

A PROPOSED METHODOLOGY FOR BRIDGING POLICY AND PRACTICE TO APPLY INDONESIAN SOE REGULATIONS IN THE BALANCED SCORECARD MODEL

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ABSTRACT

This research aims to develop a practical methodology to bridge policy and operational practice at PT Jakarta Industrial Estate PuloGadung (JIEP) through the implementation of a modified Balanced Scorecard (BSC) framework that aligns with Indonesian State-Owned Enterprises (SOEs) regulations. The study addresses the challenge of aligning shareholder directives with daily operations, which often struggle to translate corporate KPIs into operational KPIs. The research finds that while SOEs' administrative culture ensures regulatory compliance, there remains a need for a more structured performance management approach. By integrating goal-setting, expectancy, and control theories into the modified BSC framework, the study offers an approach that aligns regulations, corporate targets, and operational goals. The methodology used is a descriptive case study involving qualitative and quantitative data collection through internal document analysis, workshop discussions, and in-depth interviews. The data were analyzed to develop and implement a strategy map and KPIs relevant to the organization's strategic objectives. The findings show that the proposed framework effectively bridges the gap between policy and practice, ensuring that SOE regulations are not only adhered to but strategically leveraged to enhance organizational performance. By adopting this framework, JIEP and other SOEs can align unit goals with corporate and governmental strategic objectives, creating a more effective and sustainable performance management system. This research makes a significant contribution to the development of performance management systems that can be implemented in other SOEs, offering substantial improvements over existing practices.

Keywords: Practical Performance Management, Strategic Alignment, SOE Regulations, Modified Balanced Scorecard, Cascading KPI, Corporate Governance Framework.

INTRODUCTION

Policies play a critical role in shaping SOEs' operational and financial health. Effective policy implementation ensures that SOEs can operate independently and efficiently. Utoyo (2019) discusses the mixed results of holding structures, highlighting the need for continuous policy refinement and strategic alignment to achieve desired outcomes. Mittal (2015) emphasizes the need for continuous policy refinement and strategic alignment, while Rogers (2017) analyzes the impact of policy changes on SOE performance.

Dudin (2014) emphasizes that the Balanced Scorecard's adaptability allows organizations to dynamically update their strategies, maintaining relevance in an evolving economic landscape. This adaptability is crucial for SOEs in

Indonesia, which must navigate local and global economic challenges (Putra, 2020; Lieser, 2013).

The Ministry of SOE of Indonesia recently streamlined its regulations, focusing on three central policies to enhance SOE performance. Stating five priority of ministry of SOE's that become perspective in directors merit system. This shift signifies a strategic move towards efficiency and better governance, ensuring that SOEs operate with greater autonomy and accountability. The reduction in regulations reflects a targeted approach to management, emphasizing performance outcomes over procedural compliance. By focusing on fewer, more impactful policies will drive significant improvements in SOE performance (Haerani, 2020).

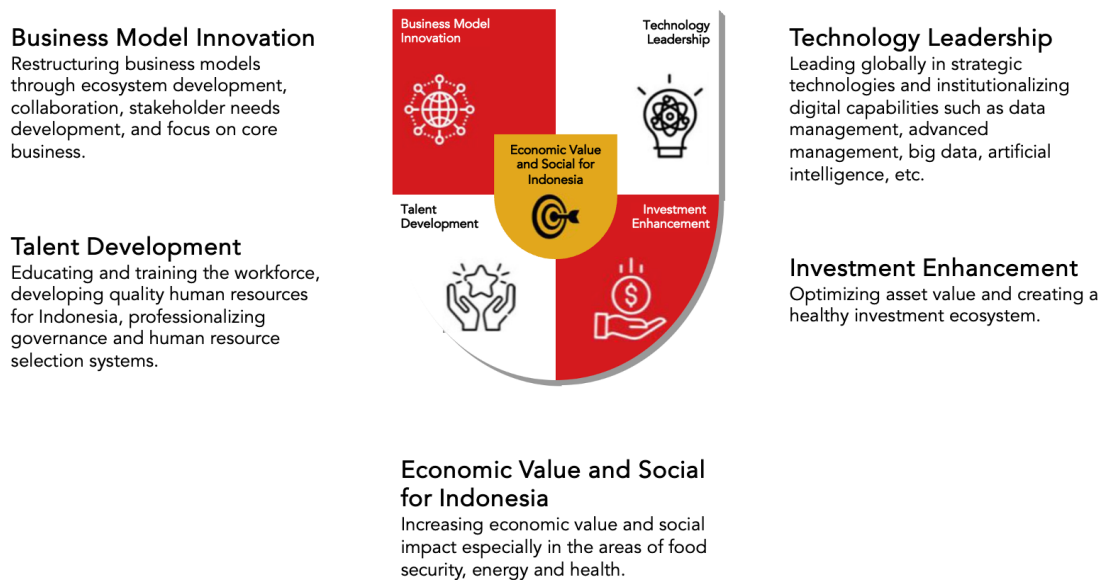


Figure 1. Five Priority of Ministry of SOE's as KPI Perspectives

There are remains an opportunity to improve the standardization of performance management practices across SOEs. This lack of standardization can lead to performance measurement and strategic alignment inconsistencies. Utoyo (2019) points out that the absence of a unified framework

like the Balanced Scorecard can hinder the ability of SOEs to track and achieve strategic goals effectively.

Research is needed to bridge the gap between these three new streamlined policies and standardized performance management practices such as the Balanced Scorecard. The Modified

Balanced Scorecard model that aligns with the SOE Ministry's Policy can enhance SOE performance, ensuring long-term sustainability and growth by bridging the gap between policy and practice.

This research proposes a methodology for bridging policy and practice to apply Indonesian SOE regulations in the Balanced Scorecard model, ensuring that government

policies effectively translate into improved performance outcomes for Indonesia's state-owned enterprises. These additions provide a more detailed and contextual background, incorporating recent policy changes and the need for standardized performance management systems in Indonesian SOEs.

BUSINESS ISSUE

The situation appraisal revealed that declining employee productivity is a critical issue within the organization, overshadowing even the positive trends from other indicators. This persistent decline in employee productivity, which poses a significant risk to the company's operational efficiency and overall financial stability.

Table 1. CAGR Analysis on Key Indicators from 2020-2023

Indicators	CAGR 4-year
Corporate KPI	1.31%
Total Revenues	8.95%
Total Profit	16.12%
Employee productivity	-3.28%

Prompting a detailed 5-Why analysis to uncover the root causes and addressing to ensuring the long-term

success and sustainability of the organization.

This analysis revealed that the absence of clear performance metrics and objectives for employees is a major contributor to the decline. Additionally, the lack of a structured framework for cascading corporate KPIs to individual levels has further worsen the issue, making it difficult for employees to align their responsibilities with organizational goals. Compounded by the challenges in integrating an effective performance measurement system and the rigid top-down directives from shareholders, this decline in productivity demands immediate attention. The research will therefore focus on developing best practices for a performance management system that aligns mandatory corporate KPIs with operational performance, aiming to reverse the downward trend and restore productivity.

Table 2. 5-Why Root Cause Analysis on Employee Productivity

Step	Why Question	Answer
Why is employee productivity declining? (Most Crucial Situation)		
[1]	Why?	The employees need clear performance metrics and objectives to become their responsibilities and synchronize with their compensations/benefits.
[2]	Why?	The organization needs a clear framework for how corporate KPIs cascade into each individual. So, organizations need to implement a structured performance measurement system, such as BSC, TQM, KBPMS, or others, to make it easier to cascade KPIs.
[3]	Why?	The company finds it challenging to overhaul existing processes to integrate an ideal performance measurement system and current mandatory target policy.
[4]	Why?	The existing system is mandatory top-down from shareholders, and applying the Performance Management System became challenging, aligning with shareholders' directives.
[5]	Why?	There needs to be evidence/guidance to bridge the issue of implementing a Performance Management System aligned with mandatory KPIs catered specifically to state-owned enterprises.

FRAMEWORK

To enhance the practicality of the framework's application, it is refined by integrating necessary JIEP's internal policies, guidelines, and procedures. Balanced Scorecard's strategy map is impractical if developed only after receiving the aspirations of shareholders or organizational goals, as the company has traditionally established corporate KPIs based on mandatory (top-down) directives, leaving the corporation with no freedom in their determination.

Therefore, in the proposed practice, the strategy map is developed in parallel with the cascading of corporate KPIs down to directorate and divisional KPIs. This approach ensures alignment with the company's annual strategic themes.

Shareholder aspirations for the annual plan are always established alongside Collegial and Directorate KPIs for the Board of Management in the management contract. Once the responsibility for each KPI is assigned to the relevant unit, a committee meeting is held with all unit heads. This committee aims to propose Unit KPIs using a bottom-up approach.

Sixteen unit KPIs have been proposed. This bottom-up proposal serves as the foundation for establishing the strategy map, where each unit's key objectives act as the link aligning organizational goals and simultaneously ensuring the achievement of the

management contract. The proposed Unit KPIs will be further adjusted to ensure alignment with the strategy map.

Although not entirely similar to the Balanced Scorecard Framework, this modification is an adaptation that is expected to connect theory and practice in the SOE environment which is bound by regulations.

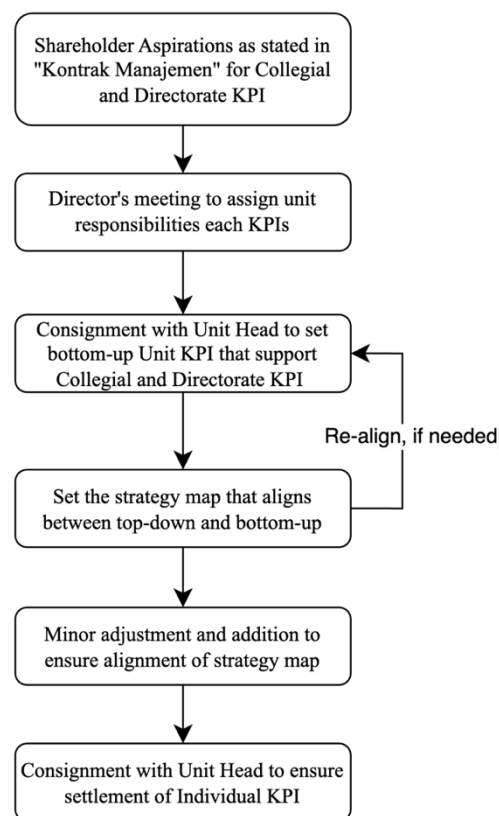


Figure 2. Practical Internal Workflow Framework to Set and Cascade KPI

Discussions (FGDs) were conducted, with units directly inputting their data into tools prepared by the researcher, specifically using 16 customized Google Sheets for each unit. Additionally, a cross-checking process was employed to verify bottom-up KPI documents against regulations, the RKAP, RJPP, and Mandatory KPI targets. The data were then analyzed quantitatively and comparatively to select 10 significant

METHODS

Collection Method

This research utilizes both primary and secondary data. The primary data were gathered through direct interaction and activities within the organization, including discussions and decisions from board meetings, which determined the cascading of KPIs to each unit. Workshops and Focus Group

KPIs, which were compiled into a strategy map. Secondary data were obtained from internal documents, including the 2024 Directors' Management Contract, SOE's KPI Regulations and Technical Guidelines, and the Directors' Decree No. 3 of 2024, providing essential information for the KPI cascading process.

This research utilizes both primary and secondary data. The primary data were gathered through direct interaction and activities within the organization, including discussions and

This study employs a descriptive qualitative research design using a case study approach. The research focuses intensively on a specific object to examine it as a case study. Case study data are collected from all relevant parties, meaning they are gathered from various sources. Data collection is conducted through both primary and secondary methods, including interviews and committee meetings with PT JIEP management. These meetings are part of the process of cascading organizational KPIs to Directorate KPIs and then to Division/Unit KPIs.

There are 3 Directorates and 16 Units in the company that will have their own KPI tables. According to regulations, each KPI table has a Shared KPI that is top-down/mandatory with a weight of 40 points and an Individual KPI that is bottom-up with a weight of 60 points. Bureaucratically, the Bottom-up KPI is proposed by the Unit and will still be approved by Top Management/Directors.

Data Analysis

The data analysis in this research was conducted through several key stages to ensure the KPI data collected was accurate and aligned with the research objectives. The first stage involved data verification and cross-checking to ensure that the KPIs proposed by the organization's units were consistent with SOE regulations, Annual Corporate Plan, Long-term Corporate Plan, internal JIEP documents, and the Mandatory KPI targets set by the shareholders.

This process was facilitated by Google Sheets, which allowed for the cascading of Corporate KPIs into Unit KPIs using specific tools and formulas, such as data validation checkboxes, dropdown lists to manage polarity, and conditional formatting to ensure the correct distribution of KPI weights.

The second stage focused on processing and screening the KPI data through quantitative analysis to identify the 10 most significant KPIs that had the greatest impact on achieving the organization's strategic goals.

These KPIs were selected based on criteria such as their alignment with corporate priorities, efficient resource allocation, and the ability to streamline measurement and reporting processes.

The final stage involved the development of a strategy map that connected these significant KPIs with the Mandatory KPI targets at both the corporate and directorate levels, ensuring that the organization's strategic objectives were effectively supported and aligned across all units.

Table 3. Individual KPI Format based on Ministerial Decree No. SK-306/MBU/11/2023

No	KPI	Unit	Target	Polarity	Weight
A	Shared KPI (Mandatory)				40
	...				
B	Individual KPI (Proposal)				60
	...				
Total					100

RESULT & DISCUSSION

Mandatory KPI

The Collegial KPI or Corporate KPI has been established in management contract of the CEO for year 2024 as key performance indicator of the company, which ratified in General Meeting of Shareholders together with approval of the Work Plan and Corporate Budget for 2024. This KPI is fully designed by Shareholders with aspiration for encourage achievement of strategic goals of organization that cover many important aspects like financial,

operational, social, business model innovation, and technology leadership.

KPI Direktorat juga merupakan KPI Mandatory yang disahkan oleh Dewan Komisaris Perusahaan. Individual KPI for COO (Director of Operations & Development) is designed to encourage operational efficiency, innovation, and strategic infrastructure development in company. Individual KPI for CFO (Director of Finance & Risk Management) focus on efficient financial management, strengthening risk control, and enhancing collaboration and employee engagement.

Table 4. Example KPI of CEO based on Regulation No. SK-306/MBU/11/2023

No	Collegial KPI / KPI of CEO	Unit	Target	ESG/C	Polarity	Weight	Cascaded into	
							COO	CFO
I	Economic and Social Value for Indonesia							
I.1	Financial Aspect							
1	EBITDA	IDR Billion	119	C	Maximize	10.00	V	V
2	ROIC $\geq$ WACC	%	9.06	C	Maximize	5.00	X	V
3	Interest Bearing Debt to EBITDA	time	0.00	G	Minimize	5.00	X	V
4	Interest Bearing Debt to Invested Capital	%	0	G	Minimize	5.00	X	V
5	Fund Placement in Danareksa's Internal Capital Market (ICM)	IDR Billion	50.00	C	Maximize	8.00	X	V
I.2	Operational Aspects							
6	Recurring Income Model Standarization	%	25	C	Maximize	8.00	V	X
7	Back Office Consolidation	Time	Q4	G	Minimize	7.00	X	V
8	Business Optimization Through Strategic Partnerships	%	100	C	Maximize	6.00	V	X
9	Long-term Corporate Plan for 2024 - 2029	Time	Q1	C	Minimize	4.00	X	X
I.3	Social Aspects							
10	National/Domestic Product Usage in Procurement	%	43	S	Maximize	3.00	V	V
II	Business Model Innovation							
1	Synergies within Danareksa Holding	IDR Billion	100.00	C	Maximize	4.00	V	X
2	Synergies with other Regional-owned Company	IDR Billion	20.00	C	Maximize	4.00	V	X
3	Risk Management Implementation as stated in Holding Roadmap	%	100	G	Maximize	4.00	X	V
III	Technology Leadership							
1	ERP integration to Danareksa's ERP	Time	Q4	G	Minimize	6.00	X	V
2	Cyber Security Implementation at Danareksa Holding	Time	Q4	G	Minimize	4.00	X	V

IV	Investment Enhancement							
1	CAPEX Realisation	IDR Billion	147.74	C	Maximize	7.00	V	V
V	Talent Development							
1	Young Top Talent (<=42 years) in Nominated Talent	%	20	S	Maximize	2.00	X	V
2	Female in Nominated Talent	%	15	S	Maximize	2.00	X	V
3	Organ Qualification Fulfillment Ratio for Risk Management	%	90	G	Maximize	2.00	X	V
4	HC Transformation Score in Accordance with the 2024 HR Roadmap	Score	4	G	Maximize	4.00	X	V
Total						100.00		

Unit Head KPI

In explaining each unit head KPI, the researcher will focus on Individual KPIs proposed by each unit, because Shared KPI previously is a mandatory process and cannot be changed.

Secara total terdapat 146 KPI yang tersebar dalam 16 Unit hasil usulan mandiri masing-masing unit. The Corporate Strategy & Planning division establishes nine individual Key Performance Indicators (KPIs) that function as a guide for achieving the company's strategic objectives.

The Corporate Secretary & TJSL (Social and Environmental Responsibility) division has established six individual Key Performance Indicators to ensure efficiency and effectiveness in stakeholder relations, inter-company collaboration, and internal administrative management.

The Internal Audit division plays a vital role in ensuring compliance, operational efficiency, and risk management through the implementation of eleven individual Key Performance Indicators.

The Corporate Legal division is responsible for ensuring legal compliance and supporting the company's strategy through effective legal risk management. This division establishes nine individual Key Performance Indicators to assess

performance and efficiency in various legal areas.

The Management System & Compliance division is responsible for ensuring the implementation of effective management systems and compliance with applicable regulations. This division establishes nine individual Key Performance Indicators to evaluate performance and compliance in various aspects of management systems and governance.

The Business Development & Planning division plays an important role in developing innovative and sustainable business growth strategies. To achieve this goal, this division sets ten individual Key Performance Indicators focused on the completion of strategic project studies and planning.

The Integrated Estate Management division is responsible for managing and improving the quality of infrastructure and facilities in industrial areas. This division sets ten individual Key Performance Indicators focused on effective property and infrastructure management.

The Marketing & Sales division plays a key role in driving revenue growth and strengthening relationships with investors and tenants. This division sets ten individual Key Performance Indicators designed to measure the effectiveness of marketing and sales strategies.

The Quality Assurance division is responsible for ensuring high quality standards in all aspects of the company's operations, with the main goal of improving customer satisfaction and process efficiency. This division sets nine individual Key Performance Indicators focused on improving quality and service speed.

The Corporate Security & Traffic Management (CSTM) division has the main responsibility for ensuring safety and smooth traffic within the company's environment. To achieve this goal, the CSTM division sets eight individual Key Performance Indicators focused on improving security systems and traffic management.

The Corporate Health, Safety, and Environment (CHSE) division has the primary responsibility for ensuring that health, safety, and environmental standards are effectively applied across all company operational activities.

The Information Technology & General Affairs (ITGA) division is responsible for ensuring reliable information technology infrastructure and supporting the overall operational needs of the company. To achieve this goal, the ITGA division sets eight individual Key Performance Indicators focused on technology development and improvement of public facilities.

The Human Capital Management (HCM) division has the main

responsibility for the effective management and development of human resources to achieve the company's strategic objectives. To support this function, the HCM division sets ten individual Key Performance Indicators focused on competency development, employee engagement, and welfare improvement.

The Finance & Accounting division plays a vital role in ensuring efficient and accurate financial management to support the company's stability and growth. This division sets ten individual Key Performance Indicators focused on financial report issuance, cash management, and tax compliance.

The Risk Management division is responsible for identifying, evaluating, and managing risks that may affect the company's operations and strategy. This division sets ten individual Key Performance Indicators (KPIs) focused on strategic and operational risk management.

The Procurement division plays an important role in ensuring the efficiency and effectiveness of the procurement process for goods and services, which is essential to support the company's operations. This division sets seven individual Key Performance Indicators (KPIs) focused on improving efficiency, procurement realization, and compliance with procurement policies.

Table 4. Resume of All KPIs on PT JIEP

No	Level	Unit	Count of Shared KPI	Count of Indiv. KPI	Total KPI
1	Directorate	Chief Executive Officer	-	20	20
2	Directorate	Chief Operating Officer	7	18	25
3	Directorate	Chief Financial Officer	15	13	28
4	Unit	Corporate Strategy & Planning	20	9	29
5	Unit	Corporate Secretary & TJSL	14	6	20
6	Unit	Internal Audit	6	11	17
7	Unit	Corporate Legal	6	9	15
8	Unit	Management System & Compliance	12	9	21

No	Level	Unit	Count of Shared KPI	Count of Indiv. KPI	Total KPI
9	Unit	Business Development & Planning	16	10	26
10	Unit	Integrated Estate Management	12	10	22
11	Unit	Marketing & Sales	16	10	26
12	Unit	Quality Assurance	8	9	17
13	Unit	Corporate Security & Traffic Management	8	8	16
14	Unit	Corporate Health, Safety & Environment	6	10	16
15	Unit	Information Technology & General Affair	8	8	16
16	Unit	Human Capital Management	9	10	19
17	Unit	Finance & Accounting	11	10	21
18	Unit	Risk Management	6	10	16
19	Unit	Procurement	4	7	11

Table 5. Example Cascading Responsibility from KPI of CEO

No	Collegial KPI / KPI of CEO	Cascaded into				
		CSP	CS.TJSL	IA	CL	MSC
1	EBITDA	X	X	X	X	X
2	ROIC $\geq$ WACC	X				
3	Interest Bearing Debt to EBITDA	X				
4	Interest Bearing Debt to Invested Capital	X				
5	Fund Placement in Danareksa's Internal Capital Market (ICM)**	X	X	X	X	X
6	Recurring Income Model Standarization	X	X		X	X
7	Back Office Consolidation	X	X			X
8	Business Optimization Through Strategic Partnerships	X				X
9	Long-term Corporate Plan for 2024 - 2029	X	X			
10	National/Domestic Product Usage in Procurement	X	X	X	X	X
11	Synergies within Danareksa Holding	X	X	X	X	X
12	Synergies with other Regional-owned Company	X	X	X	X	X
13	Risk Management Implementation as stated in Holding Roadmap	X				X
14	ERP integration to Danareksa's ERP	X				X
15	Cyber Security Implementation at Danareksa Holding	X				X
16	CAPEX Realisation	X				X
17	Young Top Talent (≤ 42 years) in Nominated Talent	X				
18	Female in Nominated Talent	X				
19	Organ Qualification Fulfillment Ratio for Risk Management	X	X	X		
20	HC Transformation Score in Accordance with the 2024 HR Roadmap	X				

Table 6. Example KPI of Corporate Legal Unit after Cascading from KPI of CEO

No	KPI	Unit	Target	Polarity	Weight from Supervisor	Adjusted Weight
A	Shared KPI				37.00	40.00
1	EBITDA	IDR Billion	119	Maximize	10.00	10.81
2	Fund Placement in Danareksa's Internal Capital Market (ICM)	IDR Billion	50	Maximize	8.00	8.65
3	Recurring Income Model Standarization	%	25	Maximize	8.00	8.65
4	National/Domestic Product Usage in Procurement	%	43	Maximize	3.00	3.24
5	Synergies within Danareksa Holding	IDR Billion	100	Maximize	4.00	4.32
6	Synergies with other Regional-owned Company	IDR Billion	20	Maximize	4.00	4.32
B	Directorate KPI					60.00
1	Availability of Legal Review & ICM Placement Agreement including monitoring the implementation of the ICM agreement	100	%	Max		2.00
2	Investment absorption - regional land certification plan	106	IDR Billion	Max		5.00
3	Reduce litigation legal costs	10	%	Max		12.00
4	Completion of Corporate Legal services based on transactions and non-transactions	100	%	Max		12.00
5	Formulating, updating and monitoring risk management	100	%	Max		5.00
6	Winning Litigation Legal Cases	8	Amount	Max		12.00
	Total					100.00

Significant Unit KPI

The selection of 10 significant KPIs from 146 KPIs within the organization is a best practice and theoretical approach. Practically, the number of significant KPIs is agreed upon by top management in the Board of Directors meeting. The selection of significant KPIs is based on several considerations as follows:

1. Setting 10 KPIs allows the organization to focus on the main priorities that directly support the achievement of the strategic goals of the CEO, COO, and CFO. Having too many KPIs can divert attention and resources from the most critical initiatives.
2. By selecting 10 KPIs, the organization can allocate resources more efficiently and effectively, ensuring that the

chosen initiatives receive adequate support and attention to achieve the desired outcomes. This also helps in managing the team's time and effort more concentratedly.

3. Ten KPIs offer an effective balance between various functions within the company, covering financial, operational, technology, and human resource aspects. This ensures that each key area has balanced representation and contribution to strategic objectives.
4. Having too large a number of KPIs can make measurement and reporting difficult. With 10 KPIs, the company can more easily track progress, identify areas for improvement, and take timely action based on available data.

5. The selection of 10 KPIs in accordance with the five perspectives of SOEs (Economic & Social Value, Business Model Innovation, Technology Leadership, Investment Enhancement, and Talent Development) allows each perspective to be addressed holistically and integratively.
6. With 10 KPIs, the company can be more responsive and flexible

in adjusting strategies when facing market changes or business conditions. This allows the company to adapt quickly without losing focus on the main goals.

With the justification for determining these significant KPIs, the proposed 10 significant KPIs are stated on table 5.

Table 7. Analysis of Significant Unit KPI

No	Perspective	Main KPI (Collegial)	Significant KPI	Supports
1	Economic & Social Value for Indonesia	EBITDA	Procuring Efficiency	Cashflow Management
		National Product Composition in Procuring System	Building Solar-Powered Public Street Lighting	Asset Management Digitalization
2	Business Model Innovation	Recurring Income Business Model for Estate Management	Implementation of Smart Gate System	Fraud Risk Assessment
		Cyber Security Implementation	Asset Management Digitalization	IT Devices Update for Command Center
3	Technology Leadership	Roadmap Improvement of Risk Management	Fraud Risk Assessment	Risk Strategy Alignment
		Back Office Consolidation	IT Devices Update for Command Center	
4	Investment Enhancement	CAPEX Realisation	Cashflow Management	Training Programs according to Competency Book
		Roadmap Improvement of Risk Management	Risk Strategy Alignment	Training Programs according to Competency Book
5	Talent Development	Young Top Talent under 42 years	Training Programs according to Competency Book	
		HC Transformation in accordance with HC Holding Roadmap	Employee Engagement Programs	

Finance & Accounting (FA): Cash Flow Management, optimal cash flow management ensures sufficient liquidity to pay debts, which directly relates to the CFO's KPI regarding the interest-bearing debt ratio to EBITDA. This helps maintain a healthy capital structure and supports strategic investment decisions.

Integrated Estate Management (IEM): Building Solar Energy Public Lighting, Investment in sustainable infrastructure such as Solar-Powered Public Street Lighting can reduce

operational costs and increase energy efficiency. This supports EBITDA and operational efficiency, which is the COO's focus.

Procurement (PROC): Procuring Efficiency, efficiency in the procurement of goods and services reduces operational costs and increases profit margins. This KPI directly contributes to cost management and EBITDA, supporting the goals of the CFO and COO.

Risk Management (RM): Alignment of Risk Strategy, aligning

risk strategy with the board of commissioners' directions helps ensure that financial and operational risks are well-managed, supporting the company's financial health and the CEO's goals related to ROIC and WACC.

Corporate Security & Traffic Management (CSTM): Implementation of Smart Gate System, the implementation of security technology enhances operational efficiency and reduces disruptions. This supports the COO by ensuring smooth operations and increasing productivity.

Human Capital Management (HCM): Training Program According to Competency Book, employee skill development enhances operational efficiency and productivity. This KPI supports the COO and CEO by ensuring that the team has the necessary skills to achieve company targets. There is significant KPI for employee engagement that support achievement of HC Transformation in CFO and CEO.

Information Technology & General Affairs (ITGA): Digitization of Asset Management, digitization of asset management enhances transparency and efficiency in company asset management, supporting the CFO in capital management and the COO in efficient operations. There is KPI for updating IT Devices in Command Center, ensuring the company's operational security and integrity.

Risk Management (RM): Development of Fraud Risk Assessment, Fraud risk assessment helps prevent financial losses and increase financial security, supporting the CFO in maintaining financial integrity and the COO in ensuring safe operational processes.

Strategy Map

The proposed strategy map for PT JIEP is designed to ensure that every

initiative and effort undertaken by the company aligns with the five perspectives of SOEs, which include Economic & Social Value for Indonesia, Business Model Innovation, Technology Leadership, Investment Enhancement, and Talent Development. The following table explains the division of Significant KPIs into these five SOE perspectives.

In the perspective of Economic & Social Value for Indonesia, PT JIEP is committed to reducing operational costs and increasing energy efficiency through initiatives such as Efficiency in Goods/Services Procurement and the Construction of PJUTS. These two KPIs directly contribute to improving the quality of life for the community by supporting sustainable infrastructure and ensuring competitive product prices.

In the Economic & Social Value for Indonesia perspective, PT JIEP is committed to reducing operational costs and increasing energy efficiency through initiatives such as Goods/Services Procurement Efficiency and Building PJUTS. These two KPIs directly contribute to improving the quality of life of the community by supporting sustainable infrastructure and ensuring competitive product prices.

In the Business Model Innovation perspective, PT JIEP focuses on adopting technology to enhance efficiency and security through KPIs like Implementation of Smart Gate System and Digitization of Asset Management.

For the Investment Enhancement perspective, PT JIEP focuses on optimal cash flow management and aligning risk strategy through KPIs such as Company Cash Flow Management and Risk Strategy Alignment.

By integrating KPIs from various divisions into this strategic map, PT JIEP can ensure that all operational and strategic aspects contribute synergistically to the company's growth

and sustainability, as well as provide a positive impact on Indonesian society and economy.

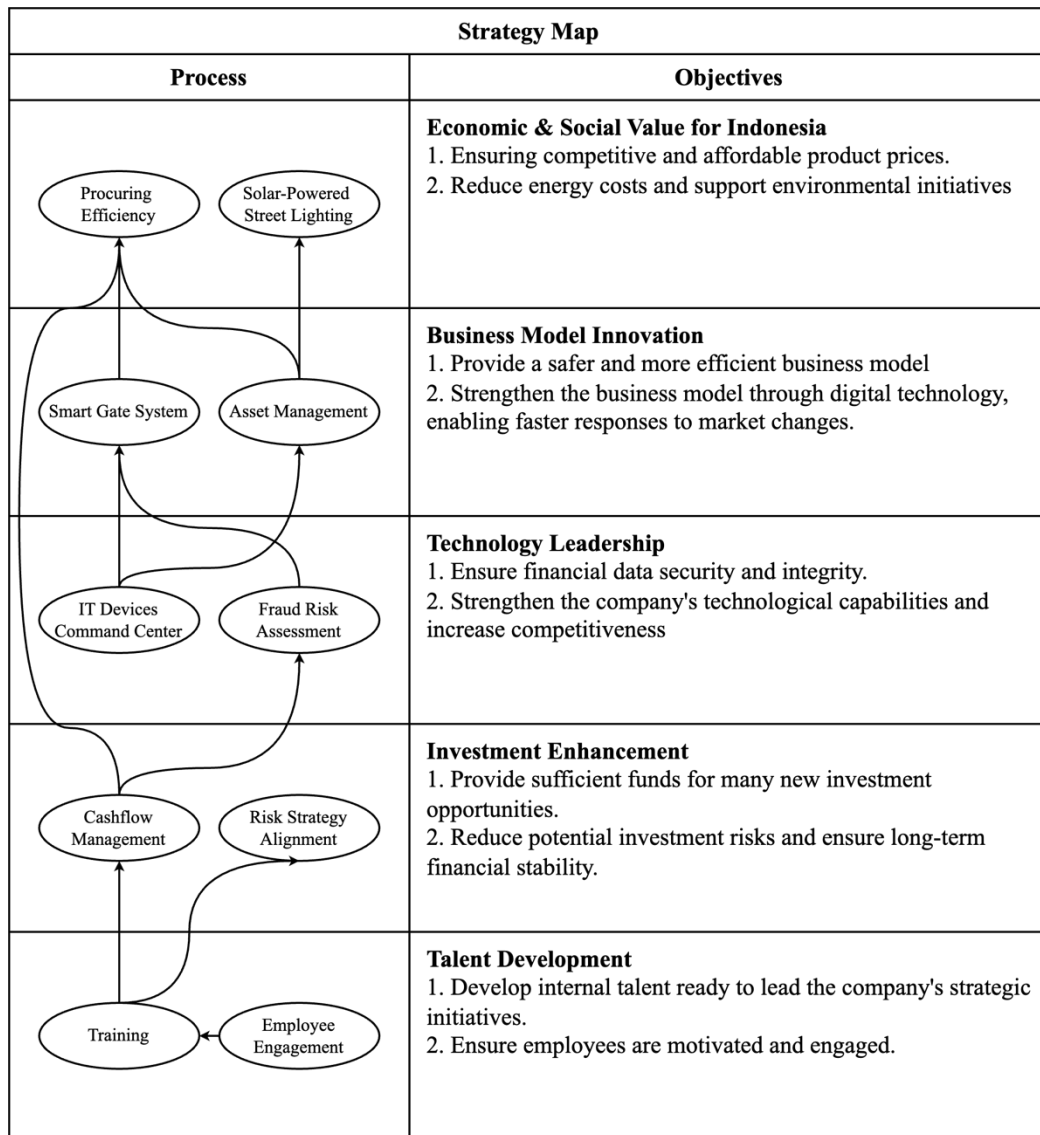


Figure 3. Strategy Map Diagram

Implementation & Justification

In this research, the stakeholder grid approach is used to identify and map the stakeholders involved in the operations and strategy of PT JIEP. A stakeholder grid is a management tool that helps identify, prioritize, and manage stakeholders based on two main

dimensions: interest level and power level. By using this grid, this research can have a more tested justification by understanding the relationship and influence of each stakeholder on the project or initiative being carried out. The stakeholder grid for this research is presented as the following diagram:

Table 8. Stakeholder Grid Analysis

Subjects (Keep informed): <i>High Interest, Low Power</i> • Employees	Players (Work together): <i>High Interest, High Power</i> • Senior Management (BOD-1)
Crowd (Minimal effort): <i>Low Interest, Low Power</i> • Middle Management (BOD-2) • Unit Management System & Compliance • Unit Coordinator (Key Person)	Context Setters (Keep satisfied): <i>Low Interest, High Power</i> • Shareholders (PT Danareksa (Persero) and Badan Pembina BUMD) • Board of Commissioners • Top Management (CEO, COO, and CFO)

The Subjects category, which needs to be continuously informed, includes company employees. Although they have relatively low power in strategic decision-making, employees have high interest in the success of the company, as it directly affects their welfare and job stability. Keeping employees informed allows them to work more effectively and feel engaged in the company's mission. Meanwhile, the Players category, which is invited to collaborate, consists of senior management (BOD-1).

The Crowd category, which requires minimal effort in oversight, includes middle management (BOD-2) and system management units. Although they are not directly involved in strategic decision-making, they play an important role in implementing the day-to-day

operational policies and strategies set by senior management. They act as a liaison between top management and employees, ensuring that operations run in line with the company's strategic vision.

Finally, the Context Setters category, which needs to be kept satisfied, includes key shareholders such as Danareksa (Persero) and Badan Pembina BUMD, the Board of Commissioners, and top management (CEO, COO, and CFO). Shareholders have significant power over the company's strategic decisions, with a primary interest in the company's financial results and sustainability. The Board of Commissioners provides oversight and strategic direction, making it important to ensure they are satisfied with the company's achievements.

strategic oversight. Subsequently, the activity of Worksheet Cascading KPI Framework taking place from February to March 2024 involves top management and the system management unit.

The Directors' Meeting and the Board of Commissioners meeting on June 2024, involve top management and the board of commissioners, which are part of the Context Setters, in the evaluation and oversight of KPIs. These activities ensure that the implementation of KPIs remains aligned with the company's strategic vision.

The current progress related to KPI finalization and evaluation involves senior management, who act as Players,

Practical Scheme

By considering the stakeholder grid, the researcher designs a detailed schedule that aligns with the KPI cascading methodology. The detailed schedule involves the date, activity, related stakeholders, and target.

The process of drafting the KPI cascading at PT JIEP involves a series of strategic activities designed to ensure that the company's objectives are achieved effectively. General Meeting of Shareholders to set Annual Corporate Plan on January 2024, involves shareholders and top management as Context Setters, providing approval and

ensuring that performance indicators align with strategic goals and provide optimal value for the company. By using the stakeholder grid, PT JIEP can ensure

proper stakeholder management during the drafting of KPI cascading, minimizing conflict risks, and ensuring full support from all parties involved.

Table 9. Detailed Implementation Scheme of Cascading KPI

No	Date	Activity	Related Stakeholders	Target
1	January 2024	Technical Meeting for Annual Plan	Shareholders, Senior Management	Pre-adjustment KPI Indicators
2	January 2024	Pre General Shareholders Meeting	Shareholders, Top Management	Pre-adjustment KPI Indicators
3	January 2024	General Shareholders Meeting	Shareholders, Top Management	Final KPI Collegial & Directorate
4	February – March 2024	Cascading Framework until Individual KPI	Top Management, Unit Management System	Worksheet that accelerates cascading process
5	April 2024	Committee Meeting 1	Top Management and Middle Management	Draft of Unit KPI
6	April 2024	Public Communication	All Employees	Engaging All Employee
7	May 2024	Private Assistance	Middle Management & Key Person	Ensuring cascading done properly
8	May 2024	Committee Meeting 2	Top Management and Middle Management	Final Bottom-up Unit KPI
9	June 2024	Directors Meeting	Top Management	Adjustment and Validation of Unit KPI
10	June 2024	BOC Meeting	Component of the Board of Commissioners	Obtaining Informal Approval
11	Current Progress	Private Communication	Senior Management	Inform KPIs and the strategy map that have been approved
12	Current Process	KPI Monitoring and Evaluation	Senior Management	On progress

CONCLUSION

1. This research demonstrates that the Balanced Scorecard can be effectively modified to meet the specific needs and objectives of JIEP. The modifications align the Balanced Scorecard with existing SOE regulations, such as PER.02/MBU/03/2023, PER.03/MBU/03/2023, and SK.306/MBU/11/2023, ensuring that the performance management framework is both legally compliant and strategically aligned.

2. Practical adjustments were made to bridge shareholder expectations with the organization's operational needs by incorporating five perspectives instead of the traditional four, reflecting JIEP's strategic priorities. Additionally, the Strategy Map was developed after the Corporate KPIs were finalized, differing from the standard Balanced Scorecard approach where it is typically created at the beginning.

3. Despite challenges posed by the bureaucratic culture within SOEs, the newly implemented performance management framework was successfully translated into individual KPIs for each unit at JIEP. Tools such as Google Sheets, stakeholder grid analysis, and the Strategy Map enabled alignment between unit KPIs and corporate strategy, ensuring that all KPIs are relevant, focused, and supportive of the overall strategic goals, thereby improving operational efficiency.

RECOMMENDATION

Organizations, particularly those within the public sector, should consider strengthening the application of the Balanced Scorecard by adapting it to their specific regulatory and operational contexts. This includes reducing bureaucratic delays through the digitalization of processes and enhancing cross divisional communication to accelerate KPI setting and implementation. Regular review and updates of KPIs are crucial to maintaining alignment with strategic objectives and responding to evolving market conditions.

Future research should further investigate the role of organizational culture in the effective implementation of KPIs and explore how digitalization can transform performance management practices within public sector entities. Comparative studies between public sector organizations and private companies in implementing the Balanced Scorecard could provide valuable insights into cross-sector best practices. Longitudinal research is also recommended to evaluate the long-term effects of these performance management strategies on organizational outcomes and stakeholder satisfaction.

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