The increase of Indonesian citizen's income causes the increase of demand on goods and services which are tertiary such as a service on umrah pilgrimage travel. Besides, the long-awaited waiting list of the realization of Hajj pilgrimage makes umrah as the substitution service for the pilgrims who have been yearning to visit *baitullah*. Those phenomena are such opportunities for business actors of travel to develop.

Umrah pilgrimage travel business in Indonesia constantly grows. According to data released by Ministry of Religious Affairs in 2016, the growth of numbers of Umrah pilgrimage travel agencies reached 137% from 2011 until 2015 and in 2016, there has been around 648 travel agencies for Umrah pilgrimage with official liscence. Aside from the increased number on umrah travel agencies, it also boosts the number of umrah pilgrims from year to year. Data from Ministry of Religious Affairs Indonesia year 2016 revealed that the

number of the overall Indonesian umrah pilgrims from 2011-2015 constantly grew.

Table 2 presents the average number of umrah pilgrims who had been departed by travel PT XYS had escalated from 2010 – 2016. The the highest increased number of umrah pilgrims happened in 2016 that was 91% from those departed in 2015. This happened due to market expansion by PT XYS and in order to optimize profits by opening up branch offices in several cities such as Bandung, Solo, Surabaya, Jakarta, Makassar, Tasikmalaya and Pekanbaru. Meanwhile, in 2014, the number of umrah pilgrims decreased due to external factors of the company.

**Table 2:** The Growth of the number of umroh pilgrims sent by PT XYZ in 2010-2016

Year	Number of Pilgrims (People)
2010	16
2011	169
2012	180
2013	589
2014	335
2015	986
2016	1875

Source: PT XYZ (2016)

## 2. Research Methods

In this study, the data were processed through Expert Choice 200 software. AHP method was employed in this research in order to see the weight seen through perspective, targeted strategy and key performance indicator in PT XYS.

The data used in this research comprises primary and secondary data, either obtained from the internal or external company. The primary data were collected through direct observation, in-depth interview with business expert of the company, and administering questionnaires. The secondary data was obtained by accessing the report of performance of PT XYS and conducting a literature review.

## 3. Findings and Discussions

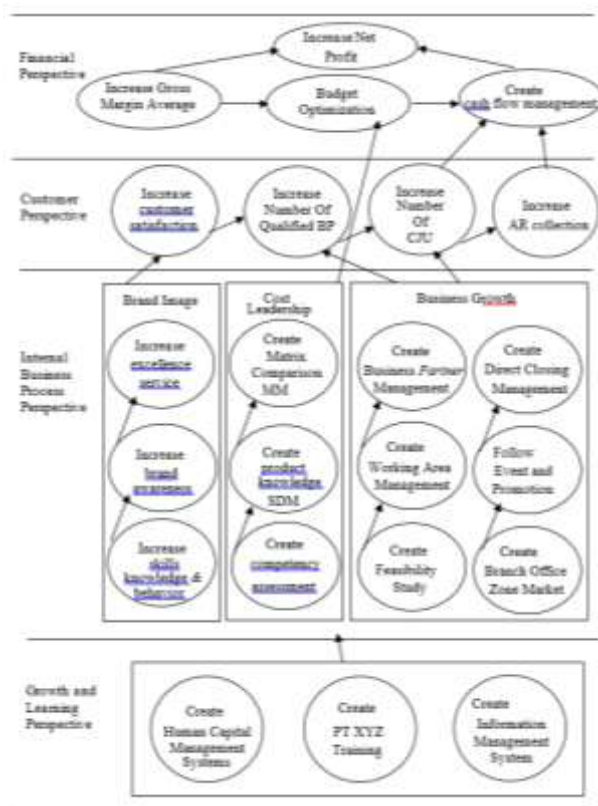
The measurement on performance was carried out through balanced scorecard (BSC) by relying on the perspective of Kaplan and Norton (1996) i.e. financial perspective, customer perspective, internal business process perspective and learning and growth perspective. The targeted strategy is a form of concise and effective statement, which explains what should and must be done by PT XYZ to reach the maximum performance. According to FGD result, it yielded four perspectives and twenty three targeted strategies.

**Table 3:** Strategy target of the performance of PT XYZ on each perspective after FGD

Perspective	Strategy Target
Finance	Increase profit Increase <i>gross margin average</i> Optimize budget Create <i>cash flow management</i>
Customer	Improve <i>customer satisfaction</i> Increase <i>number of qualified business partner</i>
	Increase number of registrants Increase number of AR collection
Internal Business Process	Improve <i>service excellence</i> Improve <i>brand awareness</i> Improve <i>skills, knowledge &amp; behavior</i> Perform <i>business partner management</i> Create <i>working area management</i> Improve <i>product knowledge</i> of human resources Create <i>matrix comparison MM 7P</i> Perform <i>competency assessment</i> Create <i>direct closing management</i>
	Create <i>branch office zone market</i> Participate event and promotion cooperation Perform <i>feasibility study</i>
Learning and Growth	Create human resource management system Create PT XYZ training Create information management system

## Strategy Map

Strategy map is the presentation or description of the connection between several targeted strategies in the form of cause-effect relationship which explain the journey of strategy in a company. Financial perspective is related to the objective of PT XYZ financial. In financial perspective, there are three targeted strategies to gain profit. The three strategies are improving gross margin, optimizing budget and creating cash flow management. Customers' perspective was utilized to see through umrah pilgrims view which aims at knowing how the pilgrims rate a product or service and company. There are four targeted strategies in customer's perspective, i.e. customer's satisfaction, number of qualified BP, number of umrah subscribers, and number of AR collection. The perspective of internal business process is a series of activities in an internal business or the so-called value chain. In the perspective of internal business process of PT XYZ, there are three major objectives i.e. brand image, cost leadership, and business growth. Learning and growth perspective is all about managing human resource and information included in PT XYZ which consisted of three targeted strategies i.e. creating a management system of human resource, organizing PT XYZ Training and creating management system information.



**Figure 1:** Strategy Map of PT XYZ

The next is deciding the level of priority by using analysis tool AHP. From the result of AHP which had been converted, it was used as the weight in measuring the performance of PT XYZ through balanced scorecard approach. The perspective with high weight was customer's perspective weighted 0.502, then internal business process perspective weighted 0.251, learning and grow perspective weighted 0.142, and the last is financial perspective weighted 0.105. Customer perspective is about how to deliver a satisfaction to the customers. The experts hoped that PT XYZ and its four targeted strategies in regards to customer perspective could increase the performance of the company by boosting the number of business partners, escalating the number of umrah pilgrims subscribers, improving customer satisfaction and increasing the number of AR collection. In addition, the lowest weighted perspective is the financial perspective. Concerning this perspective, there are four targeted strategies i.e. levelling up the profit, increasing improve margin, generating a cash flow management, and optimizing budget.

**Table 4:** Perspective Weighting Before and After the Simulation

Perspective	Weight	
	Before Simulation Weighting	After Simulation Weighting
Financial	0.105	0.454
Customer	0.502	0.251
Internal Business Process	0.251	0.191
Learning and Grow	0.142	0.140

According to the re-weighting result by using AHP, it revealed that financial perspective reached the first priority with priority values 0.454. The expert of PT XYZ finally realized and understood the meaning of the importance of financial perspective since the case in PT XYZ had clearly shown that the company experienced the loss more less 60 Billion Rupiahs. The expert of PT XYZ should learn from what Rangkuti (2006) stated, that the prominent objective of a company is not on how to attract customers as much as possible but how to boost profit so that a company has a capability to develop based on its capacity and resource potential within the company. The second highest weight is on the perspective of customer which valued 0.215. The third highest weight is on internal business perspective which valued 0.191. The lowest weight is on the grow and learning perspective which valued 0.140.

**Table 5:** Performance Measurement of PT XYZ

Performance score of PT XYZ	
Before Simulation Weighting	After Simulation Weighting
2.013%	1.838%

According to the result of simulating the measurement of performance which had been done, generally, the performance of PT XYZ was indeed not optimum. The measurement of performance through weight I and II resulted in score 2.013% and 1.838%. This showed that the result of weight II is better than weight I. The lower score exposed the non-optimum performance of a company. This also described more realistic condition of PT XYZ in 2017. A perspective which should be most prioritized is financial perspective. On this perspective, the performance score was in the second position.

## 4. Conclusion

As an effort to improve the performance of PT XYZ, it is designed to measure the balanced scorecard approach. The results of the study found that PT XYZ in its business trip always prioritizes the customer aspect or provide good service to the consumer, while the financial aspect is in the last portion, so it is reasonable if PT XYZ has been closed down in 2017. We recommend PT XYZ prioritize the financial aspect although this company is a service company because this company is a company that is actually profit-oriented.

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