HUMAN RESOURCES PERFORMANCE AND COMPATANCY MANAGEMENT BY USING A METHOD OF BALANCED SCORECARD
(Case Study: The Experience Of Tanjung Peprak Port-Surabaya)

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ABSTRACT

The aim of this paper is to carry out an analysis of the performance tools implemented in the Port Authority of Surabaya city and so, determine whether improvements in management can be achieved if the level of efficiency is established with attainable targets as a consequence of opportune and reliable information in Contraction Management. In this article we analyze how the use of a Balanced Scorecard has helped Tanjung Perak port authority from the Indonesia Port System to implement their strategic Plan. The Port Authorities have become reliant on the Competency Management model as an instrument for strategic planning of human resources and also in the progressive use of Process Management, which aims to meet the objectives established in the Strategic Plan. On this premise, we set out how the above-mentioned Port Authority of Tanjung Perak can fulfill specific strategic and operational objectives regarding the efficiency and effectiveness of the services they provide.

Keywords: Balanced Scorecard, Construction Management, Competency Management, Management process.

INTRODUCTION

The balanced scorecard was extremely trendy several years ago. The balanced scorecard is about the long-term vision for the organization and balancing the goals in all areas needed for the successful organization.

The balanced scorecard defines and balances the goals in four main areas - finance, clients, processes and people. The balanced scorecard is a visualization of the goals in the areas and the top management can easily see, how balanced the growth of the port is.

Human Resources has a significant role in the balanced scorecard as one part of the balanced scorecard is about employees (the people part). The goals in other areas have to be aligned with the people part and the top management can push the managers to take care of the employees as they are the only resources to work on the improvement of the other areas of the balanced scorecard.

Balanced scorecard provides managers with the instrumentation they need to navigate to future competitive success. Today, organizations are competing in complex environments so that an accurate understanding of their goals and the methods for attaining those goals is vital. Balance scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system. It retains an emphasis on achieving financial objective but also includes the performance drivers of these financial objectives. The scorecard measures organizational performance across four balanced perspectives: financial, customers, internal business processes, and learning and growth as show in (Figure 1).
It enables Tanjung Perak port to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they need for future growth.

The balanced scorecard approach to performance measurement was introduced as a method of evaluating organizational performance from various perspectives. It is a performance measurement tool that takes into account four areas – financial, customers, internal processes and people/innovation/growth assets – that contribute to an institution’s performance (Kaplan & Norton, 2001). According to this approach, managers should develop goals in each of these areas and then measure whether the goals are being met in order to ensure the adding of value to the port. The necessary essential HR competencies can then be established. In this article, the related concepts of value, HR competencies and the HR balanced scorecard will be discussed.

HR competencies represent the characteristics, knowledge and skills of a HR professional. These competencies are necessary for successful performance. Define competence as ‘an individual’s knowledge, skills, abilities or personality characteristics that directly influence’. HR professionals have their own views on the necessary competencies they should possess. Examples of such competencies are: skills in communication, problem solving, leadership, recruiting and selection, an adherence to employment law, training and development, technology, forecasting, compensation design, benefits design and administration, and accounting or finance record-keeping(Table 3). It is important for the HR professional to be a relationship builder, an exceptional communicator, a conflict resolver, a creative HR leader one who assists line managers in pursuing the business strategy and one who increases an organization’s capacity for rapid change through addressing changed circumstances in business.

The HR department needs to know what to measure in order to add value. De Bruyn and Roodt (2009) suggest that the HR department should be assessed through a quantitative audit to determine the strengths and weaknesses of the HR function. The real aim of HR management is to produce a scorecard that contains more knowledge-based metrics that report value or contribution-type information. The purpose of the HR balanced scorecard is to manage organizational rather than individual performance. The various elements of the scorecard are included because they are understood to work together to achieve the desired performance outcome.

**Balanced scorecard.**
**The important of balanced scorecard.**

The Balanced Scorecard is important because it brings together most of the features that a port needs to focus on to be competitive. These include being customer-focused, improving quality, emphasizing teamwork, reducing new product and service development times, and managing for the long term.

The Balanced Scorecard differs from the traditional measures of the port performance by emphasizing that the critical indicators chosen are based on the organization’s business strategy and competitive demands. Organizations need to customize their balanced scorecards based on different market situations, products, competitive environments, including the current state of the global economy. In this respect, recession KPI should have been formulated and established with the aid of downturn metrics provided by AKS-Labs (Developer of Balanced Scorecard Designer).

Balanced Scorecard is also an excellent crisis management in Tanjung Perak port and tool for organizations that
have EMS (Environmental Management Systems) and OSHAS (Occupational Health and Safety Administration Standards) certifications. BSC is an excellent tool for monitoring and auditing compliance to those standards.

**Table 2. Criteria For Each Perspective.**

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Criteria</th>
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</thead>
<tbody>
<tr>
<td>Financial</td>
<td>The return on capital and value-added</td>
</tr>
<tr>
<td></td>
<td>Economically, the level of business efficiency</td>
</tr>
<tr>
<td>Customer</td>
<td>Customer satisfaction, retention (the ability retain existing customers),</td>
</tr>
<tr>
<td></td>
<td>the share of market, and the ability to attract new customers</td>
</tr>
<tr>
<td>internal business</td>
<td>Innovation, quality, after sales service, efficiency costs of production and introduction of new products</td>
</tr>
<tr>
<td>learning and growth</td>
<td>Ability of workers, worker satisfaction, and system availability and performance information group (team performance)</td>
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</table>

**Balanced Scorecard in HRM.**

Effective roll out and implementation of Balanced Scorecard can only be made if the organization is able to cascade its mechanics, importance, and objectives to the employees. Therefore, doing, this will give them concrete framework that helps them see the goals and strategies of the organizations, how these goals and strategies are measured, and how they influenced the critical KPIs. The HRM department should be in the forefront in this respect, and in providing the necessary training or orientation.

Moreover, the Balanced Scorecard should be used to link HRM activities with the organization’s strategy and evaluate the extent to which its functions add value to business strategies and goals. Measure of HRM practices primarily relate to productivity, people, and process.

Productivity measures involve determining output per employee (such as revenue per employee). Measuring people includes assessing employees' behavior, attitudes, skills, and/or knowledge. While process measures focus on assessing employees' satisfaction with how the organization compensate, reward, and develop them so that they continue to add value to organizational competitiveness as a whole. And in the **Table 1** show the result of employees satisfaction survey and the performance individual at Tanjung perak port, that has been used balanced scorecard to link to HR activities at the port.

**Figure 2. Balanced Scorecard Strategy**

Competency Management tools have supported the BSC implementation process and helped to set the Strategic Plan in motion. The study shows how, if the information used in the management of a Strategic Plan and of different costing objectives is opportune and reliable, improvements in decision-making can be achieved.
The article’s aim is to carry out an analysis of the accounting tools implemented in specific Port Authorities. By virtue of undertaking such an analysis, we can determine whether improvements in management can be achieved if the level of efficiency is established with attainable targets as a consequence of opportune and reliable information in construction management.

In implementation, each of these generic measures can be elaborated to include specific guidelines so that it can demonstrate the value of each aspects. In general, the relationship of four perspectives can be seen in Figure 2.

**Process Management in Tanjung Perak Port.**

In order to fulfill their mission, Tanjung Perak port define objectives that allow specific targets to be reached. Due to this, they have to manage their activities and their resources with a view to guiding them towards the vision they have set out. In light of this, it was
necessary to employ certain tools and methodologies that allow organizations to configure and optimize their Management Systems, given that they help organizations to establish the methodologies, responsibilities, resources, activities, etc. That is needed for a management method which is aimed at achieving the desired results.

Process Management contributes a new angle to management (by moving beyond the traditional hierarchal organization, where every individual has a task which is related to its functional department) in order to introduce a new organization aimed at the final customer. This is achieved through knowledge, control and improvement of the internal processes, with the end result being the service or product offered and the achievement of eliminating those activities that do not contribute any value, yet generate a cost (AECR, 2006).

Process Management maintains that a result is reached more efficiently when activities and resources are managed as one process, a group of interrelated activities which transform an “input” activity (information, materials or a service) into an “output” activity, and contributing an added value.

Nogueira Rivera et al (2004), based on the criteria of different authors, put forward the following definition: “An ordered and logical sequence of repetitive activities which are carried out in an organization by a person, group or department, with the ability to transform inputs into outputs for a particular destination (from within or outside the port which requested it, as a client of each process) with an added value. Generally, processes repeatedly cross functional boundaries; they force cooperation and create a different port culture (more open, less hierarchal, more focused on achieving results than maintaining privileges).

Two essential characteristics of these processes are:

- Variability. Each time a process is repeated, there are slight variations in the activities carried out which, at the same time, generate variability in their results. “Two outputs are never the same”
- Recurrence. Processes are created to produce results, and to try and repeat this result over and over again. This allows the process to be worked on and improved. “More repetitions mean more experience”.

METODOLOGY

In order to achieve the aim of determining the HR competencies to add value to a merged higher education institution in Tanjung Perak Port, a quantitative research design using a survey was employed at the port.

Employees and sampling

A convenience sample of 43 permanent staff on one of the higher education institution’s port was conducted. All the administrative staff as well as the management at this in Tanjung Perak Port were included. The staff and management from other port were excluded in this study. Due to the relocation of staff, only 38 fulltime employees could be reached. Questionnaires and letters of consent were hand-delivered to these 38 employees. After two weeks, the researcher obtained 34 completed questionnaires from the various participating staff members. The response rate was 97.1%.

The measuring instrument

A HR balanced scorecard was conducted at this institution as part of obtaining relevant information for the design of the questionnaire. An integration of the HR balanced scorecard, the
literature review and the business plan led to the design of the questionnaire. The questions in the 5-Point Likert scale questionnaire (where 1 = strongly agree, 2 = agree, 3 = uncertain, 4 = disagree and 5 = strongly disagree) were derived from the integration of the necessary HR competencies in Tanjung Perak port. This information was obtained from the literature review, the business plan of the port, as well as from the findings of the HR balanced scorecard. Two subscales were included – namely, satisfaction and importance. Five themes were covered, with six questions in each theme. These questions were mixed and not posed under the headings. The reason for this was to avoid the leading of responses. Only closed-end questions were posed. Ten questionnaires were distributed among administrative and academic staff members as a pilot study to determine whether or not the questions were unambiguous and relevant. The employees in HR department in Tanjung Perak port were utilized to measure the reliability of the questionnaire.

Data analysis
A principal factor analysis was utilized to reduce the large number of variables to a smaller number of factors for the purpose of identifying the HR competencies according to the employee of the port. The factor loadings are the correlation coefficients between the variables (rows) and factors (columns). In the Statistical Package for the Social Sciences (SPSS), the factor loadings are found in a matrix labeled factor matrix when conducting a principal factor analysis. An oblique rotation was performed, and a pattern matrix and structure matrix were provided. The pattern matrix was used to investigate the factors for this study so only unique contributions of coefficients were identified.

Spider charts shed light on the satisfaction and importance factors. Box plots (also known as box-whisker diagrams) indicated the median; inter quartile range, outliers and extreme cases of each factor. The graph was constructed in such a way that the distance between the lowest line and the edge of the shaded box indicates the lowest 25% of scores (bottom quartile). The shaded box indicated the distribution of the middle 50% of scores, while the top edge of the box up to the top part of the line indicates the top 25%. The median was indicated by a line inside the shaded box. Outliers are unusual values with respect to the majority of the observations (Field, 2005). These outliers were indicated as separate points and identified by the case numbers.

RESULTS AND DISCUSSIONS
In terms of gender, the sample is fairly evenly split between males and females, although there is a slight weighting towards female employees (62% female). Most respondents are between the ages of 18 and 25 (21%), with 56% aged 25–35 and another 23% aged 40–49.

The majority of the respondents according to education level: (15%), with diploma education of HR department and a further 85% academic employees. Eight per cent of the respondents are at managerial level.

Most respondents have been working at Tanjung Perak port for at least five years (56%). The single largest categories are for the 6- to 10-years group (41%) and the 10- to 15-years group (3%). The huge number of the percentage is 56% above 1-5 years.

Based on the data analysis of section B and C in the questionnaire has been used in Tanjung Perak port, can be concluded that the consistency between the answers of each questionnaire is very high.
This can be seen from the figure for alpha Cronbach: 0.908.

![Figure 3. The percentage of case processing section A.](image)

The testing of research instruments in terms of reliability of the 34 respondents is reliable if the reliability coefficient (alpha Cronbach) greater than 0.6. Where this could mean that the whole answer to the question on the second variable is consistent.

**Discussion**

Using BSC or Balanced Scorecard in performance management is actually a holistic approach; because it does not leave any key functional area in the organization unturned. Also, because it focuses on the most essential things needed to produce the maximum results.

BSC links organizational units into a more cohesive entity towards a common goal while they continue to strive to meet their own personal and departmental goals. More so, with BSC, individual performance is tied-up with departmental performance. Each member’s goals and performance is integrated with that of the unit or department. This is where the principle of the sum of the parts is greater than the whole. In short, BSC impels employees to synergize.

Lastly, the best part of implementing BSC is we get the results of what you measure; because Balanced Scorecard enables the organization to link its performance measures with its business strategies and goals in the port.

**CONCLUSION**

The purpose of this study was to establish the HR competencies that could add value to merged at the port. This was done by conducting quantitative research. The questionnaire was derived from the literature review, the business plan and the HR balanced scorecard conducted at the port of Tanjung Perak. The principal factor analysis indicated that knowledge of...
business and HR practices, personal skills and management skills are the essential HR competencies in this environment. The process followed whereby knowledge was gained by means of recent literature on HR issues, including the business plan, conducting a HR balanced scorecard as well as an empirical study all contributed to a holistic view that determined the essential HR competencies for a merged higher education institution. The resolution is to focus on these HR competencies to add value to a merged institution. A value-driven HR department should have the essential HR competencies to enhance the level of success and competitive advantage.

Organizations have an increasingly greater need to obtain results through excellent and sustained management over time. This forces them to look for and apply different and wide-ranging management tools. By analyzing the management system at the Port Authority of Tanjung Perak, a series of management tools were found to be used periodically. It is important to analyze the systematic and efficient use of these tools. This analysis may be more generalized than in other organizations, taking into account that each one has its own peculiarities. The three management tools that were selected were the Balanced Scorecard (Port Policy and Strategy), Competency Management (HR management) and Process Management (Improvement and Control). Together, they complement each other sufficiently so that, when correctly structured, they formed an integral management system for the Port Authority of Tanjung Perak. Three management tools were analyzed. However, it is clear that each Port Authority has very particular characteristics and needs, which means that each one should analyze the collective group of basic tools that their management processes can handle.

RECOMENDATION

HR departments of Tanjung Perak port could use these recommended HR competencies for effective management and facilitation during change and transformation. For conducting future research, it is recommended that an investigation should be conducted into the HR competencies of other higher education institutions in Surabaya port as well as abroad. This study could be extended by conducting research in the private and public sector of Tanjung Perak port. The process of gaining knowledge through recent literature on HR management, the inclusion of the business plan, conducting a HR balanced scorecard as well as an empirical study all contributed to a holistic view of HR competencies needed in the South African milieu. It is recommended that other scorecards be used in the abovementioned process. The following scorecards are recommended: the workforce scorecard (Huselid et al., 2005), the total performance scorecard (Rampersad, 2003), the diversity scorecard (Hubbard, 2004) and the leadership scorecard (Phillips & Schmidt, 2005). The number of respondents was limited due to the relocation of staff as a result of the merger. Another limitation is the fact that this study focused on one campus only. It must be kept in mind that this study was conducted at one higher education institution and that no further assumptions can be made with regard to the higher education system as a whole.

SUGGESTION

In future research, this study could be extended by conducting research in other higher education institutions and other working environments for it is not known whether the HR competencies required may be different. The results of this study can be used as a starting point for developing a theoretical model that
enhances the adding of value to HR departments. As a result show in the This model may also be used to measure the competence of the HR department. The application of the HR balanced scorecard and other scorecards in the higher education setting of Surabaya at Tanjung Perak Port may be researched to determine the relevance and significance.

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