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Use balanced scorecard for measuring competitive advantage of infrastructure assets of state-owned ports in Indonesia

Case in Pelindo IV, Indonesia

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Abstract

Purpose - The purpose of this paper is to analyze the balanced scorecard (BSC) for measuring the competitive advantage of infrastructure assets of state-owned port in Indonesia: Pelindo IV, Makassar, Indonesia.

Design/methodology/approach - This investigation adopts an explanatory and exploratory qualitative case study method to analyze the effectiveness of the BSC over the strategy management processes. For data collection, the researchers used semi-structured interviews, direct observation and document collection. Data collection was made for a six-month period, which allowed deep knowledge to be gained of the culture and management methods used in Pelindo IV Makassar Branch. Other data collected refer to the company's documentation and reporting of online media publications. Detailed interview data were the main data sources, allowing the authors to obtain a detailed and holistic understanding of the experience, opinions, and attitudes of the interviewees. Interviews focus on asset management to determine the relationship between various factors. This study adopts an ideal BSC principle (four perspectives) in order to develop a strategic map for infrastructure assets of Pelindo IV.

Findings - The results showed that the management performance of Pelindo IV in the financial sector over the next five years was expected to increase by 3.5 times with the business profit reaching an amount of Rp.1.64 trillion in 2017. In the next five years, the target of the customer's perspective set was zero complaints and zero claim with waiting time meeting the ideal standard, which is a maximum of one-hour service, and the number of containers were expected to witness an average growth of 30 percent per year; the growth ship traffic visit history showed that the flow of goods increased by 4 percent and the number of passengers was targeted to grow up to 30 percent. A historical growth rate of 6 percent was also expected both for the human resources and personnel scout.

Originality/value - In this paper, the Sobel test was used to test the significance of the mediation effect and balanced scorecard was used for measuring competitive advantage of infrastructure assets of state-owned ports in Indonesia. Previously, no research has been undertaken to examine the relationship between the location of the study and competitive advantage of infrastructure assets in the context of PELINDO IV, Makassar branch, Indonesia.

Keywords Balanced scorecard, Competitive advantage, State-owned port, Pelindo 4 Indonesia

Paper type Research paper

1. Introduction

Construction services can be categorized as one of the services that play an important role in the process of economic development of a country. Before the multi-crisis hit Indonesia in 1995-2005, the construction sector absorbed an investment of ±65 percent of the total value of national infrastructure development (Widayatni, 2005) and 50 percent of them were contributed to the construction sector widespread across the country both to national and multinational business entities. In the last ten years, rapid construction developments have not been balanced with the adequate service quality, regarding the quality of products and services that is relatively low and less competitive.

Indonesia as an archipelago country could not be separated with the sea transportation system development. In such case, port infrastructure plays an important role (Syafii et al., 2005). A port is an infrastructure to activate the mobilization of commodities and passengers
Using BSC concept improves the execution of strategy management processes, particularly regarding clarification and strategy description, communication of strategy to the BU, organizational alignment, and monitoring of objectives and strategic learning. The execution of former strategies takes place (strategic learning effect) to promote strategic dialogue and interaction. The information and the knowledge gathered support the process of formulation/revision of future strategies and the formation of emerging strategies. There was a significant and positive effect between BSCs’ perspective and competitive advantage in Pelindo IV; BSC’s contribution to competitive advantage was 67 percent. The higher the BSCs’ perspective (especially financial perspective result), the higher the competitive advantage (especially business competitive).

This research recognized that the implementation of the BSC, on its own, does not assure its success. The benefits over financial performance are not automatically gained and are difficult to measure. Practitioners should be aware that the method may result in the benefits for the organization, but that these depend on the implementation. Some limitations of this research should be noted. The reliance on a unique case study has prevented a comparison of results with other studies in companies in the same industry or different industries. Nevertheless, the studies in which each of the hierarchical levels perceives and uses the BSC would be useful.

References


**Further reading**


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