

# The Balanced Score Card in Improving Performance in the Health Care Sector: A Literature Review

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## Abstract

This paper is a literature review that discusses the use of the Blanced Score Card (BSC) to improve organizational performance, especially in the field of health services. The purpose of this study is to explore and connect theories from various studies. This paper identifies 21 articles with related topics published in the last decade. The results in this study indicate that BSC has been used in the health sector but is mostly used in the hospital sector, amounting to 87.5% (measuring performance against national standards and guidelines in the essential package of hospital services, assessing the quality of health services to strengthen health services in developing a country, integrated health care in hospitals, measuring service quality with the cost of patient care in the hospital, evaluate hospital performance, evaluation of the main performance of the hospital as an effort to achieve the hospital's strategic goals efficiently) and in part small bada in the field of pharmaceutical services by 12.5% (measuring and evaluating the performance of pharmacies and stressing patient-centered services). While in other health service sectors there has not been any research that causes this cause based on this research it can be used to develop other research to examine the effectiveness of the use of BSC in the broader health service sector such as national health insurance, basic health services, or at the ministry or agency health.

**Keywords:** BSC, health care sectore, performance.

## Introduction

Management strategy is very important in decision making to determine the life span of the health service sector. Health services are currently experiencing many complaints, especially related to the behavior of patients who are increasingly demanding and dissatisfied with the services provided. Therefore, the role of strategic management, especially related to strategic instruments that can improve

the performance of hospital services, is important to be studied <sup>1</sup>. The health care sector is a complex organization that has a lot of professional staff and resources in various medical therapy services, so a systematic measurement of performance indicators is needed. For this reason, the Balanced Scorecard (BSC) tool is used to measure performance management or performance performance effectively and efficiently in the hospital <sup>2</sup>. Balanced scorecard (BSC) makes a company's strategic target into a balanced performance evaluation index, in this way a reliable performance evaluation system is built to achieve strategic targets. Evaluation of company performance is divided into four indexes, including finance, customer satisfaction,

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internal processes, innovation and improvement<sup>3-5</sup>. So it is interesting to do a review whether the BSC is really able to improve performance, especially in the health service sector.

### Literature Review

The management strategy model of a company describes the way the company conducts its business, it describes the interdependent activities carried out by the company and by its partners<sup>6</sup>. The company will not be able to compete for a long time if it does not have a management strategy<sup>7</sup>. The health care sector is a complex organization that has a lot of professional staff and resources in various medical therapy services, so a systematic measurement of performance indicators is needed. For this reason, the Balanced Scorecard (BSC) tool is used to measure performance management or performance performance effectively and efficiently in the hospital<sup>2</sup>. Balanced scorecard (BSC) makes a company's strategic target into a balanced performance evaluation index, in this way a reliable performance evaluation system is built to achieve strategic targets. Evaluation of company performance is divided into four indexes, including finance, customer satisfaction, internal processes, innovation and improvement<sup>3-5</sup>.

The BSC is an instrument developed by the Harvard Professor in management, namely Kaplan and Renaissance<sup>8</sup>. This tool is applied by analyzing four main aspects, namely finance, customers, internal business processes, learning and growing to measure organizational and individual performance and then evaluated to improve organizational and individual performance. So that the BSC is a management tool that is able to create a multi-perspective organizational strategy and is a system for measuring organizational performance<sup>8,9</sup>. If viewed from the Fred David Strategic Model, the management strategy is divided into 3 stages which include strategy formulation, strategy implementation and strategy evaluation, strategy formulation consists of developing a vision and mission, auditing. Internal

and external environment, long-term goals for formulating strategies. The second stage is strategy implementation, setting annual goals, formulating policies for each business function and allocating resources for organizational achievement. The third stage is a strategy evaluation. This stage is carried out by conducting work evaluations and taking corrective action at each stage of the strategy. BSC is a strategy tool that can be used from the strategy formulation stage to strategy evaluation<sup>10</sup>.

Several previous studies conducted at health facilities in the Lubin area showed that 71.4% of health facilities had implemented a management strategy and 28.6% had not implemented a management strategy. Health facilities that have implemented management strategies use methods such as SWOT analysis 64.2%, break-even point analysis 42.9%, PEST analysis 14.3% and none of the health facilities strategy research uses analysis with a Blanced Scorecard which indicates a lack of knowledge of related managers. Tools of strategic management<sup>1</sup>. Based on the research above (Jaworzynska, 2017) it is known that the BSC is one of the tools that has been used in strategic management in the field of health services. BSC measures management performance from financial and non-financial dimensions<sup>1</sup>. So in addition to providing financial performance indicators as usual given by the accounting function, the BSC also provides performance indicators other important dimensions are not financial such as customer satisfaction, customer retention, acquisition of new customers, service time (delivery time), quality, job satisfaction, skill mastery level, market segment<sup>11</sup>.

BSC will be able to work well if its implementation is supported by an organizational culture that is willing to accept new approaches so that the organization will be able to find new things to measure and new goals in various fields to achieve organizational growth<sup>12</sup>. The advantage of this method is to consistently guide managers, departments, human resources, technology and financial resources towards organizational strategy. The disadvantages of this method are that

it creates high costs and the lack of expertise in the use of this instrument causes obstacles to appear in its implementation. Balanced scorecard (BSC) is proven to be able to improve aspects of performance, strategy, alignment, communication, resource allocation, decision making and competitiveness <sup>13</sup>. Research related to BSC analysis in health facilities that has been conducted includes measuring performance against national standards and guidelines in the essential package of hospital services <sup>14</sup>. BSC is also used to assess the quality of health services to strengthen health services in developing a country <sup>15</sup>.

**Method**

This paper is a literature review that discusses the use of the Balanced Score Card (BSC) in improving performance, especially in the health sector. The articles are collected by google database, google scholar and mendeley. Reviews are carried out on articles by topic about Balanced Score Card (BSC) in improving performance, especially in the health

sector. We identified about 21 articles published in the last decade and analyzed them and drew conclusions.

**Results and Discussion**

Based on several studies, it shows that the use of BSC in the health service sector has been widely used in measuring and improving the performance of health services. The use of BSC in health includes measuring performance against national standards and guidelines in the essential package of hospital services, assessing the quality of health services to strengthen health services in developing a country, integrated health care in hospitals, measuring service quality with the cost of patient care in the hospital, evaluate hospital performance, evaluation of the main performance of the hospital as an effort to achieve the hospital’s strategic goals efficiently, measuring and evaluating the performance of pharmacies and stressing patient-centered services. So that if a resume is carried out based on the research, it can be shown in the table below

**Table 1: Summary of the use of the BSC in the health service sector**

Sector	Percentage (%)	The role of the BSC
Hospital Service	87,5%	measuring performance against national standards and guidelines in the essential package of hospital services
		assessing the quality of health services to strengthen health services in developing a country
		assessing the effectiveness and efficiency of the hospital strategic plan combined with the AHP method
		measuring service quality with the cost of patient care in the hospital
		integrated health care in hospitals evaluation
		evaluation of the main performance of the hospital as an effort to achieve the hospital’s strategic goals efficiently
		tools for strategic planning in hospitals
Pharmacy service	12,5%	measuring and evaluating the performance of pharmacies and stressing patient-centered services

Source : <sup>14-21</sup>.

Based on the summary of the various studies above, it is known that the BSC is a health service performance evaluation tool but can also be used as a strategic management tool to achieve organizational goals. Most of the BCS implementation in the health sector was applied to the hospital sector and a small part in the pharmacy service sector. So based on this research it is still possible to carry out various other studies to use BSC, for example in the field of national health insurance, basic health services, the ministry of health, the pharmaceutical industry and other health sectors.

### Conclusion

The BSC is a health service performance evaluation tool but can also be used as a strategic management tool to achieve organizational goals. Based on this review, it is known that most of the use of BSC in the health service sector is in the hospital sector amounting to 87.5% (measuring performance against national standards and guidelines in the essential package of hospital services, assessing the quality of health services to strengthen health services in developing a country, integrated health care in hospitals, measuring service quality with the cost of patient care in the hospital, evaluate hospital performance, evaluation of the main performance of the hospital as an effort to achieve the hospital's strategic goals efficiently) and a small portion in the pharmacy service sector by 12.5% (measuring and evaluating the performance of pharmacies and stressing patient-centered services). This is a research opportunity to develop the use of BSC in other health fields.

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**Conflict of Interest:** The author confirm that there are no conflicts of interest to disclose.

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