

# Balanced Scorecard and Strategy Map Design in The Company (Case Study at PT. Astra Agro Lestari)

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## Abstract

This study aims to analyze the performance of PT Astra Agro Lestari using the balanced scorecard and strategy map. Researchers use secondary data through the company's annual report and literature review. The results obtained, starting from a growth and learning perspective, have three strategic objectives and KPIs. Then the internal business process perspective has 5 strategic goals and KPIs. From the customer perspective, it has 3 strategic goals and KPIs. From a financial perspective, it also has 3 strategic goals and KPIs. Furthermore, each prepared strategy is visualized through a strategy map.

*Keywords:* Balanced Scorecard, Strategy Map, Palm Oil Company

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## 1. Introduction

In the current era of digital revolution and rapid transformation, every person and business must have sufficient capital to face the existing competition. One that a company must have is a strong internal company condition to produce competitive advantage (Arifyanto, 2015).

This competitive advantage can be seen and analyzed from a concept called the balanced scorecard. This concept was first developed by (Kaplan & Norton, 1996) concept of the balanced scorecard begins with the elaboration of the company's vision and mission and then continues by looking at four perspectives in designing a strategy to be in sync with the vision and mission, which in the end can be implemented to all company actors. The four perspectives used are financial, customer, internal, and learning & growth.

Strategies that have been prepared or designed with the balanced scorecard require a tool to see the internal processes owned by the company which is called a strategy map. This strategy map is related to the balanced scorecard. If a company wants balanced scorecard, it must also have strategy map to find out whether the strategy that has been prepared is in line with the vision, mission and goals of the company (Sudaryo, 2015).

One of the companies in the field of oil palm plantations is PT. Astra Agro Lestari. This company already has a very large oil palm plantation and has a lot of employees. In addition, this company in 2021 had recorded a decline in performance in net profit of 56% (Yanwardhana, 2021). In addition, research on performance management or related to the balanced scorecard and strategy map at PT AALI is still very limited, such as research (Dwicahyani et al., 2020; Prayogi et al., 2013; Supriyanto, 2018) these three researchers are the same -the same research on palm oil companies, but not on PT AALI.

Based on the background above, the purpose of this research is first to explain the vision, mission and culture of PT Astra Agro Lestari, the second is to plan strategic goals on the balanced scorecard, and the last goal is to describe the strategy map at PT Astra Agro Lestari.

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## 2. Literature Review

### 2.1. *Balanced Scorecard*

Balanced scorecard is a management tool used to improve company progress in multiplying financial performance, marketing performance, internal business process performance, and the performance of its human resources (employees). Because companies are basically wealth-creating institutions, the use of BSC in management promises to significantly increase an organization's ability to create wealth. At first the BSC was created to overcome problems regarding the weaknesses of executive performance measurement systems that focus on financial aspects. Furthermore, the BSC has experienced developments in its implementation, not only as a measuring tool for executive performance, but also as an approach in preparing strategic plans. Basically BSC is a management system for companies to invest in the long term, namely for customers learning and growth, including management, and internal business processes in order to obtain financial results that enable the development of business organizations in the future. which will come. There are four BSC perspectives associated with the company's vision and strategy, namely: the financial perspective (shareholders), the customer perspective (customer), the internal business process perspective, and the learning and growth perspective (learning and growth) of employees, management, and organizations. The advantages of the Balanced Scorecard itself are comprehensive, coherent, balanced and measurable. Where among the four perspectives in the BSC method are interrelated with one another, so as to improve company performance, not only from a financial perspective but also from a non-financial perspective. The steps in the BSC method are determining the company's vision, mission and strategy, the next step is determining perspective, where in this step grouping the company's vision, mission and strategy into each perspective, the next step is determining strategic size, then determining strategic indicators. the last one is making a strategy map (Alamsyah, 2017).

According to (Saraswati et al., 2017) the balanced scorecard was developed to complement financial performance measurement (otherwise known as traditional performance measurement) and as an important tool for corporate organizations to reflect new thinking in the era of competitiveness and organizational effectiveness. This concept introduces a company performance measurement system using certain criteria. criteria are actually an elaboration of what is the mission and strategy of the company in the long term which are classified into four different perspectives, namely:

- (1) Financial, perspective This perspective is oriented towards shareholders. The financial perspective specifically uses the measurement of cash flow, return on investment, sales and income growth.
- (2) The customer perspective in the balanced scorecard identifies how the conditions of their customers and market segments have been chosen by companies to compete with their competitors. The segment they have chosen reflects the existence of customers as their source of income.
- (3) Internal business process, perspective This perspective is related to what business processes are the best that must be carried out in the long term and short term to achieve financial goals and customer. In this perspective, the company measures all activities carried out by the company, both managers and employees, to create a product that can provide certain satisfaction for customers and shareholders. In this case the company focuses on three main business processes, namely: the innovation process, the operations process, the post-sales process.
- (4) Growth and learning, perspective This perspective is related to the company value to continuously. In this perspective, there are three important dimensions that must be considered in making measurements, namely; employee capabilities, information system capabilities, motivation, granting authority, and limiting authority to employees.

### 2.2. *Strategy Map*

Strategy map is a communication tool used to tell how value is built in the organization. The strategy map describes the process of converting intangible assets into tangible assets through a causal relationship between strategic objectives in the financial perspective, internal business process perspective, customer, and learning and growth. In the strategy map, it will be shown step by step that links strategic goals between perspectives. Companies need a strategy map to visually show the pattern of causal relationships between aspects in the BSC. The strategy map shows how the company will convert its assets to outcome. strategy map illustrates that employees or operators need knowledge,

skills, and systems (learning and growth perspective) to innovate and build efficient strategies ( internal business process) so that they can provide more value to the market ( customer), which inwill ultimately increase return and shareholder value ( financial) (Alamsyah, 2017).

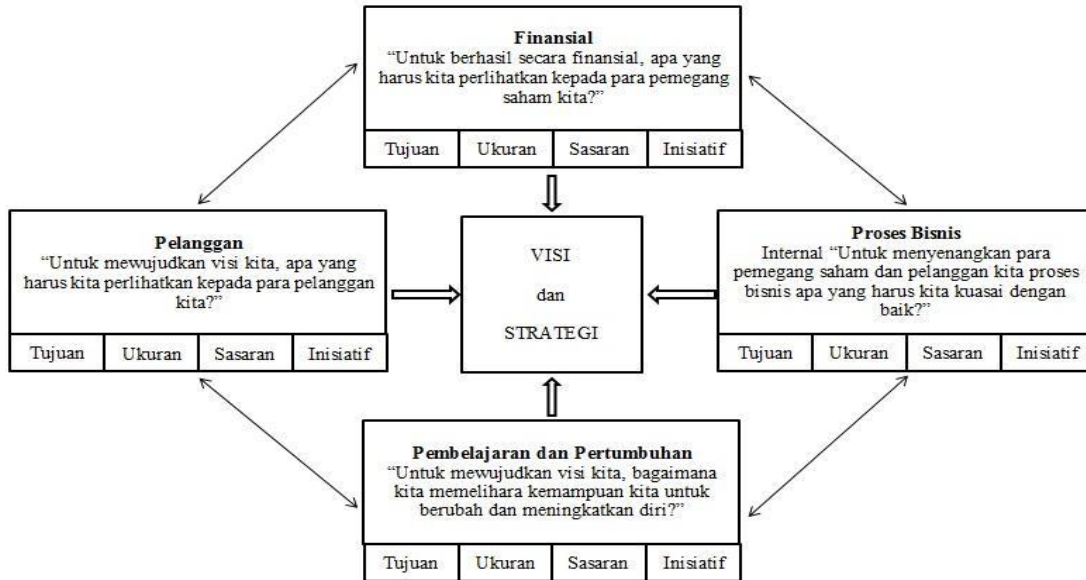


Figure 1. Balanced Scorecard Source: (Kaplan & Norton, 1996)

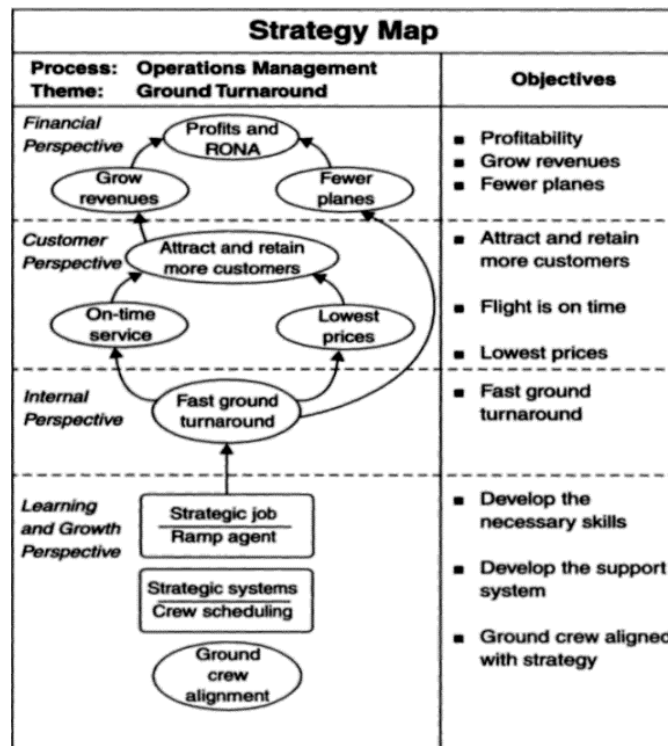
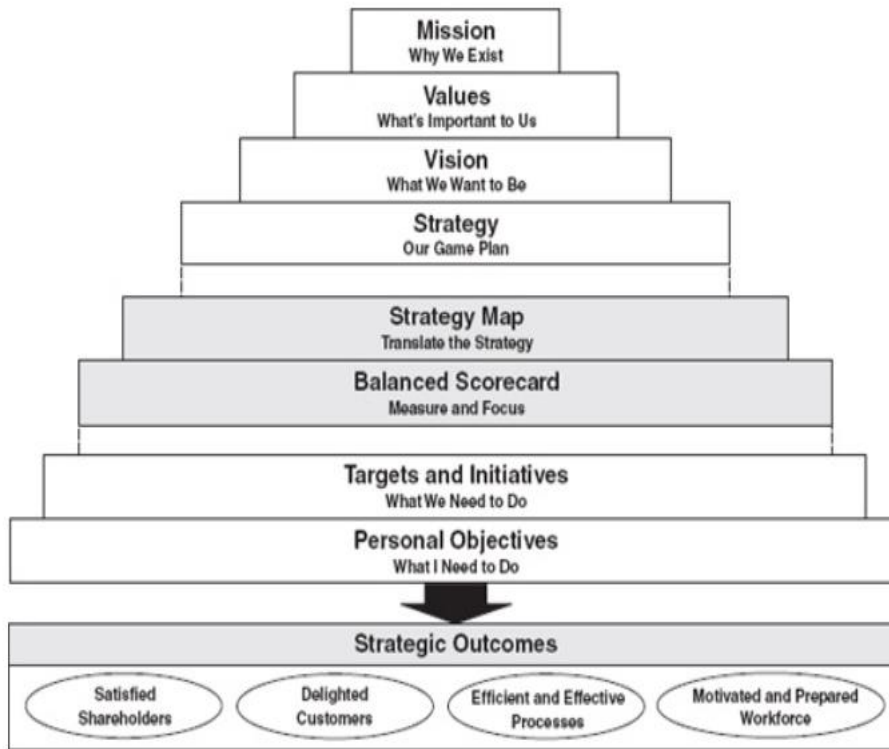


Figure 2. Strategy Map Template Source: (Kaplan & Norton, 1996)



**Figure 3.** Strategies in developing a strategy Source: (Kaplan & Norton, 1996)

### 3. Methods

This research design uses a case study that chooses one of the big companies in Indonesia. The method used in this study is by using secondary data. Data obtained through an annual report or annual report at PT Astra Agro Lestari in 2021. The method of analysis in this study is by reducing data, displaying data, analyzing, and making conclusions (Sugiyono, 2017). The final results of this study will present a balanced scorecard and strategy map for PT Astra Agro Lestari

### 4. Result and Discussions

#### 4.1. Overview of PT. Astra Agro Lestari Tbk

PT. Astra Agro Lestari Tbk is a company engaged in agriculture and to achieve these aims and objectives, the Company carries out several business activities. Facing challenges in the future. The Company focuses its business strategy on efforts to increase productivity, increase efficiency in all lines, and diversify its business in prospective sectors related to its core business in the oil palm plantation sector.

The area of oil palm plantations managed by the company reaches 290,892 hectares spread over the islands of Sumatra, Kalimantan and Sulawesi. Of this area, 224,336 hectares are nucleus plantations while 66,556 hectares are plasma plantations.

The Company is committed to realizing its vision to become a company that contributes to the development and welfare of the nation. The company builds cooperation with the community in the form of a nucleus-plasma partnership and Income Generating Activity (IGA). The company has collaborated with 74,860 oil palm smallholders. This collaboration ensures that the presence of oil palm plantations managed by the company provides great benefits for the surrounding community.

To maintain business continuity, the company develops downstream industries. company operates a palm oil processing factory (refinery) through PT Tanjung Sarana Lestari (PT TSL) located in North Mamuju Regency, West Sulawesi Province. The company also has a marketing office in Singapore under the name Astra-KLK Pte. Ltd which is a joint venture between the company and Kuala Lumpur Kepong Plantation Holdings Sdn, Bhd.

The company also operates NPK fertilizer mixing plants in Donggala Regency, Central Sulawesi Province (2016) and Bumiharjo, Central Kalimantan Province (2017). The company has also started to develop a palm-cow integration business in West Kotawaringin Regency, Central Kalimantan Province (2016).

The vision of PT Astra Agro Lestari Tbk is to become the most productive and innovative agribusiness company in the world. With the mission of being a role model and contributing to the development and welfare of the nation. In addition, the company also has a work culture. The work culture of PT Astra Agro Lestari Tbk is the values that are trusted by the company to become an Astra Agro person. This culture is contained in the sapta corporate culture which consists of 7 cultures and is defined in 24 definitions.

| 7 Budaya   7 Cultures                               | 24 Definisi   | 24 Definition   |
|---|---|---|
| 1 Jujur & Bertanggung jawab<br>Honest & Responsible | <ol style="list-style-type: none"> <li>Bersikap dan bertindak sesuai dengan nilai-nilai keimanan dan ketaqwaan</li> <li>Memiliki komitmen yang tinggi terhadap pekerjaan</li> <li>Bicara sesuai dengan fakta dan data</li> <li>Menjadi pemimpin, bukan pejabat</li> <li>Tinggal, bekerja dan hidup di lingkungan kebun</li> </ol> | <ol style="list-style-type: none"> <li>Behave and act by upholding values of faith and piety</li> <li>Be highly committed to your work</li> <li>Speak based on facts and data</li> <li>Become a leader, not an official</li> <li>Reside, work, and live within the plantation environment</li> </ol>    |
| 2 Triple "S"<br>Triple "S"                          | <ol style="list-style-type: none"> <li>Datang lebih awal</li> <li>Mulai kerja sedini mungkin</li> <li>Patuh terhadap aturan-aturan yang ada</li> <li>Tidak menunda-nunda penyelesaian pekerjaan</li> <li>Konsisten</li> <li>Melakukan review secara periodik</li> </ol>   | <ol style="list-style-type: none"> <li>Arrive earlier</li> <li>Start working as early as possible.</li> <li>Comply with existing rules.</li> <li>Refrain from procrastinating in completing your work</li> <li>Be consistent</li> <li>Perform periodic reviews</li> </ol>                               |
| 3 Fanatik<br>Fanatic                                | <ol style="list-style-type: none"> <li>Fanatik terhadap kultur teknis</li> <li>Fanatik terhadap target</li> <li>Fanatik terhadap norma kerja</li> <li>Fanatik terhadap rotasi pekerjaan</li> </ol>  | <ol style="list-style-type: none"> <li>Fanatic about technical culture</li> <li>Fanatic about targets</li> <li>Fanatic about work standards</li> <li>Fanatic about work rotation</li> </ol>   |
| 4 Peduli<br>Caring                                  | <ol style="list-style-type: none"> <li>Cepat tanggap terhadap masalah</li> <li>Antisipasi terhadap masalah yang akan timbul</li> </ol>  | <ol style="list-style-type: none"> <li>Be responsive to problems</li> <li>Anticipate problems that may arise</li> </ol>   |
| 5 Kontrol<br>Control                                | <ol style="list-style-type: none"> <li>Menguasai wilayah dan personel serta aspek teknis yang menjadi tanggung jawabnya</li> <li>Menggunakan sebagian besar waktunya untuk cek proses kerja di lapangan</li> <li>Berani dan tegas memberikan sanksi terhadap pelanggaran</li> </ol>   | <ol style="list-style-type: none"> <li>Control the territory, the personnel, and the technical aspects within the scope of your responsibility</li> <li>Spend most of your time to monitor the work process in the field</li> <li>Be fearless and firm in imposing sanctions for violations.</li> </ol> |
| 6 Pembinaan dan Inovasi<br>Coaching and Innovation  | <ol style="list-style-type: none"> <li>Menciptakan kondisi yang aman, tenteram dan harmonis di lingkungan kebun</li> <li>Meningkatkan kemampuan kerja karyawan</li> </ol>   | <ol style="list-style-type: none"> <li>Create a secure, peaceful, and harmonious environment at the plantation.</li> <li>Improve work capabilities of the employees</li> </ol>  |
| 7 Korsa<br>Corps Spirit                             | <ol style="list-style-type: none"> <li>Bangga sebagai orang kebun</li> <li>Selalu ingin menjadi yang terbaik</li> </ol>   | <ol style="list-style-type: none"> <li>Be proud of being a plantation worker</li> <li>Always strive to be the best</li> </ol>   |

**Figure 4.** Work Culture of PT. Astra Agro Lestari Tbk  
Source: Annual Report PT AALI 2021

#### 4.2. Identification of Strategic Targets into the Balanced Scorecard

Based on the vision and mission that have been identified in the previous explanation, the next step is to describe the vision and mission of PT Astra Agro Lestari Tbk into each perspective on the balanced scorecard. The elaboration of the vision and mission produces strategic objectives for each perspective in the balanced scorecard. As for the identification and determination of KPIs obtained based on predetermined strategic objectives. The strategic objectives and KPIs that have been obtained are listed in Table 1.

**Table 1.** Design of Balanced Scorecard PT. Astra Agro Lestari Tbk

| Perspective               | Strategic Target  | KPI  |
|---------------------------|---|--|
| Financial                 | <ul style="list-style-type: none"> <li>• Increase company revenue</li> <li>• Increase company net profit</li> <li>• Resource efficiency (cost)</li> </ul>   | <ul style="list-style-type: none"> <li>• % increase in revenue</li> <li>• Net profit margin growth</li> <li>• % TATO</li> </ul>  |
| Customer                  | <ul style="list-style-type: none"> <li>• Market Penetration</li> <li>• Increase customer satisfaction</li> <li>• Development of new markets</li> </ul>  | <ul style="list-style-type: none"> <li>• Increase sales of similar products</li> <li>• Customer satisfaction index</li> <li>• Level of product demand in certain period of time</li> <li>• Increase the number of factories in a certain period of time</li> </ul> |
| Internal Business Process | <ul style="list-style-type: none"> <li>• Increase the number of CPO and PKO processing factories</li> <li>• Collaborate with related parties</li> <li>• Improve the quality of CPO and PKO</li> <li>• Perform production process efficiency</li> <li>• Innovate palm oil derivative products</li> </ul> | <ul style="list-style-type: none"> <li>• Number of cooperation programs</li> <li>• Level of quality of goods compared price</li> <li>• % of total output to total input</li> <li>• Time needed to launch a new product</li> </ul>                                  |
| Growth & Learning         | <ul style="list-style-type: none"> <li>• Improving Skills of company</li> <li>• employee welfare</li> <li>• Increasing employee satisfaction</li> </ul>   | <ul style="list-style-type: none"> <li>• Total ah employee training program</li> <li>• % of employees receiving health insurance</li> <li>• Employee turnover rate</li> </ul>  |

Source: processed data (2022)

The identification of the strategic goals and KPIs mentioned above has been compiled into the form of a balanced scorecard starting from a growth & learning perspective, an internal business process perspective, an customer, and financial perspective. The growth & learning perspective is the foundation for PT. Astra Agro Lestari Tbk in achieving its vision and mission.

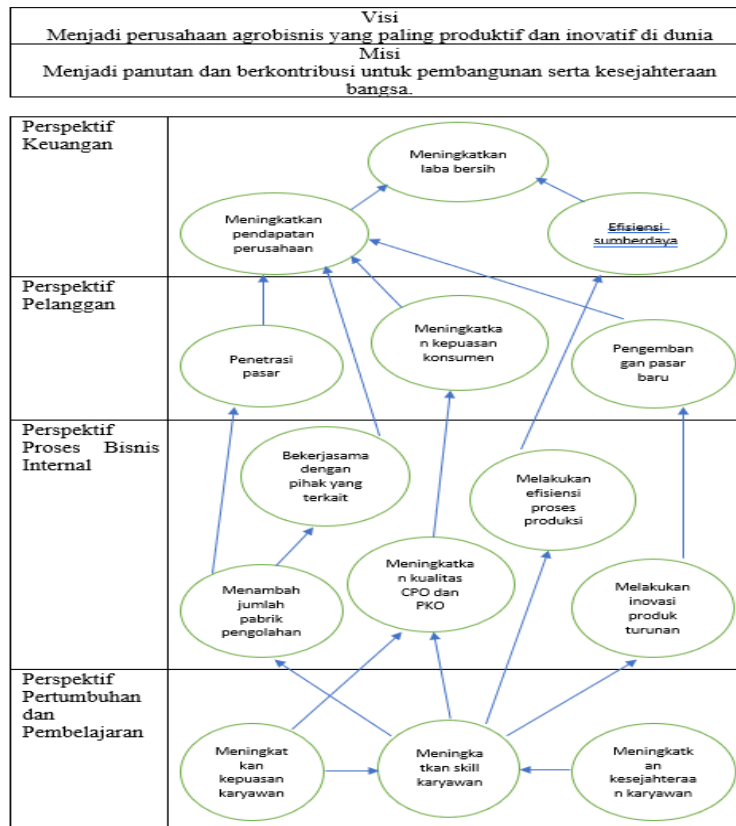
#### 4.3. Strategy Map PT. Astra Agro Lestari Tbk

At this stage, the Balanced Scorecard is no longer a performance measurement tool, but a strategic management concept. Because the strategic management system has the goal of communicating and evaluating (Ilyas & Harymawan, 2018).

Improvements to the three strategic objectives in the growth and learning perspective will have an impact on the company's internal business processes. One of the three strategies in the perspective of growth and learning which has a major role in achieving the goals of PT. Astra Agro Lestari in the future is to improve employee skills. Improving employee skills can increase insight and can create ideas for products such as innovations for derivative products that have not been made, increase the number of CPO and PKO factories, how to improve the quality of CPO and PKO products.

Preparation and provision skills as well as increased welfare for employees will be able to improve performance and encourage the creation of creative ideas in carrying out the company's business processes properly. Good company business processes will create good value for the company in the eyes of customers and shareholders. From the customer's perspective, there are three strategic goals that increase if the company maintains its internal processes well, namely market penetration, development of new markets, and customer satisfaction.

Good internal business processes will result in increased product demand, customer satisfaction, and increased sales of these products. So this will have an impact on the company by increasing the company's net profit. Net profit is obtained from increased revenue and resource efficiency. The amount of increased revenue was obtained from increased sales, products offered according to needs, and an increase in the number of customers. Meanwhile, increased resource efficiency is obtained from efficient use of resources or assets that are not related to products. The strategy map can be explained as shown in Figure 5.



**Figure 5.** Strategy map PT AALI (in Indonesia)  
 Source: Data processed (2022)

From the results of the strategy map above, it can be seen the causes and effects of each strategy in each perspective. This aims to make it easier for the company to carry out strategies and evaluate in the future. With the BSC method and Strategy map this provides a more structured and comprehensive picture (Yuniawati & Murwani, 2014).

**5. Conclusions**

Design of the Balanced Scorecard at PT. Astra Agro Lestari Tbk produced 14 strategic targets and Key Performance Indicators (KPI). Starting from a growth and learning perspective it has three strategic objectives and KPIs. Then the internal business process perspective has 5 strategic goals and KPIs. From the customer perspective, it has 3 strategic goals and KPIs. From a financial perspective, it also has 3 strategic goals and KPIs. Setting strategic goals and KPIs from the perspective of the balanced scorecard is in line with the company's vision and mission. Through this design, a cause-and-effect flow of strategic objectives is also produced to the vision and mission of the company as contained in the strategy map.

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