

# **Balancing Performance Measurement By Using The Tradition Of Islam, Tao, And Java**

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## **ABSTRACT**

Traditional financial measurement (e.g. return on investment) is usually utilized to measure management performance. However, it does not adequately represent the real performance of management. An alternative is offered, i.e. “Balanced Scorecard” (BS). It is not only treated as a performance measurement, but also as strategic management systems. BS is more extensive and equitable than the traditional one.

This paper evaluates and examines the gender of traditional financial measurement (ROI) and BS through a cultural analysis, i.e. Islam, Tao and Javanese tradition. Having evaluating the gender of the measurements, the paper continually evaluates their weaknesses and attempts to reformulate them in a proper manner. An instrument of analysis is formulated based on Islam, Tao and Javanese tradition. In essence, the instrument utilizes “synergy of binary opposition” which deconstructs “the Center” through internalizing “the others.”

The results of the analysis indicate that the performance measurements are strongly masculine-laden. The masculine values are the ones that tend to be expansive and destructive for social orders of human life and natural environment. To eliminate the negative effects of the masculine values, the paper suggests modification of the performance measurements by harmonizing and balancing masculine values with feminine ones.

*Key words:* return on investment, balanced scorecard, deconstruction, binary opposition, Islam, Tao, Javanese tradition, Masculine and feminine values

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## INTRODUCTION

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Traditionally, performance measurement in general constantly linked to the financial aspect. The measure pays attention on primarily a company's profitability that indicates the ability of the company to acquire profit. The measure frequently used is *return on investment* (ROI). Due to the frequent use of the measure, the majority of business society is not being critical to the measure. Business society is dragged into only one interest to acquire maximum profit. It is actually one-sided interest, i.e. the interest of shareholders.

Performance measurement essentially affects management behavior (or other concerned parties). By using ROI, for example, management implements various ways - even tends to disregard procedure/method - to reach high ROI. According to the ethics of utilitarianism, procedure/method is not the main concern; the main concern is the achievement of utility (often considered with material aspect; i.e. money). The bigger the size of utility, the more "ethical" the performance is. This view does not well run along with other ethics (such as deontological ethics, the natural law of ethics, theological ethics, and religious ethics). In other words, an action that according to utilitarianism is considered as ethical, but according to the other ethics is considered as not ethical.

Ironically, utilitarianism is accepted as a dominant ethics that affect society in large, be it in business practice or in science. It is worth to know that the existing economics, management science, and accounting discipline are constructed and practiced based on the ethics of utilitarianism. The ethics judges good or bad, right or wrong, justice or injustice only based on utility as a result of an action. Yet this ethics become a fundamental value of capitalistic economic system.

The ethics of utilitarianism powerfully affect capitalists' (shareholders and creditors) behavior who have concern on capital invested to earns profit. Based on this view, it not surprising, if financial performance measurement, especially profitability becomes a main indicator for shareholders to keep a hold of and extend their capital.

Based on the above description, it is understood that financial performance measurement is in fact a partial measurement, tends to take side on utilitarian shareholders, and tends to exploit other stakeholders and natural environment. This paper attempts to analyze critically traditional performance measurement that mentioned earlier to provide an alternative measurement (which is hoped to provide a positive influence on stakeholders and nature). An analysis begins with some critics alongside the existing measurements, that is, the traditional and

the advanced ones. Then analysis is continued by doing deconstruction through Synergy of Binary Opposition which is developed based on traditional wisdom of Islam, Tao, and Java.

### **FINANCIAL PERFORMANCE MEASUREMENT (RETURN ON INVESTMENT)**

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Performance measurement using ROI was developed until early 20<sup>th</sup> century. This instrument is much influenced by business tradition of 19<sup>th</sup> century that generally measures performance based on ratio between net earnings and sales revenue or costs of operation. In early 19<sup>th</sup> century, businessmen (owner-entrepreneur) usually concentrated on one single economic activity, therefore it is favorable to use operating ratio of costs to revenue or return on sales to measure their profitability (Kaplan and Atkinson 1998, 500).

Business model of 20<sup>th</sup> century is different from previous century. 20<sup>th</sup> century business is not only focused on one single economy activity, but more than one. Originally, business activities were separated and independent, afterward they were integrated; for example, to coordinate and allocate resources, a different activity is needed, such as producing, buying, and selling activity. Therefore, a new measurement is required to measure profitability of a company. The measurement is return on investment (ROI) which is initiated by DuPont Powder Company that established in 1903. The measurement is a combination of return on sales and assets turnover (Kaplan and Atkinson 1998, 500).

Based on the explanation above, we see that in 19<sup>th</sup> century owner-entrepreneur held an essential role in business. Therefore, the primary attention of the business is return of capital invested in the business. The proper measurement on that point in time is the comparison of net earnings and sales revenue or costs of operations. On next period, owner's role still apparent (although "the structure" of owner himself is no longer individual, but collective and the business "structure" is more complex). It is reflected on the measurement utilized, that is, return on investment (ROI) which represents the prime interest of the owners of capital.

In the context of accounting, the first model is reflected in *proprietary theory*, while the second is represented in *entity theory*. Under the former, proprietor or owner turn out to be the center of attention. It means, all accounting concepts, procedures, and regulations are formulated based on the interest of the owner (Kam 1990, 302; see also Chatfield 1977, 220). Under the latter, the owner is still the center of attention. The difference only appears in the

separation between the owners' personal affairs with a company as an entity (Kam 1990, 304).

Entity theory recognizes a relationship between owner (principal) and agent which is called as principal-agent relationship (model). Some studies illustrate that the relationship gives rise to agency costs, for instance, monitoring expenditures that paid out by the principal (such as, the cost to appoint an auditor), bonding expenditures that paid out by the agent (such as, the cost to set up annual financial report), and residual costs (Whittred and Zimmer 1990, 23). The costs arise because of both parties have different interests.

Away from the existing agency costs, principal-agent relationship is strongly criticized by its opponents, one of them is Chwastiak (1999). Chwastiak (1999) opines that principal-agent model is much influenced by capitalistic values that tend to be exploitative. She argues that

The [principal-agent] theory actually imposes a capitalistic subjectivity on the object of the research, labor, and in so doing, rationalizes and legitimizes exploitation (Chwastiak 1999, 425).

Based on the statement above, it comes into insight that the theory rationalizes and legitimates exploitation toward parties that is in a weak position, i.e. labors.

Rationalization of principal-agent model is derived from an assumption that self-interest behavior of human genetically stems from "biological" character or most commonly said biological determinism, not as a product of social interaction. This assumption rationalizes repressive-exploitative customs as an effect of uncontrollable process. Thus, it is typical when the character is used to legitimate exploitation. This assumption becomes fundamental concepts and values of the principal-agent model.

Further, it is said that self-interest strengthens the individualistic behavior of a society, which is then isolated, fragmented, and alienated from its altruistic character (Chwastiak 1999; Ikeda 1992).

In regard to the principal-agent model, "structural violence" (which assumes that the process of accumulating capital is more important than human life) turn out to be something rational and legal. As a result of the "structural violence", human being becomes ignorance, apathy (Chwastiak 1999, 433-434), and in turn does not perceive his/her-own nature.

In the context of micro and current circumstances, one form of the structural violence is the partial measurement of management performance that measured by ROI. This measurement is obviously the primary tool for owner to control a company in order to maintain and develop capital. Such condition is indeed existing in our society, and even losing control. Thus, no one can escape from this collision circle.

Based on the above description, it is perceived that principal-agent model is full of self-interest. As commonly known, self-interest is the basic value of capitalism. The value fundamentally transforms human life. It is a sort of life that entraps human being into materialistic and hedonic networks of life. Human being as the creator cannot control his/her own creation and entraps him/herself into the creation. He/she is entrapped himself/herself in capital accumulation and material accumulation.

#### **BALANCED SCORECARD: AN ALTERNATIVE MEASUREMENT?**

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ROI is the real measurement that is created for the interest of owners. Many people have understood the weaknesses of the instrument. There is a need to invent an alternative one. An instrument that currently becomes a center of attention is Balanced Scorecard (BS). This instrument is formed to communicate various related organization's objectives that have to be achieved on the bases of capacity and innovation, not based on physical activity (Kaplan and Atkinson 1998, 368) as we notice in the 19<sup>th</sup> and 20<sup>th</sup> century models.

BS has four perspectives, namely: (1) financial perspective; (2) customer perspective; (3) internal business process perspective; and (4) learning and growth perspective. Financial perspective is still utilizing financial performance measurements as indicators whether company's strategy, implementation, and execution have contributed to the bottom-line improvement. Measurement in this perspective usually covers operating income, return on capital employed, or economic value added.

Customer perspective gives its concern to customers. Under the perspective, customers and market segments identified in a certain business units which in turn their measurements are linked to customer satisfaction, customer retention, new customer acquisition, customer profitability, and market and account share on market objective.

In the perspective of internal business process, company executives identify critical internal process that should be undertaken by management. It

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will assist company to fill up value proposition that may attract and maintain the market segment as a target. Additionally, it also satisfies shareholders on expected return (see Kaplan and Norton 1996, 25-29; Kaplan and Atkinson 1998, 368-375).

Financial measurement essentially provides past information of managerial performance. The information becomes less adequate to evaluate company's development that orients to the creation future value through investments on customer, supplier, labor, process, technology, and innovation. Therefore, BS furnishes its financial measurement with a driver of future performance (Kaplan and Norton 1996, 7-8).

BS augments a set of objectives beyond financial measurement. For this reason, management can measure how their business can create value-added to the existing customers and potential customers, and how they expand internal capability and human resources, systems and procedures that are needed to improve future performance. Thus, BS is not just an instrument of performance measurement, but also - and mainly - functions as strategic management system (Kaplan and Norton 1996, 8).

The concept of BS measurement is more complete and comprehensive than the traditional one that only measures performance historically. BS is concerned with internal and external, financial and non-financial aspects, historical and future performance, and so forth. However, beside these strengths, BS has also some weaknesses (see Bessire 2000).

Bessire (2000,11-13) sees some important weaknesses, for instance, *firstly* Kaplan and Norton (1996, 24) does not clearly defines the vision and mission. In fact, vision and mission are the essential aspect to implement BS as strategic management system and measurement. According to Bessire (2000), Kaplan and Norton's (1996) "mission" actually is not the true mission, but more likely as "objective" or "strategy." Thus, it does not inspire as they mentioned.

*Secondly*, there is dubious rationality of the selected four perspectives (financial, customer, internal business process, and growth). The first and second perspective indicates an objective to balance the interests of shareholders and customers. While the last two perspectives linked to the instrument used to achieve goal of satisfying shareholders and customers (Bessire 2000, 12-13).

Besides the weaknesses mentioned by Bessire (2000), this paper attempts to disclose other weaknesses. *Firstly*, in fact BS still poses financial objectives (that is, profit maximization) as the only objective of a company as Kaplan and Norton (1996, 61) said,

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Eventually, all objectives and measures in the other scorecard perspectives should be linked to achieving one or more objectives in the financial perspectives... This linkage to financial objectives explicitly recognizes that the long-run goal for the business is to generate financial returns to investors, and all strategies, programs, and initiatives should enable the business unit to achieve its financial objectives.

Eventually, BS ends up with financial objectives which in traditional measurement are usually measured by profitability as Kaplan and Norton (1996, 61) notice below:

Every scorecard we have seen uses traditional financial objectives relating profitability, assets returns, and revenue enhancements. This evidence reinforces the strong links of the balanced scorecard to the long-established business unit objectives.

Thus, every perspective of BS is designed in such away to achieve financial objective of company. In other words, BS keeps adopting a business perspective that orients to profit maximization.

*Secondly*, the adoption of profit maximization paradigm indicates that ethical values utilized are the ethics of utilitarianism. The ethics dictate that:

An action is right from an ethical point of view if only the some total utilities produced by that act is greater than the sum total of utilities produced by any other act the agent could have performed in its place (Velasquez 1992, 61).

The only ethical measurement, for this ethics, is the size of utility created by an action. Therefore, the measurement is only concerned with “result” or “consequence,” not “process”.

The ethics of utilitarianism dominates modern life. Almost all aspects of life are measured with utility. Thus, the creation of utility becomes “the center” of the modern life. Even, science (such as, economics, management, accounting, technology, and so forth) is developed based on these ethical values. Ultimately, human behavior in general tends to look for opportunities to gain a great deal of utility without even consider the true ethical values.

The ethics of utilitarianism is also recognized as the ethics that utilized as the bases of capitalistic economic system, agency theory, and principal-agent model. The system, theory, and model in some aspects have been criticized by

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some experts (for instance, Ikeda 1992, Chwastiak 1999, Bessie 2000). The critics fall into the areas of the exploitative character of the ethics, for instance, exploitation towards labors, natural environment, human spiritual life, and so on.

The *third* weakness is putting “the owners of the capital” – the capitalists (shareholders and creditors) as a center point of strategic management system. This fact is proven by demonstrating the following concept of Kaplan and Norton (1996, 61):

Financial objectives represent the long-term goal of the organization, *to provide superior returns based on the capital invested* in the unit. Using the balanced scorecard does not conflict with this vital goal. Indeed, the balanced scorecard can make the financial objectives explicit, and customize financial objectives to business units in different stages of their growth and life cycle... This linkage to financial objectives explicitly recognizes that the long-run goal for the business is to generate financial returns to *investors*, and all strategies, programs, and initiatives should enable the business unit to achieve its financial objectives (*italics added*).

The statement clearly explains that the long-term goal of the company is to provide superior returns based on the capital invested in the business. *Based on the capital-invested* means the expected returns are for the owners of the capital (capitalists). While, the other sentence clearly states *to generate financial returns to investors*, to produce returns for investors.

The fact is also supported by accounting body of United States of America that formulates the objective of financial statements for as follow:

An objective of financial statement is to provide information useful to *investors and creditors* for predicting, comparing, and evaluating potential cash flows to them in terms of amount, timing and related uncertainty (Matthew and Perera 1973, 76; *italics added*).

Based on the description above, it is clear that the owners of the capital (investors and creditors) have significant position for the company to survive. Therefore, the interests of capitalists become a first priority in designing and preparing financial statements. Furthermore, we notice that financial statements are designed to measure financial performance to meet the capitalists' interests.

In other aspect, we can say that BS is designed to meet the interests of only limited stakeholders, i.e. investors, customers, and employee. Under the

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learning and growth perspective, employee does get attention as seen on core employee measurements that consist of employee satisfaction and employee retention. However, it seems that employee is made use of by management to provide an excellent service to customers that by doing this, the company will earn high returns. The customers also seem to be placed as an object that to be well served so the company can gain high returns. Finally, we can see that the first top rank of stakeholders is investor. This means that the investor acts as a subject who controls an object.

### **THE DECONSTRUCTION EPISTEMOLOGY OF PERFORMANCE MEASUREMENT**

Based on the previous explanation, we know that (1) profit maximization, (2) the ethics of utilitarianism, (3) capitalists, and (4) limited stakeholders are the central elements of BS. In modern civilization, they have power to dominate and eliminate something else, that is, "The Others." This way of thinking is recognized as "binary opposition." Binary opposition means two things always in contradictory position (for instance, structure-substance, egoistic-altruistic, material-spiritual, economy-social, and so on) that each part attempts to dominate or eliminate the others.

This way of thinking has a negative effect, since the concept itself does not have a balanced value. While, the wisdom of Islamic tradition (through the concept of pair), Chinese tradition (through the concept of Taoism, i.e. the balance of *yin* and *yang*) (see Capra 1975; 1996), and Javanese tradition (through a statement of "*ngono yo ngono ning yo ojo ngono*" which means more or less "do it, but do not be excessive") teaches us a sense of balance, of harmony, and of justice. These traditions in the modern civilization is marginalized. They are brushed off; brushed off from "The Central" and trapped in a marginal position. Even, every effort that was done to dispose "the Others" is actually an action to trap ourselves or to damage ourselves. The destruction of our natural environment (flood and land erosion), economic crisis, political crisis, and social crisis are arising because of false concepts of modernism that places money or capital above all – as "The Central".

Islamic tradition in Holy Koran (for instance, QS 36:36) teaches us the nature of the world of existence which always is in "pair," that is, pair system of two opposing matters (pairs of opposite forces). Other Qur'anic verse (QS 94: 6), i.e. "Behind a difficulty there should be an easiness," also shows the same matter, namely, the union of two opposing matters. This is the law of nature; the law of God. Empirically, we notice the law, for instance, in atom that has proton

and electron, in electricity that has positive and negative poles, and so on. Islamic tradition believes that the two opposing matters (opposite forces) are in a unity (unity of opposites), not two separated matters (see Ali 1989, 1124).

The concept is not so different with the tenets of Taoism. Taoism is a system of belief that is more based on intuitive wisdom than rational knowledge. One of the concepts is that the world existence is governed by a dynamic interplay of two opposing matters, i.e. *Yin* and *Yang*. In this regard, Capra (1975, 102) says that

...all changes in nature as manifestations of dynamic interplay between the polar opposition yin and yang, and thus they (Taoist) came to believe that any pair of opposites constitutes a polar relationship where each of the two poles is dynamically linked to the other.

For Western tradition, according to Capra (1975, 102), the idea that unites two opposing forces is hard to recognize. Even, according to Watts (1979, 20), the concept is a puzzling one, because the rational and materialistic western civilization observe anything in a linear (not cyclic) model. Interdependency of two opposing matters, according to this view, means rejecting a “progress” (which is seen as a linear mode). All Western views agree to say, “making the world better” in a linear way of thinking (that is different with Eastern civilization which believes in cyclic mode) – happy without sad, rich without poor, and healthy without being sick. These views are against the statement of Lao Tzu who says (Capra 1975, 103):

In order to contract a thing, one should surely expand it first.

In order to weaken, one will surely strengthen first.

In order to overthrow, one will surely exalt first.

In order to take, one will surely give first.

**Western tradition is having difficulty to accept the concept that is evidenced on its civilization. For instance, in economics, there is a concept of time value of money that is based on the assumption of positive time preference. This assumption considers that anything works in a linear mode; company’s objective is to gain a maximum profit by negating a possibility to suffer a loss. In this regard, Hines opines that:**

Both opposites exist in all life but one of them may be representing or neglected. Leading to an imbalance in favor of the other. Such imbalance becomes antithetical to survival,

growth and wholeness psychologically, physically, and spiritually (1992, 314).

**Philosophically, Hines (1992) proves that Western scientific tradition only takes one side of two opposing matters. Thus, the tradition produces a partial approach of science. Hines says:**

Until this century, science was the leader in reflecting and reproducing the unbalanced Universal Masculine (*Yang*) perspective. Modern science was preceded and accompanied by a development of philosophical thought which led to an extreme formulation of dualism between spirit and matter (1992, 322).

Clearly, the Western concept and civilization – if we observe from the Tao perspective – has a masculine (*yang*) character and tends to negate the feminine (*yin*) one. In contrast, Eastern tradition accepts masculine and feminine characters in unity.

In Eastern tradition (including Islamic one), the concept of unity is considered to be an important thing to reach enlightenment that goes beyond worldly dualism. What Capra (1975) said is reasonable enough, because in fact Western tradition (including science and the technology) is actually developed based on the paradigm of binary opposition system. The paradigm is dualism in which two opposite forces are trying to “demolish each other”.

Epistemologically, Hines (1992) suggests that construction of science (through research) should internalize feminine values (*yin*) that have been negated by Western masculine values. Hines says:

Alternative research may be characterized as an attempt to retrieve the lost Universal Feminine or *Yin*, by its concern for the subjective; its illumination of the independence between the inner and outer, subject and object, observer and observed, mind and matter... (1992, 336).

The point is, there should be a unification between masculine values and feminine ones in a sense of balance and harmony; there should be a “marriage” between object and subject, between the object being researched and researcher, and between matter and mind, and so forth. The combination is in essence mutually-completing or -strengthening to each other. This concept is known as *synergy of binary opposition* (see Triyuwono 2002). We simply notice the masculine and feminine values that have to be reacquainted as shown in table 1.

**Table 1**  
**The Quality of Masculine (Yang) and Feminine (Yin) Values**

<i>Yang</i> (Masculine)	<i>Yin</i> (Feminine)
Action	Stillness, silence
Doing	Being
Economic	Social
Egoistic	Altruistic
Exterior	Interior
Full	Empty
Hard	Soft
Impersonal	Personal
Individual	Collective
Logic/rational	Intuition
Material	Spiritual
Objective	Subjective
Productive	Receptive
Progress	Integration
Quantitative	Qualitative
Result	Process
Sequential	Simultaneous
Standardization	Proliferation

(Source: Hines (1992, 327; modified))

Alongside with Islamic and Tao beliefs, Javanese philosophy also believes in the “Law of Synergy of Binary Opposition” through a statement of *ngono yo ngono ning yo ojo ngono*. The statement expresses a “balanced” or “moderate” condition. This condition is the ideal one that used to deconstruct management performance measurement.

### INTERNALIZATION OF “THE OTHERS” TO DECONSTRUCT PERFORMANCE MEASUREMENT

As mentioned above, BS has some weaknesses and strengths. In certain aspects, BS has balanced (shown in the word balanced) feminine values with masculine one, for instance: the four perspectives of BS are actually balancing internal aspects with and external ones; balancing “result” (shown in profitability

measurement of financial perspective) with “process” (shown in other perspective), the unity of investor and customer interest, and so on.

However, the unity or the balance seems to be a pseudo one, because the balancing values (i.e. feminine values) simply being used to strengthen the masculine values. Consequently, the masculine values remain on top and powerful. It is evidenced by showing the following statement of Kaplan and Norton:

Eventually, all objectives and measures in the scorecard perspectives should be linked to achieving one or more objectives in the financial perspective... (1996, 61).

Based on the statement above, financial perspective is the only preferred perspective, while the others is placed on a marginal position.

This evidence is illustrated for as follows:

This linkage to financial objectives explicitly recognizes that the long-run goal for the business is to generate financial returns to *investors*. and all strategies, programs, and initiatives should enable the business unit to achieve its financial objectives (Kaplan and Norton 1996, 61; italics added).

The second evidence indicates that investor is on a special position. Implicitly, BS is designed to meet the interest of investors, i.e. satisfied financial returns. Customer and employee are simply as the instruments that are exploited for the interest of investors to earn maximum profit.

The first prime weakness of BS, as mentioned before, is profit maximization, which indicates the ability of management to generate utility over dis-utility (revenues is higher than expenses). Profit is economic material that can be easily measured. If we observe the table above, we will say that profit is masculine, because it has “economic” and “material” elements, can be measured “quantitatively” by using certain accounting “standards”.

By using the synergy of binary opposition, there should be something else which functions as a couple of “profit” that becomes the orientation of management. The “something” meant here is something that has contradict character with the “profit,” i.e. a “social” thing (see table 1). The “social” thing is something that accompanies (economic) “profit”. Both (“social” and “economic” thing) should become an intact orientation for the management. In the context of Islamic, Tao, and Javanese tradition (or other traditions), “social”

character is not something new, because essentially this character is humanistic culture. Therefore, it will not be a problem if the character is integrated to economic affairs.

Little bit different with the description above, Sikula challenges us to transform profit orientation to moral one by saying

The transformation of business, organizations, and society requires new theories and models of individuals and institutional behavior. An example of a transformational theory is "moral maximization"... My intent is to propose that moral maximization but that later it become a substitute and permanent replacement (1996, 96).

**Moral is feminine, while profit is masculine. Since the masculine character has very strong power in business, Sikula (1996) attempts to replace masculine character with the feminine one. If we use the synergy of binary opposition, then Sikula's (1996) suggestion will not resolve the problem, because he replaces a power (profit maximization) with other power (moral maximization) that consequently still generate imbalance. It will be better if Sikula (1996) opines that moral maximization is a couple of profit maximization.**

In Islamic tradition, the merge of the profit and moral is shown and implemented in *zakat*.<sup>\*</sup> The tradition allows someone to seek profit, but to earn the profit he/she should obey *shari'ah* ethics (moral). Then, if the profit has been earned, some of the profit should be distributed to others who have a right to receive. Clearly, the *zakat* concept confirms that *zakat* unites economic aspect (masculine) and social aspect (feminine).

In this regard, Triyuwono explains in more detail that *zakat* covers some implications:

First, there is a transformation from profit orientation to a *zakat* one. This implicates that profit achievement is not the ultimate goal of a company, but as just a middle goal. Second, since the orientation is *zakat*, then all company's operations should comply with the ethics and morality of *shari'ah*. Third, *zakat* covers the unity of egoistic and

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\* *Zakat* is Islamic tax; tax system that based on Islamic tenets.

altruistic character of human being. Fourth, *zakat* has a spirit of emancipation... The fifth, *zakat* is a bridge that links between profane activity with religious one (1997, 25).

In short, *zakat* (or may be termed as “socio-economic profit”) is a symbol that unites masculine with feminine values, economic with social affairs, profane with religious, and material with spiritual dealings. The concept can be utilized to improve the BS concept by balancing its perspectives. It is important, since BS is not just a performance measurement, but also a strategic management system that certainly affects the behavior of management and other stakeholders.

Based on the argumentation above, we can formulate a new concept. The concept assumes that wealth that should be accomplished by a company is not limited to material/economic wealth (reflected in profit maximization), but also to mental and spiritual wealth. Consequently, there is a need to innovate an instrument to identify and measure the mental and spiritual wealth. Then, financial perspective may be better to be “*Socio-economic Perspective*” to accommodate the mental and spiritual wealth.

Profit maximization is an actualization of the ethics of utilitarianism. This ethics clearly has masculine character, since ethical truth is simply measured by utility as a “consequence” of an action and conversely ignores a “process” of the action.

**Although a process becomes a significant element of BS, especially in the perspective of internal business process, however, the process is merely developed to satisfy the interests of shareholders and customers. This statement is transparently stated Kaplan and Norton:**

For internal business process, managers identify the process that is most critical for achieving customer and shareholders objectives... This sequence enables companies to focus their internal business process

Finally, “process” becomes a subordinate and part that being exploited for the interests of shareholders (and customers). Additionally, the process in the context of BS is in the sense of physical-mechanical process, not in the sense of mental-spiritual process. Under the former understanding, it is likely that the process is used as an instrument that is designed and controlled for the interests of shareholders. While the latter is more personal, linked to emotional and spiritual intelligence (see Agustin 2001; Zohar and Marshall 2000).

The ethics of utilitarianism are not concerned with process. However, other ethics, such as deontological ethics, theological ethics, and religious ethics are the ones that are concerned with process and tend to give attention on mental and spiritual aspects. If we observe the gender of the ethics, then we can say that the ethics of utilitarianism are masculine, while the others (deontological ethics, theological ethics, and religious ethics) are feminine.

By still keeping the epistemology of the synergy of binary opposition, ideally, internal business process preferably should be based on ethics which are the combination of "result-oriented" ethics (i.e. the ethics of utilitarianism) and "process-oriented" ethics (i.e. deontological ethics, theological ethics, and religious ethics). By the combination, it is expected that the internal process of a company will be a holistic and comprehensive process. Based on this idea, we can modify the internal business process to be *Internal Ethics-based Business Process Perspective*.

The third weakness of BS is placing capitalists in the highest position among other stakeholders. As mentioned before, capitalists are special subjects, and conversely, other stakeholders (customer, employee, management, supplier, government, etc) are the controlled objects. In that hierarchy, it is likely that capitalists exploit stakeholders and environment (see Chwastiak 1999). The tendency to exploit is possible because the economic authority is in one hand, that is, capitalist (Triyuwono 2002).

This concept is extremely egoistic (masculine), since the concept negates other stakeholders. Then, how are the customers? They, once again, are controlled objects. They are simply an instrument utilized to increase the wealth of capitalists (shareholders and creditors). Kaplan and Norton say:

Decreasing its own profitability to increase its customer's may lead to satisfied and loyal customers but not happy shareholders and bankers (1996, 92).

Based on the statement above, it seems that there is an unwillingness to really satisfy customers. Because if this is done, then the wealth of capitalists will be decreased. The egoistic character is justified by Smith,

It is not from the benevolences of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest (Smith 1776, 27).

This character creates capitalistic business and economic system globally. However, according to Tao, the character should be accompanied by altruistic one.



Javanese tradition does not let an excessive egoistic character. It is expressed in the statement of *sepi ing pamrih* (free from reward). According to this concept, man/woman who hold *sepi ing pamrih* does not feel sad. He/she is not highly concerned with his/her own interest. He/she is able to control his/her desire. Other phrase that always linked to *sepi ing pamrih* is *rame ing gawe* (working hard) that can be interpreted as working hard for ourselves, family, society, and humanity in general (Magnis – Suseno 1996, 45). *Rame ing gawe*, according to Magnis – Suseno (1996, 146), can be viewed from *sepi ing pamrih*, which means that each person can be actively free themselves from personal interest for social harmony.

Based on the philosophy, we can understand that Javanese tradition has a character of “collectivity,” to use Hofstede’s (1991) term. The character of collectivity is also reflected in other phrases, namely, *mangan ora mangan sing penting kumpul* (we eat or not, the most important matter is to be together) and *ana sethithik didum sethithik, ana akeh didum akeh* (if we have a few, we share it a few, if we have plenty, we share it plenty) (see Magnis – Suseno 1996, 145). By using the Javanese philosophy, then we can notice that the BS (that prioritizes the interest of capitalists) does not go well with the tradition. BS is more individualistic, while Javanese tradition is more collective.

Parallel to Javanese tradition, Islamic tradition does not recognize a single authority on economic dealings. The tradition does not allow an accumulation of wealth owned by only a single group. Conversely, it tends to spread the wealth broadly to other groups fairly through *zakat*.

Based on those views, therefore, a high orientation (to fulfill the interests of capitalists) should be balanced with fulfilling the interests of other parties such as customer, employee, supplier, and government. This concept wishes for that “the pie” of wealth (that is successfully produced by a company) should be distributed and enjoyed by all parties that have provided contributions (financially or non-financially) to the company.

In regards to the concept, Triyuwono (2002) has an opinion that the wealth is not only distributed to the stakeholders (which are human beings), also to the nature. Even, the stakeholders which is mentioned by Triyuwono (2002) are not limited to stakeholders who directly linked to the company, but also who does not give any contribution to the company (for instance, the poor). In Islamic tradition (particularly in *zakat* concept), the last group mentioned (beside the natural environment) does have rights to earn “the pie” of wealth that is produced by the company.

Therefore, to arrive at “balance” or “harmony,” then the perspective of BS particularly customer perspective should be modified by adopting the ideas mentioned above. The perspective can be altered to be *Stakeholders and Natural Environment Perspective*. By observing the term, it is clear that the perspective wishes the company to distribute the wealth (material, mental, and spiritual) to stakeholders and natural environment. The advantages of the modification are, firstly, there is a distribution of economic authority from capitalists to stakeholders, secondly, the capitalists’ exploitation on other stakeholders and nature can be avoided; and the thirdly, the wealth can be distributed broadly, not only to human being, but also to the nature.

**Exploitation (by capitalists) over other human (other stakeholders) and nature can be caused by excessive egocentric character of human, or because of the imbalance values. For instance, highly appreciating material world and contrarily negating spiritual world, appreciating economic affair and diversely getting rid of social values, esteeming profit and negating moral, and so forth.**

In the context of learning and growth perspective, it turns out that BS also makes use of it to gaining profit as shown by the statement of Kaplan and Norton:

The objectives in the learning and growth perspective provide the infrastructure to enable ambitious objectives in the other three perspectives to be achieved. Objectives in the learning and growth perspective are the drivers for achieving excellent outcomes in the *first* three scorecard perspectives (financial perspectives) (1996, 126; italics added).

As consequence of apprising profit, learning and growth perspective becomes so mechanical and linear. The system with the character is highly concerned with “progress” rather than “integration,” emphasizes on action rather than “stillness and silence,” emphasizes on “doing” rather than “being,” emphasizes on “productive” rather than “receptive,” emphasizes on “sequential” rather than “simultaneous,” and so on (see table 1). In short, the perspective has a masculine gender. Therefore, the perspective needs to be balanced with the feminine values. By internalizing the feminine values, then the perspective will be more flexible, so it will be more appropriate if it is modified and converted to *Flexible Learning and Growth Perspective*.

## CONCLUSION

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Contemporary and traditional performance measurement is not isolated from value and culture in which the measurement is practiced and developed. Based on the explanation above, it is proved that performance measurement of ROI and BS are full of masculine values. Absorption of excessive masculine values can give rise to imbalance and destruction of human being, social-economic orders, and natural environment.

By internalizing "traditional" wisdom - that was marginalized by contemporary way of thinking - will improve the concept of performance measurement. The idea is required since the measurement itself affects human behavior (shareholders, creditors, management, employees, customers, and so forth). Moreover, it does not only function as performance measurement, but also as strategic management system.

"Traditonal" wisdom of Islam, Tao, and Java can provide a broader insight to rectify performance measurement, mainly, as a strategic management system. The offered wisdom primarily views the existence of the unity of "positive" and "negative," as according to Islamic tradition, "behind a difficulty there should be an easiness", or according to Tao tradition "in order to take, one will surely give first", or according to Javasene tradition "*ngono yo ngono ning yo ojo ngono.*"

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