

DEVELOPING COOPERATIVE PERFORMANCE INDICATORS USING COMBINATION METHODS {BALANCED SCORECARD (BSC), PERFORMANCE PRISM, AND KEY PERFORMANCE INDICATORS (KPIs)}

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Abstract

In Indonesia, the number of cooperatives grow rapidly during the last 5 years (2007-2011), but many of them was inactive or not develop. the amount of inactive cooperatives is about 247.908 or 29.24% from all number cooperatives in Indonesia. One of the reasons of it is the inability of the cooperative in controlling its performance through appropriate performance measures that can give significant effect to the business performance, in theory and business practice this performance measures also known as *Key Performance Indicator* (KPI). This study aims to develop the appropriate performance measures for the cooperatives enterprise through a literature study and also practical (the author's experiences) approaches related to the theory of integrated performance measurement especially following three methods, that is: Balanced Scorecard (BSC), Performance Prism, and Key Performance Indicators (KPIs). This paper shows that by combining the methods of KPIs, BSC, and the Performance Prism, the cooperative performance measures produced will be more comprehensive and covers the complete range of stakeholder interests and also perspectives of organization and business, as well as be able to influence and improve the business performance significantly.

Keywords: Cooperative, Performance Indicators, BSC, Performance Prism, KPIs

INTRODUCTION

The purpose of this study was to assess the number of cooperatives in Indonesia are increasing rapidly, but on the other hand they have been failed to survive and grow and it have relation with the ability of cooperatives to manage performance through performance indicators appropriate and integrated. This study had been tried to developing performance measures to more comprehensive cooperative by combining several techniques or methods of performance management such as Balanced Scorecard (BSC), Performance Prism, and Key Performance Indicators (KPIs). There method are chosen because they have a concept or technique of performance management the most widely discussed academically and used in practice. This study was conducted for the case of cooperatives in Indonesia and expected to be a reference material for the case of cooperatives on foreign countries.

The importance of control performance with using integrated performance indicators has been discussed and conceptualized by academics, practitioners such as: (Kaplan and Norton, 1998), (Adam and Nelly, 2003), (David Parmenter, 2007), (Vanany, 2010), (Marc et al, 2010) and (Dally, 2012). The discussion on the development of integrated performance indicators for cooperatives especially in Indonesia has been done by some people such as: (Sinaga, 2004) and (Mutasowifin, 2002), in which both writers are using the Balanced Scorecard (BSC) to develop performance indicators in cooperative. Lack of development or use of cooperative performance indicators using other methods as well as popular and practical such as Performance Prism and KPIs, It makes the writer interested to develop performance measures to the cooperative by using a combination of

methods, with the hope that the resulting performance measures will be accurate and comprehensive as a means of control performance .

MATERIALS AND METHOD

The method used in this paper is a study of literature and the exploration of practical experience (field or practical experiences). Source for literature study are used from peer-reviewed scientific journals, text books, cooperative education modules, and online articles. As for the field experiences were coming from the exploration of the experiences or cases of cooperative during author arrested for dabbling in the cooperative movement. Until now, the author served as a Management of Cooperative Youth Communication Agency in West Java (BKPK Jabar), which is one of the regional organization of the cooperative movement in Indonesia.

RESULTS AND DISCUSSION

Shown from the study results that a cooperative was a form of compulsory professionally managed company both in terms of business and organization. The success of cooperatives to survive and develop will be determined by the professional management of cooperatives. The success key was the quality of the performance management system, where one of the most important element in it was the determination and use of performance indicators appropriate.

Balanced Scorecard or BSC was a performance management method. According Kaplan and Norton (1998), the company's performance from four perspectives were learning and growth perspective, internal business process perspective, customer Perspective, and financial perspective. At least cooperative perspective in BSC perspectives must be added at least with the membership perspectives.

Indicators of success of the company have been seen by Performance Prism of the company's ability to fill the desires of stakeholders and also how companies manage stakeholder in order to contribute (Nelly and Adams, 2003). In cooperative, stakeholder was consist of Member (as Investor or Owner), Institutions and or Funding Agency (Investor or Intermediary), Member (As a Customer), Customer Non Member (Customer), Supervisor, Administrator, Manager, Employee, Suppliers, Cooperative Movement Organizations (Intermediary or Community), Community, and Related Government (Regulator).

In the concept of Key performance indicators (KPI), the performance indicators are divided into three categories: Key Result Indicators (KRIs), Performance Indicators (PIs), and Key Performance Indicators (KPIs). Based on the studies, performance indicators that can be selected was an indicator of the BSC perspectives and stakeholder satisfaction and contribution. Technically it would be easier if the fulfillment satisfaction of stakeholders and level contributions of stakeholders had been withdrawn into perspective in the BSC and then be developed and chosen by 10 KRIs, 80 PIs, and 10 KPIs in accordance with the concept of rule 10/80/10 (Parmenter, 2007).

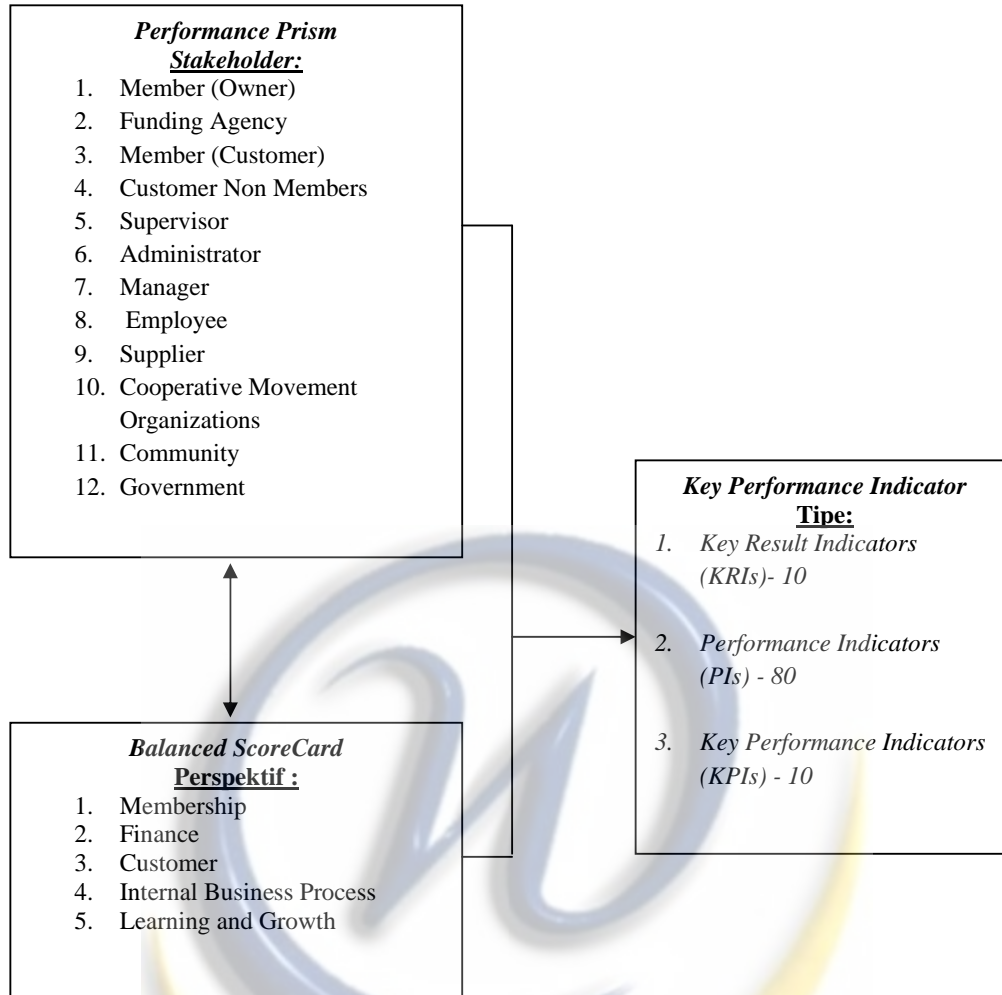
From the study, it has been produced some of the size or the relevant performance indicators and a general guide for the cooperative to develop performance measures or indicators are as follows:

Table 1. Cooperative Performance Indicators

NO	COOPERATIVE PERFORMANCE INDICATORS
1	Percentage increase of Business (SHU), which was distributed to members
2	The percentage increase in the welfare of members
3	Retention of members
4	Growth capital (savings)
5	The percentage of attendance of members in the meeting of members
6	Percentage of members who actively participate in cooperative activities
7	Timeliness of payment of debt principal and interest
8	The accuracy of the amount of principal repayment and interest
9	Velocity (simplicity) the time corresponding disbursement commitments
10	Suitability sum disbursement needs
11	The number of visits to the fund management institutions
12	The fulfillment by a member of the cooperative
13	Member satisfaction surveys for products, services, and service cooperatives
14	The level of purchasing products or services by cooperative members
15	The level of repeat purchases (repeat order) products and services by members of
16	the cooperative
17	The level of product sales from members to the cooperative (for cooperative manufacturer)
18	Rate resales of products (repeat sales) from member to the cooperative
19	(cooperative particular manufacturer)
20	Level of member complaints for products, services, and service cooperatives
21	Availability (speed and accuracy) information acquisition transaction (economics)
22	members
23	Supervisory work program completion rate
24	The level of implementation coordination meetings between supervisors and
25	administrators
26	The level of availability of labor inspectors facilities
27	The simplicity and availability of data or information to the supervisory inspection
28	The number of hours of training for supervisors
29	Stage of completion of work program administrators
30	Conformity implementation RAPBK
31	Presentation of an increasing number of new members
32	Frequency of education member
33	The speed and accuracy of financial reporting
34	Speed of implementation meeting of members
35	Level of availability of administrator facilities
36	The number of hours of training for administrators
37	Growth of SHU
38	Net Profit Margin (NPM)
39	Operating Profit Margin (OPM)
40	Sales of growth
41	Gross Profit Margin
42	The level of business development, products, services, new services
43	The percentage increase in welfare manager
44	The availability of facilities job of manager
45	The number of hours of training for managers
46	Level of employee performance

47	The percentage increase in welfare employees
48	Levels of absenteeism
49	The amount of reward given to employees
50	The number of punishments given to employees
51	The number of hours of training for employees
52	Rates of late delivery of goods or materials
53	Level of availability of the type of goods or raw materials by the suppliers
54	The number of monthly visits to the supplier
55	The number of invitations participant activities, counseling, education and training of the cooperative movement
56	Total membership in the various organizations of the cooperative movement
57	organization
58	The number of visits to a variety of (respectively) the type of organization of the cooperative movement
59	The number of cooperation between the cooperative and the cooperative movement organizations
60	The level of employment of local people by cooperative
61	Survey of community acceptance of the existence of cooperative
62	The number of social activities undertaken cooperative for local communities
63	the number of monthly visits to local officials or community leaders
64	The utilization rate of the product, service, and community service by the cooperative
65	The number of cooperative activities between the community and cooperative
66	Obedience sum payment of taxes
67	Timeliness of payment of taxes
68	The number of monthly visits cooperative manager to government
69	The number of guidance, education, training by the government to the cooperative
	Obedience and adequacy of reporting activities and cooperative organizations to government agencies
	Number of rocks funds (capital) of the government
	The number and level of recognition by the government cooperative
	The speed and simplicity of maintenance and renewal of permits business activities

And than the model to compose KPI with combination method conceptually can be illustrated by the picture below :



Picture 1. Performance Indicators model with a combination of methods: (BSC, Performance Prism and KPIs)

CONCLUSION

Combining of the BSC method, Performance Prism, and KPI in developing performance indicators will make the resulting performance indicators more appropriate and more comprehensive. Performance indicators will be fully functioning as a control device performance that had been impacted significantly on stability and performance of the business and the development of cooperative organizations.

Each of the methods have advantages and disadvantages when it was compared to each other, but when it was combined, it will be complementary each other. Research or further study needs to be done to make how a practical guide the combinations concept in the field. The next challenge is also how to select, develop, and extend performance indicators more specific and relevant based on the type of cooperatives or by category type of cooperatives business (industry).

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