

# Integration of the SWOT-Balanced Scorecard Method for Restaurant Performance Measurement as a Competitive Strategy Planning Tool

(A Case Study of Taman Luku Restaurant in Yogyakarta)

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*Abstract*— This research aims to measure the performance of Taman Luku Restaurant through the integration of the SWOT-Balanced Scorecard to support a competitive strategy planning. It employs descriptive research design using both qualitative and quantitative approaches. Primary data were collected through interviews with the restaurant owners, while secondary data were obtained from questionnaires, social media platforms, and the restaurant's official websites. The SWOT analysis positioned the restaurant in Quadrant I, indicating a growth strategy, and obtained 12 alternative strategies derived from the SWOT Matrix. The Balanced Scorecard analysis includes 11 performance indicators across four perspectives: financial, customer, internal business process, and learning and growth. The overall performance measurement result across these perspectives fall into the "quite good" category. Five competitive strategy plans were developed for targets that had not yet been achieved.

*Keywords:* Performance Measurement; SWOT-Balanced Scorecard; Competitive Strategy

## I. INTRODUCTION

Fluctuating business dynamics, characterized by intense competition and rapid technological developments, necessitate the formulation of appropriate strategy to ensure business continuity. This, in turn, requires a reliable method for measuring company performance, enabling the achievement of predetermined targets and the identification of strategy [8]. One method commonly used for performance measurement is the Balanced Scorecard (BSC). The Balanced scorecard was introduced by David P. Norton and Robert Kaplan in 1990 in the United States as a part of a study on corporate performance measurement [11]. The Balanced scorecard is a performance measurement tool designed to balance financial and non-financial aspects of organizational performance [11]. It comprises four perspectives: financial, customer, internal business, and growth and learning perspective [4]. Measuring a company's performance is essential for ensuring long-term success. Prior to implementing the Balanced Scorecard, strategic analysis should be conducted, which can be achieved using SWOT analysis. The SWOT analysis helps maximize strengths and opportunities while minimizing weaknesses

and threats to the company. Rangkuti [11] stated that performance measurement using SWOT analysis and Balanced Scorecard can produce a strategic balance among financial performance targets, customer performance, internal process performance, and HR performance. Taman Luku is a restaurant that combines traditional and modern concepts and was established on December 2, 2018. The restaurant has faced intense competition within the same business segment. Therefore, it is necessary for Taman Luku Restaurant to assess its business performance to identify appropriate strategic recommendations based on the measurement results. This research is supported by previous research that employed a similar method. First, a study by Wiyose [13] examined Cafe XYZ using Balanced Scorecard and SWOT methods to formulate strategies to improve performances. The results indicated strategies that leverage strengths to capitalize on existing opportunities. Second, Ramadhan [8] conducted a study on Kopi Rolas Yogyakarta, applying the SWOT-Balanced Scorecard method for performance measurement, which resulted in proposed strategic initiatives for the business. Third, research conducted by Ramadhani et al. [9] examined CV.XYZ using SWOT analysis and the Balanced Scorecard method. Based on the overall performance assessment, the company's performance rating was 0.20, placing it in the "fairly good" category. Fourth, a study conducted by Daryono et al. [2] focused on plantation cluster SMEs in Kendal Regency and employed SWOT-Balanced Scorecard and AHP methods. The study's results indicate that alternative strategies, obtained from focus group discussions and interviews, helped identify appropriate SMEs strategies. Fifth, Hanggoro [3] examined Mom Milk Solo using SWOT-BSC approach, resulting in strategic initiatives that can be applied based on the weighting results. Sixth, S. Ramadhan [8] conducted a study on Simpang Raya Ciomas Restaurant using the Balanced Scorecard; the results showed that the restaurant's overall performance was in the "good" category.

## II. LITERATURE REVIEW

### *Performance Measurement*

According to Zainal & Mukti [12], based on the definitions of several experts, performance can be defined as an individual's or group's determination to conduct and complete tasks or activities in accordance with intended or desired results. Several terms are used interchangeably with performance measurement, including performance appraisal, performance evaluation, and performance measurement itself. Performance measurement is the process of assessing progress towards established goals Zainal & Mukti [12]. According to Kaswan [6], three key aspects to consider in performance appraisal are employee characteristics, behavior, and job responsibilities. Belarmino [1] states that the purposes and benefits of performance measurement include evaluating individuals in the organization, maintaining the system, supporting personal development, and ensuring proper documentation.

### *SWOT Analysis*

SWOT analysis is an evaluation of various aspects of a company, including internal factors such as strengths and weaknesses, and external factors such as opportunities and threats. SWOT, an acronym for Strength, Weaknesses, Opportunities, Threats, is an analytical tool used to assess organizational or company performance by identifying internal and external factors. This analysis serves as a basis for formulating strategic decisions. The strategic factors considered in SWOT analysis include:

- 1) Strengths
- 2) Weaknesses
- 3) Opportunities
- 4) Threats

According to Rangkuti [10], there are four alternative strategies in SWOT analysis: Strengths-Opportunities (S-O) Strategy, Strengths-Threats (S-T) Strategy, Weaknesses-Opportunities (W-O) Strategy, and Weaknesses-Threats (W-T) Strategy. In addition, in the SWOT diagram of four quadrants to classify this strategy, namely:

- 1) Quadrant I: Growth Strategy
- 2) Quadrant II: Diversification Strategy
- 3) Quadrant III: Turn Around Strategy
- 4) Quadrant IV: Defensive strategy

### *Balanced Scorecard Analysis*

In general, the Balanced Scorecard comprises four perspectives: the financial, customer, internal business process, and learning and growth perspective Kaplan & Norton [4]:

### *Financial Perspective*

It is essential for companies to pay close attention to this perspective, as the primary goal of a company is to generate profit. This perspective evaluates whether the planning and implementation of the company's strategy contributes to increased profitability. Financial performance measurement considers the stages of the business cycle, such as growth, sustain, and harvest [4]. In this study, the financial performance indicators used are sales growth, profit growth, and Net Profit Margin (NPM). The growth ratio reflects a company's ability to maintain its economic position amid overall economic or industry-specific growth (Kasmir, 2016).

1. Net Profit Margin

$$\text{The formula of net profit margin} = \frac{\text{Net Profit}}{\text{Total Sales}} \times 100\% \text{ [10]}$$

2. Profit Growth

$$\text{The formula of Profit Growth} = \frac{\text{Total Profit}_t - \text{Total Profit}_{t-1}}{\text{Total Profit}_{t-1}} \times 100\% \text{ [5]}$$

3. Sales Growth

$$\text{The formula of Sales Growth} = \frac{\text{Total Sales}_t - \text{Total Sales}_{t-1}}{\text{Total Sales}_{t-1}} \times 100\% \text{ Wiyose [13]}$$

### *Customer Perspective*

The market serves as the primary source for companies to achieve their income targets. Therefore, management must translate the company's mission and strategy into objectives that are relevant to both the market and customers. Kaplan & Norton [4] classify customer-related performance measurements into two categories:

1) Customer Core Measurement

Customer satisfaction, customer retention, acquisition of new customers, and market and account share in targeted segments constitute the core outcome measures Kaplan & Norton [4].

2) Customer Value Proposition

In addition to the five key customer core measures, there are other factors that help companies increase customer loyalty and satisfaction through the products and services. The lead indicator for these key customer measures is the customer value proposition, which has the distinct driving factors for each company. However, Kaplan & Norton [4] found three attributes typically found in companies: product/service attributes, customer relationship, and image/reputation.

### *Internal Business Process Perspective*

In developing its strategy, a company must consider the relationship between its internal activities and the customer value propositions. These activities are reflected in the internal business process framework, which can be interpreted through a value chain [8]. According to Kaplan & Norton [4], the value chain process is divided into three components: the innovation process, the operation process, and after-sales service.

1. Innovation Process

The innovation process involves creation of product or service offering and the identification of market needs.

2. Operation Process

This stage refers to the production process prior to delivery to customers, with a focus on efficiency, consistency, and speed of product delivery. In addition, flexibility and value-added product characteristics are also key considerations in this process.

3. After Sales Service

The final process involves post-sale activities, including warranty services, product damage maintenance, product returns, and credit services.

### *Learning and Growth Perspective*

This perspective focuses on the intangible assets required by an organization to support its operations and demonstrate its ability to deliver value to customers. According to Kaplan & Norton [4], the measures in the learning and growth perspective include the following:

1. Employee Productivity

$$\text{The formula of employee productivity} = \frac{\text{Net Profit}}{\text{Total Employee}} \times 100\%$$

2. Employee Satisfaction

$$\text{Employee satisfaction} = \frac{\text{Total questionnaire completion}}{\text{Total maximum score}} \times 100\%$$

3. Employee Retention Rate

$$\text{Employees Retention} = \frac{\text{The number of employees left}}{\text{Current number of employees}} \times 100\%$$

### III. RESEARCH METHOD

#### A. Type of Research

This study employs a descriptive research design using both qualitative and quantitative approaches.

#### B. Data Source

##### a. Primary data

The data obtained include the company profile, product information, and financial data of Taman Luku Restaurant. SWOT analysis data were collected through interviews with the restaurant owners. Performance measurement data were gathered based on the Balance Scorecard across four perspectives.

##### b. Secondary data

This data for this research was obtained from a questionnaire as well as information available on the social media platforms and official website of Taman Luku Restaurant.

#### C. Data Analysis Techniques

The research procedure includes collecting data, conducting SWOT analysis, creating a strategy map, and determining performance measures for each strategy. This is followed by testing each indicator in four Balanced Scorecard perspectives, evaluating the company's performance against each measure, comparing the results to the company's targets, and finally, proposing strategic initiatives to improve the performance of Taman Luku Restaurant.

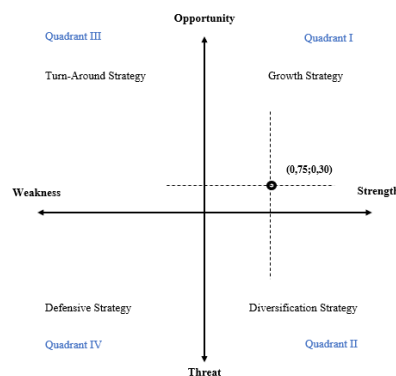
### IV. RESEARCH RESULT AND DISCUSSION

#### 1. SWOT

In determining a business' strategic design, it is essential to conduct both internal and external analysis of the business environment. The following are the results of the internal factors (IFAS) and external factors (EFAS) of Taman Luku Restaurant.

Based on the results from IFAS and EFAS, these are then illustrated in the SWOT diagram to determine the quadrant's location for setting the strategic direction of a business. The following is the formula for determining the quadrant coordinate points on the SWOT diagram (x; y):

$$\begin{aligned} &\text{IFAS coordinates; EFAS coordinates} \\ &= (S-W); (O-T) \\ &= (1.85 - 1.10); (1.65 - 1.35) \\ &= 0.75; 0.30. \end{aligned}$$



(Source: Processed data, 2024)

Fig. 1. SWOT Diagram Result

The table indicates that the coordinate point falls within quadrant I, suggesting that the appropriate strategy is a Growth Strategy. This strategy implies that the restaurant has dominant internal strengths and significant external opportunities. The recommended approach is to leverage these strengths to capitalize on the identified opportunities. Subsequently, alternative strategies are determined using the SWOT matrix. The following results are depicted in the SWOT matrix table.

**Table 1.** SWOT Matrix Result

IFAS	Strength (S)	Weakness (W)
	1. Natural and comfortable environment. 2. Large space and parking area. 3. It has a variety of dishes and a good menu. 4. Provided entertainment with live music. 5. Complete supporting facilities (prayer room, toilet, wifi access, and lighting). 6. Strategic restaurant location.	1. Some human resources lack competence in serving customers. 2. Longer process of providing orders. 3. Small and visible access road to the restaurant. 4. Less promotional activities.
EFAS	S-O Strategy	W-O Strategy
<b>Opportunity (O)</b> 1. Technology development and marketplace ordering. 2. Availability of many food and beverage raw material suppliers. 3. High level of support from travel agencies and government agencies related to culinary. 4. The existence of associations in the field of tourism that support culinary.	1. Increase online marketing and provide special/unique menu options for online orders. (O <sub>1</sub> , S <sub>3</sub> ) 2. Collaborate with travel agencies and government agencies to promote culinary destinations (O <sub>3</sub> , S <sub>6</sub> , S <sub>5</sub> ) 3. Actively participate in tourism activities and follow the promotional programmes they offer (O <sub>4</sub> , S <sub>1</sub> )	1. Periodic training programmes to improve service quality (W <sub>1</sub> , O <sub>3</sub> ) 2. Improve kitchen efficiency and utilize technology to speed up the service process (W <sub>2</sub> , O <sub>1</sub> ) 3. Involve restaurants in association promotional activities and utilize their platforms to increase visibility (W <sub>4</sub> , O <sub>4</sub> )
Threat (T)	S-T Strategy	W-T Strategy
1. Unstable prices of raw materials. 2. Higher competition with similar businesses. 3. The existence of natural disasters (eruption of Mount Merapi)	1. Offer free parking service to increase the attractiveness of the restaurant (T <sub>2</sub> , S <sub>2</sub> ) 2. Organising live music events with interesting themes to increase visits (T <sub>2</sub> , S <sub>4</sub> ) 3. Developing emergency plans and promotions that focus on safety and preparedness for natural disasters (T <sub>3</sub> , S <sub>6</sub> )	1. Provide clear location information on digital platforms and navigation apps (W <sub>3</sub> , T <sub>3</sub> ) 2. Conduct training to reduce unnecessary operational costs as a counterbalance to raw material price fluctuations (W <sub>1</sub> , T <sub>1</sub> ) 3. Optimise internal processes to reduce waiting time and increase promotions through various channels to attract more customers (T <sub>2</sub> , W <sub>2</sub> , W <sub>4</sub> )

Source: Processed data, 2024

Based on the alternative strategies generated by the SWOT matrix, twelve alternative strategies are identified, which will guide the determination of strategic targets and the selection of performance measurement indicators using the four perspectives of the Balanced Scorecard.

## 2. Balanced Scorecard

There are eleven strategic targets, each associated with eleven performance indicators, classified into the four Balanced Scorecard perspectives. The four perspectives are as follows:

**Table 2** Balance Scorecard Result

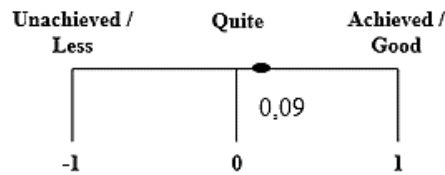
Perspective	Measure	Realization	Target	Score	Categories
Financial	NPM	27.32%	30%	-1	Unachieved/ Less
	Profit Growth	30.94%	30%	1	Achieved/ Good
	Sales Growth	7.23%	5%	1	Achieved/ Good
Customer	Customer Retention	3 Times/month	4 Times/ month	-1	Unachieved/ Less
	Customer Satisfaction	Very Satisfied	Very Satisfied	1	Achieved/ Good
	Image and Reputation	Very Agree	Very Agree	1	Achieved/ Good
Internal Business Processes	Innovation	2.5 products	1 product	1	Achieved/ Good
	Promotions Post on Social Media	248	365	-1	Unachieved/ Less
Learning and Growth	Employee Retention	10.8%	<5%	-1	Unachieved/ Less
	Employee Productivity	5.44% from the total of net profit	5% from the total of net profit	1	Achieved/ Good
	Employee Satisfaction	Satisfied	Very Satisfied	-1	Unachieved/ Less
<b>Overall Total Score</b>				<b>1</b>	

Source: Processed data, 2024

The overall performance measurement results across the four Balanced Scorecard perspectives have been obtained. The financial performance of Taman Luku Restaurant is good; however, the Net Profit Margin has not yet achieved the target. From a customer perspective, the non-financial performance is good, although customer retention has not achieved the target. The internal business process perspective shows overall satisfactory performance, but the indicator for the number of promotions on social media posts has not yet achieved the target. The learning and growth performance is less good, as the indicators for employee retention and employee satisfaction have not yet achieved the target. The total score for the financial perspective is 1, the total score for the customer perspective is 1, the total score for the internal business process perspective is 0, and the total score for the employee perspective is -1. Therefore, the overall score obtained by Taman Luku Restaurant is 1, based on a total of 11 indicators across all perspectives. The percentage of performance across the four Balanced Scorecard perspectives is as follows:

$$\text{Total performance percentage} = \frac{1}{11} = 0,09$$

The results of the calculations presented on the performance rating scale, as shown in Figure 2 below, indicate that all performance measurements with the above indicators fall within the “Quite Good” category. The following illustrates the location of the performance measurement rating scale for Taman Luku Restaurant:



Source: Processed data, 2024

Fig. 2. The Rating Scale of Total Performance

Based on the results obtained, strategies can be proposed for the targets that have not been achieved, enabling Taman Luku Restaurant to compete effectively with similar competitors. Five measures have not met the predetermined targets. The following are proposed competitive strategies that Taman Luku Restaurant can implement:

1) Net Profit Margin

By reducing operational costs without compromising service and product quality, the restaurants can increase their profit margins and achieve the targeted NPM.

2) Customer Retention

An appropriate strategy to increase customer retention is to develop an attractive loyalty program and conduct regular customer satisfaction surveys to identify and address their needs effectively.

3) The Number of Promotional Posts on Social Media

The appropriate strategy to increase the number of promotional posts on social media involves developing a structured content calendar, incorporating interesting visual content, leveraging customer testimonials, and utilizing platform features such as live streaming and scheduled posts.

4) Employee Job Satisfaction

An appropriate strategy to improve employee job satisfaction in the restaurant business includes improving internal communication, providing regular feedback, offering good training and career development opportunities, and implementing fair incentive programs and recognition systems for employee achievements.

5) Employee Retention

The appropriate strategy to reduce employee retention at Taman Luku Restaurant closely aligns with the strategy to enhance employee job satisfaction.

## V. CONCUSLION AND RECOMMENDATIONS

### 1. Conclusion

Based on performance measurements using SWOT-Balanced Scorecard analysis at Taman Luku Restaurant, Yogyakarta, for the period 2022-2023, the following conclusions can be drawn:

The results of the SWOT analysis placed Taman Luku Restaurant in Quadrant I of the SWOT diagram, indicating the appropriate strategy to implement is a Growth Strategy. Based on this strategy, twelve alternative strategic proposals were developed using the IFAS and EFAS matrices. These proposals subsequently determined the strategic targets for analyzing using the Balanced Scorecard approach.

The performance measurement on the financial and customer perspective falls into the "Good" Category.

The performance measurement on internal business process perspective falls into the "Quite Good" Category.

The performance measurement on learning and growth perspective falls into the "Less Good" Category.

The overall performance measurement based on the Balanced Scorecard analysis is categorized as "Quite Good" category.

Overall, the results of the Balanced Scorecard performance measurement are categorized as "Quite Good". To address the five indicators that did not reach the predetermined target, such as Net Profit Margin, Customer Retention, Number of Promotional Posts on social media, Employee Job Satisfaction, and Employee Retention, several competitive strategies have been proposed.

### 2. Recommendations

The suggestions provided for Taman Luku Restaurant are expected to consider the competitive strategy suggestions as a means of improving the restaurant's performance and as a crucial step in guiding its future development.

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