DESIGNING OF MEASURING PERFORMANCE OF CONTINUOUS IMPROVEMENT PROGRAM (KAIZEN-TEIAN) USING BALANCED SCORECARD FRAMEWORK (CASE STUDY AT PT. SMELTING GRESIK)

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ABSTRACT

Continuous improvement (CI) in all aspects of the business is important to maintain the competitive advantage. The measurement of performance improvement is important as a key for management to indicate the success of the improvement process. PT. Smelting is a company that implements continuous improvement strategy. It involves three activities, namely maintenance, innovation and kaizen-teian. However, the study about performance measurement and comprehensive evaluation, related to an improved model, is very limited.

Previously, several studies regarding the improvement of performance measurement have been implemented with various methods. However, in general, the studies were only focus on the performance and carried out mainly at maintenance department. In this thesis, the performance measurements have been performed in order to measure performance of improvement process that occurred in the entire company. The performance measurements have been done by adopting the extended techniques of balance scorecard (EBSC). The EBSC was used to formulate a framework that established a causal relationship between continuous improvement strategies and key performance indicator (KPI). The relationship was weighted using the Analytic Hierarchy Process (AHP) based on their impact to the competitiveness of the company.

The EBSC approach was chosen because this methodology was able to measure the performance of any companies in more comprehensive. The EBSC covered four original scorecard perspectives e.g.: financial, customer, internal business processes, and innovation development, coupled with social and environmental perspectives and maintenance perspective.

The results of the AHP represents the management view of the importance of maintenance and financial criteria. EBSC also demonstrated the performance evaluation and easy controlling because the performance index is more easily understood and visible part of which must be improve. KPIs should be adjusted by the selection of the working area so as not to overlap.

Results of the performance measurement were expected to assist the company to analyze the process of continuous improvement using a new and better EBSC approach.

Keyword: AHP, extended balanced scorecard, continuous improvement, innovation, kaizen-teian, performance