



Arab American University
Faculty of Graduate Studies

The Effect of Adopting Balanced Scorecard (BSC) as Strategic Planning Tool on
Financial Performance of Banks Operating in Palestine

By
Mohammed Nader Turshan

Supervisor
Dr. Nasr Abdel Kareem

This thesis was submitted in Partial fulfillment of the Requirements for the
Master's Degree in
Strategic Planning & Fundraising

October, 2019

© Arab American University 2019. All rights reserved

The Effect of Adopting Balanced Scorecard (BSC) as Strategic Planning Tool on Financial Performance of Banks Operating in Palestine

By

Mohammed Nader Turshan

This thesis was defended successfully on Oct.10.2019, and approved by:

Committee Members

Signature

1. Supervisor: Dr. Nasr Abdel Kareem

2- Internal Examiner: Dr. Sharif Abu Karsh

3- External Examiner: Dr. Saed Khalil

Declaration

I declare that this thesis has been composed solely by myself and that it has not been submitted by others to earn any degree, or to pass any module. In addition, I am aware of and understand the AAU's policy on plagiarism, and I certify that this thesis is my own work, except where indicated by referencing, and the work presented in it has not been submitted by me in support of another degree or qualification from this or any other university or institute of learning.

Mohammed Nader Turshan

Dedication

I would like to dedicate this thesis to my dear parents Nader and Walefa, and my brothers who have always offered me their infinite support. I would also like to thank my wife Lama for her dedication and understanding.

Sincerely: Mohammed Nader Turshan

Acknowledgements

I would like to thank my supervisor Dr. Naser Abdel Kareem for his guidance and encouragement in my work on this thesis. I was fortunate to be one of his students, and one of the graduates whom he supervised. I would also like to thank staff and instructors at AAU, who helped in developing my knowledge and learning new skills. Finally, I would like to thank managers and staff at various companies who provided me with data for research purposes.

Sincerely: Mohammed Nader Turshan

Abstract

The Effect of Adopting Balanced Scorecard (BSC) as Strategic Planning Tool on Financial Performance of Banks Operating in Palestine

This research investigates the effect of BSC on the financial performance of banks operating in Palestine, across BSC's four perspectives: financial; customers; internal business processes; innovation, growth and learning. It seeks to identify the relationship between BSC and the financial performance of banks operating in Palestine.

For this purpose, the research population comprises all 14 banks operating in Palestine. As a result of the small size of the population, the 'complete census' method has been used: the sample is the whole population. The questionnaire was distributed to 130 respondents (employees) at banks: branch managers, heads of departments, directors of departments and financial controllers. Financial performance was used as a dependent variable, while the following four independent variables served as hypothesized determinants: (i) financial perspective, (ii) customers' perspective, (iii) internal business processes perspective, and (iv) innovation, growth and learning perspective. The Multiple Linear Regression test at 95% confidence was used, resulting in three significant variables: financial perspective; internal business processes perspective; and innovation, growth and learning perspective. Overall, the adjusted $R^2 = 0.62$. This measure is acceptable, and reveals that the resulting model interprets 62% of the determinants of financial performance.

The most important results of this study are: (1) the BSC model can be used to enhance the financial performance of banks operating in Palestine, and (2) the customers' perspective in the BSC model did not have the same effect as other perspectives. Moreover, (3) in their measurement

of performance, banks operating in Palestine apply clear strategic performance measures, including traditional financial and non-financial measures, while noting that their use of these measures does not mean that they apply them under the remit of a BSC model. These measures can be reclassified within the four perspectives of the BSC model.

The main recommendations are that (1) banks operating in Palestine should implement BSC as an integrated system for strategic management, and as a means for decision-making by management. Its application achieves many advantages that enhance the competitive position and financial performance of banks. Furthermore, (2) banks operating in Palestine need to pay more attention to strategy, and measurements that are included in the customers' perspective of BSC. There is also a need to (3) conduct training courses for bank employees on BSC and how it can be used. Finally, there is a need to (4) conduct further investigation of the effect of adopting BSC as a strategic planning tool on the financial performance of banks operating in Palestine, as well as (5) a study of the effect of BSC when taking into consideration the type of bank - Islamic or commercial, local or foreign.

Table of contents

Declaration	III
Dedication	IV
Acknowledgements	V
Abstract	VI
Table of contents	VIII
List of Tables	X
List of Figure.....	XI
List of Appendices	XII
Chapter 1: Introduction	1
1.1 Background	1
1.2 Problem Statement	2
1.3 Research Objectives	3
1.4 Significance of the Research	3
1.5 Contributions of the Research	3
1.6 Limitations of the Research.....	4
Chapter 2: Theoretical Framework and Hypothesis Development.....	5
2.1 Overview	5
2.2 Theoretical framework	5
2.2.1 Introduction.....	5
2.2.2 Balanced Scorecard Definition	6
2.2.3 Balanced Scorecard Structure	6
2.2.4 The Basic Components of a Balanced Scorecard	9
2.2.5 Basic rules for implementing the Balanced Scorecard	10
2.2.6 Advantages of Balanced Scorecard	10
2.3 Research Hypothesis.....	11
Chapter 3: Literature Review	13
3.1 Local Previous Studies	13
3.2 Foreign Previous Studies	16
Chapter 4: Overview of the Palestinian Banking Sector	21
Chapter 5: Research Design and Methodology	25

5.1: Research Methodology.....	25
5.2: Research Population and Sample	25
5.3: Data Collection Techniques	26
5.4: Variables of the study.....	27
5.5: Research Model.....	31
5.6: Statistical Analysis	32
5.7: Issues of Reliability and Validity	32
Chapter 6: Data Analysis and Result	34
6.1: Introduction	34
6.2: Sample Characteristics	34
6.3: Preliminary Statistical Tests.....	38
6.4: Descriptive Statistics	39
6.5: Multiple Regression Analysis	40
6.6: Regression Results	41
Chapter 7: Conclusions and Recommendations	45
7.1: Hypothesis Testing.....	45
7.2: Summary of Hypothesis Testing.....	46
7.3: Conclusions	47
7.4: Further Research and Recommendations.....	49
References	50
Appendices.....	53

List of Tables

Table No.	Table Name	Page No.
1	Table (1): Study Sample	25
2	Table (2): Likert Scale	26
3	Table (3): Statistical Reliability Test	33
4	Table (4): Tests of Normality	38
5	Table (5): Coefficients Table	39
6	Table (6): Descriptive Statistics	39
7	Table (7): ANOVA Table	40
8	Table (8): Coefficients Table	41
9	Table (9): Model Summary	42
10	Table (10): ANOVA Table	42
11	Table (11): Coefficients Table	43
12	Table (12): Summary of Hypothesis Testing	46

List of Figure

Figure No.	Figure Name	Page No.
1	Figure (1): Balanced Scorecard Structure	7
2	Figure (2): Palestinian Banking Sector Overview	21
3	Figure (3): Palestinian Banking Sector Assets	22
4	Figure (4): Palestinian Banking Sector Facilities	22
5	Figure (5): Palestinian Banking Sector Deposits	23
6	Figure (6): Palestinian Banking Sector Deposits Distribution	23
7	Figure (7): Palestinian Banking Sector financial position	24
8	Figure (8): Study Model	27
9	Figure (9): Academic Qualifications of Sample	34
10	Figure (10): Scientific Specialty of Sample	35
11	Figure (11): Job Titles (Positions) of Sample	36
12	Figure (12): Practical Experience (Years)	36
13	Figure (13): Training Courses	37
14	Figure (14): Bank Types	37
15	Figure (15): Normal P-P Plot of Regression Standardized Residual	43

List of Appendices

No.	Subject	Page No.
1	Questionnaire	53
2	Questionnaires distributions	58
3	Dependent variables aspect	59

Chapter 1: Introduction

1.1 Background

Institutions seek to make changes to their policies and practices in order to realize a transition to an improved future situation. This transition requires strategic and administrative procedures and tools, as well as the ability to measure work outcomes based on pre-identified indicators that can guide this process of monitoring and evaluation.

Profound changes have occurred in the business environment: the globalization of markets through the liberalization of world trade, rapid technological developments and an increasing number of organizational mergers through acquisition, or by way of strategic alliances. Therefore, it has become extremely important for institutions to adopt strategic tools that take into consideration factors that can potentially impact their positioning and performance.

For decades, measuring and evaluating the performance of institutions was limited to financial results only. However, this is not an indicator of whether an institution is fulfilling its vision, mission and strategic objectives. This has prompted institutions to employ a clear methodological process for measuring the performance of both financial - and non-financial - outcomes.

In the early 1990s, a new approach for performance evaluation, called Balanced Scorecard (BSC) by Kaplan and Norton, emerged as a distinctive technique that takes into consideration the balance between financial results and growth engines; and the balance between technique and strategy. In 1996, Kaplan and Norton introduced a BSC model comprising four dimensions: (i) financial, (ii) internal business processes, (iii) learning and growth, and (iv) customers.

BSC is a balanced thinking approach, and an operational tool enabling institutions to adopt strategic objectives that assess operational, financial and strategic performance according to an integrated framework of financial and non-financial standards. This balanced approach provides comprehensive information on the institution's performance.

The banking sector was chosen for the study because it is considered one of the most regulated and controlled sectors in Palestine. Additionally, the banking sector is important to economic development, where this sector's performance is considered to be the most important indicator of the strength of the economy and its performance. In the Palestinian context, there is growing diversity in the banking sector, which includes both local and foreign banks, as well as commercial and Islamic banks. There are also a large number of lending institutions that are the main competitors of banks operating in Palestine.

1.2 Problem Statement

The performance of the Palestinian banking sector has fluctuated during the past five years: The Association of Banks in Palestine (ABP) indicates that the sector's net profits declined by about 9% in 2015 compared to 2014, but then realized annual growth rates of 12% (2015-16) and 13% (2016-17) while 5.1 % (2017-18). In addition, In the past few years the number of banks operating in Palestine reached to 14 banks now, this has created a competitive environment in the banking sector.

The fundamental research question is borne out of this reality. The problem that this study focuses on whether banks operating in Palestine have adopted clear strategic tools that contribute to enhancing their financial performance in this unstable and competitive environment; while examining the impact of BSC utilization on the enhancement of the financial performance of banks

operating in Palestine. Few studies have addressed this issue: the impact of BSC on the financial stability of banks operating in Palestine.

1.3 Research Objectives

This research aims at investigate the effect of BSC on the financial performance of banks operating in Palestine, across BSC's four domains: financial, customers, internal business processes, growth and learning. It seeks to identify the relationship between BSC and the financial performance of banks operating in Palestine.

The study also aims to identify the components and dimensions of the dependent variable: financial performance, as well as setting standards for its measurement. Finally, the study identifies strategic criteria across BSC's four domains (financial, customers, internal business processes, growth and learning) that, when applied, enhance the financial performance of banks operating in Palestine.

1.4 Significance of the Research

Research findings are expected to provide value to different parties, but primarily to banks operating in Palestine. These will benefit from research findings on BSC's impact on the financial performance of banks operating in Palestine. Secondly, management at these banks may choose to use BSC to improve their financial performance. Finally, the results of the study may encourage banks that do not use BSC to adopt it, as part of their processes for future planning and enhancing financial performance.

1.5 Contributions of the Research

This study adds value to the financial literature on the Palestinian and international banking sectors. The important value of this research is its uniqueness when compared to other studies,

given the current absence of research on BSC application in the Palestine, covering both theoretical frameworks and practical applications.

1.6 Limitations of the Research

This research does not investigate financial or operational performance; therefore, it did not use financial data from published financial statements. Also, comparisons are not made between strategic financial performance and operating performance.

Moreover, this research is limited to components of strategic financial performance, which can be summarized as: (i) increases in operating profit margins, (ii) continuity and sustainability of improvement; (iii) optimal use of assets, (iv) enhancement of effectiveness/efficiency and sustainability, (v) changes in debt policy, (vi) capital structure policy between future financial return and risk, and (vii) achieving competitive advantage and sustainability. All these factors can affect strategic financial performance.

Chapter 2: Theoretical Framework and Hypothesis Development

2.1 Overview

This chapter looks at the most common theories on the structure of balanced scorecards (BSC), as well as the rules and elements that should be available for using the balanced scorecard. Moreover, a comprehensive review of previous studies is conducted, in order to develop the research hypothesis.

2.2 Theoretical framework

2.2.1 Introduction

Public and private institutions (profit or non-profit) work to achieve their objectives through the optimal utilization of available resources at the lowest possible cost. This is achieved by formulating objectives in the form of a strategic plan, covering all aspects of activity at the institution. The plan is a set of actions that address a specific goal or set of objectives. BSC is one of the most important tools that reflect these plans in financial and quantitative forms. BSC is also one of the methods used for monitoring and evaluating the progress of these plans.

BSC are widely used in business, industry, government institutions and non-profit organizations around the world. The Gartner Group find that more than 50% of large US companies have adopted BSC and more than half of the big companies in Europe, Asia and Middle East and Africa use it. A recent global study by Bain & Co, (2015). shows that BSC ranks fifth in the top ten, most-widely used, management tools worldwide. BSC was also selected by editors from Harvard Business Review as one of the most influential business ideas during the past 75 years.

BSC is one of the most recently developed performance measurement systems, and it is widely used. Enthusiasts of the BSC model emphasize that it provides a powerful and effective means of translating an enterprise's vision and strategy into effective tools that stimulate performance based on set strategic goals. (Abu Fadah, 2006)

The BSC model plays a key role as a strategic management tool in the enterprise. Norton and Kaplan (1996) has shown that this model helps managers to undertake four new management processes; work independently or integrally in linking long-term goals to short- term goals through (1) translation of vision, (2) connection and networking, (3) business's planning, (4) feedback and learning. (Abu Fadah, 2006).

2.2.2 Balanced Scorecard Definition

The BSC model is defined as “a tool used to transfer and communicate the strategy of the enterprise to different units and levels of management, as well as to measure the implementation plans of these units. The use of these models ensures that the targeted results are achieved, thus supporting the strength of the enterprise and its competitive position.” (Keith and Gering, 2000).

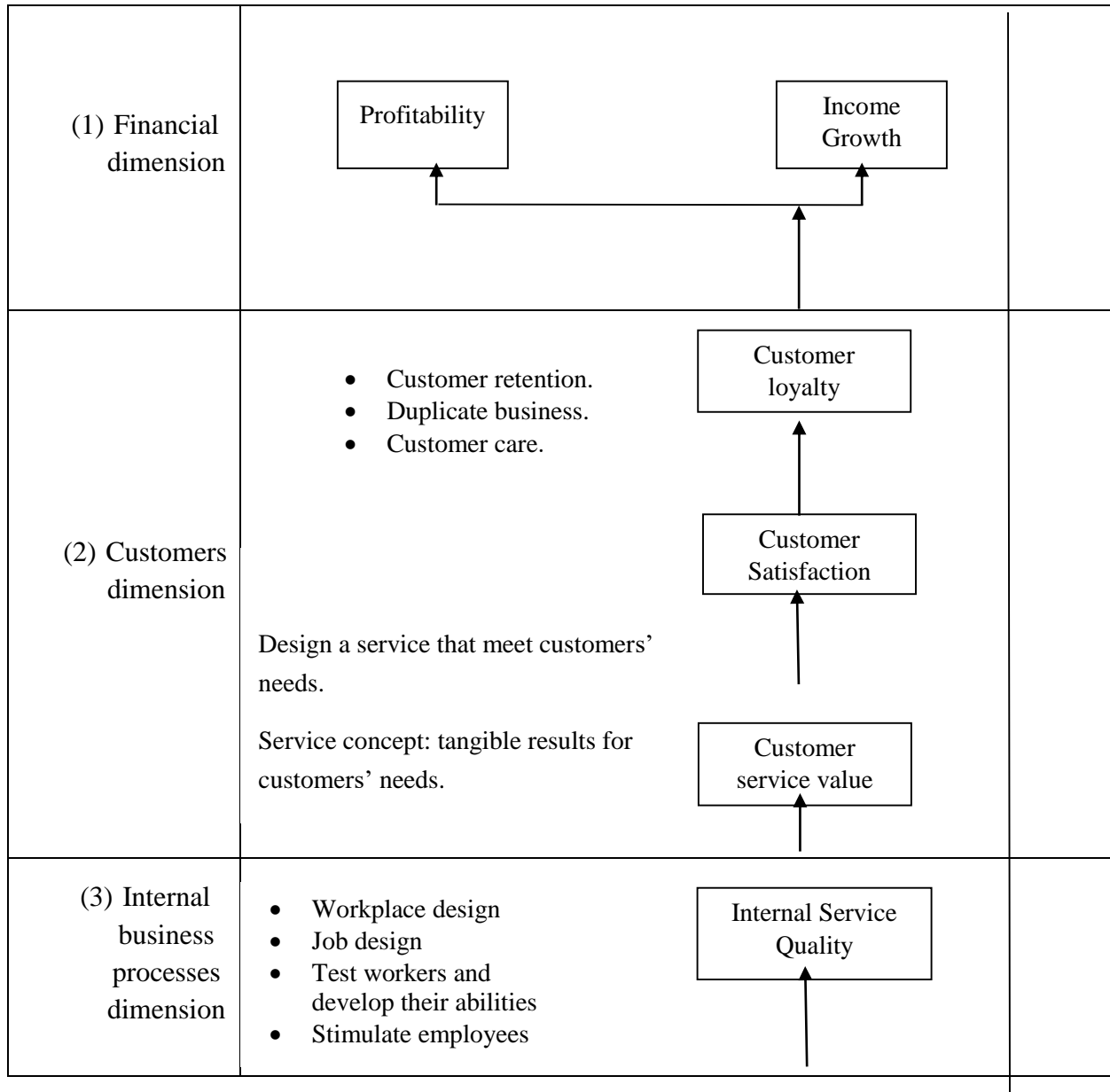
Norton and Kaplan (1992) define BSC as a “comprehensive performance measurement system from a strategic perspective, translating business strategy into strategic objectives, benchmarks, target values, and clear introductory procedural steps.”

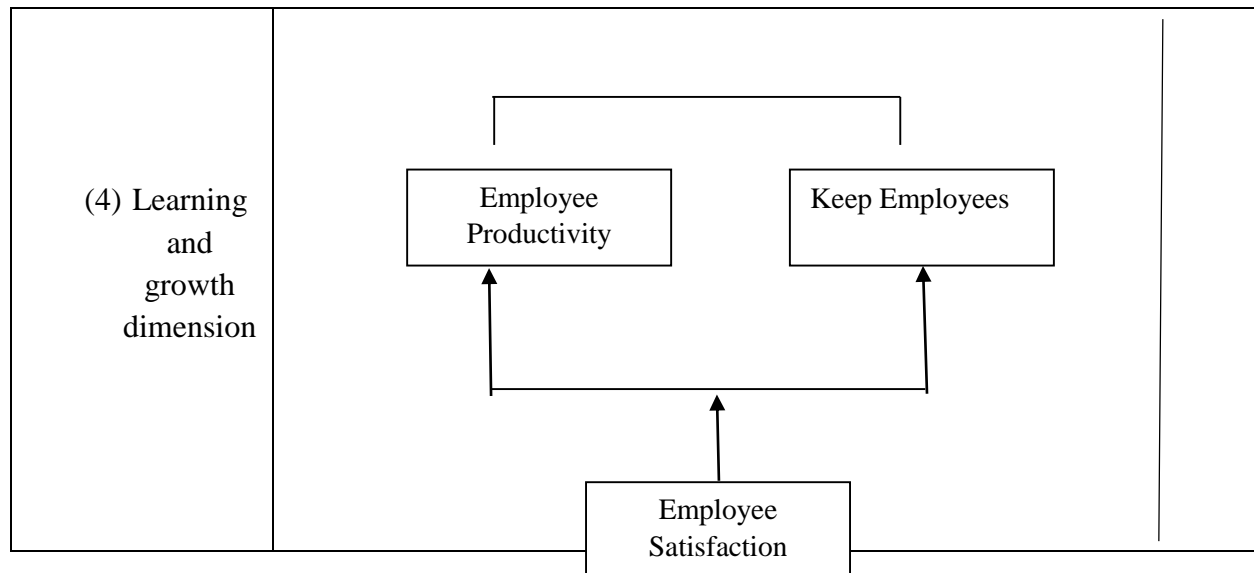
2.2.3 Balanced Scorecard Structure

BSC includes a variety of performance measurements related to four dimensions: financial, customers, internal business processes, learning and growth. (Kaplan and Norton, 1992) BSC includes a set of financial and non-financial. However, the basis for designing that model is that

financial and non-financial measures should be part of the information system at different administrative levels. **Figure (1)** below shows the interdependence of BSC's dimensions.

Figure(1):Balanced Scorecard Structure





BSC is linked to an organization's strategic plans and business units. It is built and designed to include a system of incentives, promotions, evaluation and follow-up by giving a percentage for each part used in the model:

- **Financial criteria:**
 - Return on investment/economic value-added
 - Profitability
 - Revenue growth rate
 - Reduction in costs
- **Customer criteria:**
 - Market share
 - Acquisition of new customers
 - Retention of existing customers
 - Customer profitability
 - Customer satisfaction

- **Internal business processes criteria:**
 - Innovative new processes in product design and development
 - Production, marketing, sales and after-sales operations
- **Learning and growth criteria:**
 - Employee satisfaction
 - Employee retention
 - Employee productivity

2.2.4 The Basic Components of a Balanced Scorecard

For the successful implementation of a BSC model, the following basic requirements must be met (Abdel Aziz, 2003):

1. A clear definition of strategic objectives: Because the definition of strategic objectives is the main focus of the use of the (BSC). model.
2. Following system approach: the successful use of the BSC model depends on the use of the system input, that is, a full integration of the four aspects of the BSC model into an integrated system.
3. The existence of motivation to choose balanced performance measures that is necessary to respond to environmental changes and pressures that enterprises face such as the intensity of competition and focus on the client.

2.2.5 Basic rules for implementing the Balanced Scorecard

Pim (1997) points out that there are a number of rules - called the Golden Rules - for the basic implementation of the BSC model. Al-Batanouni, (2004), as outlined below:

1. The need to strengthen senior management in applying BSC standards and communicating its requirements clearly to all of the staff.
2. It should be recognized that there is no uniform BSC model (solution) for all organizations, given different environmental (internal and external) factors that influence organizations.
3. It should be recognized that the identification and understanding of an organization's strategy is the starting point for the development of a tailored BSC model. Once the strategic requirements for an organization's success are identified, a set of interventions that are consistent with the strategy are set.
4. The impact of performance indicators on employees' behavior should be understood.
5. It is important to recognize the difficulty of quantifying all performance indicators – it is important to note that there are quantitative and qualitative indicators.
6. A limited number of goals and interventions must be identified that correspond to the unique features of each organization.
7. The need to recognize the accuracy and simplicity of information transfer systems from the outset, so as not to transfer false information to end users of the system.

2.2.6 Advantages of Balanced Scorecard

The implementation of the BSC model has many advantages for management (Al Khooli, 2001), (Christinian and Beiman, 2007), (Kaplan and Norton 1992):

1. Assisting management in clearly setting strategic objectives.
2. Unifying the commercial objectives of each company.
3. Linking objectives with a system of incentives, follow-up and evaluation.
4. Each item in the BSC represents an important part of the “cause and effect” chain.
5. The BSC provides a comprehensive framework for translating strategic objectives into an integrated set of interventions that are reflected in performance indicators.
6. The BSC model includes many balances, such as: balancing long-term and short-term goals, balance between financial and non-financial measures, and balance between internal and external metrics.
7. Translating the organization's vision and strategy into a coherent set of performance measures.
8. Effectively managing human resources, by motivating employees.
9. Providing management with a comprehensive view of enterprise operations.
10. Enabling the organization to manage the requirements of related parties: shareholders, customers, staff, and operational processes.
11. Improving the traditional systems of control and accountability, by introducing non-financial facts.

2.3 Research Hypothesis

To determine the effect of adopting BSC as strategic planning tool on financial performance at banks operating in Palestine, the following hypothesis have been developed to answer the main research questions.

Main Null Hypothesis:

H0: There is no statistically-significant relationship between adopting Balanced Scorecard (BSC) within its four perspectives, and financial performance at banks operating in Palestine.

Main Alternative Hypothesis:

H1: There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within its four perspectives, and financial performance at banks operating in Palestine.

The main hypotheses of the study have been subordinated to the following sub-hypotheses:

- There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within financial perspectives, and financial performance at banks operating in Palestine.
- There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within customer perspective, and financial performance at banks operating in Palestine.
- There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within internal business process perspective, and financial performance at banks operating in Palestine.
- There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within innovation, learning and growth perspective, and financial performance at banks operating in Palestine.

Chapter 3: Literature Review

Previous research on BSC shows the importance of applying it at business organizations, given its impact on performance, in terms of accuracy, timeliness and integration with management systems and the degree of detail that characterizes them. The most important studies are reviewed below:

3.1 Local Previous Studies

1. Study (Dargham and Abu Fada, 2009), entitled:

“The Impact of Applying the Balanced Scorecard Model in Enhancing the Strategic Financial Performance of the Palestinian National Banks operating in the Gaza Strip: An Applied Study”

The aim of this study is to examine the effect of applying BSC and its four dimensions in enhancing the strategic financial performance of Palestinian national banks operating in the Gaza Strip.

Among the most important results of this study are that Palestinian banks operating in Gaza have the knowledge and awareness of the fact that their success requires working to promote strategic financial performance. BSC, and its four dimensions, can be used separately to enhance the strategic financial performance of banks. The most important recommendations are the need for banks to use BSC as a means to rationalize the decisions of managers, guide their behavior and evaluate their performance.

The study focuses only on the branches of banks operating in the Gaza Strip and is also targeted banks that only apply BSC. Whereas this thesis targets all banks in Palestine and also targets banks that apply BSC and those that apply different strategic tools.

2. Study (Awad, 2009) entitled:

“The Effect of Linking and Integrating the Balanced Scorecard (BSC) and Activity Based Costing System (ABC) on the Performance of Palestinian Banks: An Empirical Study of the Bank of Palestine”

The objective of this study is to demonstrate the effect of linking and integrating the ABC system with BSC on the performance of Palestinian banks.

The most important findings of the study are: (1) The use of financial and operational information for ABC and balanced scorecard results indicates an effective complementarity between the two systems. (2) The integration of the Activity Based Costing System (ABC) and the balanced scorecard provided an integrated framework for the concept of cost management system, which aims to identify the Bank's cost structure while attempting to use cost reduction techniques to minimize acceptable profit rates. (3) Accurate translation of the Bank of Palestine strategy on the basis of the four dimensions of the balanced scorecard is divided into targets and performance measures, which are fed from the results of the Activity Based Costing System (ABC) implemented, which reduces the cost structure of each Service (financial dimension), the introduction of new banking services (internal operations dimension), increasing customer satisfaction (client dimension), and attention to developing the strategic skills of the employees (learning and growth dimension). The study concluded several recommendations, the most important of which are: (1) the need to develop cost systems and administrative accounting in Palestinian banks to provide the necessary data to support the competitiveness of banks in the modern business environment (2) The need for further applied studies on the integration of the balanced performance measure and the tools of modern management accounting and its impact on performance.

3. Study (AL Shaikh Ali, 2007) entitled:

“Performance Evaluation of Palestinian Telecommunications’ Corporations by using Balanced Scorecard Approach”

The aim of this study is to evaluate the performance of Jawwal and the Palestine Telecommunications Company (Paltel) in light of the four BSC dimensions, as assessed by employees and shareholders at these two companies, and to propose solutions and recommendations for the problems related to the performance of the two companies.

The most important results of the study are: (i) there is a strong positive correlation between the degree of each BSC dimension and the total score of the card; (ii) most employees and shareholders of the two companies assess performance based on financial and customer-related issues equally, and this is consistent with the visions and the main objectives of both companies, (iii) most employees and shareholders have different estimations of the performance of the two companies in the areas of internal operations and growth and development, (iv) staff with higher educational qualifications expect the two companies to have better educational activities.

The study concluded with several recommendations, the most important of which are the following: (i) the need to improve and develop training programs and internal operating processes, and (ii) the necessity of carrying out mobilization and communication activities to ensure the support of both internal and external stakeholders.

4. Study (Madhoun and Batniji,2013), entitled:

“Strategic Planning using a Balanced Scorecard - an Empirical Study on the Center for Community Training and Crisis Management - Gaza”

The aim of this study is to determine the degree to which strategic planning is practiced at the Center for Community Training and Crisis Management in Gaza, and the extent to which the

dimensions of BSC are used in strategic planning processes. The study examined the suitability of BSC dimensions for the Center's work environment, and presented a proposed scenario for preparing a strategic plan using BSC criteria.

The study reached many results, the most important of which are: (i) that BSC and its dimensions are used in strategic planning processes at the Center (total score of (78.4%), (ii) the section that fit the dimensions of BSC for the Center's work environment have obtained a high degree of approval (75%) of the average responses of the sample members.

The most important recommendations of the study are the need to increase attention to the 'growth and learning' dimension for employees at the Center; and the need to strengthen BSC components in order to achieve objectives.

3.2 Foreign Previous Studies

1. Study (Yılmaz, and Nuri, 2018), entitled:

"Assessment of Turkish Banks' Sustainability Performance using TOPSIS Method and Balanced Scorecard Approach"

Using a qualitative research approach encompassing intersected sustainability and BSC dimensions, a model was evaluated using the TOPSIS method, an effective technique to resolve multi-dimensional decision-making chores. The study concluded that the starting point for performance sustainability is the traceability of sustainability activities, in terms of indicators. Moreover, differences emerged in created performance report card models.

The indicators cited in this model are similar to those at banks. Indicators' differentiation results in changes in the performance order.

2. Study (Kerazan, 2018), entitled:

“The Impact of Corporate Governance on the Performance Level of Jordanian Public Joint-Stock Industrial Companies using BSC”

A questionnaire was distributed to financial managers working at public, joint-stock, industrial companies listed on the Amman Financial Market in Jordan. A total of 66 questionnaires were distributed, of which 50 were returned (75.75% response rate). The study’s results statistically demonstrated the significant impact of effective corporate governance frameworks on company performance levels, through using BSC. Moreover, the study also statistically demonstrated that equity and ownership of property rights has a significant impact on company performance level, again through using BSC.

The studies recommend that public, joint-stock, industrial companies should adopt an effective framework for corporate governance, given its impact on performance. Moreover, increasing transparency in the disclosure of financial statements and utilizing resources optimally helps to develop appropriate corporate governance frameworks and boost employees’ performance.

3. Study (Dan, 2017), entitled:

“Assessment of the Performance of Companies in India using BSC”

Following a literature review, the study included the distribution of the questionnaires to 66 companies: 30 listed to the Bombay Stock Exchange in India, 22 companies from the healthcare sector and 14 companies from the FMCG sector. Additionally, data was obtained and tabulated from the Ministry of Company Affairs in India.

The study revealed that there is a serious gap in framing BSC in a logical way, where it is applied in a haphazard, random fashion. Moreover, the study identified a difference between individual

scores for BSC perspectives and Likert-scale scores. The study recommended the adoption of non-financial indicators in order to gain further competitive advantage.

4. Study (Abdul Latif and Turkman, 2006) entitled:

“Balanced Scorecard as a Performance Measurement Tool”

The objective of this study is to introduce BSC techniques in the development of a new performance evaluation system that combines financial and non-financial standards (operations), clarifying the basic idea of BSC and how to build it.

The most important results of the study are: (i) BSC is a modern strategic tool for measuring and evaluating performance in a comprehensive manner, including financial and non-financial measurements, covering important dimensions of the organization's performance, (ii) BSC works to translate the organization's strategy into operational actions, taking into account the three-time dimensions of yesterday, today, and tomorrow.

The study reached several recommendations, the most important of which are (i) the need to use the card to measure balanced performance in businesses and public-service organizations such as hospitals and governmental departments, (ii) the need to use BSC in both private and public sectors, taking into account the nature and circumstances of each, (iii) the need for an effective, computer-based, information system to increase the effectiveness of this technology.

5. Study (Abdul Malik, 2006) entitled:

“Balanced Measurement Approach as a Tool for Developing Performance Appraisal Systems in Jordanian Industrial Projects: A Theory and Practice Study”

The objective of this study is to identify the current state of performance appraisal systems in Jordanian industrial projects, and to analyze BSC performance in order to identify how this

approach supports competitiveness. The study aims to identify the effect of the benchmark on the dimensions of the balance scorecard. The possibility of developing a balanced performance scale by adding a fifth dimension is (suppliers' dimension) and also adding intellectual capital dimension.

The most important findings of the study are (i) there is a rejection of private accounting models that measure and evaluate performance based solely on financial indicators, (ii) the need to pay attention to the impact of the benchmark reference on the different BSC dimensions, (iii) the need to pay attention to the use of multi-dimensional standards, instead of focusing on financial performance only, (iv) there is an impact relationship between non-financial measures and improved financial performance.

The study reached several recommendations, the most important of which are: (i) the need for companies to make significant changes in performance measurement systems, away from relying on traditional, financial measures and instead focus on non-financial (operational) measures, (ii) BSC should be linked to other contemporary trends such as strategic cost management, TQM, cost based activity accounting (ABC) and immediate inventory.

6. Study (Ghaith, 2005), entitled:

“The Importance of using Non-Financial Performance Measures to Increase the Effectiveness of Management Accounting in the Modern Industrial Environment: a Field Study on Saudi Industrial Enterprises in the city of Jeddah”

This study aims to highlight the importance of using modern models for measuring performance, in order to increase the effectiveness of management accounting in performance evaluation.

The most important findings of the study are: (i) insufficient traditional financial performance measures, which are needed by organizations, (ii) the effectiveness of the role of management accounting in performance appraisal is only achieved through the integration of financial and non-financial performance measures, (iii) some organizations are not interested in the development of performance appraisal systems, due to the time and effort required to develop such systems, the lack of a necessary database, and the lack of qualified expertise, (iv) organizations lack awareness of the importance of using non-financial performance measures associated with research and development, (v) lack of awareness on the importance of modern administrative and accounting philosophies, such as: BSC, best comparison model, and accounting models.

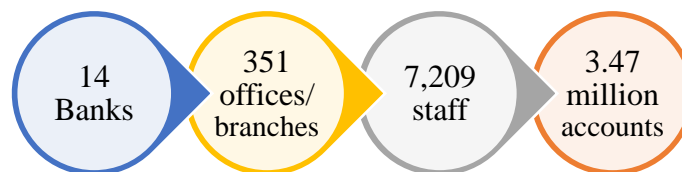
The study concluded with several recommendations, the most important of which are: (i) the need for constant attention to the evaluation of the performance of organizations through financial and non-financial performance measures, that focus on the causes and drivers of financial performance in the short and long term, (ii) conducting many courses and seminars on the role of financial and non-financial performance measures in achieving objectives, (iii) the need to convince the owners of organizations, accountants and cost accountants to develop performance appraisal systems, in line with developments in the modern manufacturing sector.

Chapter 4: Overview of the Palestinian Banking Sector

The Palestinian Monetary Authority (PMA) was established after the signing of the Paris Protocol agreement on trade relations between the Palestinian National Authority (PA) and Israel in 1994. PMA is responsible for implementing monetary policies and regulating the banking sector in Palestine.

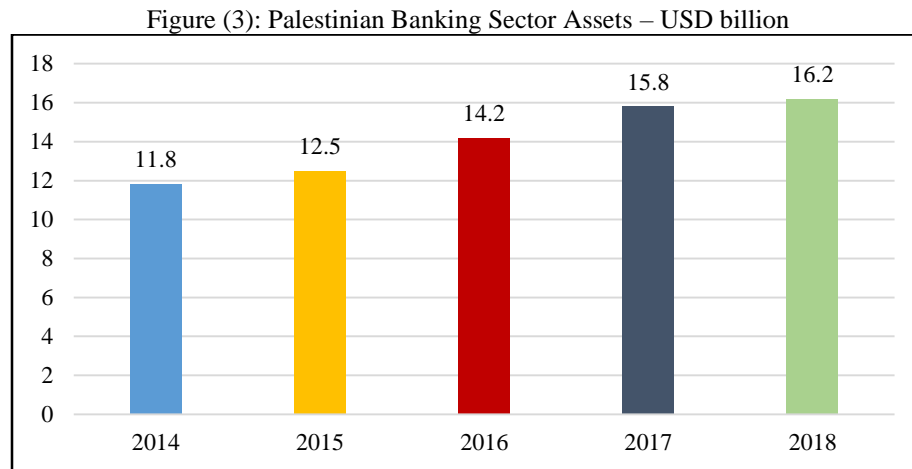
Currently, there are fourteen banks operating in Palestine, of which seven are local banks and seven are foreign banks (six Jordanian banks and one Egyptian bank). These fourteen banks are divided into eleven commercial banks and three Islamic banks. At the end of 2018, the sector employed 7,209 staff, distributed across 351 banking offices/branches. Where the number of accounts in the Palestinian banking sector reached about 3.47 million accounts at the end of 2018 compared to 3.21 million accounts in 2017, As the **Figure (2)** shows

Figure (2): Palestinian Banking Sector Overview

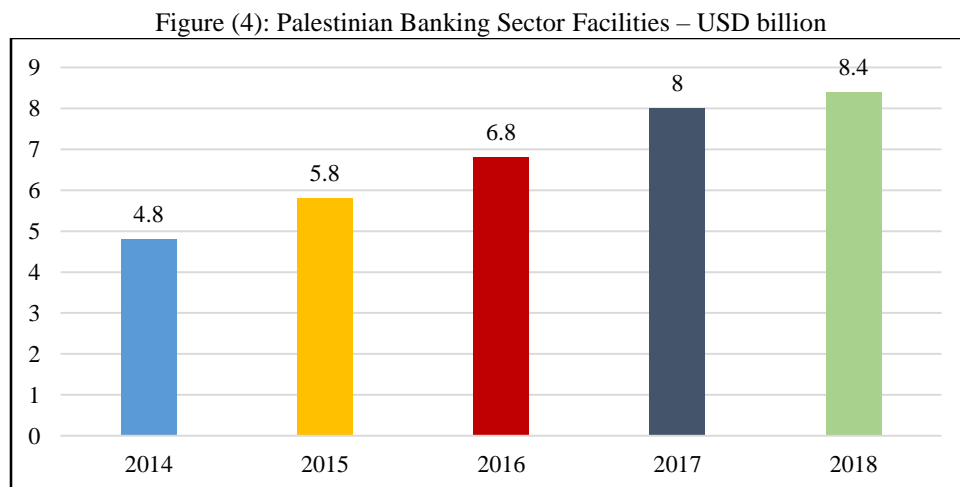


As for the financial position of the banks operating in Palestine, its total assets amounted to about USD 16.2 billion (EO 2018). Direct facilities (loans) constitute the largest share of the sector's total assets, at about 52%. As for total liabilities without banks equity, these reached about USD 14.3 billion (EO 2018), where customer deposits accounted for the bulk of these liabilities without banks equity (up to 92%). The banking sector's total equity reached about USD 1.9 billion (EO 2018).

Analysis of the financial statements of the banking sector as at the end of 2018 showed an increase in total assets by 1.7% compared to 11.6% at the end of 2017, reaching USD 16.2 billion as shown in *finger (3)*.

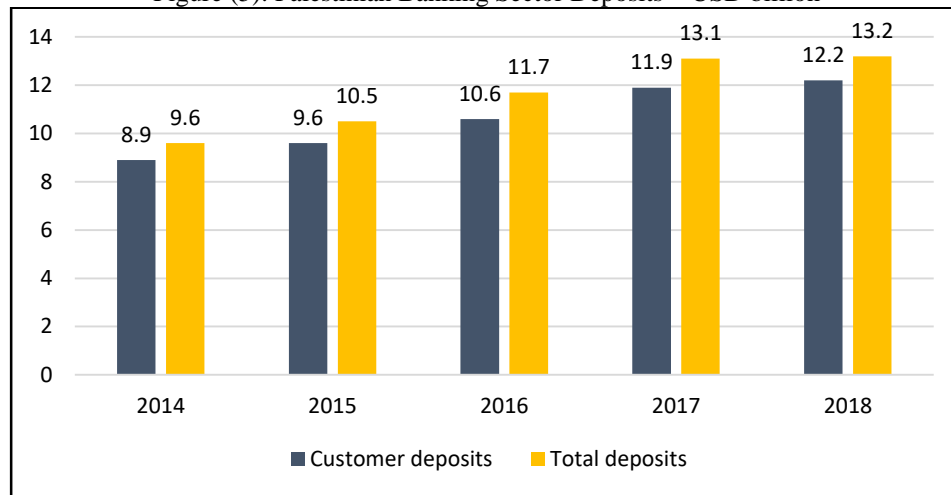


Analysis of direct facilities in the banking sector indicates that total direct facilities increased at the end of 2018 by 5% compared to 18% at the end of 2017, reaching USD 8.4 billion as shown in *finger (4)*.



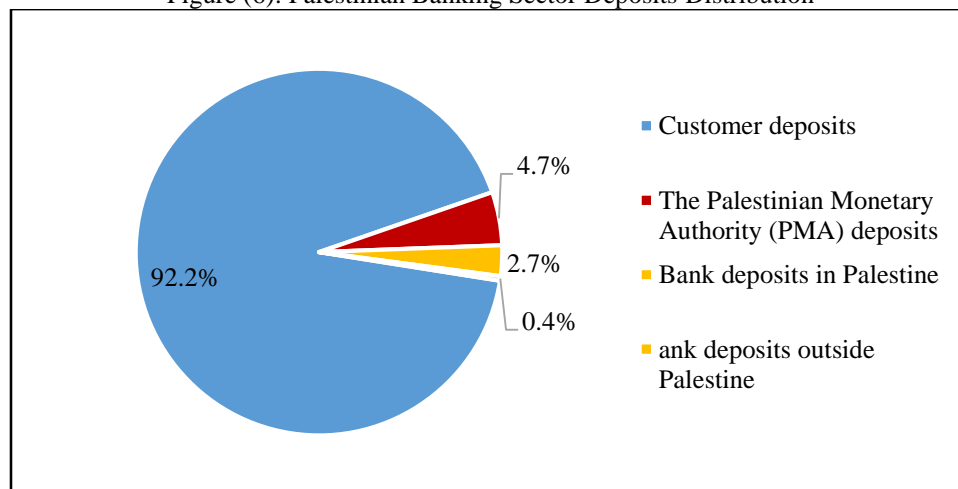
Analysis of deposits in the banking sector indicates that total bank and non-bank deposits increased at the end of 2018 by 1.1% compared to 11.7% at the end of 2017, reaching USD 13.2 billion as shown in *finger (5)*.

Figure (5): Palestinian Banking Sector Deposits – USD billion



With regard to the distribution of direct facilities of Palestinian banking sectors by the end of 2018 the private sector accounted for 84.4% of the total facilities, while the share of the public sector reached 15.6%, whereas the *figure (6)* shows the distribution of the total deposits as end of 2018, as follow: (1) Customer deposits (92.2%), (2) The Palestinian Monetary Authority (PMA) deposits (4.7%), (3) Bank deposits in Palestine (2.7%), Bank deposits outside Palestine (0.4%).

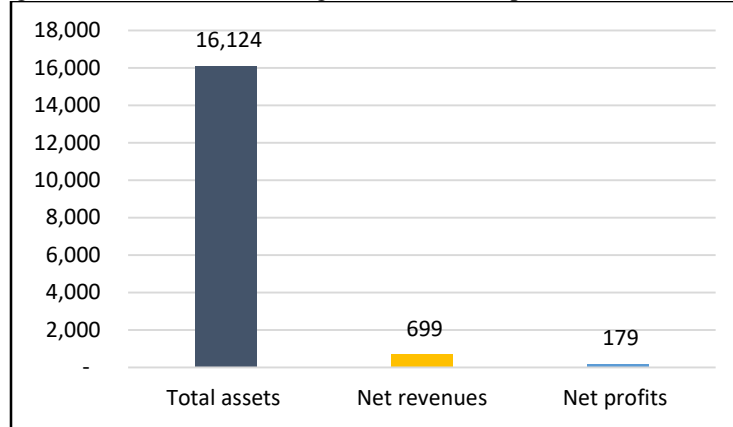
Figure (6): Palestinian Banking Sector Deposits Distribution



Regarding the financial performance of the banks operating in Palestine, net revenues amounted to about USD 699 million (EO 2018), mostly in the form of income from interest. Total expenses

(without tax expenses) amounted to about USD 478 million (EO 2018). Net profits reached about USD 179 million dollars (EO 2018). As the *Figure (7)* shows

Figure (7): Palestinian Banking Sector financial position – Million USD



Concerning financial indicators, profitability indicators are the most important. Return on assets (ROA) for the banks operating in Palestine was around 1.5%, while return on equity (ROE) reached about 15.3% (EO 2018). As for liquidity indicators, the ratio of total customers' deposits to total assets stood at around 76%, while the ratio of net credit direct facilities to total assets amounted to about 52%.

As for the capital structure of banks operating in Palestine, the ratio of total owners' equity to total assets reached 10% (EO 2018). The ratio of retained earnings to total owners' equity amounted to 7.8% (EO 2018).

Chapter 5: Research Design and Methodology

5.1: Research Methodology

This study examines the potential impact of adopting the Balance Scorecard (BSC) Model in enhancing the financial performance of banks operating in Palestine. It employs an applied research method, which ensures that the strategic performance measures of banks operating in Palestine are utilized, even if these banks do not use BSC or its four dimensions. Various sources of information are utilized in the research process, including: available literature, journals, and previous studies using BSC models. Gathered data was then used to develop the theoretical framework, identify variables and formulate hypotheses. Moreover, statistical data was collected via a questionnaire designed for this purpose, covering most of the study's variables.

5.2: Research Population and Sample

For the purpose of this study, the research population comprises all 14 banks operating in Palestine, as shown in **Table (1)**. Because of the small size of the population, the method follows the complete census of these banks (the sample is the whole population). The questionnaire was designed and distributed to 130 respondents: (branch manager, head of department, director of department, financial controller). The response rate reached 94.6%, i.e., 123 questionnaires.

Table (1): Study Sample

#	Bank Name	Bank Type	Bank Nationality
1	Palestine Islamic Bank.	Islamic	Local
2	Arab Islamic Bank.	Islamic	Local
3	Al Quds Bank	Commercial	Local
4	Arab Bank	Commercial	Foreign

5	Bank of Palestine	Commercial	Local
6	Palestine Investment Bank	Commercial	Local
7	The National Bank	Commercial	Local
8	Al Safa Bank	Islamic	Foreign
9	Cairo Amman Bank	Commercial	Foreign
10	Bank of Jordan	Commercial	Foreign
11	The Housing Bank for Trade and Finance	Commercial	Foreign
12	Jordan Ahli Bank	Commercial	Foreign
13	Egyptian Arab Land Bank	Commercial	Foreign
14	Jordan Commercial Bank	Commercial	Foreign

5.3: Data Collection Techniques

In order to collect data from the sample, we designed a questionnaire that consists of two parts. The first part consists of six questions related to general information about the person filling out the questionnaire, covering academic qualifications, specialization, job title, practical experience, training courses completed, and the type of bank where she/he works. The second part of the questionnaire includes (44) questions regarding the strategic measures that are supposed to be available for the purpose of enhancing the financial performance of banks operating in Palestine. In this part, a five-point Likert scale is used in the correction of questionnaire's paragraphs as shown in the *Table (2)* below:

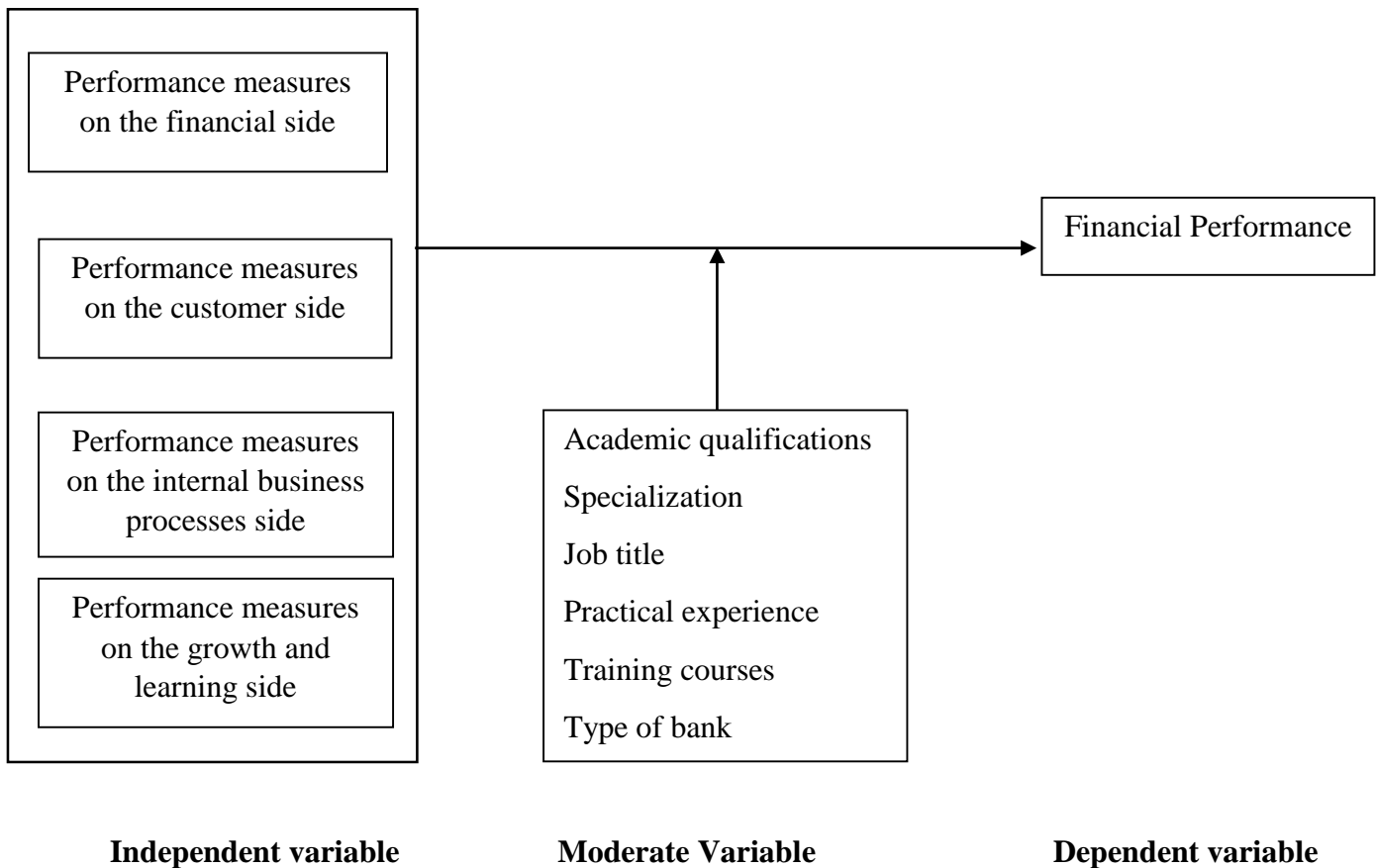
Table (2): Likert Scale

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

5.4: Variables of the study

Dependent and independent variables are presented in the chart below.

Figure (8): Study Model



From the *figure (8)* above, we conclude that:

➤ **The dependent variable:** Financial Performance

This variable consists of the following eight aspects, which are the basic dimensions of strategic financial performance (Palepu, et. al., 2000), These eight aspects were used to measure the dependent variable, the results were illustrated in the *Appendix (3)*.

1. **Increase operating profit margin:** Extraordinary profits, profits realized above the normal level and sources of improvement and marginal development .Operating profit covers a certain period of time, divided by revenues for that period. The operating profit margin refers to the entity's effectiveness in monitoring costs and expenses associated with normal operations. The operating margin is a ratio used to measure its operational efficiency and pricing strategy.
2. **Continuity and sustainability of improvement:** Work performed to change the organization's operations, in order to meet needs and achieve work objectives more effectively (Alain and Buglione 2000). It should be noted that performance measurement systems used must be a building tools and not a punishment tool, focused on process and product improvements (Crawford, James, 1990). Studies and research, show that when successful enterprises are examined over the long term, it is possible to note that these companies are constantly working towards improvements in many different sectors, including cost reduction and upgrading value. (Sullivan and Needy 2000).
3. **Optimal use of assets:** To optimize the use of assets, managers try to reduce the working capital levels required to support the supposed mix of work and size and struggle to maximize the use of their fixed asset base by directing new work towards the use of existing unused assets at full capacity, using scarce resources more effectively, with the exclusion of assets that provide insufficient returns to their value, all these acts enable increase in the revenue to their financial and non-financial assets. There are other metrics for asset use focused on improving capital investment procedures, to improve the productivity of capital investment projects and accelerate the process of capital investment, so cash returns from those investments are recognized early (Kaplan and Norton 1996).

4. **Enhancing efficiency and sustainability:** Effectiveness is a measure of the level of value that can be generated from available resources. The evaluation of effectiveness is closely related to how the organization matches its products and services to the needs of customers (Johnson and Scholes, 1999).
5. **Change in debt policy, capital structure policy (CSP):** Optimal capital structure is the structure that maximizes the share price of an enterprise, such that the debt ratio is less than the ratio which maximizes expected revenue per share.
6. **Increase and sustain free cash flow:** Free cash flows attributable to debt and equity is equal the net operating profit after tax minus the increase in working capital minus the increase in net long-term assets. While the free cash flows attributable to equity is equal net income less the increase in operating working capital less the increase in net long-term assets plus the increase in net debt (Palepu, et.al., 2000).
7. **Balance between future financial return and risk:** Risk is the probability of the occurrence of undesired results. It has many different definitions within different contexts, but what concerns us is the effects of risk on the valuation of assets or securities. (Weston and Eugene, 2002).
8. **Achieve and sustain competitive advantage :** It has been recognized that value added is an important factor in maintaining the competitive advantage of an enterprise, through aligning internal operations with business objectives (Weston and Eugene, 2002).

➤ **Independent variables**

These are the four dimensions of BSC. The following aspects need to be measured:

1. **Financial aspect:** This is the first aspect BSC Model. It includes a number of strategic standard including: (i) standard for achieving fair profit, which is a strategic objective for most organizations, (ii) standard of balanced growth of the combination of revenues from investment activities, (iii) standard cost reduction, to the maximum extent possible, in order to maximize efficiency, (iv) standard for maximizing the wealth of shareholders and depositors, by achieving real returns on investment, and (v) standard of achieving economic value-added (EVA), (Kaplan and Norton, 1996, b&c).
2. **Customers' aspects (depositor and partner):** This is the second aspect of the BSC Model and it consists a standard fair market share by balancing between available organizational capacity and target markets, as well as the acquisition of new customers. (Kaplan and Norton, 1996, a&h).
3. **Internal business processes aspects:** This is the third aspect of the BSC Model. It includes the criteria of achieving productive efficiency, aiming to reach the target quantity in comparison to the lowest working time or less cost. And highest quality, it calculates the optimum acceptable quality ratio in units and services produced, or the lowest permissible defect rate (Kaplan and Norton, 1996h, 2001),
4. **Growth and learning aspects:** This is the fourth aspect of the BSC Model, covering individuals' level of capacity, taking into account appropriate academic skills, creativity in management, intellectual abilities in the formulation of solutions, and employee satisfaction, where his/her position meets his/her needs and matches his/her abilities and qualifications. (Davis, 1996).

5.5: Research Model

We identified the following model as an equation that can be used to predict the value of the dependent variable, after determining the values of independent variable coefficients using the multiple regression model:

$$Y = \beta_0 \pm \beta_1(\text{FS}) \pm \beta_2(\text{CS}) \pm \beta_3(\text{IBPS}) \pm \beta_4(\text{GLS}) \pm e_i$$

Since:

Y: Financial performance of banks operating in Palestine.

FS: Performance measures on the financial side.

CS: Performance measures on the customer's side.

IBPS: Performance measures on the internal business processes side.

GLS: Performance measures on the growth and learning side.

β_0 : Represents the constant parameter, which is the fraction of the vertical or y-axis, and is equal to a value of the dependent variable, if the effect of combined independent variables is equal to, or close to zero.

β : It represents the slope of the independent variable.

5.6: Statistical Analysis

For this research, Statistical Package for Social Sciences (SPSS) was used to carry out statistical analysis. A 5% level of significance was used, consistent with common practice in social science research (Sekaran, 2005). This corresponds to a 95% level of confidence. To interpret data gathered in the study, the following statistical tests are used:

- 1- Descriptive Statics (Mean, Standard Deviation, Frequencies)
- 2- Pearson Correlation Coefficient: The Pearson product-moment correlation coefficient is a measure of the strength of the linear relationship between two variables
- 3- One-Sample Kolmogorov-Smirnov Test
- 4- Multicollinearity Test: multicollinearity situation arises when some independent variables are dependent on each other, or are highly correlated. (Walker & Maddan, 2009)
- 5- Cronbach's Alpha Test: This tests the degree of reliability of the data, and is used to measure the stability or consistency of questions (in the questionnaire) regarding the hypotheses. The degree of reliability (Alpha) is interpreted as the coefficient of internal stability between the answers. “The statistically acceptable value of the Cronbach alpha is the value of 60% and above, but if it is less, it is weak and if it more than 90% it is excellent, (Sekaran, 2005)”
- 6- Regression Analysis

5.7: Issues of Reliability and Validity

Since this study is an applied research, we met with a group of professors and specialists in the financial and administrative sciences to evaluate the validity of the questionnaire and determine its validity as a measuring tool before using it in the study in order to reach a high level of

dissemination of its results. After the questionnaire was modified based on the opinion of the arbitrators, and prior to their distribution to the study sample, it was confirmed by conducting a preliminary sample survey in which the questionnaire was distributed to a suitable sample that constituted 20% of the original sample. We examined the respondents' understanding of the questions and indications Its answer and its connection to the dimensions and measures studied, and also simplify and clarify the standards used in the questionnaire to achieve the maximum degree of credibility possible.

The reliability of the questionnaire was checked by the test of internal consistency and calculates the extraction reliability coefficient (Cronbach's alpha) for each section and for whole questionnaire, where the reliability coefficient for whole questionnaire is equal (0.871), which is a very good reliability coefficient for researches. It is clear in the table below that the reliability coefficient of all sections is acceptable and meets the objectives of the study.

The structural validity was checked by measuring the Pearson correlation between each section of the questionnaire and the total degree of it. The results showed that all correlations are statistically significant with P-values less than $\alpha=0.05$. This indicates that there is a high internal consistency between paragraphs in the questionnaire and instrument to measure what is intended to measure. This is made clear in *Table (3)* below.

Table (3): Statistical Reliability Test

Statistical Reliability	
Cronbach's Alpha	N of Items
.871	44

Chapter 6: Data Analysis and Result

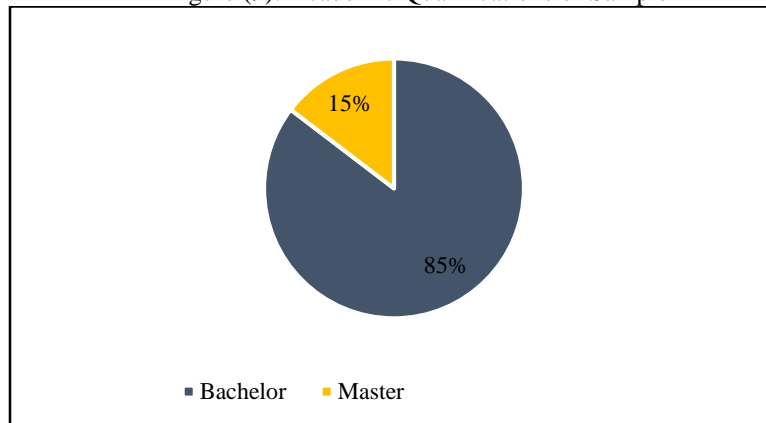
6.1: Introduction

This chapter describes the study's population and analytical tools, as well as the procedures followed in implementation. It also covers statistical procedures used in the analysis of results.

6.2: Sample Characteristics

1. Academic qualification: *Figure (9)* shows that holders of bachelor's degrees constituted 85% of the sample, which is a very large percentage. This category carries out the bulk of banks' operations, including the application of standards and procedures that enable access to - and achievement of - the overall strategic objective. Individuals in this category have a deep awareness of both positive and negative aspects of their work. This enables them to quickly and effectively correct any deviations they may encounter, while achieving positive results at the level of strategic performance in general, and financial performance specifically.

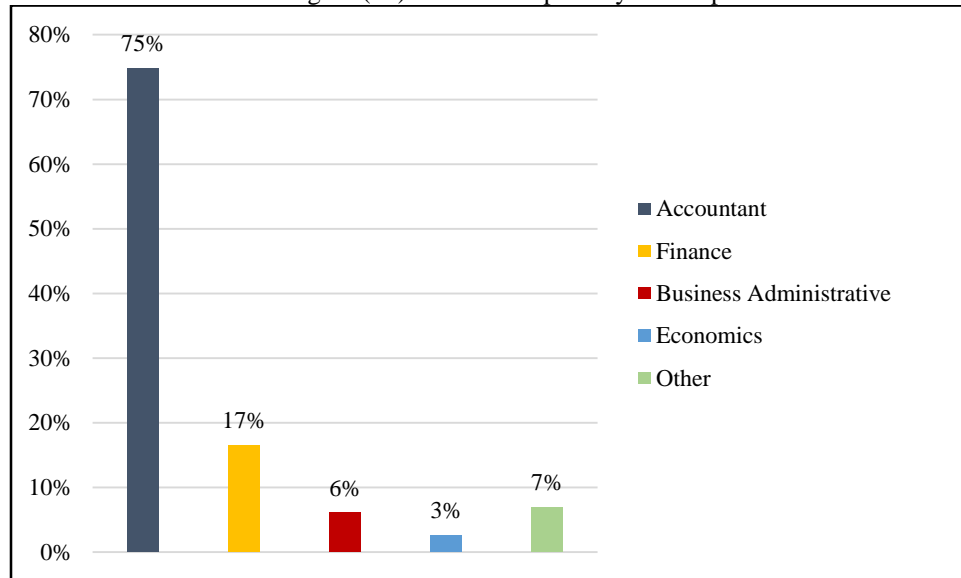
Figure (9): Academic Qualifications of Sample



2. Scientific Specialty: Individuals with scientific specialties in accounting, business administration, finance and economics represented 93% of the total sample, as shown in *Figure (10)*. It is important to note that these disciplines are the focal point of employees' specialty, and is required by them in their work at banks. These specialties provide workers

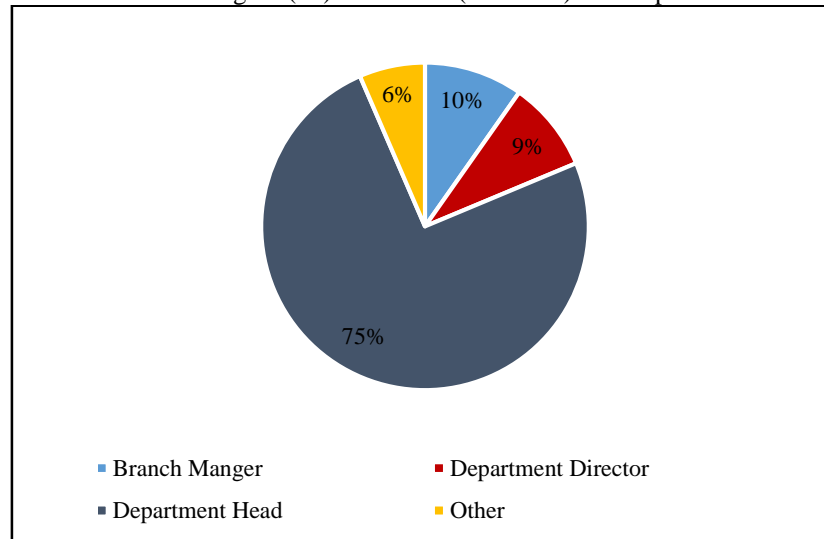
with a theoretical and practical framework that enables them to understand the nature of their work, providing them with appropriate solutions to address both positive and negative aspects they face at work.

Figure (10): Scientific Specialty of Sample



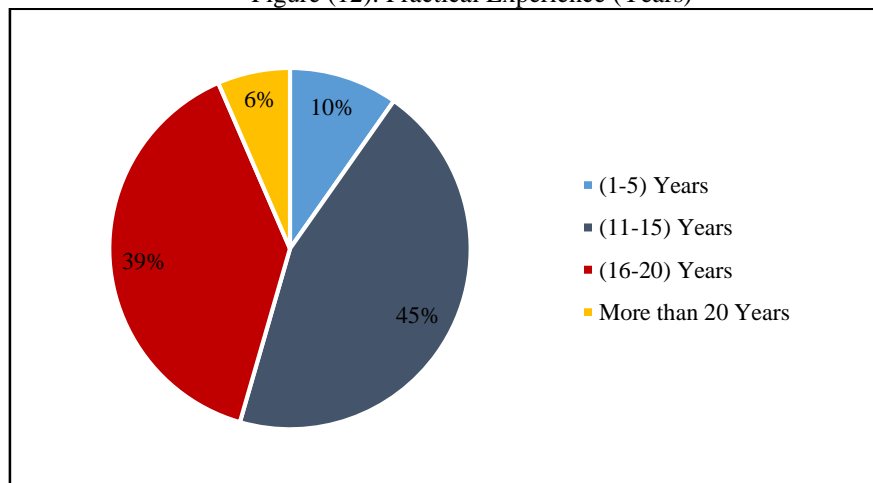
- 3. Job Title (Position):** *Figure (11)* shows that the mid-management category, which has the burden of implementing the objectives and general directions, is more than 94% of the size of the respondent sample. This is necessary for the application of the BSC model, noting that those who occupy other functional (support) positions account for the remaining 6% (e.g. financial controller). If the BSC model is to succeed and to work efficiently, it should involve all workers at the enterprise. In any working environment, leadership plays a key role in adopting and applying new directions, with an emphasis on the need for all to participate in working towards the achievement of overall strategic objectives.

Figure (11): Job Titles (Positions) of Sample



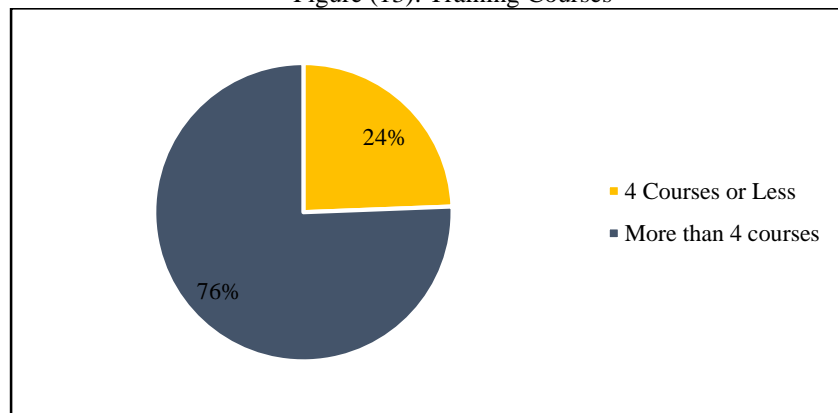
4. **Practical experience:** *Figure (12)* shows that for 45% of the sample, experience ranged from 11-15 years, followed by 39% at 16-20 years' experience. Experience plays a key role in building the technical background of employees at all types of institutions. Experience is of great benefit to bank employees, as it helps them understand the work that they are doing, and how to act in the face of emergencies. For practical experience to be effective, it must be accompanied by scientific specialty (education), and follow-up (training) in new methods/tools used in finance/admin sciences.

Figure (12): Practical Experience (Years)



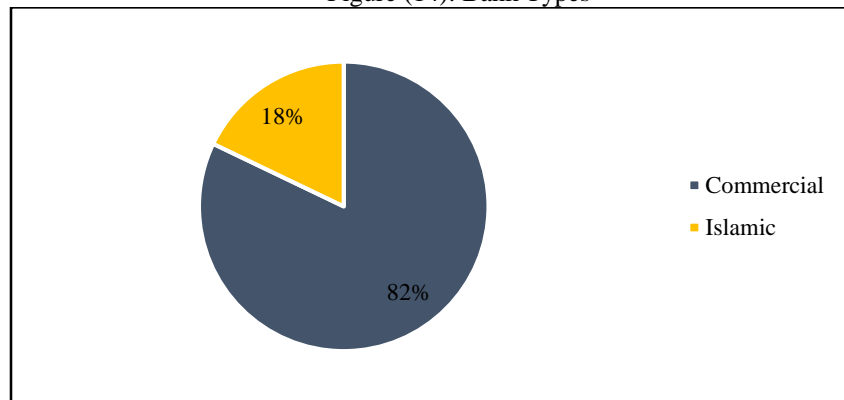
- 5. Number of training courses:** *Figure (13)* shows that 76% of respondents attended more than four training courses in the field of banking. Training courses are important for the acquisition of technical and applied skills; and the transformation of theoretical sciences into an operational reality. Employees should be aware of the responsibilities and tasks assigned to them, so that they can achieve overall strategic objectives and implement new programs/systems, including the BSC model.

Figure (13): Training Courses



- 6. Bank Type:** *Figure (14)* shows that 82% of the sample are employed at commercial banks, while 18% work in Islamic banks. It should be noted that Islamic banks differ from commercial banks in their investment practices, where the law allows them to invest in a range of sectors, while preventing commercial banks from investing in these sectors.

Figure (14): Bank Types



6.3: Preliminary Statistical Tests

1. Data Normality Test

This section tackles the issue of data normality of the dependent factor, based on obtained observations. Data was analyzed with SPSS, using the K-Smirnov Normality test. According to Keller (2005), data distribution is considered normal if the P-value (sig) of the data was greater than α .

Based on *Table (4)* below, the data's sig. is almost zero, according to the K-Smirnov Test. Therefore, the data is not normally distributed. This fact enables us to claim that the Pearson correlation test is not enough to interpret the relationship between researched variables, since one important criteria to use is the normality of data. (Amemiya, 1985)

Table (4): Tests of Normality

Tests of Normality						
BSC	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Financial	.277	123	.000	.825	123	.000
Customer	.228	123	.000	.887	123	.000
Internal Business Process	.293	123	.000	.826	123	.000
Innovation Learning Growth	.262	123	.000	.849	123	.000
a. Lilliefors Significance Correction						

2. Multicollinearity Test

Multicollinearity situation arises when some independent variables are dependent on each other, or are highly correlated. (Walker & Maddan, 2009)

The degree of correlation-coefficient between independent variables was tested to determine the degree of correlation between them, where it was found that there is a correlation between

independent variables, but not a significant one. To ensure the stability of the correlation-coefficient of these variables, we calculated the correlation-coefficient using Variable Inflation Factor (VIF) test. **Table (5)** shows that there is no value indicating a Multicollinearity problem. Therefore, the results of the multiple regression model are not due to an interrelation between independent variables. This shows the reliability of the results of regression analysis.

Table (5): Coefficients Table

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.660	.240		2.751	.007		
	Financial Perspective	.221	.060	.267	3.674	.000	.591	1.693
	Customer Perspective	-.054	.087	-.061	-.623	.535	.325	3.075
	Internal Business Perspective	.374	.069	.441	5.403	.000	.467	2.139
	Innovation, Learning and Growth Perspective	.295	.067	.322	4.388	.000	.579	1.728
a. Dependent Variable: Financial performance								

6.4: Descriptive Statistics

Table (6) below provides an overall picture of the components of the study's variables. The table depicts the mean, standard deviation, maximum and minimum values for each category of variables, after data processing based on the full sample.

Table (6): Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Financial performance	123	3.62	4.77	4.0269	.13647
Financial Perspective	123	3.60	4.90	4.0325	.16471
Customer Perspective	123	3.63	4.63	4.0173	.15378
Internal Business Process Perspective	123	3.71	4.86	4.0348	.16086

6.6: Regression Results

The following table depicts the relationships between dependent and the independent variables based on P-value. Again, we should recall that regression was conducted based on 95% level of confidence. Accordingly, any independent variable that has a Sig value below 0.05 is considered significant, and vice versa.

Table (8): Coefficients Table

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.660	.240		2.751	.007		
	Financial Perspective	.221	.060	.267	3.674	.000	.591	1.693
	Customer Perspective	-.054	.087	-.061	-.623	.535	.325	3.075
	Internal Business Process Perspective	.374	.069	.441	5.403	.000	.467	2.139
	Innovation Learning and Growth Perspective	.295	.067	.322	4.388	.000	.579	1.728
a. Dependent Variable: Financial performance								

From **Table (8)** above, and based on P-value criteria, we conclude the following:

- **Significant Variables:** Financial Perspective, Internal Business Process Perspective, Innovation Learning and Growth Perspective
- **Insignificant Variables:** Customer Perspective

Table (9): Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795 ^a	.633	.620	.08411
a. Predictors: (Constant), Innovation Learning and Growth Perspective, Financial Perspective, Internal Business Process Perspective, Customer Perspective				

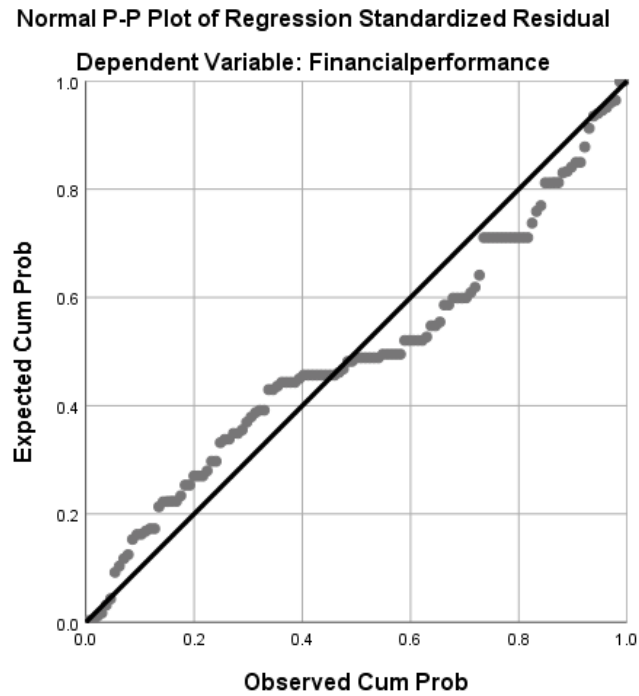
Table (9) provide an indication of the strength of the relationship between all variables, and financial performance. R (the correlation coefficient) = 0.795, indicating a strong relationship since it is greater than 0.75. (Bryman & Bell, 2007) R^2 (coefficient of determination) = 0.633. Adjusted R^2 indicates that 62% of the variation in financial performance is determined by 3 significant variables (financial perspective; internal business process perspective; innovation, learning and growth perspective). This value supports the explanatory model based on F-test sig. value in ANOVA table.

Table (10): ANOVA Table

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.437	4	.359	50.791	.000 ^b
	Residual	.835	118	.007		
	Total	2.272	122			
a. Dependent Variable: Financial performance						
b. Predictors: (Constant), Innovation Learning and Growth Perspective, Financial Perspective, Internal Business Process Perspective, Customer Perspective						

Finally, at **Table (10)**, the ANOVA illustrates the linear fit of the regression model. When ANOVA sig. $< \alpha$, then the linear model is appropriate for such analysis. This conclusion is based on F-test value = 50.79 which results in sig value $< \alpha$ (see **Figure (15)** below).

Figure (15): Normal P-P Plot of Regression Standardized Residual



At the beginning of this research, a hypothesized model was developed to include four variables that other researchers found significant to financial performance, as follows.

$$Y = \beta_0 \pm \beta_1(\text{FS}) \pm \beta_2(\text{CS}) \pm \beta_3(\text{IBPS}) \pm \beta_4(\text{GLS}) \pm e_i$$

After analyzing the data, the following results are obtained based on coefficients in *Table (11)* and *Table (9)* model summary.

Table (11): Coefficients Table

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.660	.240		2.751	.007		
	Financial Perspective	.221	.060	.267	3.674	.000	.591	1.693
	Customer Perspective	-.054	.087	-.061	-.623	.535	.325	3.075
	Internal Business Process Perspective	.374	.069	.441	5.403	.000	.467	2.139
	Innovation Learning and Growth Perspective	.295	.067	.322	4.388	.000	.579	1.728

a. Dependent Variable: Financial performance
--

$$\text{Financial Performance} = 0.66 + (0.221 * \text{Financial Perspective}) - (0.54 * \text{Customer Perspective}) + (0.374 * \text{Internal Business Process Perspective}) + (0.295 * \text{Innovation Learning and Growth Perspective})$$

From this model, we note a positive impact of financial perspective, internal business process perspective and innovation, learning and growth perspective. The customers' perspective has a negative impact. These results are discussed in depth in Chapter 5.

Chapter 7: Conclusions and Recommendations

This last chapter summarizes research findings, detailing conclusions and recommendations for further research.

7.1: Hypothesis Testing

1. Financial Perspective (Accept H1)

From the coefficients table, we note that the financial perspective sig. is $0.000 < 0.05$. This indicates a significant relationship. By looking at the constant value of 0.221, we conclude that there is a positive relationship between the financial perspective and financial performance, after rejecting H0, accepting H1.

This conclusion is consistent with most of researched literature such as Dargham and Abu Fada (2009); Madhoun and Batniji (2013); Abdul Latif and Turkman (2006); Kerazan (2018) and others.

2. Customer Perspective (Reject H1)

From the coefficients table, we note that the customer perspective sig. is $0.53 > 0.05$. This indicates that there is no significant relationship between customer perspective and financial performance, after failing to reject H0. Through reviewing literature, we conclude that current study results conflict with those of Dargham and Abu Fada (2009).

3. Internal Business Process Perspective (Accept H1)

From the coefficients table, we note that the internal business process sig. is $0.000 < 0.05$. This indicates a significant relationship. By looking at the constant value of 0.374, we conclude that

there is a positive relationship between the internal business process perspective and financial performance, after rejecting H0 accepting H1.

4. Innovation, Learning and Growth Perspective (Accept H1)

From the coefficients table, we note that the financial perspective sig. is $0.000 < 0.05$. This indicates a significant relationship. By looking at the constant value of 0.295, we conclude that there is a positive relationship between the innovation, learning and growth perspective and financial performance, after rejecting H0 accepting H1.

7.2: Summary of Hypothesis Testing

Based on previous analysis and the acceptance or rejection of the null hypotheses, the results of the study hypothesis test are summarized in *Table (12)*.

Table (12): Summary of Hypothesis Testing

<i>Research Hypotheses</i>	<i>Hypotheses</i>	<i>Testing Results</i>
Main hypothesis	There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within its four perspectives, and financial performance at banks operating in Palestine.	Accept
First sub-hypothesis	There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within financial perspective, and financial performance at banks operating in Palestine.	Accept
Second sub-hypothesis	There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within customers'	Reject

	perspective, and financial performance at banks operating in Palestine.	
Third sub-hypothesis	There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within internal business process perspective, and financial performance at banks operating in Palestine.	Accept
Fourth sub-hypothesis	There is a statistically-significant relationship between adopting Balanced Scorecard (BSC) within innovation, learning and growth perspective, and financial performance at banks operating in Palestine.	Accept

7.3: Conclusions

we concluded that the resulting model interprets 62% of the determinants of financial performance at banks operating in Palestine. These are the main findings:

- 1- BSC model can be used to enhance the financial performance of banks operating in Palestine.
- 2- In their measurement of performance, banks operating in Palestine apply clear strategic performance measures, including traditional financial and non-financial measures, while noting that their use of these measures does not mean that they apply them under the title of a BSC model. In return, these measures can be reclassified within the four aspects of the BSC model: financial perspective, customer perspective, internal business process perspective, innovation, learning and growth perspective.

- 3- Customer perspective the in BSC model did not appear to have an effect in the Palestinian case, unlike other BSC perspectives.
- 4- Banks operating in Palestine use and apply *financial* objectives, measures and indicators for evaluating financial performance (high importance). The most important measures used are Return on Investment (ROI), Return on Assets (ROA) and Net Profit Margin.
- 5- Banks operating in Palestine use and apply *internal business process* objectives, measures, and indicators for evaluating financial performance (moderate importance). The most important indicators are ‘identify/create market’ and ‘profitability by product/service’.
- 6- Banks operating in Palestine use and apply *innovation, learning and growth* objectives, measures and indicators for evaluating financial performance (high importance). The most important indicators are ‘improved employee capabilities’, ‘employee satisfaction’ and ‘number of a training course attended by employees’.
- 7- Banks operating in Palestine use and apply *customer* objectives, measures and indicators for the evaluation of financial performance (low importance).

7.4: Further Research and Recommendations

- The banks operating in Palestine should implement the Balanced Scorecard model within four dimensions as an integrated system, for strategic management, and a means for decision-making by managements, this is because its application achieves many advantages that enhance the competitive position and financial performance of banks.
- Banks operating in Palestine should use the BSC model as a tool to evaluate performance, as it helps to organize administrative processes and lends focus to the application of institutional strategy.
- Conduct training courses for banks employees on the BSC model and how it can be used.
- Banks operating in Palestine need to pay more attention to strategy, and measurements that are included in the customers' perspective in BSC.
- Banks operating in Palestine also need to take into consideration the need to develop products/services that fulfill their customers' needs, while linking this to customers' perspective in BSC.
- Developing of indicators for measuring customer satisfaction in the customers' perspective in BSC.
- Conducting the further investigation of more determinants of the effect of adopting Balanced Scorecard (BSC) as a strategic planning tool on the financial performance of banks operating in Palestine; as well a study of the effect of BSC when taking into consideration the type of bank - Islamic or commercial and local and foreign
- Applying this research model to Islamic banks and commercial ones, and then comparing the results.

References

English References

- AL Shaikh Ali, Mohammed (2007). **"Performance Evaluation of Palestinian Telecommunication Corporations by using Balanced Scorecard approach"**., Master Dissertation non published, The Islamic University-Gaza, Gaza, Palestine.
- Amemiya, T. (1985) **Advanced Econometrics**. Harvard University Press, Cambridge.
- Bryman, A. and Bell, E. (2007). **Business research methods**. Oxford University Press, USA.
- Buglione, Luigi, and Alain Abran, (2000). **"Balanced Scorecard and GQM: What Are the Differences?"**, FESMA-AEMES Software Measurement Conference.
- Christinian, Johonson and Beiman, Iry, (2007). **"Balanced Scorecard for State-owned Enterprises, Driving Performance and Corporate Governance**, Asian Development Bank, Philippines.
- Crawford, Karlene M., and James F. Cox, (1990). **"Designing performance measurement systems for just-in-time operations"**, *International Journal for Production and Research*, Vol. 28, No. 11, pp. 2025-2036.
- Dan, (2017), **"assessed the performance of companies in the Indian by using BSC"**, Master Dissertation non published, India.
- Davis, Tim R.V., (1996). **"Developing an Employee Balanced Scorecard: Linking Frontline Performance to Corporate Objectives"**, *Management Decision*, Vol. 34, Issue 4.
- Gering, Michael, and Keith Rosmarin, (2000). **"Central beating"** *Financial Management*, June, pp. 32-33.
- Johnson, Gerry and Scholes, Kevan, (1999). **"Exploring Corporate Strategy"**, (5th ed.), *Prentice Hall*.
- Kaplan, Robert S., and Norton, David P., (1996 a), **"The Balanced Scorecard: Translating Strategy into Action"**, Boston, MA: *Harvard Business School*, Press.

- Kaplan, Robert S., (1992d). **"In Defense of Activity-Based Cost Management"**, *Management Accounting*, 74 (5), pp. 58-63.
- Kaplan, R. S. (2004, February). **Measuring the strategic readiness of intangible assets**. *Harvard Business Review*, 6(2), 10-17.
- Keller (2005), **American Journal of Industrial and Business Management**, Vol.4 No.5.
- Kerazan, et all, (2018) **"identified the impact of corporate governance upon the performance level of Jordanian public joint stock industrial companies through using the BSC"**, Master Dissertation non published, Jordan.
- Madhoun and Batniji, (2013), **'Strategic Planning using a Balanced Scorecard - an Empirical Study on the Center for Community Training and Crisis Management – Gaz'**, Master Dissertation non published, The Islamic University-Gaza, Gaza, Palestine.
- Palepu, Krishna G.; Paul M. Healy and Victor L. Bernard, (2000). **"Business Analysis & Valuation: Using Financial Statements"**, (2nd ed.), *South- Western College Publishing: Thomas Learning*.
- Palestinian Monetary Authority, **Annual report 2018**.
- Sekaran, Uma, (2005). **"Research Methods for Business with Spss 13.0 Set"**, (4th ed.). New York: John Wiley and Sons.
- Sullivan, W. G., and K. L. Needy, (2000). **"Determination of economic value for a proposed investment in new manufacturing"**, *The Engineering Economist*, Vol. 45, No. 2, pp. 166-181
- Walker & Maddan (2009). **Statistics in Criminology and Criminal Justice: Analysis and Interpretation 4th Edition**
- Weston, J. Fred and Eugene, F. Brigham, (2002). **"Managerial Finance"**, Seventh Edition, 1982.
- Yılmaz, and Nuri (2018), **"assessed the Turkish Banks sustainability performance by using TOPSIS Method and Balanced Scorecard Approach"**, Master Dissertation non published, Turkey.

المراجع العربية

- أبو فضة، مروان محمد، (2006). "نحو تطوير نظام متوازن لقياس الأداء الاستراتيجي في المؤسسات المصرفية الإسلامية"، رسالة دكتوراه غير منشورة، الأكاديمية العربية للعلوم المالية والمصرفية، عمان، الأردن.
- البتانوني، علاء،". (2004) تأثير الربط والتكامل بين مقياس الأداء المتوازن ونظام التكلفة على أساس النشاط على أداء تنظيمات الأعمال"، مجلة كلية التجارة للبحوث العلمية، المجلد الحادي والأربعون، العدد الأول، ص 387 .
- الخولي، هاله عبد الله، (2001). "استخدام نموذج القياس المتوازن للأداء في قياس الأداء الاستراتيجي لمنشآت الأعمال"، مجلة المحاسبة الإدارية والتأمين، العدد السابع والخمسون، ص 48.
- درغام، ماهر موسي، وأبو فضة، مروان محمد (2009). أثر تطبيق أنموذج الأداء المتوازن في تعزيز الأداء المالي الاستراتيجي للمصارف الوطنية الفلسطينية العاملة في قطاع غزة (دراسة ميدانية)، مجلة الجامعة الإسلامية، سلسلة العلوم الإنسانية، الجامعة الإسلامية، غزة، المجلد 17، العدد 2، ص 788.
- عبد العزيز، شهيرة محمود، (2003). "إطار مقترح لاستخدام مقاييس الأداء المتوازن في المنظمات غير الحكومية بالتطبيق على الجمعيات الأهلية"، المجلة المصرية للدراسات التجارية، المجلد السابع والعشرون، العدد الثالث، ص 291.
- عبد اللطيف، عبد اللطيف، وتركمان، حنان، (2006). بطاقة التصويب المتوازنة كأداة لقياس الأداء، مجلة جامعة تشرين للدراسات والبحوث العلمية – سلسلة العلوم الاقتصادية والقانونية، جامعة تشرين، كلية الاقتصاد، دمشق، المجلد 28، العدد 1، ص 141.
- عبد الملك، أحمد رجب، (2006). مدخل القياس المتوازن كأداة لتطوير نظم تقييم الأداء في المشروعات الصناعية (دراسة نظرية وتطبيقية)، المجلة العلمية للبحوث والدراسات التجارية، جامعة حلوان، العدد 2006، ص 81.
- عوض، فاطمة رشدي، (2009). تأثير الربط والتكامل بين مقياس الأداء المتوازن ونظام التكاليف على أساس الأنشطة في تطوير أداء المصارف الفلسطينية: دراسة تطبيقية بنك فلسطين. رسالة ماجستير غير منشورة، كلية التجارة، الجامعة الإسلامية، غزة، فلسطين.
- غوث، غادة منصور، (2005)، أهمية استخدام مقاييس الأداء غير المالية لزيادة فاعلية دور المحاسبة الإدارية في ظل بيئة التصنيع الحديثة: دراسة ميدانية على المنظمات الصناعية في مدينة جدة. رسالة ماجستير غير منشورة، كلية الاقتصاد والإدارة، جامعة الملك عبد العزيز، جدة، المملكة العربية السعودية.

Appendices

Appendix (1) Questionnaires



Arab American University

Faculty of Graduate Studies

Strategic Planning & Fundraising Master Program

Questionnaires

Dear sirs / after compliment

The researcher is conducting a study titled **“The Effect of Adopting Balanced Scorecard (BSC) as Strategic Planning Tool on Financial Performance of Banks Operating in Palestine”**

To complete the requirements of obtaining master's degree in strategic planning and fundraising program from Faculty of Graduate Studies of the Arab American University.

The researcher hopes to find cooperation in answer the questions of questionnaire. Providing your answers accurately and objectively contributes to the achievement of objectives of the study. The data will be treated with complete confidentiality and statistical programs and will only be used for research purposes.

The data collected will be treated with strict confidentiality and statistical programs also, will only be used for scientific research purposes only.

Thank you for your cooperation

Researcher

Mohammed Turshan

Supervisor

Dr. Nasr Abdel Kareem

Section 1: General Information

Please answer the following questions by drawing circle on the best answer:

1. Academic Qualification:

A. Diploma

B. Bachelor

C. Master

D. Doctorate (Ph.D.)

E. Other (Write it): _____

2. Scientific Specialty:

A. Accountant

B. Business Administrative

C. Finance

D. Economics

E. Other (Write it): _____

3. Job Title:

A. General Director

B. Branch Manger

C. Department Director

D. Department Head

E. Other (Write it): _____

4. Years of experience in the field of banking:

A. (1-5) Years

B. (6-10) Years

C. (11-15) Years

D. (16-20) Years

E. More than 20 years.

5. Number of training courses I have joined in the field of banking:

A. There are no training courses

B. 4 Courses or Less

C. More than 4 courses.

6. The Type of the bank's work:

A. Islamic

B. Commercial

Section II: Please indicate the correct sign (✓) in front of the answer that you agree with or consider appropriate for the following sentences:

Perspective One: Financial Perspective		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	A fair profit indicator (Not to achieve the maximum profit) is a strategic goal that can be achieved.					
2.	A balanced growth indicator for the revenue mix from investment activities is one of the key metrics that your bank's management implements.					
3.	The cost reduction indicator to the maximum extent possible designed to maximize efficiency.					
4.	The management seeks to maximize shareholder wealth by achieving real returns on investment.					
5.	The measure of economic value-added is a strategic indicator your management seeks to achieve in banking works.					
6.	The bank uses return on investment as indicator to maximize its revenues					
7.	The bank uses return on assets as indicator to maximize its revenues					
8.	The bank uses return on equity as indicator to maximize its revenues					
9.	The bank uses gross profit as indicator to maximize its revenues					
10.	The bank use revenue per employee as indicator in order to achieve the objective of managing revenue effectively					
Perspective Two: Customer Perspective		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
11.	The bank seeks to achieve the objective of market share growth as one of the customer perspectives in BSC					
12.	The bank uses the number of new customers as indicator to achieve the goal of attracting customers					
13.	The fair market share measurement consists of elements that work to balance the available organizational capacity with the target market share.					
14.	The new customer acquisition indicator balances between achieving the objective of fair profitability and the objective of the appropriate market share.					

15.	The current customer retention indicator is aimed to finding products that meet the physical and moral needs of customers.					
16.	The customer profitability indicator contains elements that achieve a fair profit.					
17.	The bank uses the number of complaints made by customers as indicator in order to achieve the objective of achieving customer satisfaction					
18.	The measure of customer satisfaction seeks to achieve psychological satisfaction and fair financial gain.					
Perspective Three: Internal Business Process Perspective		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
19.	A measure of productivity effectiveness includes achieve the targeted production units with minimal time and cost.					
20.	The bank uses the time period per process as indicator to achieve production efficiency					
21.	The quality indicator computes the optimum acceptable from quality of the units and services produced (or the least permissible defect rate).					
22.	Proficiency in banking products and services indicator includes the objective of achieving a level of technology that compete with global standards.					
23.	Market penetration determine the level of use of available resources compared to the targets set.					
24.	The bank seeks to achieve the objective of after-sales service as one of the process perspectives in BSC					
25.	The efficiency indicator in addressing the available resources determines the level of utilization of available capacity.					
Perspective Four: Innovation, Learning & Growth Perspective		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
26.	Individual ability level indicator is linked to the availability of appropriate academic qualification					
27.	The individual innovation standard applied in the bank requires superior mental abilities in the creation of solutions.					
28.	The bank uses the employees' use of information within the Bank as indicator in order to achieve the objective of efficient use of information systems					
29.	The bank uses the employee satisfaction as indicator to achieve the objective of developing the skills and abilities of employees.					

30.	The employee satisfaction indicator is used by the bank to meet its needs to suit its abilities and qualifications.					
31.	The employee retention indicator confirms individual efficiency and effectiveness measures					
The main hypothesis: There is no statistically significant effect of applying the balanced scorecard are within the aspects of the model in enhancing the financial performance of Banks Operating in Palestine.		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
32.	The resources and possibilities available are being leveraged with mechanisms that make profits above the familiar level.					
33.	Tools are used to determine the operating profit margin optimization factors and then improve it.					
34.	The bank's operations are designed to be flexible enough to achieve the desired objectives.					
35.	The bank's continuous improvement processes include working mechanisms and banking services.					
36.	Working capital reduction process aims to improve asset utilization mechanisms.					
37.	New works are being created to use scarce resources more effectively; to exploit existing assets at full capacity.					
38.	Improvement of capital investment procedures is being undertaken to increase production capacity and accelerate investment operations.					
39.	Effective measures to achieve the highest level of value generated by the available level of resources are taken.					
40.	The highest level of customer needs is met through the production of appropriate products.					
41.	Balance between the two sides of the capital structure is achieved; to achieve the highest value-added in the share price.					
42.	Efforts are being made to achieve a balance between the desired future financial return and the potential for undesired results.					
43.	There is a full recognition of the importance of value-added as a key factor in maintaining an effective competitive edge.					
44.	Take effective action; to increase and sustain future free cash flow by increasing net operating profit.					

The end, Thank you

Appendix (2) Questionnaires distributions

#	Bank Name	Number of questionnaires distributed	Number of questionnaires returned
1	Palestine Islamic Bank.	8	8
2	Arab Islamic Bank.	10	8
3	Al Quds Bank	15	15
4	Arab Bank	15	15
5	Bank of Palestine	15	15
6	Palestine Investment Bank	7	7
7	The National Bank	15	15
8	Al Safa Bank	6	6
9	Cairo Amman Bank	10	9
10	Bank of Jordan	9	9
11	The Housing Bank for Trade and Finance	5	5
12	Jordan Ahli Bank	5	5
13	Egyptian Arab Land Bank	5	4
14	Jordan Commercial Bank	5	2
Total		130	123

Appendix (3) Depend variables aspect

Depend variables aspect	Sentence	Mean
Increase operating profit margin	The resources and possibilities available are being leveraged with mechanisms that make profits above the familiar level.	3.98
	Tools are used to determine the operating profit margin optimization factors and then improve it.	4.02
Continuity and sustainability of improvement	The Bank's operations are designed to be flexible enough to achieve the desired objectives.	4.02
	The Bank's continuous improvement processes include working mechanisms and banking services.	4.02
Optimal use of assets	Working capital reduction process aims to improve asset utilization mechanisms.	4
	New works are being created to use scarce resources more effectively; to exploit existing assets at full capacity.	4.05
	Improvement of capital investment procedures is being undertaken to increase production capacity and accelerate investment operations.	4.02
Enhancing efficiency and sustainability	Effective measures to achieve the highest level of value generated by the available level of resources are taken.	4.04
	The highest level of customer needs is met through the production of appropriate products.	4.05
Change in debt policy, capital structure policy	Balance between the two sides of the capital structure is achieved; to achieve the highest value-added in the share price.	4.05
Increase and sustain free cash flow	Take effective action; to increase and sustain future free cash flow by increasing net operating profit.	4.04
Balance between future financial return and risk	Efforts are being made to achieve a balance between the desired future financial return and the potential for undesired results.	4.04
Achieve and sustain competitive advantage	There is a full recognition of the importance of value-added as a key factor in maintaining an effective competitive edge.	4.01

ملخص الدراسة

"أثر اعتماد بطاقة الأداء المتوازن كأداة للتخطيط الاستراتيجي على الأداء المالي للبنوك العاملة في

فلسطين "

الباحث: محمد طرشان

اشراف د. نصر عبد الكريم

هدف هذا البحث إلى دراسة تأثير استخدام بطاقة الأداء المتوازن على الأداء المالي للبنوك العاملة في فلسطين، عبر الجوانب الأربعة للبطاقة الأداء المتوازن (الجانب المالي، جانب العملاء، جانب العمليات الداخلية، وجانب النمو والتعلم)، كذلك سعى البحث لتحديد العلاقة بين استخدام بطاقة الأداء المتوازن والأداء المالي للبنوك العاملة في فلسطين.

تألف مجتمع الدراسة من جميع البنوك العاملة في فلسطين (14 بنك)، ونتيجة لصغر حجم المجتمع فقد تم استعمال أسلوب الحصر الشامل لتلك البنوك (المجتمع هو العينية)، حيث تم تطوير وتوزيع الاستبيان على 130 من المشاركين (موظفي البنوك): مدراء الفروع، رؤساء الأقسام، مدراء الدوائر، والمراقبين الماليين. حيث تم استخدام الأداء المالي للبنوك كمتغير تابع في حين تم افتراض الجوانب الأربعة لبطاقة الأداء المتوازن المتغيرات المستقلة. حيث تم تحليل متغيرات البحث من خلال مجموعة من الاختبارات الاحصائية مثل: (One-Way Anova test, and regression Analysis, Means and Frequencies) بنسبة ثقة 95%.

وقد توصل البحث لمجموعة من النتائج ومنها: (1) يمكن استخدام بطاقة الأداء المتوازن في تعزيز الأداء المالي للبنوك العاملة في فلسطين و(2) جانب العملاء في بطاقة الأداء المتوازن لم يكن له الأثر الكبير كباقي الجوانب على الأداء المالي للبنوك العاملة في فلسطين. وأخيراً خلص البحث إلى عدة توصيات من أهمها: (1) ضرورة تدريب موظفي البنوك على استخدام بطاقة الأداء المتوازن من خلال دورات متخصصة في هذا المجال، و (2) مواصلة دراسة تأثير استخدام بطاقة الأداء المتوازن على الأداء المالي للبنوك العاملة في فلسطين مع الأخذ بعين الاعتبار طبيعة عمل البنك (البنوك الإسلامية، والبنوك التجارية).