Research Article
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Performance Evaluation of PT Kimia Farma Apotek Using the Balanced Scorecard Approach

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Abstract: Pharmacies face the dual challenge of maintaining the quality of pharmaceutical services while ensuring operational efficiency and business sustainability. The year 2023 was selected as a critical post-loss period because PT Kimia Farma Apotek maintained a substantial revenue base but had not yet achieved healthy profitability or operating cash flow. This study aimed to evaluate the company's performance across the four Balanced Scorecard (BSC) perspectives, explain the imbalance among these perspectives, and formulate recovery priorities. A descriptive observational design with an explanatory sequential mixed-methods approach was used. Company secondary data were analysed quantitatively and subsequently explored through semi-structured interviews with four purposively selected managerial informants. The credibility of the findings was strengthened through source triangulation, methodological triangulation, and member checking. The results showed that the customer perspective was relatively strong and that the organisation possessed learning, technological, and innovation capabilities. However, profitability and operating cash flow remained negative, whereas the national aggregate inventory turnover ratio was 4.24 times per year, equivalent to approximately 86 days of inventory holding. This aggregate turnover figure was not classified in isolation because qualitative findings indicated continuing challenges in inventory allocation, product availability, slow-moving items, and replenishment across the pharmacy network. Internal processes were in place, but promotional activities, complaint resolution, training, and technology utilisation had not been consistently translated into cost efficiency, balanced inventory allocation, service availability, or financial outcomes. The principal finding was a conversion gap: non-financial strengths had not yet been converted into profitability and cash generation. Theoretically, the study demonstrates that the BSC causal chain is conditional rather than automatic because it depends on the reliability of internal processes, disciplined resource allocation, and the quality of strategy execution. Managerial priorities include improving revenue quality, inventory allocation and availability, cost control, customer relationships, employee experience, and data-driven performance governance.

Introduction

Pharmacies play a strategic role in the healthcare system by providing public access to medicines, medication information, and pharmaceutical consultation services. In Indonesia, the 2023 Indonesia Health Profile recorded 31, 995 pharmacies, 8, 559 drugstores, 3, 594 medical-device distributors, and 2, 930 pharmaceutical wholesalers, illustrating both the scale and the high level of competition within the pharmaceutical retail sector (1). Accordingly, pharmacy management can no longer be understood solely as the dispensing of medicines; it also requires managerial capability, operational efficiency, service quality, and sound governance.

Globally, community pharmacy practice is shifting from a product-oriented model towards patient-centred care, interprofessional collaboration, and stronger integration with primary care. Recent literature has also emphasised the importance of service-quality frameworks, digital health platforms, online pharmacies, and telepharmacy in reshaping pharmaceutical practice and patient expectations (2-4). These developments create a dual challenge for pharmacy organisations: increasing value for patients while maintaining business

sustainability.

The Balanced Scorecard (BSC) is relevant to the evaluation of pharmacy organisations because it integrates financial and non-financial indicators across four interrelated perspectives rather than treating them as four independent groups of measures. The framework assumes a causal chain in which learning capabilities improve internal processes, reliable processes create customer value, and customer value generates financial performance. However, studies of BSC implementation indicate that these relationships must be operationalised through strategy maps, appropriate indicator selection, accountability, and consistent performance review (5-9). Thus, the scientific issue is not merely whether each perspective achieves its target, but whether the organisation can convert non-financial strengths into financial outcomes.

Previous Indonesian studies of pharmacies have generally applied the BSC to a single pharmacy or a limited operational unit and have primarily classified performance within each perspective (10, 11). Although these studies provide an important foundation for multidimensional measurement, they offer limited explanations of the conditions under which the BSC causal chain becomes disconnected in a large pharmacy network. This study extends the literature by diagnosing a conversion gap, defined as a condition in which relatively strong customer satisfaction and organisational capabilities coexist with weak profitability and cash flow. Its theoretical contribution is to clarify that the relationships among BSC perspectives are conditional: value conversion requires reliable internal processes, disciplined resource allocation, and effective execution governance. Empirically, this contribution is examined within a national pharmacy network during a post-loss recovery phase by integrating quantitative indicators with managerial explanations.

PT Kimia Farma Apotek is a large pharmacy network within the Kimia Farma business ecosystem and is positioned as one of the largest pharmacy service providers in Indonesia (12). The reissued 2023 consolidated financial statements of PT Kimia Farma Tbk reported losses and negative operating cash flow at the group level (13). Therefore, 2023 is analytically important as the baseline of the recovery phase: the company maintained a substantial revenue base while experiencing pressures related to profitability, cash generation, inventory, costs, and internal governance. These conditions allow the BSC to be used not merely to map performance achievements but also to diagnose why customer and organisational strengths had not produced healthy financial performance.

This comprehensive study aimed to thoroughly evaluate the overall performance of PT Kimia Farma Apotek across all four Balanced Scorecard perspectives, clearly explain the precise mechanism underlying the critical conversion gap between non-financial operational strengths and final financial outcomes, and subsequently formulate integrated strategic recommendations to drive effective post-loss recovery and foster long-term business sustainability.

Methods

Study Design

This study employed a descriptive observational design with an explanatory sequential mixed-methods approach. The quantitative phase was conducted first to map PT Kimia Farma Apotek's 2023 performance indicators across the four BSC perspectives. The qualitative phase was subsequently used to explain patterns requiring further exploration, particularly the coexistence of relatively strong customer indicators and organisational capabilities with weak profitability, inventory efficiency, and operating cash flow. The study involved no intervention and did not statistically test causal relationships; the qualitative findings were used to construct contextual explanations for the quantitative patterns identified.

Data and Data Sources

The quantitative data consisted of company secondary data relating to financial performance, customer measures, internal business processes, and learning and growth indicators. Financial indicators included revenue and revenue growth, gross profit margin (GPM), net profit margin (NPM), operating margin (OM), EBITDA margin, operating expense ratio, human-resource costs relative to

Table 1. Operationalisation of the Balanced Scorecard perspectives and data sources.

Perspective	Main indicators	Data source	Analytical focus
Financial	Revenue and growth; GPM; NPM; OM; EBITDA; operating expense ratio; HR costs/revenue; net cash flow; CFO; ending cash; COGS/revenue; ITOR	Financial, cost, cash-flow, and inventory documents	Profitability, cost efficiency, liquidity, cash generation, and asset utilisation
Customer	CSI/IKP; dissatisfaction index; NPS; reliability; responsiveness; assurance; empathy; tangibles; service-quality gap	Customer surveys and service-quality documents	Customer experience, satisfaction, trust, loyalty potential, and perceived service quality
Internal business processes	Promotional frequency; SOP compliance; complaint resolution; ITOR; BOPO/operating expense ratio	Operational, audit, complaint-management, inventory, and cost documents	Process effectiveness, process consistency, complaint management, inventory efficiency, and operating cost efficiency
Learning and growth	Training intensity; employee retention; employee satisfaction score; information-technology utilisation; service innovation	Human-resource, training, information-technology, and innovation records	Organisational capabilities, workforce stability, digital readiness, and innovation capacity

revenue, net cash flow, cash flow from operating activities, ending cash, cost of goods sold relative to revenue, and inventory turnover ratio (ITOR). Customer indicators included the customer satisfaction index, dissatisfaction index, Net Promoter Score, five service-quality dimensions, and the service-quality gap. Internal business process indicators included promotional frequency, standard operating procedure (SOP) compliance, complaint resolution, ITOR, and the operating expense ratio. Learning and growth indicators included training intensity, employee retention, employee satisfaction score, information-technology utilisation, and service innovation.

The object of this study was PT Kimia Farma Apotek as a stand-alone pharmacy network, whereas the consolidated financial statements were used solely as contextual references. The operationalisation of the Balanced Scorecard perspectives, main indicators, and corresponding data sources used in this study is detailed in **Table 1**.

Qualitative Phase

The qualitative phase involved in-depth semi-structured interviews with four informants purposively selected on the basis of their authority, experience, access to performance data, and direct involvement in the BSC domains. KI-01 was the Business Manager for the Pekanbaru region and provided explanations regarding finance, revenue quality, product mix, costs, inventory, and cash flow; KI-02 was the Business Manager for the Palu region and explored service quality, satisfaction, loyalty, and customer experience; KI-03 was the Business Manager for the Cilegon region and explained the integrated relationships among the perspectives and execution governance; and KI-04 was an Assistant Manager in the Risk Management Division of PT Kimia Farma Apotek who explored operational processes, SOP compliance, risks, complaints, procurement, and inventory replenishment. The interview guide covered five categories: finance; customers; internal processes; learning and growth; and cross-perspective integration and recovery priorities.

The four informants were selected to address the focused purpose of the qualitative phase: explaining the principal inconsistencies in the quantitative data through information-rich participants whose roles provided complementary coverage, rather than achieving statistical representation of the workforce. Information adequacy was assessed according to the extent to which the interviews explained the principal patterns across the four perspectives and the convergence of the findings with company documents and performance data. Nevertheless, the informants' views were not considered representative of the full range of employee and outlet experiences; this boundary was taken into account when interpreting the findings.

Ethical Approval

Ethical approval was obtained from the Health Research Ethics Committee of Universitas Perintis Indonesia (No. 1634/KEPK. F1/ETIK/2026; protocol number 26-05-2018; approval date 8 May 2026). All ethical procedures were conducted in accordance with the 2016 CIOMS-WHO guidelines. The study protected participant confidentiality and ensured that no participant-related procedure was undertaken before ethical approval and informed consent had been obtained.

Data Analysis and Trustworthiness

The quantitative data were analysed descriptively by comparing the 2023 indicators with internal operational standards and relevant practical benchmarks. The qualitative data were analysed through coding, theme development, and explanatory synthesis; each theme was explicitly linked to the quantitative indicators and the organisational context. Source triangulation involved comparing company documents, performance data, and information provided by informants from different functions. Methodological triangulation combined document analysis and interviews, while member checking was used to confirm interview summaries and the principal interpretations. Data integration was intended to generate plausible explanations of the underlying mechanisms rather than to establish statistical causality. Confidentiality, anonymity, informed consent, and the principle of non-maleficence were maintained throughout the study.

Benchmark Basis and Analytical Boundaries

Benchmark values were established before interpretation by combining internal operational targets with contextual comparators derived from the literature or pharmacy-industry reports. The internal thresholds were a customer satisfaction index (CSI/IKP) of ≥9.70, a dissatisfaction index of ≤0.05, an NPS of ≥9.50, SOP compliance of ≥95%, and an employee satisfaction score (ESS) of ≥3.50/4.00. For external indicators, ITOR was interpreted contextually rather than against a universal normative threshold because international evidence shows that low stock turnover and insufficient inventory management can accompany financial vulnerability in community pharmacies (14-17). Furthermore, seasonal variations and local demand fluctuations were carefully considered to ensure that operational performance evaluations comprehensively reflect the real-world dynamics of the pharmaceutical retail business.

An operating expense ratio of ≤28% was used as a practical benchmark; retention of 85-90% was considered adequate; and profitability and operating cash flow were considered healthy when positive. Inventory turnover was interpreted together with inventory holding days, product availability, slow-moving items, expiry risk, and working-capital indicators because pharmacy inventory performance is influenced by product mix, procurement arrangements, and medicine-availability obligations. Similarly, because pharmacy margins are influenced by pricing systems, reimbursement arrangements, and product mix, GPM was not treated as a universal threshold but was assessed together with cost of goods sold and the capacity of gross profit to cover operating expenses. Training, information technology, and innovation were interpreted in terms of continuity and measurable outcomes rather than the number of activities alone.

The year 2023 was selected because it represented a critical post-loss period and offered the most complete data across all BSC perspectives. Data from 2022 were used only to calculate the change in revenue. Consequently, the findings represent an organisational snapshot of a single period and cannot be used to infer

Table 2. Summary of PT Kimia Farma Apotek's 2023 Balanced Scorecard results.

Perspective	Indicator	2023 result	Interpretation
Financial	Revenue and growth	IDR 4.790 trillion; revenue growth -0.03%	The revenue base was maintained, but growth did not move in a positive direction.
Financial	Gross profit margin	25.40%	The gross margin was positive but lower than the operating expense ratio and was therefore insufficient to support operations.
Financial	Net profit margin	-13.54%	Profitability was negative; revenue had not been converted into net profit.
Financial	Operating margin	-13.06%	Core operations continued to generate losses.
Financial	EBITDA margin	-4.30%	The capacity to generate operating earnings before depreciation and amortisation remained negative.
Financial	Operating expense ratio	38.49%	Above the practical benchmark of ≤28%; the operating cost structure was relatively burdensome.
Financial	HR costs/revenue	16.80%	This ratio should be assessed together with productivity and was not used as a stand-alone measure of HR efficiency.
Financial	Net cash flow	-IDR 563.567 billion	Overall cash movement was negative.
Financial	Cash flow from operating activities	-IDR 80.049 billion	Core operations had not generated positive net cash flow.
Financial	Ending cash	IDR 214.891 billion	Ending cash remained positive, but its adequacy was constrained by negative cash flow.
Financial	COGS/revenue	74.60%	COGS left a GPM of 25.40%, which was insufficient to cover the operating expense ratio of 38.49%.
Financial	Inventory turnover ratio	4.24 times/year	Far below the practical benchmark of 4-5 times/year; working capital remained tied up in inventory.
Customer	Customer satisfaction index (CSI/IKP)	9.68	Very high, although slightly below the internal threshold of 9.70.
Customer	Dissatisfaction index	0.03-0.04	Below the internal threshold of 0.05.
Customer	Net Promoter Score	9.67	Above the internal threshold of 9.50; it should be linked to repeat-purchase behaviour.
Customer	Reliability	9.67	The service was perceived as reliable.
Customer	Responsiveness	9.71	The service was perceived as responsive and helpful.
Customer	Assurance	9.70	Competence and trust were rated highly.
Customer	Empathy	9.75	Personal attention and concern were rated positively.
Customer	Tangibles	9.63	The score was strong but was the lowest among the dimensions.
Customer	Service-quality gap	0.03-0.06	The gap between expectations and perceptions was relatively narrow.
Internal processes	Promotional activities	12 times/year	The activity target was achieved, but its effects on margins and revenue remain to be measured.
Internal processes	SOP compliance	91.20%	Good, but still below the internal threshold of 95%.
Internal processes	Complaint resolution	100%	Administrative closure was strong, but the effectiveness of root-cause correction still requires assessment.
Internal processes	Inventory turnover ratio	4.24 times/year	Far below the benchmark of 4-5 times/year and the principal weakness in internal processes.
Internal processes	BOPO/operating expense ratio	38.49%	Above the practical benchmark of ≤28%; operational efficiency was not yet healthy.
Learning and growth	Training intensity	8.15 MDT/employee/year	Training was conducted regularly, but its direct effects on competence and productivity were not measured.
Learning and growth	Employee retention	86.40%	Within the benchmark range of 85-90%.
Learning and growth	Employee satisfaction score	ESS = 3.16/4.00	Below the internal threshold of 3.50/4.00.

Table 2. Continued.

Perspective	Indicator	2023 result	Interpretation
Learning and growth	Information-technology utilisation	95%	Utilisation was high, but its effects on process integration and productivity require demonstration.
Learning and growth	Service innovation	8 innovations	Innovation activity was evident, but its service and economic effects had not been measured.

long-term trends, seasonal variation, or temporal causal relationships. The interpretation therefore uses terms such as indicates, reflects, or suggests rather than claiming causal effects.

Results and Discussion

Quantitative Performance Mapping

The quantitative results revealed an imbalance among the BSC perspectives. The customer and learning and growth perspectives provided relatively strong non-financial capital, whereas the financial and internal process perspectives showed pressures related to profitability, cash generation, cost efficiency, process compliance, and the consistency of inventory allocation and product availability. Aggregate ITOR was 4.24 times per year, equivalent to approximately 86 days of inventory holding, and was interpreted contextually rather than classified against a universal threshold. A summary of the results and their interpretation according to the criteria described in the Methods section is presented in **Table 2**.

Financial Perspective

The financial perspective showed that PT Kimia Farma Apotek maintained a substantial revenue base but had not been able to convert it into profitability and operating cash flow. Revenue reached IDR 4.790 trillion, with growth of -0.03%, indicating that the scale of sales was maintained without meaningful expansion. GPM remained positive at 25.40% but was lower than the operating expense ratio of 38.49%; therefore, the gross-profit capacity was insufficient to support the operating structure. An NPM of -13.54%, an OM of -13.06%, and an EBITDA margin of -4.30% demonstrate that the pressure did not arise solely after non-operating expenses but was already present in the core business. Interpreting these indicators jointly is more informative than classifying each ratio separately because it reveals the weak economic quality of the revenue generated.

This pressure was reinforced by cash flow from operating activities of -IDR 80.049 billion. However, the national aggregate ITOR was 4.24 times per year, equivalent to approximately 86 days of inventory holding. Because no universal pharmacy threshold was applied, this aggregate figure was interpreted alongside profitability, cash flow, product availability, inventory ageing, and the qualitative evidence. Aggregate inventory turnover should therefore not be classified as the principal cause of the company's financial pressure. The financial weakness was more directly reflected in negative operating cash flow, negative profitability margins, and an operating expense ratio that exceeded gross-profit capacity. Nevertheless, an adequate aggregate ITOR does not preclude slow-moving products, excess inventory in particular locations, or stock-outs in other outlets because national aggregation may conceal differences among products, regions, and pharmacies. The literature indicates an association between inventory turnover and corporate profitability, although its direction and magnitude depend on industry characteristics and inventory strategies (18). In contrast to BSC studies of individual pharmacies that primarily identified ratio achievements or declining ITOR (10,11), this study demonstrates a network-level mechanism: substantial revenue may coexist with losses when product mix, costs, inventory allocation, receivables, and cash conversion are not managed as an integrated system.

Customer Perspective

The customer perspective represented the strongest non-financial area. A CSI/IKP of 9.68, an NPS of 9.67, and high scores for reliability, responsiveness, assurance, empathy, and tangibles indicated a positive service experience. Nevertheless, NPS should be interpreted alongside satisfaction and service-quality indicators because its ability to predict growth is not automatic across all contexts (19, 20). Findings from community-pharmacy research also show that perceived service quality and price competitiveness influence customers' pharmacy choices and their intention to return (21, 22). Thus, high customer scores constitute a relational asset but do not in themselves demonstrate that customer value has generated margins or cash.

The interviews indicated that satisfaction was primarily shaped by medicine availability, staff empathy, pharmacists' clinical expertise, accurate education, and price transparency. The association between satisfaction and loyalty reported in previous studies supports the importance of a positive experience; however, loyalty requires relationship management, ease of access, and continuity of service before it can influence repeat purchasing and medication adherence (23). In this study, stock-outs were a recurring complaint, demonstrating that customer experience depends directly on the quality of internal processes. Accordingly, the conversion of customer value should be measured through repeat visits, prescription retention, loyalty-program utilisation, and margin contribution, rather than through perception scores alone.

Internal Business Process Perspective

The internal process perspective revealed a distinction between aggregate performance and operational consistency. Promotions were conducted 12 times per year and 100% of complaints were reported as resolved; however, SOP compliance was 91.20%, below the 95% threshold, and the operating expense ratio reached 38.49%. In contrast, ITOR reached 4.24 times per year, equivalent to approximately 86 days of inventory holding; this aggregate value required interpretation alongside

Table 3. Integrated qualitative themes and strategic implications.

Perspective	Main qualitative theme	Analytical meaning	Strategic implication
Financial	Revenue quality remained weak; low-margin products and high costs dominated performance.	Revenue volume was insufficient to generate adequate margins and cash.	Improve the product mix, outlet profitability, and margin-based commercial strategies.
Financial	Inventory and receivables remained relevant to cash-flow and working-capital management, although aggregate ITOR was relatively adequate.	Cash-conversion and liquidity discipline require assessment beyond aggregate inventory turnover.	Strengthen inventory planning, receivables follow-up, and cash discipline.
Customer	Satisfaction was shaped by medicine availability, empathy, pharmacists' expertise, education, and price transparency.	Customer trust represents a valuable relational asset.	Convert satisfaction into loyalty, repeat purchases, and prescription retention.
Customer	Stock-outs were a recurring customer complaint.	Service quality depends on supply-chain reliability.	Link customer strategy with product availability and replenishment control.
Internal processes	Recurrent manual inventory and administrative work, administrative complaint closure without comprehensive root-cause correction, and inconsistent service delivery remained evident.	Process completion did not consistently ensure responsive inventory, standardisation, or problem resolution.	Simplify inventory administration, conduct root-cause analyses of complaints, strengthen SOP coaching, and monitor outlet implementation.
Internal processes	Slow-moving products, uneven distribution, and stock-outs occurred in particular outlets or product groups despite an adequate national aggregate ITOR.	Aggregate inventory turnover did not fully capture product- and outlet-level inventory effectiveness.	Apply outlet- and item-level ABC/FSN analysis, demand forecasting, inventory-aging monitoring, redistribution, and product-availability indicators.
Learning and growth	Training, information technology, and innovation were moving in the appropriate direction but required consistent implementation and outcome measurement.	Capability investment had not yet been fully translated into productivity gains.	Link training, digital tools, and innovation to measurable outlet outcomes.
Learning and growth	Employee satisfaction required attention, particularly in relation to career pathways, workload, and leadership support.	The sustainability of human capital may affect service consistency.	Improve employee experience, coaching, and performance-based recognition.

outlet-and item-level indicators rather than as a stand-alone classification. Thus, national aggregate inventory turnover was not a principal weakness, although a high frequency of activities had not consistently produced process standardisation, balanced inventory allocation, product availability, or cost efficiency. Complaint resolution also cannot be assessed solely on the basis of administrative closure; the literature emphasises the need for systematic complaint analysis so that the information contributes to quality improvement and prevents recurrence (24).

The qualitative findings explained this execution gap through recurrent manual inventory and administrative work, variations in service delivery across outlets and shifts, and monitoring that was not always followed by corrective action. Complaints could be administratively closed while underlying problems, such as stock-outs, staffing constraints, or system disruptions, persisted. Insufficiently responsive procurement, distribution, and inventory-replenishment processes may also produce stock-outs and excess inventory simultaneously. These findings do not contradict the aggregate ITOR result: slow-moving inventory in particular product categories or outlets may coexist with faster movement elsewhere, while stock-outs may arise from inaccurate allocation even when overall turnover is adequate. The evidence therefore indicates a granular distribution and replenishment problem rather than universally slow inventory turnover. Promotions create value only when supported by product availability, sales with adequate margins, and disciplined inventory control (14, 18, 25, 26).

Learning and Growth Perspective

The learning and growth perspective indicated that the organisation had allocated resources for development. Training intensity reached 8.15 man-days of training per employee per year, employee retention was 86.40%, information-technology utilisation was 95%, and eight service innovations were recorded. These indicators demonstrate investment in human, information, and innovation capital but do not, by themselves, prove that these investments improved productivity. Within the BSC logic, the number of training activities, system-utilisation rates, and the number of innovations are inputs or drivers that must be evaluated through changes in work behaviour and process outcomes (27).

Table 4. Strategic recommendations based on the Balanced Scorecard synthesis.

Priority area	Main action	Expected performance effect
Revenue quality and product mix	0-6 months: increase the contribution of higher-margin OTC, health and wellness, lifestyle, and private-label products; evaluate low-margin promotions and transactions.	Improved GPM, contribution margin, NPM, and operating cash flow.
Inventory and supply-chain discipline	0-6 months: implement Pareto/ABC analysis, demand planning, inventory-age limits, redistribution, and follow-up of slow-moving products; improve replenishment parameters.	Maintained healthy aggregate ITOR, reduced inventory aging, fewer stock-outs and expired products, improved distribution balance, and healthier working capital.
Cost control and outlet profitability	0-6 months: use outlet dashboards for BOPO, shift productivity, rent, utilities, logistics, and margins; establish corrective actions for unproductive outlets.	A lower operating expense ratio and improved operating margin.
Customer relationship management	6-12 months: develop loyalty programmes, medication reminders, personalised follow-up, root-cause analysis of complaints, and consistent customer-experience standards across outlets.	Higher repeat purchases, prescription retention, customer value, and margin contribution.
Human capital and execution consistency	6-12 months: clarify career pathways, coaching, workload distribution, SOP learning, and outcome-based recognition; link training to outlet indicators.	Improved ESS, retention, SOP compliance, productivity, and service consistency.
BSC recovery governance	12-24 months: institutionalise a strategy map, indicator ownership, monthly dashboards, and cross-functional reviews; dynamically adjust BSC priorities according to the recovery phase.	Greater accountability and faster corrective action; non-financial strengths converted into margins and cash.

The employee satisfaction score of 3.16/4.00 remained below the internal threshold of 3.50. This finding is important because the satisfaction and retention of pharmacy personnel are influenced by workload, career pathways, working conditions, professional development, and leadership support (15). A learning organisation also requires an open culture and continuous-improvement mechanisms rather than merely the provision of formal programmes (28). Therefore, the effectiveness of this perspective should be evaluated according to its effects on SOP compliance, outlet productivity, service consistency, margins, and cash flow. Such an approach avoids an assessment that is excessively oriented towards activity counts.

Integrated Balanced Scorecard Interpretation

The integrated interpretation showed that PT Kimia Farma Apotek's 2023 performance did not fully follow the BSC causal chain. Customer trust, training, information technology, and innovation constituted genuine non-financial capital. Aggregate inventory turnover was relatively adequate; however, weaknesses in cost control, process standardisation, inventory allocation, replenishment responsiveness, and productivity impeded the conversion of these capabilities. Learning capabilities had not consistently improved internal processes; internal processes did not always ensure availability and a consistent customer experience; and customer value had not been systematically translated into repeat transactions, margins, and cash. This disconnected chain constitutes the principal conversion gap identified in the study.

Theoretically, these findings clarify three conditions required for the relationships among BSC perspectives to function. First, process reliability is required for competencies, technology, and innovation to generate productivity. Second, disciplined resource allocation is required so that inventory, costs, and working capital support customer value without eroding margins. Third, execution governance is required to ensure that indicators have accountable owners, follow-up actions, and traceable outcome measures. Non-financial assets are therefore necessary but insufficient conditions for achieving financial outcomes. This contribution shifts the interpretation of the BSC from a list of indicators towards a diagnosis of the organisation's capacity to convert resources into value.

Compared with previous pharmacy studies conducted at the department or unit level (10, 11), this study demonstrates that a strong customer perspective can coexist with losses when the conversion mechanism is ineffective. The findings are consistent with reviews of the BSC in healthcare and three decades of implementation research, which emphasise the importance of strategy design, implementation, and review rather than the mere existence of performance measures (7-9, 29). This study did not recalculate formal numerical weights. During the recovery phase, however, temporary managerial emphasis may be placed on operating cash flow, margins, the maintenance of healthy aggregate ITOR, inventory aging and availability, the operating expense ratio, SOP compliance, and receivables discipline, while customer and learning indicators are retained as leading indicators. These priorities should remain dynamic and be reviewed as financial stability improves. To capture the underlying mechanisms behind the quantitative data, the integrated qualitative themes along with their strategic implications are synthesized in **Table 3**.

Strategic Recommendations

The recommendations were organised as a time-bound roadmap. During the first 0-6 months, priorities should focus on cash flow, inventory, costs, outlet profitability, and resolution of the root causes of complaints. During

months 6-12, the focus should expand to customer relationship management, human-resource productivity, service standardisation, and outcome-linked technology utilisation. During months 12-24, the company should institutionalise a strategy map and an integrated BSC dashboard. Each indicator should have an accountable owner at the outlet, regional, and corporate levels, a defined timeline, and monthly review to prevent corrective actions from remaining isolated functional initiatives. Based on the identified conversion gap, a time-bound operational roadmap containing specific strategic recommendations is outlined in **Table 4**.

Conclusion

The BSC evaluation revealed an imbalance in PT Kimia Farma Apotek's performance in 2023. The customer perspective was relatively strong, and the organisation possessed learning, technological, and innovation capital. Aggregate inventory turnover was 4.24 times per year, equivalent to approximately 86 days of inventory holding; however, internal processes were not sufficiently reliable to ensure consistent inventory allocation, product availability, cost efficiency, profitability, and positive operating cash flow. The principal finding, namely the conversion gap, contributes theoretically by demonstrating that the BSC causal chain is conditional rather than automatic. Process reliability, disciplined resource allocation, and execution governance are the linking conditions between non-financial assets and financial outcomes.

From a managerial perspective, the company should prioritise improving revenue quality, maintaining a healthy aggregate inventory turnover while improving inventory allocation, demand forecasting, replenishment parameters, inventory aging, slow-moving-item management, and product availability at the outlet level; accelerating receivables collection; controlling costs; standardising SOP implementation; converting satisfaction into economically valuable loyalty; and strengthening employee experience. Implementation requires indicators with clearly assigned owners, multi-level dashboards, and monthly evaluations so that customer strengths and organisational capabilities can be translated into positive cash flow and sustainable profitability.

This study was limited to a single corporate network, used one year of aggregate data, and involved four managerial informants; consequently, it did not capture inter-outlet variation, long-term trends, or the full range of workforce experiences. In particular, the study relied on the national aggregate ITOR reported by the company. Although this indicator describes overall inventory rotation, it cannot reveal heterogeneity among outlets, regions, product categories, or individual stock-keeping units. An adequate aggregate ITOR may coexist with slow-moving or excess inventory in particular locations and stock-outs in others. The absence of outlet-level inventory aging, product-availability, expiry, and item-level movement data therefore limits the assessment of the quality and distribution of inventory turnover. The descriptive design also did not statistically establish causal relationships. Future research should use longitudinal data covering three to five years, compare multiple pharmacy networks, analyse outlet- and item-level variation, and test relationships among the perspectives using structural equation modelling or other causal quantitative approaches.

Abbreviations

BSC = Balanced Scorecard; BOPO = operating expenses-to-operating revenue ratio; CFO = cash flow from operating activities; CSI/IKP = customer satisfaction index/indeks kepuasan pelanggan; EBITDA = earnings before interest, taxes, depreciation, and amortisation; ESS = employee satisfaction score; GPM = gross profit margin; COGS = cost of goods sold; HR = human resources; IT = information technology; ITOR = inventory turnover ratio; MDT = man-days of training; NPM = net profit margin; NPS = Net Promoter Score; OM = operating margin; OTC = over-the-counter medicines; SOP = standard operating procedure.

Declaration

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Conflict of Interest

One of the authors declares a potential employment-related conflict of interest because the author is employed

by PT Kimia Farma Apotek, the organization evaluated in this study. However, this affiliation did not influence the study design, data analysis, interpretation, or reporting. The research was conducted for academic purposes, and the manuscript was prepared independently.

Data Availability

The data supporting the findings of this study are available from the corresponding author upon reasonable request. However, access to some data is subject to confidentiality restrictions because the study used internal company data and interview results. Aggregated and anonymized data may be provided where appropriate and permitted.

Ethics Statement

This study involved human participants through interviews and was observational only. Ethical approval was obtained from the Health Research Ethics Committee of Universitas Perintis Indonesia, No. 1634/KEPK.F1/ETIK/2026, Protocol No. 26-05-2018, dated May 8, 2026. Informed consent was obtained from all interview informants, and the confidentiality of participants and company data was maintained throughout the study.

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Additional Information

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