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Balanced Score Card Implementation and its Effect on Banks` Financial Performance

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This study aimed at identifying the impact of balanced scorecard and BSC application of its four perspectives as independent variable (financial (Fin), customer (C), internal processes (IP), and growth and development (GD)) on financial performance measured by average stock market price of listed commercial banks, on the Amman Stock Exchange – ASE. A questionnaire was distributed to key persons such as managers, departments` heads. Of these, 312 questionnaires were valid for analysis. The study findings demonstrated that there is a statistically significant impact of the BSC of the four perspectives (FIN., C., IP. and GD) together or separately on banks financial performance. The study concluded that commercial banks management should adopt and apply BSC due its favourable impact on banks` financial performance and the focus more on client's changing needs.

Key words: *BSC, Financial Performance, Stock Market value, Perspectives.*

Introduction

Business sustainability is based mainly on its performance and thus they should set-up a healthy strategy. Business organisations always seek to develop such strategies, monitor them in order to understand how the business is performing and how it can improve compared to its counterparts. The dilemma that most organisations face is which is the proper performance measurement that is considered as a pivotal tool to get forward in performance. Kaplan and Norton,(1992) argued that, traditional accounting measurements that emphasise mainly the financial aspects are said to be classified as irrelevant and backward. They also debated that managers should not only concentrate on financial indicators when taking decisions and also consider non-financial indicators.

BSC when integrated cautiously would provide management with a brief but holistic and timely view of their business performance. Four main key perspectives were identified as being essential and thus should be contained, i.e. the financial, internal business-process/learning, customer and growth perspectives. In 1996, Kaplan and Norton expanded their view by stressing the importance of aligning BSC information with organisation strategy. Over the past few decades, the complex volatile global business environment and escalating business competitiveness have pointed out the importance of a holistic performance measurement. Many performance measurement models were widely employed in different business sectors and they had received more and more attention (Niven, 2002; Yang et al., 2010). Thus, the focus has moved from traditional performance management model (Neely et al., 1995) to the design and deployment of a holistic performance management model (Neely, 2005). (Kaplan & Norton, 1996; Hemming, 2012) states that companies around the world are experiencing a transformation of competition, which is based on information and their capability to use intangible assets which has become more critical than their capability to invest and manage assets. This stream implies the necessity of developing and deploying more advanced managerial and strategic tools such as BSC. Researchers and experts confirm that there has been a shift in the model from conventional financial performance measurement ideology to the ideology of integrating both non-financial and financial measures (Hoque & James, 2000; Malina & Selto2001; Atkinson & Kaplan, 2003).

The significance and effectiveness of (BSC) has been confronted by many controversial arguments and views. The leading experts point of view (Kaplan & Norton, 1996; Davis & Albright, 2004; Dehning et al. 2007; Patel et al. 2008) proved the existence of a significant positive relationship between (BSC) and business performance, while the second view by (Ittenr et al., 2003; Kaplan et al. 2008) found that the (BSC) tool is not a unique measure tool. The third view includes literatures such as (Maltz et al. 2003; Akkerman's & Oorshot, 2004) who argued that there are limitations concerning the competency of the BSC.

Much of BSC implementation success depends on how the measures are set, agreed upon, the way they are employed and how they are handled (Bourne, 2002). There has been a dramatic shift from the management point of view which focuses on attaining high profit to a new management approach aiming at ‘an organisation of the future’ which focuses on different indicators such as customer satisfaction and quality of services in order to confront competition. It is reported that more than 50% of the Fortune 500 companies adopt BSC as a main performance measurement and strategic management tool (Gumbus, 2005). In fact, many large companies began to adopt BSC when they confirmed that it enabled them to improve performance by linking their branches and members in a planned effort to increase the overall organisational objectives. De facto, during this literature review, it was found that

numerous studies and literatures refer to the advantages, strengths and contributions of the BSC for business organisations.

Precisely speaking, the main purpose of measuring business performance is not only to know how an organisation is performing but also to qualify it to perform better. The ultimate goal of employing a performance measurement model is to escalate the organisation`s performance so that it may serve its stakeholders, owners, employees and its customers in a professional way (Johnson, 1981). A performance measurement system enables organisations to plan, evaluate and control its performance according to a pre-set strategy (Okwo & Marire, 2012). Kaplan and Norton (1996), argued that BSC helps in developing strategic initiatives which assist managers to emphasis on issues that elevate progress and growth, and not only those issues that minimize costs and increase efficiency.

Problem Statement

Measuring organisational success and implementing effective strategies for future success represents continuous challenges for managers, researchers and consultants (Assisi et. al., 2006). The global trends are changing rapidly and competition between organisations in the same sector is escalating. Thus, for organisations to be able to counterpart these challenges, its management should adopt a modern approach of performance measurement tools that takes into consideration other perspective in addition to the financial perspective. Due to that, many organisations resorted to the adoption of BSC as performance measurement tool. Tyler, (2010) pointed out that an effective use of BSC is considered one of the reasons behind organisational success and the achievement of its main objectives and strategies in the long run. Therefore, this research will investigate the effect of BSC implementation on banking sector financial performance. Also, to examine as which vector of the BSC (i.e. financial, customer, internal processes and growth and development) impacts the financial performance of banks.

Literature Review and Previous Studies

In response to the global financial crisis banks are now confronted with many challenge, escalating competition and the need to respond instantly to different stakeholders needs. The change in the shape of competition environment has proven that traditional financial indicators are insufficient and lack the ability to furnish a comprehensive picture of the organisation’s overall performance. These organisations are collecting actual data and employ this data to determine, control and achieve the required level of performance (Davis & Fisher, 2003).

Norton & Kaplan (2001), explained that for organisations, concentrating on finance only is not enough. Nevertheless good financial health of an organisation is essential, but there are some other associated factors that are crucial for sustainability. Organisations` strategic plans should take into consideration that their goals cannot be achieved unless service / product quality, customer satisfaction and sales mix, together with other drivers aimed are materialised. BSC as a performance measurement tool deals with employing strategic plans to achieve a predetermined set of goals. This aligns with the attitude of Kaplan et al., (2008) that focuses on the importance of having strategic plans to encourage the effective use of BSC in measuring performance and the attainment of profit growth.

BSC pattern is considered by many to be one of the most aggregate patterns that have been employed extensively and businesses have benefited from its achievements (Kaplan & Norton, 1992). This evaluation system monitors and controls the performance of each aspect of the organisation immediately, based on pre-designed strategies then compares them with organisational plans and objectives. This system measures the success and progress trend of the organisation in reaching its objectives and ultimately delivers accurate and precise reports to all levels of management. Bhagwat and Sharma, (2007) states that organisational performance measurement is an essential element of effective planning and control for the process of decision-making. The results exposed a positive impact of BSC implementation on organisational strategies and its potential opportunities.

Kaplan and Norton were the first to carry out a study on BSC in 12 companies for a one-year period. In the light of constructed findings, BSC presented standards for senior management and provided a comprehensive perspective of the organisation (Kaplan and Norton, 1992). In 1996, they collocated BSC with organisational strategy; thus, strategic objectives were transformed to tangible indicators. In 2001, however, they placed the strategy to the central point of the management procedures in order to provide competitive benefits and increase the effectiveness through change of management approach (Braam & Nijsen, 2004; Asosheh et al., 2010). The most prominent advantage of BSC is that it smoothens the implementation of organisation strategy (Olve et al., 2004). What is basically expected from BSC system is that it may function as a strategy developer and promoter of organisational objectives. Precisely speaking, BSC is a compatible part of strategic planning (Ho, et al., 2001). Atkinson and Epstein (2000) argued that BSC has changed the way managers think about organisational management. They began to develop and define the strategy more cautiously, to think of the organisation as an integrated pre-set of activities and objectives, by linking the strategy to performance indicators. In this context, Morisawa & Kurosaki (2003), elucidated that by introducing BSC capacity to establish strategies, will enhance and improve their quality of services enabling their promulgation at lower management levels, thus promoting an effective exchange of ideas about the strategy objectives between members. In this way, the strategies will be effectively implemented. According to Fernández (2002), adoption of BSC, is an

attempt to solve certain issues related to the strategic objectives and its achievement that continue to occur in many organisations. BSC aims to be not only a strategic articulation instrument, but also an informative instrument inside the entire organisation and also outside of it. Denton and White (2000) concluded that, BSC will facilitate management improvement and escalate organisation revenues and profitability. In turn, Rodrigues and Francisco (2010) proposed that BSC is an appropriate tool that guarantees greater strength within the organisation, focusing on a management concerns related to services quality and human resources.

Definitions of Balanced Scorecard

BSC represents a balance between external indicators related to shareholders, customers and other stakeholders and also internal indicators related to innovation, learning and development (Kaplan & Norton, 2001).

Kaplan and Norton (1996) described BSC as a framework that assists organisations to translate their strategies into operational objectives that boost performance. Greet & Edwin, (2004) defined BSC as a tool that analyses and defines the main strategies and objectives of the organisational strategic plan to a holistic group of operational goals and programs so that it establishes a framework for strategic control and evaluation. Niven, (2002) also defined BSC as a model that assists business organisations to transform their strategies in the form of a set of operational goals to various sections and parts of the organisation. Sime, (2001) stated that BSC is a method that transfers the organisation strategy to measurable performance indicators to evaluate its strategy.

Statistical Analysis and Hypotheses Testing

This section demonstrates statistical analysis results of the data that were collected from Amman Stock Exchange - ASE and the data sorted out from questionnaire, which tackled the impact of balanced score card implementation on the financial performance of Listed commercial banks at ASE. In order to achieve the research objective, CRONBACH's Alpha factor was employed to test the reliability of the study tool, followed by a descriptive analysis of study variables, while PERSON's correlation matrix is applied to test the study hypotheses.

Reliability and Validity of the Study Tool

The study tool is confined in a questionnaire that was directed to risks management Dept., planning Dept., financial management Dept. and HR Dept. The questionnaire is divided into two major sections: (1) Demographic Information and (2) Study variables perspectives – consisting of 38 questions that cover BSC four perspectives.

CRONBACK's Alpha factor rates indicate the presence of high degree of reliability of all study questions, where Alpha factor was statistically acceptable for all of questionnaire elements as variables value were above (70%) (Sekaran, 2014). While the questionnaire as a whole obtained a reliability degree of (0.939), and according to (Hayduk &Littvay, 2012) all factor loadings must be above (0.50), thus, all study variables have valid convergence in answers.

Descriptive Analysis

400questionnaires were distributed, 312 were accepted as valid, which resemble 78% of the study sample. The study sample subjects are within the age range of 31 – 40, of which 39.5% of them are working in financial management department, 59.7% of the sample have more than (5) years' experience in the related field, (21) of the sample respondents were Master's degree holders and, (4) are holders of PhD as they represent (3.4%) of the sample. Regarding gender distribution, 56% of the study sample is male and 44% are female. 61.3% and 19.3% are holding accounting and finance majors respectively, which indicates the validity of obtained feedback. 13.5% of the sample respondents are holding specialised vocational certificates such as CPA and CMA. Regarding the descriptive analysis of BSC perspectives as follow:

Table 1: Descriptive Analysis Related to Financial perspective

No.		Clauses	Order	Arithmetic mean	Standard deviation
Financial perspective	1	Income growth standard for commercial banks is considered among the standards that your management seeks to achieve.	7	4.084	0.889
	2	Your management constantly seeks to achieve the balance between the management of cash, assets, and operating capital to preserve shareholders' rights.	3	4.118	0.875
	3	Growth rate in net operational cash flow is considered as performance indicators for the bank.	1	4.168	0.857
	4	Balanced growth of revenue mix is considered as the basic investment activities your management is adopting.	2	4.118	0.846
	5	Among the objectives the management is seeking to achieve is to maximize shareholders' wealth.	8	4.067	0.918
	6	Achieve reasonable profit (not maximum) as a measurement is deemed a realizable strategic objective.	6	4.084	0.879
	7	Cost reduction process to the maximum possible limit, subject to achieving the highest possible efficiency.	5	4.092	0.893
	8	The bank seeks to achieve economic added value as its strategic measure.	4	4.092	0.823
	9	The Bank doesn't follow the diversification policy in investment in order to maintain good return.	9	4.042	0.887
General average				**4.096**	**0.874**

Table (1) shows descriptive analysis related to financial perspective and its clear from the above table that all clauses related to this variable had high level of arithmetical mean averaging (4.096) and relatively low standard of deviation of (0.874) on average, the lowest clause in order (4.042) attributed to adoption of diversification policy in order to maintain good returns. The highest result is attributed to clause (3). Growth rate in net operational cash flow is considered as performance indicators to the bank, with an average answer of (4.168). Based on the above results, financial perspective is deemed very essential in measuring and evaluating banks` performance.

Table 2: Descriptive Analysis Related to Client Perspective

No.		Clauses	Order	Arithmetic mean	Standard deviation
Client perspective	1	Client retention is considered a strategic standard that the bank is seeking to achieve.	6	4.222	0.567
	2	Client's profitability standard contains certain indicators that target fair profit that achieve client satisfaction.	9	4.277	0.531
	3	Fair market share standard is composed of elements that balance available organisational capabilities with the targeted market share.	11	4.168	0.615
	4	Bank takes into consideration complaints submitted by clients.	7	4.311	0596
	5	Client's loyalty is obtainable through providing banking services in the shortest time.	4	4.335	0.555
	6	Attracting new clients to the bank take into consideration fair profitability target.	3	4.362	0.596
	7	Retaining current clients' measure aims at introducing new products.	1	4.551	0.610
	8	Credibility is exercised by the bank when providing service to clients.	8	4.292	0.525
	9	The number of complaints submitted by clients fall within the expected range.	2	4.421	0.559
	10	Bank is keen to assign a specific section for clients' complaints.	10	4.228	0.547
	11	Bank deals seriously with the complaints submitted by clients, and within deliberate procedures, and it addresses them in the best possible way.	5	4.320	0.525
General average				**4.317**	**0.569**

Table (2) results suggest that, the highest clause in order (value = 4.551) refers to retaining current clients' measure aims at introducing new products. Whereas, the lowest clause (3) in order (4.168) with high materiality level. Jordanian banks in general are very keen in understanding their clients' needs as it's obvious that they listen to their complaints and exercise their best efforts to meet their standards and expectations. The general average result of client perspective was (4.317), which is an indicative of client importance degree to banks` management. Thus, it's very crucial for bank strategy to include such important perspective which undergoes continuous change and development, regarding clients` needs and requirements in order to sustain fierce competition.

Table 3: Descriptive Analysis Related to Internal Processes Perspective

No.		Clauses	Order	Arithmetic mean	Standard deviation
Internal processes perspective	1	Achieving productivity efficiency indicator implies access to services in the shortest possible time.	3	4.303	0.907
	2	Efficiency Standard is considered the base in addressing the available resources, which determines the level of utilizable capacity.	4	4.286	0.894
	3	The bank takes into consideration the ideal service quality measures that is acceptable in the services provided.	6	4.252	0.913
	4	Mastery measure in banking services contain the achievement of technical level that in rhyme with the international standards.	2	4.336	0.932
	5	There is a performance indicator that include, determining the level of available resources usage in comparison to targets prescribed by the bank.	5	4.269	0.963
	6	Efficiency Measurement of the available resources, determines usage level of bank`s available capacity.	1	4.353	0.953
	General average			**4.300**	**0.927**

Banks in general should pay great attention to the internal process perspective as its one of the key element to ensure efficiency and effectiveness. Table (3) demonstrates that the average arithmetic means was (4.300) which implies that banks are seeking efficiency in their internal process on the basis of predetermined targets and also to measure their performance with other peers in order to reach to the international standards of performance. The importance of this perspective originates from the importance of internal process factors that

boost banks' ability to apply their strategy more effectively leading to the realisation of clients' needs effectively, thus providing good financial results to shareholders. Furthermore, standard deviation, for the whole perspective clauses is (0.927) and this denotes the presence of slight dispersion in the answers of study sample.

Table 4: Descriptive Analysis Related to Growth and Development Perspective

No.		Clauses	Order	Arithmetic mean	Standard deviation
Growth & development perspective	1	There is a measure for the individual capability level that includes proper academic skills	3	4.193	0.826
	2	The bank always seeks to enhance employees' skills and improve IT according changing environment.	5	4.177	0.879
	3	Employee retention Standard will materialize through meeting their physical, moral and qualifications needs.	8	4.135	0.974
	4	The Bank adopts continuous developmental policies related to regulatory and administrative operations.	1	4.269	0.918
	5	Bank adopts continuous development policies related to innovation and creativity in designing banking services.	7	4.160	0.939
	6	There are individual innovative measures applied by the bank that require excellent mental capabilities.	2	4.244	0.920
	7	Employees are given proper training courses that match their work changing nature in the bank.	10	4.118	0.913
	8	Employees' retention indicator focuses on individual efficiency and effectiveness.	6	4.160	0.883
	9	Employees' satisfaction standard doesn't consider meeting his capabilities and qualifications.	9	4.118	0.958
	10	The bank does revise and develop internal procedures periodically.	11	4.101	0.896
	11	Development of bank procedures is linked to level of clients' satisfaction.	12	4.076	0.922
	12	Bank has performance indicators that measure performance quality.	4	4.185	0.8223
	General average			**4.161**	**0.904**

Human resources are the corner stone for any business success, and great emphasis should be conferred to such perspective. It is clear from table (4) that the lowest clause in order of materiality was relating to the development of bank procedures which is linked to level of clients' satisfaction (4.076), while the highest clause of materiality was related to employee retention standard and this will materialise through meeting their physical, moral and qualifications needs (4.244). This implies that Jordanian banks do pay extensive attention to human resources development, which ultimately will be reflected on the overall financial performance of banks. The results also imply that there is a tiny dispersion in the answers of study sample with standard deviation amounted to (0.904).

Table 5: Descriptive Analysis Results of Balanced Score Card Perspectives

No.	Perspectives of the balanced score card	Arithmetic mean	Standard deviation	Rank	Materiality level
1	Financial perspective	4.096	0.874	4	High
2	Client perspective	4.317	0.569	3	High
3	Internal processes perspective	4.300	0.927	1	Very high
4	Growth and development perspective	4.161	0.904	2	High

Table 5 above deduces descriptive analysis overall outcomes, the results induce a high level of application for all perspectives of BSC at the Jordanian commercial banks and by verification, it is found that client perspective scored the highest arithmetic mean of (4.317). This implies that Jordanian banks focus on meeting client's requirements. Regarding internal process perspective and growth and development process they are usually inter-related as when banks train their employees this ultimately will be reflected on their performance by enhancing internal process quality. Both perspectives scored an arithmetic mean of (4.317) and (4.161) respectively. The lowest arithmetic mean was attributed to financial performance perspective with a value of (4.070). Based on that, we conclude that employee training will improve internal process quality thus, client satisfaction will materialise and eventually, this will be reflected on banks` financial performance indicators.

Table 6: Dependent Variable Descriptive Analysis Results (Stock Market Value – SMV)

Bank	Arithmetic mean - JOD	Standard deviation	Max value	Min value
Arab Bank	5.90	0.06	6.00	5.77
Housing Bank	6.89	0.61	7.77	5.95
Jordan Bank	2.32	0.03	2.37	2.27
Finance Bank	1.03	0.00	1.04	1.02
Jordan National Bank	1.11	0.02	1.14	1.05
Amman Cairo bank	1.19	0.04	1.23	1.12
Etihad Bank	1.67	0.19	1.74	0.86
Jordan Commercial Bank	0.86	0.01	0.87	0.85
ABC Bank	0.98	0.04	1.02	0.88
SG Bank	1.37	0.08	1.50	1.20
Investment Bank	1.40	0.01	1.41	1.38
Jordan Kuwaiti Bank	2.93	0.02	2.98	2.90
Average of years	**2.30**	**0.09**	**2.42**	**2.10**

Table (6) exhibits the descriptive analysis results related to financial performance's dependent variable (SMV) for year 2018. It is clear that the highest SMV is of housing bank (6.89 JOD), whereas the lowest (0.85 JOD) refers to Jordan commercial bank, and it's evident from the standard deviation values per bank the presence of relative stability in Jordanian Commercial banks` SMV. Triggering into average standard deviation value (0.09) of all banks and this implies the existence a remarkable dispersion in banks` SMV, and this is attributed mainly to size difference, as Arab Bank and Housing Bank represent almost 50% of banking sector total assets (ASE – 2019).

Normal Distribution Test

Prior to setting the normal distribution test, the researchers extracted the standardised residuals of the regression model through multiple regression analysis, and then subjected such residuals to the normal distribution test represented by KOLMOGOROV-SMIRNOV test, to ensure that the residuals represent normal. The p-value of this test came to (0.200) which is greater than (0.05). According to (Babbie et al., 2018), parametric tests of data can be used concerning the impact of BSC implementation on the commercial banks` financial performance.

Table 7: Normality Test

	KOLMOGOROV-SMIRNOV		
	Statistic	df	P-value
Unstandardized Residual	.144	12	.200*
Std. Dev. = 0.798	N = 12		

Multi-Collinearity

Data characteristics often lead to biases in regressions. One of the important issues that researchers should deal with is multi-co linearity, which refers to a high degree of correlation between two or more predictor variables where actions should be taken into account to have reliable estimates of the impact of independent variables on the dependent variable. There are two common methods to investigate this issue: correlation matrices and variance inflation factor (VIF), which could be expressed according to the following formula:

$$VIF=1/(1-R_i^2)$$

Where R_i^2 is the regression of predictors (i=1, 2, 3…..p) against all remaining independent variables. The accepted ratio of VIF has been a subject of debate in literature. Some researchers have expressed that a value of 10 is the maximum accepted level (Hair, et al., 1995; Schreiber & Jackson, 2017). However, upon reviewing table (12), regarding Variance Inflation Factor, it was found that all values were less than 10.

Table 8: Validity of study data for statistical analysis

Variables	**Variable's**	***Multi-collinearity***	
		Tolerance	***VIF***
Independent	Financial (F)	0.590	1.694
	Client (C)	0.622	1.609
	Internal Processes (IP)	0.769	1.300
	Growth and Development (GD)	0.632	1.581
= 1.962Durbin-Watson(D-W)			

Regarding tolerance factor, it's another test used to detect the variable tolerance problem in remaining within the study model to be tested; the problem appears in this test in case the tolerance factor value was less than (0.10). However, when reviewing table (12), as it was found that all values were greater than (0.10). This indicates the non-existence of multi-collinearity case in the study model as both indicators (Tolerance and VIF) propose. In order to ensure the lack of autocorrelation problem based on D-W test, Field, (2013) stated that, the problem exists when adjoining values of variables are correlated, this would adversely affect

the model validity. Schreiber & Jackson, (2017) argued that the range of the test will be between 1.5 -2 and the typical value is 2 which denotes to lack of autocorrelation. Table (12) above, elucidate that W-D value of the model was 1.962, which imply the lack of autocorrelation, thus the model is valid.

Study hypotheses

H_{o1}: There is no significant impact of BSC implementation on the financial performance of commercial banks listed at ASE.

Sub-Hypothesis

$H_{o1\text{-}1}$: There is no significant impact for the financial perspective on the financial performance of commercial banks listed at ASE.
$H_{o1\text{-}2}$: There is no significant impact for the client perspective on the financial performance of commercial banks listed at ASE.
$H_{o1\text{-}3}$: There is no significant impact for the internal processes perspective on the financial performance of commercial banks listed at ASE.
$H_{o1\text{-}4}$: There is no significant impact for the Growth and development perspective on the financial performance of commercial banks listed at ASE.

Study Variables Matrix of PERSON's Correlation

PERSON's matrix was run to evaluate the association between the independent variables and between independent variables (F, C, IP and GD) and the dependent variable (FP) as follows:

Table 9: Results of Correlation Matrix Between Study Variables

Correlation / Probability	*FP*	*F*	*C*	*IP*	*GD*
FP	**1**				

F	0.390**	**1**			
	0.021	-----			
C	0.247*	0.484**	**1**		
	0.044	0.011	-----		
IP	0.445**	0.299*	-0.100	**1**	
	0.001	0.035	0.757	-----	
GD	0.250*	0.308**	0.199	0.434**	**1**
	0.009	0.033	0.534	0.016	-----

*Correlation is significant at the 0.05 level (2-tailed) .
**Correlation is significant at the 0.01 level (2-tailed) .

FP: is the financial performance represented by SMV as dependent variable. While the independent variables are; **F**: financial perspective, **C**: client perspective, **IP**: internal processes perspective and **GD**: r growth and development perspective.

The above results indicate the existence of significant correlation between SMV and all the independent variable as a proxy for BSC. The highest correlation attributed to IP perspective (R= 0.445, Sig= 0.001), the F perspectives and SMV are positively correlated at the same significance level (R= 0.445, Sig= 0.001). The result implies that an enhancement of banks` internal process and focusing more on financial factor such as achieving good returns and materializing an economic added value will eventually be reflected positively on commercial banks` SMV. Regarding GD perspective and SMV, the results articulate that, they are positively correlated at (0.05) significance level, which suggest that if banks` management train their employees, encourage innovation and adopt continuous development policy, focus more on employees' satisfaction, efficiency and effectiveness this definitely enhance bank`s SMV. The lowest correlation strength amounting to (R= 0.247, Sig= 0.044), at significant level of (0.05) is attributed to client perspective.

Results also portray that there is a statistical significance association between the (4) perspectives, as the highest was elated financial perspective and client perspective (R= 0.484, Sig= 0.011), this imply that financial performance is improved if client satisfaction is realised. BSC perspectives cannot work in isolation from each other they represent a holistic approach that impact positively commercial banks` SMV. Its worth mentioning that PERSON's linear correlation matrix test analysis showed the absence of any correlation

between the study independent variables above (70%), thus indicating to absence of any high correlation issue between the independent variables of study (Cohen et al., 2012).

Testing the Study Hypotheses

For the purpose of specifying the result of the principal null hypothesis, the study used multiple regression analysis, and adopted the value of (Sig F) to accept or reject the study model and evaluate its appropriateness in representing the relation between independent variables and dependent variable, where the rule of decision refers to that the model is acceptable when the value of (Sig F) is less than 0.05. However, and for the purpose of evaluating the impact of all independent variables, each alone, on the dependent variable the value of (Sig.t) was used, where the rule of decision stipulates that there is an impact when the significant value (Sig.t) is less than (0.05) in order to accept the substitute hypothesis and reject the null one; and to refer to how accurate the independent variables explain the dependent variable, Adjusted R Square was used.

Study Model

$$FP = \beta_0 + \beta_1 * F + \beta_2 * C + \beta_3 * IP + \beta_4 * GD + \varepsilon$$

Study Model was designed to examine the impact of applying BSC perspectives combined. (F), (C), (IP) and (GD), on financial performance (FP) as a proxy for SMV. Value (ε) represents error margin, (β^0, β_1, β_2, β_3, β_4) represent factors of regression slope. Table (14) below illustrates the results of multiple regression tests for the model:

Table 10: Results of Multiple Regression Test of the Study Model

Variable	Coefficient	Std. Error	T-Statistic	Prob.
Constant	----------	9.592	-3.733	0.007
F	0.802	0.678	3.177	0.017
C	0.809	1.290	3.223	0.015
IP	0.545	0.544	2.416	0.046
GD	0.595	0.644	2.393	0.048
R	0.852			
R-squared	0.726			
Adjusted R-square	0.569			
S.E. of regression	1.320			
F-statistic	4.636			
Prob. (F-statistic)	0.038			

Study model results in table (14) demonstrate multiple regression output of independent variables together impact on the dependent variable. It's observable from the table that the

value of F reckoned amounted to (4.636) at (0.05) significance, this implies that the proposed study model is appropriate. Also, regression analysis results illustrated that the value of (Sig. F-statistic) which is (0.038), is less than the test significance level of (5%), therefore, it's imperative to reject (H_{o1}) main null hypothesis and accept the alternative one, that means there is a statistically significant impact of BSC implementation on Jordanian commercial banks financial performance. The results also propose that 56.9% of the fluctuation in banks` financial performance is resulted from the changes of BSC application (Adjusted R^2 =0.569). Lehmann et al., (2011), stated that Adjusted R^2 will be adopted to build a forecasting and explanatory mathematical equation if it is above 40%.

Regarding sub-hypothesis testing, referring to table (14) we notice that all independent variable (F, C, IP and GD) coefficient value range between 0.545 and 0.809, with sig. t value below 5%. This means that each independent variable has a positive significant impact separately on banks` financial performance. It's worth mentioning here, that client perspective represents the highest impact on financial performance proxy SMV with a coefficient value of 0.809. This may lead us to emphasis on the crucial importance of clients` satisfaction towards banks` financial performance.

Discussion and Recommendations

BSC represents a very important metric for commercial banks` management to assist them in identifying weakness and strength points. Also, banks should be well aware that clients are the backbone for their sustainability and not only the traditional financial indicators. In addition to that a considerable focus should be exercised toward employees' development, as human resources are the artery of any business organisation. BSC four perspectives are functioning together in a parallel way, as you cannot ignore any of them on the account of other. Any business organisation main objectives are maximising owners` wealth and this will be achieved by stock price capital gain. Enhancing financial performance will eventually be reflected on increasing stock market value. The results indicated that BSC possess a crucial impact on banks` overall financial performance (Kaplan & Norton, 1996; Davis & Albright, 2004; Dehning et al. 2007; Juhmni, 2007; Patel et al. 2008). Thus, implementing BSC in commercial banks` should be mandatory and tremendous attention should be given to both client requirements and employee efficiency and effectiveness through a well-defined training program that will enhance their efficiency. One of the most essential tools for strategic planning and performance control is BSC and this is also stated by (Kaplan and Norton, 1992) as it provides a holistic perspective about the organisation.

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