

CHAPTER I

BACKGROUND

1.1 Background

West Sumatera especially Padang is one of many city in Indonesia that has interesting places for tourism to visit because of their geographic location, there are nature tourism, marine tourism and cultural tourism. In accordance to the increasing number of tourism from time to time which appropriate to annually report of Badan Pusat Statistik (BPS) of Sumatera Barat province year 2009 which stated the arrival of foreign tourist make increasing 17,05 percent about 3.913 visitors from November 2009, at year 2010 total arrival of foreign tourist is 3.639 visitors which show increasing until 1.25 percent from the last month report on November 2010 and the last monthly report on May 2011, the total arrival of foreign tourist in Padang is 2.669 visitors which increased 13.33 percent if we compare with April monthly report 2011 . From the data above we can assume that Padang city is potentially increase their income from tourism, that's why the important element that support the completeness of tourism are also need to increase such as hotel, motel, restaurant or other public facilities. The increasing in tourism and business in recent decades pre-empted the growth in national and international hotel chains and latterly the emergence of global chains. In this situation, a big company has to be ready to face the global market which global now is not about how to market the product or services but also how to set the strategy outside the company and inside the company. These

improvements of competitive business cause the changes in competition, production, marketing, and human resources.

The company has to decide what strategy must be use, where the strategy will serve as a foundation and framework to realize the goals that set by management and measure what factors that could affect the company to achieve the success. For that reason company needs a tool to measure the performance of the company to get known about how far the strategy and achievement are determined and achieved, also to get the effectiveness and efficiency of operating company during the period.

Performance measurement is a contextually defined phenomenon in that similar measures may have varying importance and meaning in different organization Euske (1993). Performance measurement is an activity that routinely does for periodically to company's operation and all the company's member which the standard is already agreed. All this time, most company uses the traditional method to measure the company's performance in financial sector that is financial measurement where financial report was a basic in measuring the performance for organization or company especially in financial performance. Performance measurement with this system led the company orientation only for short term profit and tends to ignore the company's long term goals. If we focus only to financial measurement, it will less capable in measure intangible assets and human resource of the company. Moreover, performance measurement with this way is less of the company historical, less

attention to the external sector, and cannot lead the company to better future (Kaplan and Norton, 1996).

Actually financial performance is result of the non financial performance. Although financial report is the most common report that many company used specially for performance measurement, but a good financial report will never good enough to show the company performance because a good financial perspective will never predict company for long-term which is long term existing is company purpose.

Today there is a method that not only considers about the financial perspective, but also consider about the other perspective that related to the success of the company, they are customer perspective, internal business process and learning and growth perspective. For those purposes, this method developed to help company achieve the goal in the effective and efficient way and also the importance of non financial perspective that need to considered. And the result will push the performance of financial which is the purpose of owner goals. This method is known as Balanced Scorecard.

The balanced scorecard (BSC) was introduced in 1992 to provide a framework for selecting multiple performance measures focused on critical aspects of business. The Balanced Scorecard also provides a tool for organizing strategic objectives into customer, internal process, and learning and growth perspectives, to augment the traditional financial perspective. By integrating the four perspectives, the Balanced Scorecard is expected to help manager's understand cross-functional relationships that can ultimately lead to improved

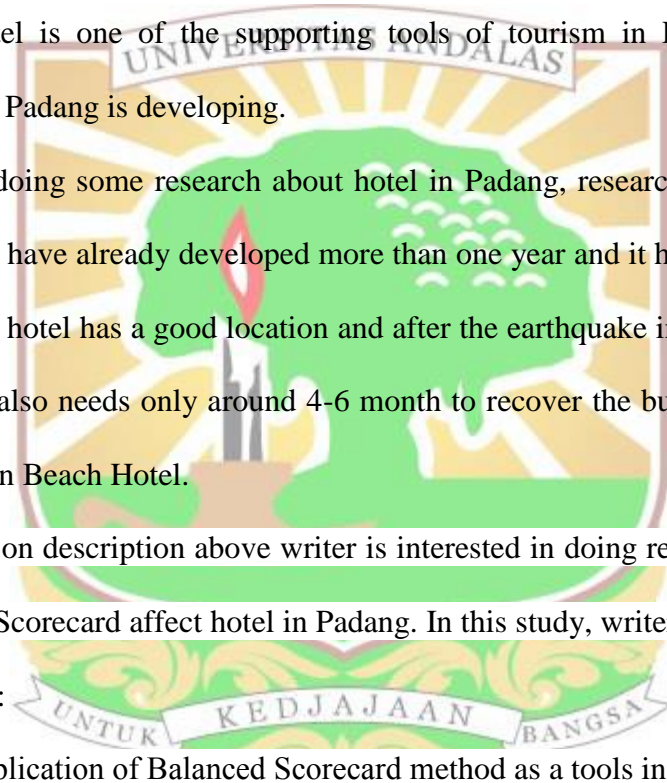
problem solving and decision making (Kaplan and Norton 1992). In practice, it is an integrated report, usually showing diverse areas of performance an organization values most. the Balanced Scorecard differ from traditional performance measurement tools such as financial, sales, production and customer survey report.

Balanced Scorecard also implemented to measure the hotel performance, where hotel is one of the supporting tools of tourism in Padang while the tourism in Padang is developing.

After doing some research about hotel in Padang, researcher found several hotels that have already developed more than one year and it has up level than 3 stars. This hotel has a good location and after the earthquake in Padang in 2009, this hotel also needs only around 4-6 month to recover the building. This hotel is Pangeran Beach Hotel.

Based on description above writer is interested in doing research to how far Balanced Scorecard affect hotel in Padang. In this study, writer takes the subject as follows:

“The application of Balanced Scorecard method as a tools in performance measurement of Pangeran Hotel “



1.2 Problem identification

Based on the Background that described above, so the problem identification the writer wants to discuss on this proposal is :

“How the performance of Pangeran Beach Hotel measure by using Balanced Scorecard Methods? “

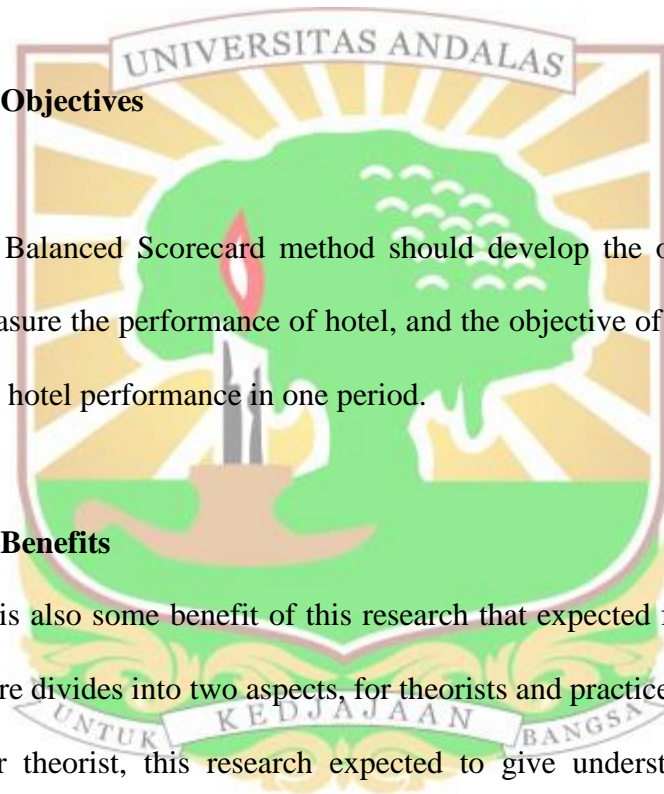
1.3 Research Objectives

Using Balanced Scorecard method should develop the objective of using this to measure the performance of hotel, and the objective of this research is to review the hotel performance in one period.

1.4 Research Benefits

There is also some benefit of this research that expected from the research. Benefit here divides into two aspects, for theorists and practice;

1. For theorist, this research expected to give understanding about the concept of Balanced Scorecard and the application to hotel performance.
2. For practice, this research information can be use for hotel to improve the hotel performance become well and as a tools to evaluate and development for the next period



1.5 Writing Systematic

This research explanation are divide into five chapters, consist of:

CHAPTER I (Introduction)

This chapter explains the overview of the background of the introduction, problem definition, research objective, research benefit of the research and writing systematic of the proposal.

CHAPTER II (Theoretical Framework)

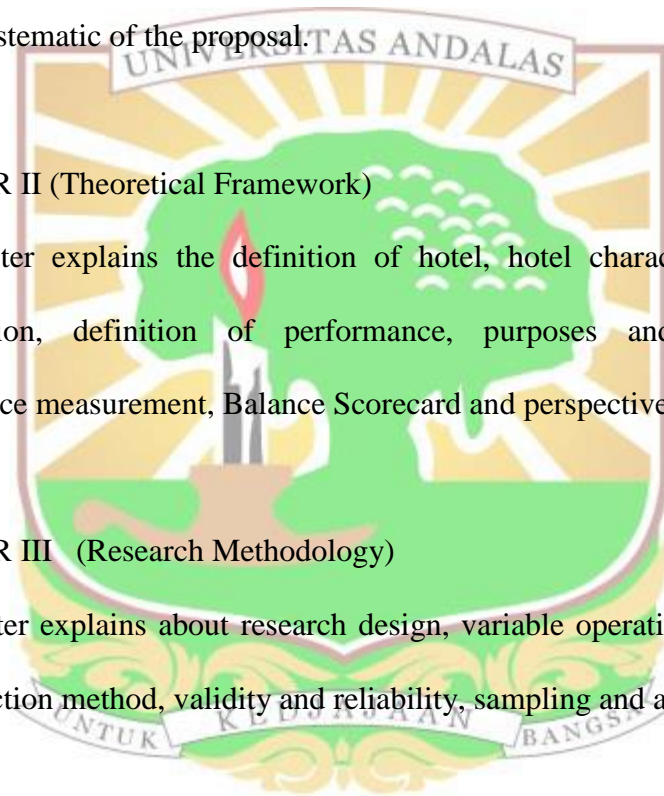
This chapter explains the definition of hotel, hotel characteristic, hotel classification, definition of performance, purposes and benefit of performance measurement, Balance Scorecard and perspectives.

CHAPTER III (Research Methodology)

This chapter explains about research design, variable operation, data resource, data collection method, validity and reliability, sampling and analysis design.

CHAPTER IV (Analysis)

This chapter consist of two part, first is explain about the company profile of hotel and the last part is the result and discussion of the analysis and the implication of the research about balanced scorecard in Pangeran Beach Hotel.



CHAPTER V (Conclusion)

This chapter consists of research conclusions of the analysis in previous chapters. This chapter will also explain the research limitations as well as suggestions and implications of the research not only for the company itself but also to other parties who might have interest in this topic.

