**THE BALANCE SCORECARD AND PERFOMANCE EVALUATION OF DEPOSIT MONEY BANKS IN NIGERIA**

**By**

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Accounting Dissertation Submitted to the Department of Accounting in Partial fulfillment of the requirements for the Master of Science in Accounting from Landmark University's department of Accounting

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**DECLARATION**

I**, MSUURSHIMA, MERCY AGI-ILOCHI,** an MSc student in the Department of Accounting and Finance Landmark University, Omu-Aran, hereby declare that this dissertation titled “Balanced Scorecard and Performance Evaluation of Deposit Money Banks in Nigeria,” submitted by me is based on my original work. Any materials or work done by other institutions that were taken from other sources have been acknowledged.

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**CERTIFICATION**

We certify that the dissertation titled ‘Balanced Scorecard and Performance Evaluation of Deposit Money Banks in Nigeria’ is an original work carried out by Agi-Ilochi Msuurshima Mercy (20PGDA000101) in Accounting and Finance department, College of Business and Social Sciences, Landmark University, Omu-Aran, kwara State under the supervision of Dr. Ben Caleb E. and Dr. J.U. Madugba. We have examined and found this work acceptable as part of the requirements for the award of Masters of Science (MSc.) degree in Accounting.

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DEDICATION

This dissertation is dedicated to God Almighty for being the source of my strength and His unspeakable gift, Jesus Christ, through whom I have the hope of eternal life. I also dedicate this dissertation to my beloved son Jidechukwu Saint-Oscar for his patience throughout the course of this study.

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**LIST OF ACRONYMS**

BSC Balanced Scorecard

DMBs Deposit Money Banks

FINPERS Financial Perspective

CUSPERS Customer Perspective

LEARNPERS Learning and Growth Perspective

INTPERS Internal Business Process Perspective

ROI Return on Investment

SWOT Strength, Weaknesses, Opportunities and Threats

HDFC Housing Development Finance Corporation Limited

**ABSTRACT**

The type and nature of performance evaluation in an organization is critical to the success of any business, private, public, financial or non-financial. However, performance evaluation methodology that is based solely on financial metrics are lopsided and hence not sufficient to measure performance in the today’s globalized and ever changing operating environment. The objective of this study is to assess the functional association between balanced scorecard and performance evaluation of Nigerian deposit Money Banks. Data were collected through the administration of 450 copies of a structured questionnaire configured in a 5-point Likert scale form. However, 176 copies were retrieved and used for analysis. The data was analyzed using the Statistical Package for the Social Sciences (SPSS), with the use both descriptive and inferential statistics. The descriptive statistics was adopted to assess the characteristics of all variables; financial, customer, internal business process, learning and growth perspective and performance evaluation. While the ordinary least square (OLS) regression was used to assess how the four perspectives of the balanced scorecard influence performance evaluation among the Nigerian deposit money banks. From the analysis, it was revealed that all the perspectives (financial, customer, internal business process, learning and growth) had positive relationship with performance evaluation as shown by standardized coefficients of 0.157, 0.045, 0.061 and 0.208 respectively. However, only Financial perspective and learning and growth perspective had significant relationship with performance evaluation of deposit money banks in Nigeria, with p-values of 0.04 and 0.01 respectively. The relationship between customer perspective, internal business process perspective and performance evaluation of DMBs in Nigeria is shown to be insignificant with p-values of 0.57 and 0.46 respectively. The study recommended among other things that Nigerian deposit money banks should further strengthen their financial perspectives to fulfill stakeholders’ expectations and enhance efficiency in performance evaluation. In addition, the learning and growth perspective should be strengthened through continuous trainings in order to update employee’s skills, satisfaction and availability of suitable working environment in other to enhance performance evaluation.

**CHAPTER ONE**

**INTRODUCTION**

**1.1 Background to the Study**

An effective performance evaluation system is critical to the success of any business, especially in today’s challenging and ever-changing operating environment (Hegazy, Hegazy and Eldeeb, 2020). The measurement of performance is basic management instrument for taking of decisions and for the establishment of new actions, also serving as an aid for new strategically plans for business improvement. (Karun and Kesava, 2020). To ensure that the enterprise's goals and objectives are met, performance metrics are employed in the evaluation, control, and development of the processes (Mangipudi, Prasad, Vaidya and Muralidhar, 2020). Performance measures are also used to compare the results of various businesses, factories, departments, teams, and people (Ishaq Bhatti and Awan, 2014). In evaluating corporate performance, traditional performance appraisal approaches based on financial measures have been widely used (Iyibildiren and Karasioglu, 2018). Traditional measurements of financial performance served their purpose well throughout the whole of the industrial age; but in light of the new skills and capabilities that companies are seeking to acquire in the contemporary day, those traditional metrics are no longer relevant (Kaplan and Norton 1992). In the modern business environment, performance assessment approaches that are only dependent on financial measurements are unsuitable for evaluating the success of firms (Sarigul and Coskun, 2021; Maiti, 2014). Some businesses are nearly completely composed of intangible assets, such as newly developed products, established brands, or unusual organizational designs. Because they cannot be felt or seen, it is difficult to evaluate these kinds of assets using the conventional financial indicators (Al-Alawi, 2018).

Recognizing the inadequacies of financial-based performance measures has compelled firms to embrace change by adopting a more forward-looking, multi-dimensional performance measurement system (Oyewo, Oyedokun and Azuh, 2019) that incorporates financial and non-financial measures with a broad emphasis on different spheres of the firm's business functions (Munjeyi, Mhizha and Zivanai, 2017). The Balance scorecard, which Kaplan and Norton launched in 1992, is one of today's integrated performance measuring systems. Before the development of the balanced scorecard, firms' performance measurement was skewed only towards financial measures, which provided a limited and obfuscated view of organizational performance, limiting and obscuring the need to assess every other operation that contributes to overall firm performance. It was because of the flaws revealed in existing performance systems that made Drucker (1954) argue that a balanced collection of performance metrics is one prospective solution to these problems. This is especially important because firms must assess their performance in terms of market position, innovation, productivity, financial and physical resources and profitability, all of which are performance criteria to consider when determining organizational effectiveness and efficiency (Sarigul and Coskun, 2021).

Kaplan and Norton (1992) developed the Balanced Scorecard (BSC) in order to solve the deficiencies that are present in the current methods of measuring financial performance in the modern operating environment. The Balanced Scorecard is a multidimensional approach for measuring both financial and non-financial performance indicators drawn from the organization's strategy and connected in a sequence of a cause-and-effect relationship (Anjomshoae, Hassan, Kunz, Wong, and de Leeu, 2017). Its name comes from the fact that the system measures performance across multiple dimensions. Learning and growth, internal business, customer viewpoint, and financial perspective are the four aspects that Kaplan and Norton (1992, 1996b, and 2001a) advise using as performance measurements.

The financial viewpoint, according to Kaplan and Norton (2001a), is the development, profit, and risk strategy as perceived through the perspective of its shareholders. They see the consumer viewpoint as a leading signal and a crucial platform for businesses looking to interact with their customers more proactively. The internal business process is the third balanced scorecard viewpoint. Managers may identify essential processes for attaining customer and shareholder goals using the internal business process viewpoint. The fourth BSC aspect is learning and growth (or innovation), which enables an organization to achieve development and growth in the long run. The learning and growth perspective is a paradigm used in evaluating employee happiness, productivity, and retention in quantitative terms. From all four viewpoints, these measurements, both financial as well as non-financial, serve as a shared language to assist align senior management and staff with the organization's mission (Saputera, Amri, Affandi and Alam, 2021). The BSC metrics give managers the data they need to chart a course for future competitive success (Abarca, 2021). The ultimate purpose of using the BSC, according to Kaplan and Norton, is to generate superior, long-term financial outcomes.

In contrast to other strategic measuring systems, the BSC is more than just a combination of financial and non-financial metrics (Abdelraheem and Hussein, 2022). It aims to be a feed-forward control mechanism because it comprises outcome measures of performance and their drivers, which are connected in cause-and-effect relationships (Umoh, Nnamseh and Ebito, 2019). The objective of performance measurement is not only to ascertain how well a company is functioning, but also, more crucially, to have a beneficial influence on the firm's overall performance. The implementation of a performance appraisal system should ultimately aim to improve an organization's performance (Wu and Qi, 2021) in order to better serve its customers, workers, shareholders, and any other stakeholders in the company (Umoh et al., 2019). Performance measurement creates data that informs consumers about the state of the business, how it is performing, and where it is headed. An organization's performance may be planned, measured, and controlled using performance measurement tools through a pre-defined strategy. (Tuan, 2020).

Following the introduction of the Balanced Scorecard as a performance measurement tool by Kaplan and Norton in the early 1990s. The Balanced Scorecard has piqued the curiosity of several organizational sectors as well as scholars. As a result, BSC is widely recognized (Oliveira, Martins, Camilleri and Jayantilal, 2021) and implemented in hundreds of firms throughout the world, and it has also infiltrated non-profit and public-sector organizations (Rafiq Maqbool, Martins, Mata, Dantas, Naz and Correia, 2021), with multiple advantages.

The balanced scorecard approach makes explicit links between different performance dimensions for the evaluation of performances by complementing financial measures of past performance with measures of future drivers of performance. (Kumar and Kesava, 2020).

The banking sector of the Nigerian economy is one important sector that is believed to drive the growth and progress and development of the country’s economy. Not only does a weak banking sector put an economy's long-term viability at risk, but it also has the potential to set off a financial crisis, which might eventually lead to an economic catastrophe (Ahmadu and Nguavese, 2019). The Nigerian banking sector has undergone a series of significant reforms in recent times arising from underperformance, corporate governance abuses, globalization forces, the 2007 financial/economic crisis, international capital penetration, and cross-national listing in the capital market. These challenges, coupled with fierce competition within the banking sector, have no doubt changed the way and manner banks do business and measure their performance and operations (Madugba, Ben-Caleb, Dike and Uche, 2021). The apparent introduction of BSC as a new kind of performance measurement system is viewed as a change to their existing measurement methods. Management academics, researchers, and industry professionals have investigated the subject matter following the advent of the balanced scorecard in Nigeria and other nations throughout the world, but only a few of these studies (Ahmadu and Nguavese 2019; Umoh et.al., 2019) focus on the banking industry, especially deposit money banks in Nigeria.

In light of these considerations, this study is poised to investigate the effect that using a balanced scorecard has on the evaluation of the performance of deposit money banks (DMBs) in Nigeria.

**1.2 Statement of the Problem**

A lot of research has been done to ascertain the relevance of the balanced scorecard in measuring the performance of businesses all around the world, such as Das, 2019; Dudic, Dudic, Gregus, Novackova and Djakovic, 2020; Benková, Gallo, Balogova, and Nemec, 2020. However, its implementation in Sub-Saharan Africa is still in its infancy (Etim and Agara, 2011). Specifically, in Nigeria, few empirical studies are available on this subject.

Despite the global popularity of the Balanced Scorecard concept, researchers seem to neglect the banking sector despite the crucial role the banking sector plays in the national and international economic spheres.

More so, specific diagnoses of the four perspectives of the balanced scorecard—financial, customer, internal business process, and learning and growth perspective are yet to be sufficiently treated to uncover their impact on organizations' performance evaluation.

**1.3** **Research Questions**

Four research questions were resolved in the course of this study. These are:

1. What is the impact of financial perspectives of the balanced scorecard on the performance evaluation of deposit money banks in Nigeria?

2. In what way does the balanced scorecard’s customer perspective influence the performance evaluation of DMBs in Nigeria?

3. To what extent does the internal business process perspective of the balanced scorecard model affect the performance evaluation of deposit money banks in Nigeria?

4. What is the level of influence of the learning and growth perspective of the balanced scorecard on the performance evaluation of deposit money banks in Nigeria?

**1.4** **Objectives of the Study**

The main objective of this study is to assess the association and impact of the balanced scorecard on the performance evaluation of deposit money banks in Nigeria.

**1.4.1 The Specific objectives**

1. To assess the impact of the financial perspective of the Balanced Scorecard on performance evaluation of deposit money banks in Nigeria.

2. To determine the influence of the customer perspective of the Balanced Scorecard on performance evaluation of DMBs in Nigeria.

3. To establish the effect of the internal business process perspective of the Balanced Scorecard on the performance evaluation of DMBs in Nigeria.

4. To find out the level of influence the learning and growth perspective of the Balanced Scorecard has on the performance evaluation of DMBs in Nigeria.

**1.5** **Research Hypothesis**

Four (4) hypotheses were formulated and tested in this research study. They are as stated below in their null form:

***Hypothesis One***

Ho: Financial Perspective of Balanced Scorecard has no significant impact on the Performance evaluation of deposit money banks in Nigeria.

***Hypothesis Two***

Ho: Customer Perspective of balanced scorecard has no significant influence on the performance evaluation of deposit money banks in Nigeria.

***Hypothesis Three***

Ho: Internal business process perspective of the balanced scorecard has no significant effect on the performance evaluation of DMBs in Nigeria.

***Hypothesis Four***

Ho: Learning and growth perspective of the balanced scorecard has no significant influence the on performance evaluation of DMBs in Nigeria.

**1.6 Scope of the Study**

This study looked at the influence of the balanced scorecard on the performance evaluation of Nigerian Deposit Money Banks. The research work covered 17 deposit money banks in Nigeria on the use of a balanced scorecard framework for performance evaluation (customer, financial, internal business process and learning & growth perspective). The study polled senior staff of Nigerian deposit money banks.

**1.7 Significance of the Study**

To thrive in today's competitive business environment, a multidimensional performance measurement system is required, especially among Banks.

This study brings to the fore the benefits of the balanced scorecard model and how the deposit money banks in Nigeria can utilize it to their advantage.

This research work will be of importance to the following category of persons: Policymakers, bank managers, financial analysts, researchers and the public.

For instance, policymakers within the public and private sectors will find this study helpful in identifying critical areas in their businesses and taking the necessary steps to guarantee that the use of the balance scorecard as a performance evaluation technique is emphasized. The study will assist bank managers in making the best strategic decisions that will facilitate and sustain organizational performance as the balanced scorecard model offers an integrated picture of bank performance from all aspects (financial and non-financial).

Financial analysts will also benefit from this study; they may use the balanced scorecard approach to emphasize short-term performance indicators with long-term strategic consequences. Consequently, the organization's short- and long-term objectives would be clear. The study can serve as reference material for future researchers on the subject of the balanced scorecard. Other relevant areas/sectors that require more research may be identified in the course of this study.

The study will also be of benefit to the public. It will help employees to understand their obligations and the measures used in evaluating their performance. From investors' and shareholders' perspectives, this study would be helpful to investors and shareholders in making the appropriate decision for their financing. A greater knowledge of the balanced scorecard's application as a performance evaluation tool will also encourage business entities to change their methods to effectively utilize and reap the purported benefits of the balanced scorecard.

**1.8 Definition of Operational Terms**

**Balanced scorecard:** The Balanced Scorecard is a multidimensional performance evaluation method that combines financial and non-financial metrics derived from an organization's strategy and linked by a cause-and-effect relationship (Munjeyi et al., 2017).

**Performance evaluation**: Performance evaluation refers to the periodic appraisal of employees’ performance and providing feedback for improvement (Camilleri, 2021).

**Deposit money banks**:Deposit money banks, also known as banks in this study, are financial institutions that perform a variety of activities, including funds security, loan administration, and financial advice.

**Performance Management**:Performance management is the process of identifying, measuring, monitoring, and enhancing the performance of an organization's human resources (Hasan and Chyl, 2017).

**Financial perspectives**: the financial perspective refers to strategy or measures of growth and profitability (Kaplan and Norton, 1992).

**Customer perspectives**: The customer perspective refers to a customer's assessment of a service or product as satisfying their demands (Kaplan and Norton, 1992).

**Internal business perspective:** Internal business perspective refers tostrategic goals required to satisfy shareholders and customers objectives (Kaplan and Norton, 1992).

**Learning and growth perspective**: The learning and growth perspective refers to a company's ability to develop and innovate through time (Kaplan and Norton, 1992).

**Financial measures**: This refers to measures of organizational performance that can be expressed in monetary terms such as profitability and sales growth (Abdelraheem and Hussien, 2022).

**Non-financial measures:** This refers to measures of organizational performance which are not quantifiable in monetary terms such as customer satisfaction, market share and innovation (Abdelraheem and Hussien, 2022).

**CHAPTER TWO**

**LITERATURE REVIEW**

**2.1 Introduction**

This section provides a systematic overview of the relevant literature addressing the variables under investigation. Particularly, the section is separated into five sections; introduction, conceptual framework, theoretical framework, empirical review and finally, the gap in literature. These will be discussed distinctively.

**2.2 Conceptual Review**

The conceptual review focuses on performance management, the balanced scorecard and its perspectives and performance evaluation.

**2.2.1 Antecedent of Performance Management Concept**

Organizations rely largely on their intangible assets to develop value in today's environment. Because of this, each employee performance management is of the utmost importance, and there is a strong business case for developing a system to monitor and improve staff performance.

Over the twentieth and twenty-first centuries, performance management has evolved in a variety of ways. Walter D. Scott pioneered performance appraisal techniques early in the evolution of performance management in the 1900s. He introduced the concept of the man-to-man comparison scale. The concept matches individual work potential against productivity. Although, W.D. Scott’s system was likely the first documented usage of performance appraisals, the approach was not generally acknowledged More formal appraisal systems were not used by a substantial number of organizations until around the mid-century. Formal performance appraisals were considerably more widespread in the 1950s, and personality-based performance rating systems began to gain adoption. Employees were evaluated based on attributes such as job expertise, sincerity, and loyalty. However, it was quickly apparent that judging the productivity and performance of employees based on their innate characteristics was irrelevant. As a result, businesses began searching for improved methods to evaluate their personnel.

Annual Confidential Reports (ACRs), often referred to as Employee Service Records (ESRs), were first introduced in the 1960s with the purpose of documenting the annual performance of workers, as well as monitoring and managing the behaviors of those employees. The annual appraisal reports did not yield much result, as the outcome of the evaluation was never communicated to employees for improvement.

1970 marked a turning point in performance appraisal systems. Employees received feedback on negative comments from performance reports for the first time, allowing them to take corrective action. Performance evaluations gradually begun to focus on what an individual could be able to achieve in the future with the right action plan. The emphasis switched to goals and objectives, giving rise to the expression "management by objectives." Due to how subjective and opinion-based most performance reviews were in the 1970s, there were several legal disputes. Between 1980 and the 1990s, psychometrics and rating scales were introduced into performance management, and the multi-rater feedback method (also known as 360-degree feedback) became popularized. Employees were evaluated by a variety of sources, including supervisors, colleagues, subordinates, and clients. Employee motivation and operational performance become the emphasis of performance reviews. Many businesses have moved away from doing annual performance reviews in favor of systems that are more focused on continuous feedback.

Instead of being a closed-door, secret affair, the assessment process became more development-driven, target-based, participatory, and transparent in the 2000s. The system employed a methodical approach to focus on an employee's performance planning, evaluation, and growth.. Employees and managers mutually decide on key result areas and, in a collaborative setting, numerous problems such as variables impacting performance, staff training needs, updated objectives, and ratings were reviewed with the appraisee. This was the point at which the structure of performance management began to shift.

The next decade saw a significant growth in the number of businesses placing a greater emphasis on the motivation and engagement of their workforce, which in turn led to a more holistic method of performance management and evaluation. The cultivation of culture was accorded the highest importance, and quality circles were established to monitor the progress of overall employee productivity. Companies started introducing brand new criteria into their assessment processes, such as self-awareness, communication, collaboration, conflict resolution, and emotional intelligence. Criteria like these are important to businesses because they want to hire the best people. Evaluations of performance in today's workplace still place significant weight on many of these factors.

Performance management has come a long way in recent years. Companies are steadily stripping down conventional hierarchies in favor of more equitable workplaces, abandoning annual performance assessments in favor of more forward-looking metrics. As a result, an open, egalitarian, and constructive performance management system was developed, which searches out numerous feedback sources and examines qualities when analyzing an employee's performance.

The process of identifying, measuring, monitoring, and enhancing the performance of an organization's human resources is referred to as performance management (Hasan and Chyi, 2017). Figures responsible for performance management evaluate how effectively people execute their jobs and then work to raise that level of performance (Liu, 2022). Effective performance management refers to a process that involves the systematic evaluation and measurement of employee performance, as well as the communication of that evaluation to the employee, and that process is used to enhance performance over the course of time (Pulakos, 2014).

**2.2.2 The Balanced Scorecard**

The balanced scorecard did not make its debut in management writing until the year 1992, when it appeared in a study on the balanced scorecard measures that drive performance that was printed in the journal Harvard Business Review (Kaplan and Norton, 1992). In an effort to make performance assessment more accurate within enterprises, the balanced scorecard was developed and used. This is due to the fact that relying solely on the financial dimension of performance evaluation to reflect the genuine state of organizational performance has been considered inadequate (Gambelli, solfanelli, Orsini and Zanoli, (2021). In addition, this approach is no longer suitable for evaluating today's businesses (Kaplan and Norton, 2001a). In 1993, Kaplan and Norton released another article in Harvard Business Review, "Putting the Balanced Scorecard to Work," in which they demonstrated how it had been effectively implemented in numerous firms (Al-Alawi, 2018).

After thereafter, Kaplan and Norton published another book, translating Strategy into action using the balanced scorecard (Kaplan and Norton, 1996a). In this book, the authors revealed the conclusions of the study that they had conducted following this in-depth inquiry (Niven, 2010). Additionally, in the same year, Kaplan and Norton, (1996b) released an article titled Using the Balanced Scorecard as a Strategic Management System. Following this, Kaplan and Norton defined the balanced scorecard as a method for performance assessment; however, they eventually extended its scope to include a model for strategic management. The BSC is a tool for strategic management that provides managers with a clear and complete perspective of how well their organizations are performing and how near they are coming to reaching their objectives (Awadallah and Allam, 2015). The balanced scorecard, as described by Kaplan and Norton (1996b), takes an organization's goal and strategy and converts them into a complete collection of performance measurements (Vafaee, Tabatabaee, Houshmand, Ebrahimipour and Zomoridi, 2021). These metrics serve as the basis for a strategic measurement and management system (Wahyudin, sari, ardiansari, Raharja, Kalbuana and Curug, 2021). It is possible to combine long-term strategic objectives with short-term measurable targets using the balanced scorecard, which brings together a company's planning and budgeting activities throughout the operations of its fiscal year (Alemayehu, 2020).

Performance metrics are  essential tools for enhancing performance in all facets of an organization (Ndevu and Muller, 2018; Wang, Shen, Sotiriadis, and Zhang, 2020). The Balanced Scorecard is one of the performance measures that enables an organization to translate its vision and strategy into a tangible set of performance measures that provides an enterprise with an overall view of an organization's performance by integrating financial measures with other key performance indicators centered on its perspectives (Quesado, Aibar and Lima, 2018). BSC is one of the performance measurements that allows a company to transform its vision and strategy into a concrete set of performance metrics. (Sarigul and Coskun, 2021; Kaplan and Norton, 1992). The model is known as a balanced scorecard because it creates a balance between financial and non-financial metrics for evaluating current and future performance (Owolabi, Adetula and Taleatu, 2016).

The BSC is a management tool that assists an organization's employees focus their efforts, abilities, and specialized expertise toward achieving long-term strategic goals (Aujirapongpan, Meesook, Theinsathid and Maneechot, 2020). Due to the fact that most conventional performance measurement techniques do not evaluate the link between employee performance and corporate strategy, and instead focus on financial metrics (Subarkah, 2021). Therefore, BSC supports the evaluation of employees' performance in terms of how well they comply with the company's strategy. (Kefe, 2019).

The balanced scorecard was created to help employees comprehend and implement management's plan. Kaplan and Norton (2001b) opined that, employees should be aware of the most important aspects of the balanced scorecard. On the scorecards, managers should explicitly state the metrics that will be used to steer and monitor the plan, as well as how these measures will be obtained. Agarwal 2020 opined that, employees must have a thorough awareness of the metrics if their decisions and actions are to have the desired influence on the strategy. Employees should be aware of how these metrics are interrelated. Employees should also be aware of how their individual performance goals contribute to the attainment of corporate and business unit goals. Finally, the behaviors of employees should be tied to a compensation scheme. Incentive compensation, according to Kaplan and Norton (2001b), is an effective tool for drawing employees' attention to corporate and business unit goals.

Das (2019) highlights why the balanced scorecard is thought to increase managerial knowledge at many levels. The balanced scorecard considers both financial and nonfinancial perspectives (Vafaee *et al*., 2021). Traditional metrics of success are mainly reliant on the financial perspective, which is limiting and explains results retrospectively. Because non-financial measures are more relevant to the future, combining financial and non-financial viewpoints, as in the balanced scorecard, tries to comprehend previous performance and future perceptions (Subarkah, 2021). Strategy/vision is transformed into precise objectives, targets, and metrics in each perspective (Oliveira *et al.,* 2021). The objectives and goals, as well as the intended performance measurements, are conveyed throughout the organization. Targets are set and linked with strategic initiatives, with improved feedback and learning. Non-financial metrics, according to Al-Alawi (2018), are intangible and strategic. The inclusion of both financial and non-financial indicators makes the performance measurement system a feed-forward control system (Mendoza, 2020). Understanding and conducting the monitoring process, which is critical to the businesses, requires the formation of a non-financial perspective.

[The balanced scorecard](https://hbr.org/1993/09/putting-the-balanced-scorecard-to-work) model is conceptualized from four perspectives. The financial measures that tell the results of actions already taken. Complemented by the non-financial/operational measures that are the determinants of future financial performance (Aryani and Setiawan, 2020). Good non-financial factors are required for a positive financial outcome in the end (Drury, 2011). For improved performance, the four viewpoints are linked to the business vision and strategy. The goal of implementing a balanced scorecard is to enhance learning and growth perspective in order to have a beneficial influence on the internal business process, which will in turn bring about an increase in the customer perspective about the firm that will therefore be finally be reflected in the financial perspective

**Financial**

To succeed financially,

how Should we appear to

our Shareholders?

Initiatives

Performance Evaluation Using Balance Scorecard: Comparison of Bbgl and Ebg in Ghana Banking Industry

Measures

**Customer**

To achieve our vision,

how should we appear

to our customers?

Targets

**Internal Business**

To satisfy our

shareholder and

customers, what

business processes

must we excel at?

**Vision and strategy**

Performance

Performance

Measures

Measures

Targets

Initiatives

Initiatives

Targets

**Learning and Growth**

To achieve our vision, how

Will we sustain our ability to

change and improve?

Performance

Initiatives

Targets

Measures

**Figure 2.1: The balanced scorecard perspectives**

**Source: Adapted from Kaplan and Norton (1996a)**

**2.2.3  The Financial Perspective**

The financial viewpoint enables an organization to examine its strategies and how they are translating into profit for the firm. Financial goals often include things like return on investment, profitability, revenue growth, return on asset, and providing value to stakeholders (Kaplan and Norton, 1992). Financial indicators have a fundamental limitation in that they only represent the effects of previous managerial activities; they do not reveal what the company is doing right now to improve its future performance, despite the fact that they are widely regarded as being essential for evaluating the performance of a business (Dincer, Hacioglu and Yuksel, 2020).

Metrics are viewed as representing the firm's ultimate long-term goal from a financial viewpoint. The goal of every business is to deliver returns that match or surpass shareholders expectations. The BSC does not contradict this objective, but it emphasizes the necessity for controlling and resolving any problems that arise, which is capable of affecting the achievement of financial objectives. The objectives and metrics set out in the context of the company's various perspectives are sub-targets that will have an impact on financial performance due to the cause-and-effect relationship (Kumar, Prince and Baker, 2021). Using past financial data rather than forward-looking data is a key critique of traditional performance measures, as it does not provide enough information about the future performance of the organization.

The Balanced Scorecard was introduced to tackle the limitation caused by excessive dependence on a financial metric. Financial measures are still relevant and constitute an aspect of the BSC. According to Kaplan, metrics under the financial perspective should show how strategy implementation in a firm contributes to enhancing improved performance results.

**Table 2.1: Financial perspective measures and objectives**

|  |  |
| --- | --- |
| Objectives | Measures |
| *Increase in revenue:*  *Expand the number of new items available.*  *Create new consumers and expand your market.*  *Change your product (or service) mix to one that is more lucrative.*  *Cost-cutting:*  *Reduce the cost per unit of the product or service.*  *Costs of marketing and general administration should be reduced.*  *Utilization of assets:*  *Increase the efficiency of your assets* | *New product revenue as a percentage of total revenue*  *Revenue from new customers/markets as a percentage of total revenue*  *Percentage increase in sales to targeted segments*  *Cost-per-unit reduction in the percentage*  *Selling and administrative costs as a percentage of total revenues*  *Investment return*  *Added-value economics* |

**Source: Adapted from Management and Cost Accounting by (Drury, 2011).**

**2.2.4 The Customer Perspective**

Customer happiness, attitudes, and market share targets are all tracked through the customer viewpoint (Camilleri, 2021). According to Kaplan and Norton (1992), this viewpoint is aimed at determining the demands of consumers, which include service, time, quality, performance, and prices. Leading indicators of future performance are metrics in this dimension of performance. Customer satisfaction, according to Umoh *et al.,* (2019), is defined as a customer's assessment of a service or product as satisfying their demands. Customers that are pleased with the service are more likely to return. In this case, a strategy aimed at creating difference and value from the client's standpoint is taken into account. The customer views and appreciates the product or service, it is pricing, image, and relationship as unique and distinct from others. Excellence in operations, product leadership, and a strengthened client relationship might all contribute to the value proposition (Kaplan and Norton, 2001a).

This viewpoint allows the company to think about how to meet clients' expectations while still meeting its financial objectives. According to Kaplan and Norton (1996a), a business's services or products must be deployed to meet and satisfy the needs of its customers as well as satisfy its own long-term financial goals. As a result, management must be able to convert the organization's strategy and mission into actionable plans. Customer retention, market share, client happiness, customer profitability, and client acquisition are among the customer-centric measures identified by Kaplan and Norton. While customer retention refers to how a company manages client relationships, market share refers to the percentage of a company's business that it controls; customer profitability, on the other hand, shows how customers contribute to the company's profits per segment; and customer satisfaction refers to how customers feel about the service and products they receive. Clients that are pleased with their services are likely to return. Customer satisfaction in the Nigerian banking business is likely to be similar to this viewpoint.

**Table 2.2: Customer perspective objectives and measures**

|  |  |
| --- | --- |
| Objectives | Measures |
| ***Core****:*  *Enhance market share*  *Increase the number of repeat customers*  *Enhance customer acquisition*  *Increase customer satisfaction*  *Make some adjustments to your product (or service) mix so that it will be more profitable.*  *Proposition of customer value:*  *Improve product functionality.*  *Reduce price in contrast to competitors.*  *Enhance delivery time* | *Share of the market as a percentage*  *Growth of the company expressed as a proportion of its existing customers*  *Return as a percentage of sales from customers*  *Ratings from customer surveys that are to the satisfaction of the customers*  *An examination of profitability with regard to customers*  *Rating of product capabilities based on a customer survey*  *Price compared to competition*  *The proportion of deliveries that were made on schedule.* |

**Adapted from Management and Cost Accounting by (Drury, 2011).**

**2.2.5 The Internal Business Process Perspective**

The internal operational goals required to satisfy client objectives are the focus of this viewpoint. It aids in the evaluation of a company's performance and the extent by which the market offerings are meeting customer expectations (Mamabolo and Myres, 2020). This strategy includes measures like service metrics, quality measures, cost savings, efficiency measures, cycle time, and innovation rates. The core concept of this perspective is that it accepts the relevance of customer-focused objectives but emphasizes that they should be transformed into measurements that reflect what enterprises are doing to satisfy customers' expectations (Kaplan and Norton, 1992).

The strategic goals for the processes that the firm must do successfully for both shareholders and consumers are highlighted from the internal baronesses process

viewpoint. This viewpoint describes how the firm will create and deliver customer value propositions, as well as how the firm will enhance its performance as measured by the achievement of financial objectives (Kaplan and Norton, 2001a). According to Burkert, Fischer and Schaffer (2011), the internal business process view on performance is divided into four categories;

1. Operational management process: This refers to the everday activities and procedures that leads to the production of goods and services and their provision to customers. Improvements in asset utilization, quality, cost, and time, attainment of enhanced supply capabilities, and prompt delivery of services and commodities to clients are all affected processes.
2. Customer relationship management process: This is the part that supports the customer relationship. Its goal is to attract new clients to the organization's company, as well as to satisfy and keep existing customers and generate client growth.
3. Innovativeness: This feature is concerned with the development of new products or services for developing client groups and markets. It entails creating new services and products as well as achieving excellence in research and development.
4. Social and regulatory processes- These address standards set for employees, community interests, safety and health, environmental issues, and employment issues. The idea is that by striving to achieve and surpass these standards, businesses improve their image and goodwill, which may result in recruiting and keeping top performers, resolving environmental challenges, and increasing patronage.

**Table 2.3: Internal business perspective objectives and measures**

|  |  |
| --- | --- |
| Objectives | Measures |
| ***Innovation****:*  *Increase the number of newly introduced items.*  *Develop new prospects in the industry and with customers*  *Cut down on the amount of time needed to create new products.*  ***Operations****:*  *Improve the effectiveness of the procedure.*  *Enhance the product's quality*  *Reduce production costs*  *Increase after-transaction service quality*  *Improve service efficiency*  *Reduce the length of service time.*  *Minimize cost of service* | *The proportion of total revenue contributed by sales of newly launched products*  *Brand-new products presented to a wide range of buyers.*  *The proportion of total revenues contributed by sales made in new markets*  *Cycle time for product development*    *Output/input ratios*  *The sum of all quality-related expenses as a percentage of revenue*  *The proportion of total output that contains errors*  *Cost per unit as it evolves*  *Improvements to the efficiency of the production cycle*  *The percentage of customert demands that can be satisfied in a single telephone conversation.*  *Ratios of output to inputs:*  *The length of time required to find a solution to a customer issue.*  *Cost-per-unit trend* |

**Adapted from Management and Cost Accounting by (Drury, 2011).**

**2.2.6 The Learning and Growth Perspective**

The learning and growth viewpoint seeks to determine a company's ability to develop and innovate through time. It investigates how a company learns and develops (Wong et al., 2013). Human resources capabilities, organizational capital, employee productivity, training, employee growth, employee turnover, workforce, education and development, informational systems, and other intangible drivers of future success are all addressed (Goa and He, 2021). The BSC's viewpoint establishes the priorities necessary to foster an environment that promotes organizational change, development, and innovation (Gawankar, Kambe and Raut, 2015). This is where the company defines the resources, talents, and environment that will support its strategies. This perspective generates a strategy map that connects the four views of the BSC.

This viewpoint considers employee abilities and capacities in strategy implementation. The information technology (IT) that is necessary for the optimization of processes as well as the alignment of corporate values and norms (Revuelta-Bordoy, Sanchez-Ortiz and Gracia-Valderram, 2021). According to Kaplan and Norton (1996b), there are three segments of learning and growth perspectives: employee capabilities, information system resources, motivating individuals, and aligning activities and units. Each of these three areas is broken down further into subcategories. Employee capabilities measure employee happiness, productivity, and retention. Employee satisfaction leads to increased productivity and a desire to stay with the company. For reliable and timely data for decision-making, an information system is essential. This data might include information on rivals and their moves, clientele, technical advancements, government policies, and so on. Appropriate motivation is also required to achieve the greatest results from personnel. The firm must plan by launching initiatives that demand the firm to do more in terms of people investment, system development, and process management from a learning and growth viewpoint.

**Table 2.4: Learning and growth perspective objectives and measures**

|  |  |
| --- | --- |
| Objectives | Measures |
| *Boost employee capabilities*  *Enhance the capabilities of the information system*  *Boost motivation, authority, and alignment.* | *The findings of a survey about employee satisfaction*  *The annual proportion of important workers that leave Sales revenue generated by each employee*  *The proportion of the operation that is able to get input in real time*  *The proportion of workers that deal directly with customers that have online access to data about the products they use.*  *The total number of proposed promotions for each employee.*  *The average number of suggestions that have been put into action for each employee.*  *The percentage of total workforce members whose individual goals are directly related to the balanced scorecard.*  *The percentage of employees that are successful in accomplishing their own goals.* |

**Adapted from Management and Cost Accounting by (Drury, 2011).**

**2.2.7 The Nature of Performance Evaluation**

The term "performance evaluation" refers to a methodical analysis of a person based on how well they accomplish their work responsibilities and how much room there is for career progression. In a broader sense, it is a formal, structured system for measuring and assessing an employee's job-related behaviors and outcomes in order to determine how and why the employee is currently performing on the task, as well as how the employee can perform more effectively in the future, for the benefit of the employee, the organization, and society (Shah, 2014).

Performance assessment is a mechanism for measuring employees' performance against pre-determined criteria on a regular basis and delivering feedback to them (Camilleri, 2021) with the results of the appraisal being utilized as a foundation for administrative decisions and developmental objectives. Appraisal, evaluation, personnel analysis, merit assessment, and review are all phrases that are used interchangeably with assessments in literature citations (Ivancevich, 2004).

Performance evaluation refers to the methods and procedures organizations use to measure the degree of employee performance. This procedure typically involves evaluating the performance of employees and providing them with feedback on their performance level and quality (Agarwal, 2020).

The goal of performance evaluation is to determine not only previous performance (i.e.controlling), but also future promotion potentials of employees (Mousakhani, Tavakoli, Dalvand, Šaparauskas, and Antuchevičienė, 2020). Furthermore, the system is structured to rate and appraise employees' job-related behaviours and results and this is an answer to the question – of what to measure (Serraf and Nejad, 2020). This largely  determines the approaches to employ in  evaluating these behaviours and outcomes. Performance evaluation helps improve employee performance (Mangipudi et al., 2020). This objective may be achieved via the employment of the following three methods: The findings of the performance review may be used to make administrative decisions that connect the evaluated performance to organizational rewards or punishments such as a raise in income, advancement within the company, or even termination of employment. (Van and Schodl, 2015). The purpose of the performance evaluation process is to provide employees who have been evaluated with performance feedback (that is, information about their level of performance), to give employees the opportunity to modify their performance plans to achieve the desired level of performance, and to improve employee awareness of the knowledge that they are being measured (Abueid, 2021). According to May (2004), even being aware that one's performance is being watched or evaluated leads to increased levels of cooperative behavior and boosts productivity. The formulation and application of performance measurements or indicators is a crucial aspect in performance improvement. It goes on to define performance measurements or indicators as quantifiable features of the company's goods, services, processes, and activities that are used to track and enhance performance. It laid out the criteria for selecting the metrics or indicators that best indicate the characteristics that contribute to better customer satisfaction, operational efficiency, and financial success As a result, a complete collection of metrics or indicators linked to customer and/or corporate performance standards provides a solid foundation for aligning all operations with the business's objectives and goals.

An effective performance appraisal would lead to enhanced employee engagement and devotion, which would be a positive outcome. On the other side, research has demonstrated that an employee's level of involvement in their work has a major influence on the employee's overall performance (Mangipudi et al., 2020).

**2.3 Theoretical Review**

The balanced scorecard is underpinned by various theories and principles. The stakeholder theory, controllability principle and contingency management theory will be explored in this study. The Controllability principle is the main theory/principle considered in this study because the principle centers on the evaluation of performances.

**2.3.1 The Controllability Principle**

The controllability principle emphasizes that a manager’s evaluation should be based exclusively on aspects that are within the manager's control. According to the principle, managers of organizations should only be held responsible for acts they can control so that their responsibility never transcends their controllability (Burkert et al., 2011). This shows that managers will only be liable for the outcomes that they can meaningfully affect.

Application of the controllability principle may shift the organization away from an excuse culture, since managers expend less time attempting to persuade superiors that their success derives from uncontrolled conditions rather than their effort (Jakobsen and Lueg, 2014). (Jakobsen and Lueg, 2014). Their appraisal is based exclusively on elements within their control.

The Balanced Scorecard has had a substantial influence on the management control systems agenda. The BSC, according to Norton and Kaplan (2001b), allows organizations to concentrate and align their executive teams, business divisions, human resources, information technology, and financial resources to the strategy of their organization. They are convinced that implementing the BSC will assist the corporation accomplish its overall objectives by promoting synergies across business segments (Kaplan and Norton, 2001b). In this way, the BSC “provides the accountability contract” for managers and staff. This makes accountability a vital aspect of controllability. Kaplan and Norton illustrate in great lengths how top managers may spread the BSC across a company and assign duties to subordinates based on an expected cause-and-effect connection (Nørreklit, Kure and Trenca, 2018).

**2.3.2 The Stakeholder theory**

Edward Freeman first put up the idea of the Stakeholder Theory in 1984. According to the notion, an organization should work toward striking a balance of interests of its multiple stakeholders in order to ensure that each constituency's interests are met reasonably. The idea suggests that shareholders, also known as financial investors, are one of a number of different groups that a company or organization is obligated to serve. A stakeholder is someone who, in any way, may be deemed to be impacted by the firm or the activities of the company. There are some groups and individuals, according to this theory, whose interests must be protected. Since the organization's operations have an impact on their goals. Stakeholders, consumers, employees, the government, creditors, financiers, and others are all stakeholders (Nwanji and Howell, 2007). The idea aims to justify why businesses strive for a competitive edge that will improve their long-term sustainability. The idea highlights the evident relationship between stakeholders, implying that strategies should be developed to aid the fulfilment of company objectives as well as the satisfaction of stakeholders' goals of profit maximization (Nwanji and Howell, 2007). Based on the stakeholder's theory, a company should provide value for all stakeholders, not just shareholders.

The balanced scorecard addresses the problems of all stakeholders through its viewpoints. Shareholders are interested in the business's profitability as measured by financial metrics like return on assets and return on equity. Customers are worried about meeting their expectations in areas such as prompt service, empathy, and convenience, among others. Employees, among other things, are worried about their well-being, job security, as well as training and growth. The government, lenders, and creditors are all concerned about an organization's stability, effectiveness, and efficiency, which is reflected in the internal business process perspective (Edward, 2016). To effectively manage and report performance, the stakeholder theory argues for the thorough creation and administration of plans along various stakeholder dimensions. Using its four viewpoints, the balanced scorecard helps in achieving a fair appraisal of performance for the benefit of all stakeholders (Umoh, 2018).

**2.3.3 The Contingency Theory**

The work is also explained by another theory known as the contingency theory of performance assessment. The philosophy of contingency management was created by Fred Fiedler. There is no one best method to structure a firm, run a corporation, or make choices, according to this organizational theory, which says that there is no one optimal way to do any of those things. Instead, the most effective action to take is one that takes into account internal and external factors. These aspects include the size of the company, the kind of leadership that is in place, the technology that is currently being used, and the capacity for the business to adapt to changing tactics. Contingent leaders are flexible in terms of selecting and modifying their methods to best match a situation at a certain time in the functioning of an organization. The foundation of the theory is the idea that management and organizations are examples of open systems, which are designed to adapt to anormalities or challenges from time to time and call for adaptable and situational solutions in order to solve, circumvent, or deal with the problem or issue at hand.

Contingency theory seeks to discover specific components of a performance assessment system that are linked to specific defined conditions and to demonstrate adequate matching (Rejc, 2003). Because it focuses on specific features of an organization, the BSC as a contemporary performance measurement system takes the same approach as the contingency theory of management.

**2.4 Empirical Review**

As more organizations continue to appreciate the importance of balance scorecards and performance evaluation, research interests have been growing in this subject over the past few decades. More researchers and business leaders are searching to uncover the relevance and applications of balanced scorecards and performance evaluations on enterprises. Some selected research inquiries and their findings on this subject are summarized below.

**2.4.1 Studies on institutional awareness of the Balanced Scorecard**

Khatib and Al-Khoury, (2019) investigated Lebanese Banks' Use of the Balanced Scorecard as a Performance Measure. They discovered a great significance to evaluating bank performance using the Balanced Scorecard through a survey of literature, but no evidence in the form of an academic project or research material for applying the Balanced Scorecard to Lebanese banks was identified.

According to the conclusions of a research conducted by Lesáková and Dubcová (2016) on the understanding and use of the balanced scorecard technique in Slovak Republic using a sample of 284 businesses, only about 39 percent of respondents are aware of what the Balanced Scorecard method is about and have put the method into practice. Only 26 respondents were aware of the approach but have not applied it, while 219 percent were unaware of what the BSC involves. The study verified a previous assumption that not only is the Balance Scorecard approach underutilized in Slovak enterprises, but it is also underappreciated. This is due to firms' lack of enthusiasm in putting the technique into practice. Lesáková and Dubcová consider the Balanced Scorecard approach to be a strategic management tool that should be more widely accessible to Slovak businesses. According to them, raising understanding about the Balanced Scorecard technique may result in an increase in the balanced scorecard adoption by Slovak enterprises and assist them in taking advantage of the benefits that the balanced scorecard application provides.

Owolabi et al. (2020) evaluated the level of balance scorecard knowledge and usage in Nigerian small and medium-sized firms. For this study, the descriptive research method was employed, and primary data were analyzed. According to the conclusions of the research study, Nigerian small and medium-sized enterprises have not embraced BSC due to a lack of knowledge, expertise, and finance. This is congruent with the results of Costantini, Landi, Bonazzi, and Author (2019), who observed that the balanced scorecard is used more often by bigger firms.

Oyewo et al. (2019) performed study on the application of the balanced scorecard technique in Nigerian manufacturing businesses. The data was obtained using a structured questionnaire, and descriptive statistics, the Mann-Whitney U-test, and the Kruskal-Wallis test were used to analyze the information. Despite the fact that manufacturing organizations believe that using the BSC is useful, the usage rate of the BSC was discovered to be quite low, according to data from 104 respondents. This was found to be the case despite the fact that the BSC is believed to be essential. It was detected that Differences in balanced scorecard utilization levels were shown to be explained by a variety of variables related to organizations' life cycles and market orientations, as well as availability of specialized skills and business strategy.

**2.4.2 Studies on the comparative significance of the four perspectives of the Balanced Scorecard**

Agyei and Brako conducted research on Performance Evaluation Using Balanced Scorecard: A Comparison of Bbgl and Ebg in the Ghana Banking Industry (2016). The study was useful in understanding the cause-and-effect links that exist between the non-financial and financial aspects of the BSC. In comparison to other individual customer perspectives, internal business processes, and learning and growth, both banks had significant financial perspectives, which indicated that they were dependent on that perspective. Abofaied (2017) also validates banks' focus on the financial perspective as a performance indicator.

In a similar vein, Mohammed (2015) carried out further study that centered on the use of the four perspectives of the balanced scorecard (BSC) as a method for evaluating the performance of Nigerian financial institutions. The results of this research also reveal that Nigerian banks assess their level of success primarily based on metrics related to their financial performance, followed by metrics related to their customers.

Benková *et al*. (2020), asserted that, firms that use non-financial indicators often have superior performance and that non-financial indicators have a favourable influence on the company. They did observe, however, that the usage of non-financial indicators in corporate management remains low

A study entitled "Awareness of Contemporary Performance Measures for Evaluating the Performance of the Indian Banking Sector" was carried out by Kumar (2016). Data was sourced primarily via the use of questionnaire. The sample consisted of 200 bankers, with 100 coming from the public sector and the other 100 coming from the private sector. Simple frequency distributions, percentages, averages, and weighted average scores, the Mann–Whitney test, and other statistical procedures were used to analyze the data. According to the findings of the survey, banks in both the public and private sectors believe that it is necessary to assess their performance using both financial and non-financial metrics, but they also believe that there must be a balance between the two types of metrics. It was discovered that bankers working for public sector banks have a greater awareness of the different performance measurement techniques used for financial measures compared to bankers working for private sector banks. On the other hand, bankers working for both the private and public sector banks have an equal knowledge of non-financial performance metrics and their varied measuring techniques.

Alzoubi (2014) conducted research on the Using financial and non-financial metrics to analyze the performance of Jordanian commercial bank branches. According to the findings of the research, financial indicators are used in performance evaluations of bank branches much more often than other non-financial indicators.

Das (2019) undertook a research to investigate how the implementation of balanced scorecards influence the performance of businesses. The results demonstrate that a balanced scorecard outperforms a basic performance appraisal system as a real strategic management tool capable of elucidating and explaining the purpose and business strategy, facilitating communication, strategic alignment, and organizational knowledge. The results demonstrate that the balanced scorecard outperforms a basic performance appraisal method.

**2.4.3 Studies on the application of BSC in business organizations around the world**

Quezada, Reinao, Palominos, and Oddershede (2019) in their study: Measuring Performance, Using SWOT Analysis and the Balanced Scorecard, a quantitative method was employed in the design of strategies using SWOT analysis and the Balanced Scorecard. According to the authors, using SWOT analysis and the balanced scorecard to measure performance allows top managers to focus on issues that are more strategically essential. The authors argued that their work makes a theoretical and practical contribution. It is theoretical in the sense that it established a technique that integrates the SWOT analysis with the balanced scorecard in a quantitative manner, which is not found in the current literature. It is practical since the proposed technique provides a tool for monitoring a firm's performance and assisting in strategic decision-making.

Dudic et al. (2020) conducted research on the innovativeness and application of the balanced scorecard approach in small and medium-sized enterprises (SMEs). According to the authors, the concept of the balanced scorecard may be used to analyze and keep track of creative activity in organizations of a size ranging from small to medium. The authors believe that by applying the balanced scorecard model to small and medium-sized enterprises (SMEs), a favorable business impact can be created for all company performances. This impact will benefit not just the company's management but also its workers in swiftly and easily overcoming challenges and following market demand.

The influence of the BSC on the performance of the Housing Bank for Trade and Finance (HBTF) was studied by Khaled and Bani-Ahmad (2018). Using surveys of both employees and customers to assess both internal views on operations, learning and growth, as well as customers' levels of satisfaction with the bank's products and services. The financial performance of Jordanian banks was analyzed and compared to a standard for the industry as part of this research as well. The researchers came to the conclusion that the application of the balanced scorecard at the bank was consistent with the bank's strategic aims, and that the financial performance of the bank was considered to be superior within the banking industry.

Rafiq et al. (2021) Balanced Scorecard and Its Impact on the Sustainable Development of Renewable Energy Organizations: The Mediating Role of Political and Regulatory Institutions. According to the findings of the research, the application of a balanced scorecard is necessary for sustainable growth in spite of the difficulties that it presents. In addition, taking into account meta-constitutional laws, as a kind of political influence is essential in order to comprehend the problem, confront it, and find a solution to financial loss. In a nutshell, it is strongly encouraged to use the balanced scorecard in order to eliminate common issues while ensuring environmental sustainability.

Tuan (2020) looked at how the balanced scorecard affects commercial banks' overall performance in the Vietnamese economy. According to the author, the adoption of the balanced scorecard from a financial perspective has a positive influence on the overall performance of commercial banks in Vietnam. The author made the assertion that the commercial success of banks would improve proportionately to the degree to which they use the BSC model.

Comparative study on the performance measurement of Housing Development Finance Corporation Limited (HDFC) Bank and State Bank of India (SBI) was carried out by Gupta et al. (2019) using the Balanced Scorecard. The study's results reveal that there was no substantial difference in the performance of HDFC Bank over the research period from the perspectives of either its financial, customer, or social and environmental outcomes. During the course of the investigation, an internal assessment of SBI's performance indicated that, with the exception of the financial metrics, there were no significant variances in any of the other variables.

In a multinational bank, Sarigul and Coskun (2021) investigated the use of the balanced scorecard as a tool for strategic performance management. According to the study's findings, the international bank that used the BSC technique achieved its strategic goals by rising from 24th place in the Turkish banking market in 2010 to 10th place in 2020.

Using a balanced scorecard, Subramoniam and Hari (2021) compared the levels of performance and efficiency shown by HDFC Bank and State Bank of India (SBI). They used real performance data ranging from 2009 to 2019, as well as the business KPIs for the year 2020 that were provided by the banks. The BSC model was developed as a solution to the challenges and restrictions posed by the exclusive reliance on financial metrics for the formulation of strategy and the monitoring of organizational performance. The study found that SBI's gross non-performing assets (NPA) climbed, whereas HDFC Bank's decreased over the study period. The report also reveals that HDFC Bank has a greater return on assets (ROA) than SBI. During the research period, the authors stated that HDFC Bank earned a greater net profit than SBI. Moreover, in comparison to SBI, HDFC Bank has outperformed. Their results conclude that both banks must examine all aspects of their organization towards improved financial performance, improved customer service, more efficient internal processes, and greater learning and growth. This might result in improved profit and risk management.

**2.4.4 Studies on the Applications of the balanced scorecard in the Nigerian banking sector**

Ahmadu and Nguavese (2019) conducted research on the application of the balanced scorecard as a performance evaluation tool in the context of evaluating the effectiveness of Nigerian deposit money banks (DMBs). They made the interesting discovery that a balanced scorecard is used as a method of performance appraisal in Nigerian banks. According to the authors, the success of the BSC in Nigerian DMBs might perhaps be related to a seminar and training workshop that was conducted by the bank executive to increase the capacity development. They urge that seminars and workshops be organized to train employees and managers on how to effectively use BSC as a performance evaluation tool in a business.

Idowu (2018) explored the BSC framework's application in the Nigerian banking sector. The research found that the majority of banks use the balanced scorecard model as a performance measurement and reporting system; the four viewpoints in the balanced scorecard, which Kaplan and Norton pioneered in 1992 were accepted with changes; and the balanced scorecard was extensively disseminated and applied in the Nigerian banking sector. Furthermore, the fact that BCS is an employee management system and a strategic management system has had a considerable impact; its benefits surpass the costs and the level of dissemination.

Umoh *et al*. (2019) undertook a study on the appraisal of Microfinance Banks in Nigeria using the BSC. In this research, a hybrid methodology was used, which included the collection of historical and primary data from publications that were published between 2013 and 2017, in addition to a questionnaire that was intended to collect data from staff members and clients of LAPO Microfinance Bank. According to the findings of the study, the performance of Nigeria's microfinance institutions is significantly influenced from three distinct viewpoints: the financial viewpoint, the customer perspective, and the internal process perspective. On the other hand, Nigeria's microfinance banks' overall business performance is not significantly influenced by their learning and growth perspectives. According to the authors, microfinance banks must go beyond their financial success by including other elements of their operations that assist profitability and sustainability in their performance analysis. Microfinance banks in Nigeria should adopt strategies that are customer-focused and internal business process-focused, as well as policies and plans to realign their learning and growth perspective, which is presently underperforming, in order to enhance their overall company performance.

Nnamseh and Umoh (2019) conducted a study on Efficacy of the balanced scorecard on Bank Performance in Nigeria using the model Y = a + FP + CP + IBP + LGP + e to establish the relationship between bank performance and the balanced scorecard. They asserted that customer and internal business process perspectives have a substantial impact on banks performance in Nigeria, Financial, learning, and growth perspectives, on the other hand, have minimal influence on the performance of Nigerian banks. It was proposed that Nigerian banks use the balanced scorecard technique to monitor and manage their performance because of its ability to give complete information on bank overall performance. They advised that banks should be more innovative in terms of customer and internal business process aspects of their operations to enhance performance. The authors also emphasized that banks should pay close attention to the learning and growth aspects of their operations.

**2.5 Gap in Existing Literature**

There are very few studies available in the open literature on the balanced scorecard model in Nigeria most especially as it concerns the banking industry despite its benefits.

Ahmadu and Nguavese, (2019) and Idowu (2018) research both studied the application and utilization of the balanced scorecard as a measure of performance in DMBs in Nigeria However, it is not quite obvious how the four viewpoints that make up the balanced scorecard influence the success or failure of performance appraisals. This issue has not yet been satisfactorily resolved.

More so, the researchers in the open literature used smaller sample size to generalize. For instance, Namseh and Umoh (2019) used a sample of only five banks, Ahmadu and Nguavese (2019) used a sample of ten banks and Idowu (2018) used a sample of 16 banks used smaller sample size that is inadequate for generalization. For instance,

As a result, the purpose of this study is to fill in the gaps described above by making a contribution to the current body of research on the balanced scorecard model, investigating the four views of the balanced scorecard and the effects those perspectives have on the performance evaluation of deposit money banks in Nigeria. For better coverage, the total population for the study comprising all the deposit money banks in Nigeria with branches in Ilorin were as the sample size.

**CHAPTER THREE**

**METHODOLOGY**

**3.1 Introduction**

The research method that was used in this study is discussed in this chapter. It starts with the research design, then moves on to the population of study, then the sample size, and finally the sampling procedure. Other areas covered include; sources of data, data collection method, design of the instrument, the test of reliability and validity, data analysis method, the instrument of data analysis, variable definition and operationalization, model specification, a priori expectations and expected contribution to knowledge. These are discussed in turns.

* 1. **Research Design**

The research study used explanatory research design. The explanatory research design focuses on establishing relationships and developing causal explanations between or amongst research phenomena (Boru, 2018).

The purpose of this research is to evaluate the influence of the BSC on the performance evaluation of DMBs in Nigeria. The study also explored the perspective/perspectives that have more influence on performance evaluation.

**3.3 Population of Study**

This study's population comprises all the 22 Nigerian deposit money banks.

**3.4 Sample size and sample technique**

The sample size for this study comprise of the 17 deposit money banks in Nigeria with branches in Ilorin. The participants to complete these questionnaires are senior employees of the bank, which include, top managers, middle managers and operational managers from operations, customer service, human resource, marketing and account and administration department. A total of 450 copies of the questionnaire were distributed to all the 17 deposit money banks in Nigeria with branches in Ilorin.

**3.5 Sources of Data**

Data for this study was sourced primarily. A primary data source was considered the most appropriate source of data for this study because the method allows the researcher to tailor questions toward the specific purpose of the study. In addition, primary data sources are more reliable, authentic and objective (Kabir, 2016).

**3.6 Data collection method**

This research adopted the self-administered questionnaire procedure. Structured pre-tested questionnaires were administered to respondents. Respondents were properly briefed by the researcher on how to complete the questionnaire and allowed to complete it by themselves. They were also briefed on the confidentiality of the questionnaire and asked to read and sign a consent form before participating in the survey. Furthermore, the survey's objective was made clear to the respondent in an introductory note that accompanied the questionnaire.

**3.7 Research Instrument**

This research adopted a structured questionnaire for data collection. Structured questionnaires use definite, concrete and predetermined questions, and as such, they demand less cognitive load on the respondents and present results that are easy to quantify and analyse (Roopa and Rani, 2012). Similar studies on balance scorecards also used a structured questionnaire to collect data (Tuan, 2020; Mohammed, 2015; Owolabi et al. 2019). The questionnaire was divided into three sections. The first section gathers demographic data from respondents, such as job position, gender, age, educational qualification, affiliated bank, and length of service. Questions about the balanced scorecard perspectives were raised in the second section and finally, the third section asked questions about the performance evaluation of deposit money banks. Using a five point Likert scale to rank agreement levels, respondents were requested to rate how much they agreed or disagreed with the statements provided in the questionnaire. On this scale, statement 5 corresponds to "strongly agree," whereas statement 1 corresponds to "strongly disagree." The Likert scale is a subjective scoring system that provides respondents with the opportunity to quantify their choices in response to a survey.

**3.8 Test of Reliability and Validity**

The Cronbach’s alpha coefficient was used to determine the reliability of the research instrument. According to this technique, alpha scores higher than 0.7 indicate that the instruments and results of the study are reliable (Mohajan, 2017).

To check for validity, face validity was used. Under this method, the researcher alone or with others, subjectively evaluates the extent to which they appear to be a correspondence between the items in the measuring instrument and the concept that is been measured. (Mohajan, 2017). The questions for this research were presented to the supervisor of this research and scholars in the accounting departments of Landmark University for scrutiny and amendments where necessary.

**3.9 Data Analysis Method**

Descriptive and inferential statistics were used to analyze the data for all the four objectives of this study. Descriptive statistics such as mean, standard deviation, frequency distribution and the percentage were used to analyse respondents’ characteristics. The inferential statistics that was employed is ordinary least square (OLS). It was used to examine the effect of the financial, customer, internal business process and the learning and growth perspective of balanced scorecard on the performance evaluation of DMBs in Nigeria. Because of its application in determining how well one variable can predict another, the ordinary least squares method (OLS) was deemed suitable for this purpose. Similar studies on BSC also used this model (Tuan, 2020).

**3.10 Variable Definition/Operationalization**

***Dependent variable:***

**Performance Evaluation:** Performance evaluation of deposit money banks is the dependent variable for this research. Performance evaluation refers to the periodic appraisal of employees’ performance and providing feedback for improvement. Measures of performance evaluation include 1) appropriateness of appraisal system adopted by the organization 2) accomplishment of organizational goals and objectives 3) feedback 4) implementation of evaluation results and 5) employees' understanding of evaluation objectives. Consequently, questions were raised to respondents in this line and the weighted mean from the measures was used for analysis.

***Independent variables:***

The independent variables comprise the balanced scorecard’s four perspectives;

**Financial Perspective**: The financial perspective allows an organization to evaluate its strategies and goals on how to survive succeed and prosper. Measures of financial perspectives include 1) Cash Flow Generated 2) Sales Growth 3) Profitability 4) Return on Investment (ROI) 5) Debt Recovery Results of Customers and 6) Cost Efficiency. However, given our design to use questionnaire instrument, questions were raised to characterize these indicators. In addition, the weighted mean of the indicators were used for analysis for the financial perspectives.

**Customer Perspective**: The customer perspective is concerned with a customer's assessment of a service or product as satisfying their demands. The measures used under this perspective include 1) Customer Satisfaction 2) Excellent After transaction Services 3) Customers’ Expectations, 4) Brand Awareness and 5) Customer Retention.

**Internal Business Process Perspective**: This perspective of BSC emphasizes the internal operational targets necessary to meet the objectives of the customers. Measures include; 1) Operational Efficiency, 2) Operational Capabilities 3) Customer tailored Services 4) Growth of Banking Services and 5) New Products and Services Technology. Consequently, questions were raised to respondents in this line.

**Learning and Growth Perspective**: This perspective defines the resources, talents, and environment that will support its strategies. Measures to be used for the learning and growth perspectives include; 1) Suitable Working Environment 2) Employee Retention 3) Employee Training 4) Employee Satisfaction 5) Staff Competency and Regulatory Infractions.

**Performance evaluation of Deposit Money Banks**

**Financial Perspective**

**Customer Perspective**

**Internal Business Process Perspective**

**Learning & Growth Perspective**

**Figure 3.1: linking Balanced Scorecard and Performance Evaluation of Deposit Money Banks in Nigeria.**

**Source: Adapted from Tuan (2020) and modified.**

* 1. Model Specification

Drawing inspiration from the works of Nnamseh and Umoh (2019) in their study on Efficacy of Balanced Scorecard on Performance of Banks in Nigeria using the model below;

* Y = a + FP + CP + IBP + LGP + e and the conceptual framework adapted from the work of Tuan (2020)

The model for this study is hereby stated below;

Expressing equation (1) in explicit form gives;

Where:

PEV = Performance evaluation, which is the dependent or response variable in this analysis.

And the independent variables;

FINPERS = Financial perspective

CUSPERS = Customer Perspective

INTPERS = Internal business process perspective

LEARNPERS = Learning and growth perspective

e = residual (error term)

The beta terms are the coefficients of regression, withrepresenting the regression constant, and through representing the coefficients of the associated variables.

3.12 A Priori Expectations

A priori, we expect that FINPERS, CUSPERS, INTPERS and LEARNPERS will significantly influence the performance evaluation of Nigerian deposit money banks.

Therefore, the coefficient of the independent variables will be positive and greater than zero.

Hence, β1, β2 , β3 and β4  > 0

**CHAPTER FOUR**

**DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

**4.1 Introduction**

In this section, data is presented, analysis is carried out and the results presented are interpreted. The chapter also covers discussion as well as hypothesis testing. The following sections make up this chapter: introduction, data presentation, descriptive statistics, preliminary analysis, regression analysis and testing of hypotheses.

**4.2 Data Presentation**

The data gathered by the researcher via the administration of the structured questionnaire were presented. There were three sections to the questionnaire. The first part of the questionnaire contains the demographic data of the respondents. The second and the third part contains questions relating to the objectives of this study. It consists of sections B and C in the questionnaire, capturing information relating to the balanced scorecard and performance evaluation.

Table 4.1 shows that out of 450 copies of the questionnaire sent, 176 copies representing 39.11% were retrieved, while 274 copies representing 60.89% were not retrieved. This implies that the analysis in this research was based on the 39.11% response rate.

**Table 4.1 Response Rate to Questionnaire**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Frequency | Percent | Cumulative Percent |
| Retrieved | 176 | 39.11 | 39.11 |
| Not Retrieved | 274 | 60.68 | 100 |
| Total | 450 | 100 |  |

**Source: Field survey (2022)**

**4.3 Data Analysis- Descriptive Statistics**

**4.3.1 Descriptive Statistics of Bio-data of Respondents**

The study gathered information about the background of respondents. It provides information about gender, educational qualification, tenure,

and affiliated bank, duration of employment, department and designation. This information is geared towards testing the appropriateness of respondents in responding to the questions raised.

Table 4.2 reveals that 98 respondents were male; this represents 55.7% of the total population in this study while 78 respondents representing 44.3% were female. This is an indication that majority of the responses emanated from the male gender. This implies that majority of the banks’ senior employees are from the male gender. According to the information on the educational  background of respondents that is shown in table 4.2, the vast majority (70.5%) of respondents have either a BSc or an HND, 5 respondents representing 2.8% are OND holders, 43 respondents representing 24.4% are MSc holders and the remainder 2.3% (4 respondents) have PhD.

The study aimed to establish respondents’ length of service. As portrayed in the demographic table, 27.8% of respondents have worked in the banking industry for 21 years and above, respondents who have served for 16-20years 20.5%, 11-15years 23.9%, 6-10years 17% while respondents with 1-5years length of service the remainder 10.8%. This implies that majority of the respondents has served for 21years and above.

Table 4.2 shows that, 41 respondents (23.3%) were from the marketing department, 31 respondents representing 17.6% were from Account & Admin, 37 respondents (21%) from the Customer Care Department, 38 respondents representing 21.6% from Operations, while Human Resource Department has 16.5% with a frequency of 29. This implies that the copies of questionnaire were distributed fairly among the various departments.

**Table 4.2 Summary of some Demographic Information of Respondents**

|  |  |  |
| --- | --- | --- |
| **Biodata** | **Frequency** | **Percent** |
| **1. Gender**  Male  Female  Total | 98  78  176 | 55.7  4.3  100 |
| **2. Educational Qualification**  OND  BSc/HND  MSC  PhD  Total | 5  124  43  4  176 | 2.8  70.5  24.4  2.3  100 |
| **3. Designation**  Top Manager  Middle Manger  Operational Manager  Total | 29  70  77  176 | 16.5  39.8  43.8  100 |
| **4. Length of Service**  1-5 Years  6-10 Years  11-15 Years  16-20 Years  21 Years and above  Total | 19  30  42  36  49  176 | 10.8  17  23.9  20.5  27.8  100 |
| **5. Department**  Marketing  Account & Admin  Customer Service Operations  Operations  Human Resource  Total | 41  31  37  38  29  176 | 23.3  17.6  21  21.6  16.5  100 |

**Source: Field Survey (2022)**

As indicated in table 4.2, 29 respondents representing 16.5% were top managers, 70 respondents representing 39.8% were middle level managers while 77 respondents representing 43.8% were operational managers. It is consequently, evident that a good number of respondents were middle and operational managers.

Figure 4.1 presents the affiliated bank of respondents, showing the name of the sampled bank and the frequency

**Figure 4.1 Affiliated Bank of Respondents**

**Source: Field Survey (2022)**

From the number of respondents from each bank (the frequency), it can be seen that First Bank has the highest representation (17 respondents), followed closely by United Bank for Africa (UBA) 15, Access and Zenith bank 14 respectively, while Heritage and Wema have the least representation of 5 each.

**4.3.2 Descriptive Statistics of the attributes of Variables**

This section presents the descriptive analysis covering questions on the independent variables (the balanced scorecard perspectives) and the dependent variable (performance evaluation) which are contained in section B to C of the questionnaire. Respondents presents their level of agreement to questions using Likert scale with SA denoting Strongly Agree, A = Agree, I = Indifferent, D = Disagree and SD denoting Strongly Disagree. The level of score is analysed through frequency, mean and standard deviation. A mean of less than 3.00 meant respondents disagreed with an item, while a mean of 3.00 and above meant respondents agreed with an item.

**Table 4.3 Descriptive statistics of the attributes of Financial Perspective**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **SD** | **D** | **I** | **A** | **SA** | **Mean** | **Std. Dev** |
| Return on investment is used in assessing performance in the bank | 6 (3.4%) | 5 (2.8%) | 8 (4.5%) | 63 (35.8%) | 94 (53.4%) | 4.33 | 0.947 |
| The bank maintain appropriate levels of liquidity necessary for operations | 7  (4%) | 11 (6.3%) | 12 (6.8%) | 68 (38.6%) | 78 (44.3%) | 4.13 | 1.00537 |
| The level of profit achieved by the bank is satisfactory to the management. | 8 (4.5) | 29 (16.5) | 22 (12.5) | 51 (29%) | 66 (37.5) | 3.78 | 1.237 |
| The earnings of the bank in the last five years has been in an upward trajectory. | 5 (2.8%) | 23 (13.1%) | 21 (11.9%) | 53 (30.1%) | 74 (42%) | 3.95 | 1.150 |
| Loans granted to customers are recovered when they fall due (timely). | 9 (5.1%) | 16 (9.1%) | 30 (17%) | 63 (35.8%) | 58 (33%) | 3.82 | 1.140 |
| The benefits of acquiring a new customer outweighs the costs. | 10 (5.7%) | 8 (4.5%) | 23 (13.1%) | 58 (33%) | 77 (43.8%) | 4.05 | 1.125 |
| The bank has recorded growth in different deposits and credit accounts. | 8 (4.5%) | 3 (1.7%) | 12 (6.8%) | 68 (38.6%) | 85 (48.3%) | 4.24 | 0.987 |

**Source: Field Survey (2022)**

Table 4.3 reveals that 11 respondents (6.2%) disagreed with the assertion that return on investment is used in assessing the bank’s performance, while 157 respondents (89.2%) agreed with the statement. The mean score of 4.33 with associated standard deviation of 0.947 corroborates this fact. This shows that the bank's return on investment is an important metric for gauging its overall success. On the question of whether the bank maintained appropriate levels of liquidity for operations, 146 respondents representing 82.9% agreed with the statement, while only about 18 respondent (10.3%) disagreed. A mean score of 4.13 and a standard deviation of 1.0054 depict this.

The level of profit achieved by the bank is satisfactory to management as buttressed by with a mean score of 4.06 and a standard deviation of 1.237, it can be concluded that the majority of respondents (117) agreed with the statement. The next question under the financial perspective requested respondents to rank their opinions regarding the earnings of the bank in the last five years. 127 respondents representing 72.1% agreed that the earnings of the bank had grown in an upward trajectory in the last five years as depicted by a high average mean score of 3.95 and standard deviation of 1.150. On timely recovery of loans granted to customers, 25 respondents representing 14.2% disagreed with the statement, 30 respondents representing 17% were neutral while 121 respondents representing 68.8% as shown by an above-average mean score of 3.82 and a standard deviation of 1.140, agreed with the statement.

Table 4.3 reveals a mean score of 4.05 out of 5 and a standard deviation of 1.125 on benefits associated with acquisition of new customers outweighing the cost. This implies that majority of the respondents agreed with the assertion. The final question on the financial perspective was on growth in different credit and deposit accounts. 11 respondents representing 6.2% disagreed with the statement, 12 respondents representing 6.8% were unsure while 153 respondents representing 86.9% agreed with the assertion. This is determined using a mean score of 4.24 percent and a standard deviation of 0.987%.

**Table 4.4 Descriptive statistics of the attributes of Customer Perspective**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **SD** | **D** | **I** | **A** | **SA** | **Mean** | **Std. Dev** |
| Customer expectations are incorporated into the objectives of the bank. | 4 (2.3%) | 2 (1.1) | 3 (1.7%) | 59 (33.5%) | 108  (61.4%) | 4.51 | 0.793 |
| The delivery time for products and services is satisfactory to customers. | 4 (2.3%) | 15 (8.5%) | 17 (9.7%) | 89 (50.6%) | 51 (29%) | 3.95 | 0.967 |
| Customers’ complaint and grievances are promptly attended to. | 5 (2.8%) | 9 (5.1%) | 13 (7.4%) | 79 (44.9%) | 70 (39.8%) | 4.14 | 0.958 |
| The bank provide excellent after transaction services to customers. | 6 (3.4%) | 8 (4.5%) | 12 (6.8%) | 79 (44.9%) | 71 (40.3%) | 4.14 | 0.972 |
| Customers are aware of existing and new products and services of the bank. | 3 (1.7%) | 8 (4.5%) | 15 (8.5%) | 76 (43.2) | 74 (42%) | 4.19 | 0.899 |
| The bank focus on long-term customer relationship by developing the awareness of their needs. | 4 (2.3%) | 6 (3.4%) | 10 (5.7%) | 82 (46.6%) | 74 (42%) | 4.23 | 0.878 |
| Customer satisfaction is a criterion used to assess your bank's performance. | 2  (1.1%) | 5 (2.8%) | 8 (4.5%) | 71  (40.3%) | 90  (51.1%) | 4.38 | 0.797 |

**Source: Field Survey (2022)**

It was requested that respondents assess a series of statements pertaining to the Customer Perspective of their banks' balanced scorecards. As evidenced by an average score of 4.51 out of 5 as well as a standard deviation of 0.793% in Table 4.4, the majority of respondents believed that customer expectations are included into the bank's objectives. In addition, a mean score of 3.95 and a standard deviation of 0.967 indicate that consumers are satisfied with the delivery time for products and services. On the question of customers’ complaints and grievances been promptly attended to, most of the respondents agreed with the statement as portrayed by the mean of 4.14 and the standard deviation of 0.958. Respondents further agreed that the bank provide excellent after transaction services to customers as depicted by an above average mean of 4.14 and a standard deviation of 0.972. On whether customers are aware of existing and new products and services of the bank, majority of the respondents (85.2%) agrees with the statement with only about 6.2% disagreeing. This is as depicted by an above the average mean of 4.19 and a standard deviation of 0.899. The bank focuses on long-term customer relationship by developing the awareness of their needs as portrayed by a mean score of 4.23 and a standard deviation of 0.878.

Customer satisfaction is a criterion for evaluating performance in the bank indicated by a mean score of 4.38 and a standard deviation of 0.797. The mean scores in Table 4.4 is an indication that the banks identify the customer needs in the customer perspective of the balanced scorecard.

The respondents were also requested to rank a series of statements on the Internal Business Process Perspectives of the balanced scorecard in their banks. Table 4.5 depicts that As shown by a mean score of 4.05 out of 5 and standard deviation of 0.927 as depicted in Table 4.5 is an indication that majority of respondents indicated that senior management is pleased with the innovative product and service technologies. A mean score of 4.03 and standard deviation of 0.927 showed that banks have recorded growth in ATMs and establishment of new branches.

As depicted by a mean score of 3.81 and a standard deviation of 1.018, the time between the development and introduction of products and services can be assured. There is no time lag involved in processing transactions as depicted by a slightly above average mean score of 3.10 and a standard deviation of 1.342

148 people agreed that consumer feedback is included into the creation and enhancement of products and services, while 13 respondents opposed and 15 respondents were unsure. The mean score of 4.16 and a standard deviation of 0.924 support this assertion. Respondents also agreed that there is growth in the daily volume of transactions in the bank as portrayed by a mean score of 4.34 and a standard deviation of 0.804

**Table 4.5 Descriptive statistics of the attributes of Internal Business Perspective**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **SD** | **D** | **I** | **A** | **SA** | **Mean** | **Std. Dev** |
| Top management is satisfied with new products and service technology. | 2 (1.1%) | 11 (6.3%) | 26 (14.8%) | 74 (42%) | 63 (35.8%) | 4.05 | 0.927 |
| The bank has recorded growth in ATMs and establishment of new branches. | 4 (2.3%) | 12 (6.8%) | 19 (10.8%) | 80 (40.5%) | 61 (34.7%) | 4.03 | 0.927 |
| The time span between design and market introduction of products and services can be assured. | 3 (1.7%) | 19 (10.8%) | 36 (20.5%) | 69 (39.2%) | 49 (27.8%) | 3.81 | 1.018 |
| There's no time lag involve in processing transactions. | 23 (13.1%) | 49 (27.8%) | 24 (13.6%) | 48 (27.3%) | 32 (18.2%) | 3.10 | 1.342 |
| Customer feedback is incorporated into the design and enhancement of products and services. | 3 (1.7%) | 10 (5.7%) | 15 (8.5%) | 76 (43.2%) | 72 (40.9%) | 4.16 | 0.924 |
| There is growth in the daily volume of transactions in your bank. | 1 (0.6%) | 5 (2.8%) | 16 (9.1%) | 66 (37.5%) | 88 (50%) | 4.34 | 0.804 |
| All processes in the bank are customized to meet customers’ expectations. | 4 (2.3%) | 7  (4%) | 8 (4.5%) | 68 (38.6%) | 88 (50%) | 4.31 | 0.908 |

**Source: Field Survey (2022)**

As shown by an above-average mean score of 4.31 and a standard deviation of 0.908, the bank's processes are suited to the needs of its customers.

Respondents’ opinions in Table 4.5 signify that the Internal Business Perspectives help the bank to produce and deliver the value preposition for customers.

**Table 4.6 Descriptive Statistics of the attributes of Learning and Growth Perspective**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **SD** | **D** | **I** | **A** | **SA** | **Mean** | **Std. Dev** |
| The bank provides suitable working environment to develop your job, knowledge & ability. | - | 9 (5.1%) | 13 (7.4%) | 71 (40.3%) | 83 (47.2%) | 4.30 | 0.816 |
| Number of key skilled employees retained by the bank has increased. | 2 (1.1%) | 22 (12.5%) | 31 (17.6%) | 70 (39.8%) | 51 (29%) | 3.83 | 1.022 |
| Employees are awarded incentives, which are aligned with bank success factors. | 7  (4%) | 13 (7.4%) | 30 (17%) | 63 (35.8%) | 63 (35.8%) | 3.92 | 1.087 |
| Employees receive customer centric training at regular intervals. | - | 6 (3.4%) | 15 (8.5%) | 67 (38.1%) | 88 (50%) | 4.35 | 0.778 |
| The advancement of career through training has increased employees understanding of the banks’ strategies. | 1 (0.6%) | 7  (4%) | 8 (4.5%) | 85 (48.3%) | 75 (42.6%) | 4.28 | 0.778 |
| Staff competence is maintained at all levels in the bank. | 2 (1.1%) | 4 (2.3%) | 16 (9.1%) | 70 (39.8%) | 84 (47.7%) | 4.31 | 0.819 |
| There is reduction in the violations of bank regulations. | 1 (0.6%) | 8 (4.5%) | 12 (6.8%) | 81 (46%) | 74 (42%) | 4.24 | 0.816 |

**Source: Field Survey (2022)**

Respondents were asked to rank a series of statements pertaining to the Learning and growth viewpoint of the balanced scorecard. As depicted in Table 4.6, majority of the respondents agreed that the bank provides a suitable environment to develop their job, knowledge and ability as depicted by a mean score of 4.3 and a standard deviation of 0.816. The number of key skilled employees retained by the bank has increased as indicated by an average score of 3.83 and a standard deviation of 1.022. Respondents also agreed (88.1%) that customer-centric training is provided to employees at regular intervals as portrayed by an above the average mean score of 4.35 and a standard deviation of 0.778. The advancement of career through training has increased employees understanding of the banks’ strategies as depicted by a mean score of 4.28 and standard deviation of 0.778.

On maintaining competence at all levels in the bank, only about 3.4% of respondents disagreed with the statement as depicted by a mean score of 4.31 and a standard deviation of 0.816. Respondents also agreed that there is reduction in the violation of bank regulations with a mean score of 4.24 and standard deviation of 0.816.

As can be seen in Table 4.6, the goals of the learning and growth perspective are to develop effective strategies that may be used as a guide for accomplishing the organization's financial, customer, and internal business process goals.

Participants were requested to rate a list of statements about performance assessment at their bank. As can be grasped from Table 4.7, a good proportion of participants were of the opinion that the performance evaluation method that the bank uses is able to accurately reflect the actual performance of the bank this is portrayed by a mean score of 3.73 and a standard deviation of 0.93. As indicated by an average score of 3.54 with a standard deviation of 1.156, 105 respondents (59.6%) believe that performance review helps the bank develop and accomplish meaningful goals.

In addition, respondents agreed that performance evaluation gives constructive criticisms in a friendly manner as portrayed by an above average mean of 3.69 and a standard deviation of 0.968. On the question of whether the bank has witnessed improvement in employees’ performances as a result of performance appraisal, the statement was supported by the majority of responders. as depicted by a high mean score of 3.69 and its associated standard deviation of 1.013. All workers comprehend the purpose of performance appraisal; this is as portrayed by a mean score of 3.73 with a standard deviation of 0.935.

**Table 4.7 Descriptive statistics of Attributes of Performance Evaluation**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **SD** | **D** | **I** | **A** | **SA** | **Mean** | **Std. Dev** |
| The performance appraisal system adopted by the bank is able to gauge the real performance of the bank. | 2 (1,1%) | 18 (10.2%) | 41 (23.3%) | 80 (45.5%) | 35 (19.9%) | 3.73 | 0.935 |
| Performance evaluation helps the bank to set and achieve meaningful goals. | 11 (6.3%) | 25 (14.2%) | 35 (19.9%) | 68 (38.6%) | 37 (21%) | 3.54 | 1.156 |
| Performance evaluation gives constructive criticisms in a friendly and positive manner. | 4 (2.3%) | 18 (10.2%) | 40 (22.7%) | 81 (46%) | 33 (18.8%) | 3.69 | 0.968 |
| The bank has witnessed improvement in employees performance as a result of performance appraisal | 5 (2.8%) | 18 (10.2%) | 41 (23.3%) | 74 (42%) | 38 (21.6%) | 3.69 | 1.013 |
| The objective of performance evaluation is well understood by all employees. | 2 (1..1%) | 18 (10.2%) | 41 (23.3%) | 80 (45.5%) | 35 (19.9%) | 3.73 | 0.935 |

**Source: Field Survey (2022)**

**Table 4.8 Descriptive Statistics of the attributes all Variables**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **FINPERS** | **CUSPERS** | **INTPERS** | **LEARNPERS** | **PEV** |
| **Mean** | 4.0446 | 4.2186 | 3.9671 | 4.1575 | 3.6750 |
| **Maximum** | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| **Minimum** | 1.00 | 1.14 | 1.00 | 2.00 | 1.60 |
| **Std. Dev** | 0.76160 | 0.64330 | 0.61079 | 0.60424 | 0.77227 |
| **Skewness** | -2.085 | -1.956 | -1.226 | -0.857 | -0.440 |
| **Kurtosis** | 5.522 | 6.734 | 3.744 | 0.564 | -0.234 |

**Source: Field Survey (2022)**

Table 4.8 displays the descriptive statistics for all variables incorporating all the questions employed for accomplishing the aim of this study. It shows the mean, minimum stat, maximum stat, standard deviation, skewness and kurtosis of all the variables. The descriptive summary shows a high mean of 4.0446 for financial perspective (FINPERS) which implies that the majority of respondents agreed that financial indicators are used for assessing performance of Nigerian deposit money banks. It presents a minimum and maximum stat value of 1.00 and 5.00 respectively. A standard deviation of 0.76160 was presented which represents low variability in financial perspective. Finally, it presents a skewness and kurtosis of -2.085 and 5.522 respectively. The skewness stats suggest that data on financial perspective is skewed to the left while the kurtosis signify a slightly peaked distribution.

Customer Perspective (CUSPERS) shows a mean of 4.2186, a minimum value of 1.14 and a maximum value of 5.00. The mean stat of 4.2186 implies a high mean score, which suggests that The majority of poll respondents agreed with the statement that customer perspective is key in appraising the performance of Nigerian deposit money banks. In addition, the stat reveals a standard deviation of 0.64330, which is an indication of a low variability of customer perspective of the balanced scorecard. The skewness and kurtosis of customer perspective is -1.956 and 6.734 respectively. The skewness shows that customer perspective is skewed to the right, Kurtosis value of 6.734 signifies that customer perspective is rather peaked.

Internal Business Process Perspective (INTPERS) shows a mean of 3.9671, a minimum value of 1.00 and a maximum value of 5.00. The mean statistics of 3.9671 implies that on an average, the mean is relatively high; this suggests that most of the respondents agrees with the fact that the internal business process perspective is considered in evaluating performance in the bank. Table 4.8 also reveal a standard deviation of 0.61079 indicating the variability of scores for the internal business process perspective. The skewness value of -1.226 is an indication of skewness to the right while a kurtosis of 3.744 signifies that the distribution for the internal business perspective is peaked.

Table 4.8 further reveals a mean score of 4.1575, a maximum and minimum value of 5 and 2 respectively. And skewness and kurtosis values of -0.857 and 0.564 respectively for the learning and growth perspectives (LEARNPERS). The mean score of 4.1575 signifies that the majority of the respondents agree that the balanced scorecard's learning and growth viewpoint is given high attention in Nigerian deposit money banks. The standard deviation of 0.60424 as shown in table 4.11 indicates a slightly low variability of data for the learning and growth perspective. Skewness value of -0.857 signifies that scores are slightly skewed to the left and kurtosis value of 0.564 signifies a very flat distribution known as platykurtic for learning and growth perspective.

Performance Evaluation (PEV) shows a mean score of 3.6750 out of 5. This signifies an above average mean score for performance evaluation (PEV) showing respondents’ agreement to the questions raised. Table 4.8 also reveals maximum and minimum stat values of 5 and 1.60 respectively for performance evaluation. Standard deviation of 0.77227 shows the variability of data for PEV, skewness value of -0.440 shows the scores for PEV are slightly skewed to the right while kurtosis stat of -0.234 shows a that the distribution is slightly peaked.

**4.4 Basis and Frequency of Performance Appraisal**

Respondents were requested to rate a series of questions as it pertains the appraisal bases used in their banks as well as the frequency of performance evaluation. The findings are as shown in figure 4.2 and 4.3.

**4.4.1 Frequency of Performance Appraisal**

Figure 4.2 presents the respondents opinion on how often performance evaluation is carried out in their respective banks. The majority of poll respondents agreed with the statement (36%) opined that the appraisal of performance in their bank is carried out quarterly, 27% reported bi-annually, 24% monthly, 10% annually and the remainder (3%) reported a weekly evaluation as depicted in figure 4.2.

**Figure 4.2 Frequency of Performance Appraisal**

**Source: Field Survey (2022)**

**4.4.2 Basis of Performance Appraisal**

Respondents were required to tick the applicable performance appraisal bases in their banks. The responses are as shown in figure 4.3

**Figure 4.3 Performance Appraisal Basis**

**Source: Field Survey (2022)**

In assessing their performance, 79 percent of banks considered all viewpoints of the balanced scorecard, as illustrated in figure 4.3. Only 10.8% of respondents looked at things from a purely financial viewpoint, 5.7% of the banks used the learning and growth perspectives, 2.8% used only the customer perspective, and 1.7% used only internal business. This indicates that the majority of banks evaluated their performance from all four viewpoints of the balanced scorecard.

**4.5 Preliminary Analysis**

The preliminary analysis for this research is presented in this section. The preliminary analysis conducted for this study includes reliability test, normality test, test for outliers, and test of multicollinearity and correlation analysis.

**4.5.1 Reliability Test**

To assess the internal consistency of the instruments for the variables, the Cronbach alpha coefficient test of reliability was used. (FINPERS, CUSPERS, INTPERS, LEARNPERS, and PEV) used in this study. Cronbach alpha coefficient was chosen for reliability test because it is the most common indicator of internal consistency (Ben-Caleb, 2015).

Table 4.9 presents the reliability test for all valuables, the result reveals a Cronbach alpha of 0.822 for FINPERS, of the 7 items relating to financial perspective, their internal consistency shows no violation of reliability of scale since the Alpha coefficient is greater than 0.7. According to Mahajan, (2017), alpha scores higher than 0.7 indicate that the instruments and results of the study are reliable The internal consistency for CUSPERS is not violated as well, with a Cronbach’s Alpha coefficient of 0.840 and a standardized coefficient of 0.841, which is above the benchmark for the scale to be considered reliable.

**Table 4.9 Reliability Test for Variables**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Cronbach’s Alpha** | **Cronbach’s Alpha based on Standardized items** | **N of Items** |
| **FINPERS** | **.822** | **.827** | **7** |
| **CUSPERS** | **.840** | **.841** | **7** |
| **INTPERS** | **.711** | **.729** | **7** |
| **LEARNPERS** | **.768** | **.729** | **7** |
| **PEV** | **.827** | **.848** | **5** |

**Source: Field Survey (2022)**

Similarly, the internal business process perspective (INTPERS) also reveal a Cronbach alpha (0.711) that is slightly above the benchmark for the 7 items employed for the scale. This implies that the results obtained under INTPERS are reliable. The internal consistency for LEARNPERS was not violated as well. This is as shown by a Cronbach Alpha of 0.768, which is more than 0.7, and a standard Cronbach's Alpha of 0.729 in Table 4.9.

Test of reliability was also performed on Performance Evaluation (PEV), which is the dependent variable for this study. Findings from Table 4.9 reveal an acceptable internal consistency for PEV using all 5 items, as evidenced by a Cronbach’s Alpha score of 0.827. Findings from Table 4.9 reveals that the internal consistency was not violated for all variables.

**4.5.2 Normality Test of Variables**

For the purpose of determining whether or not the variables follow a normal distribution, the Kolmogorov-Smirnov statistics, a histogram, and probability plots were utilized.

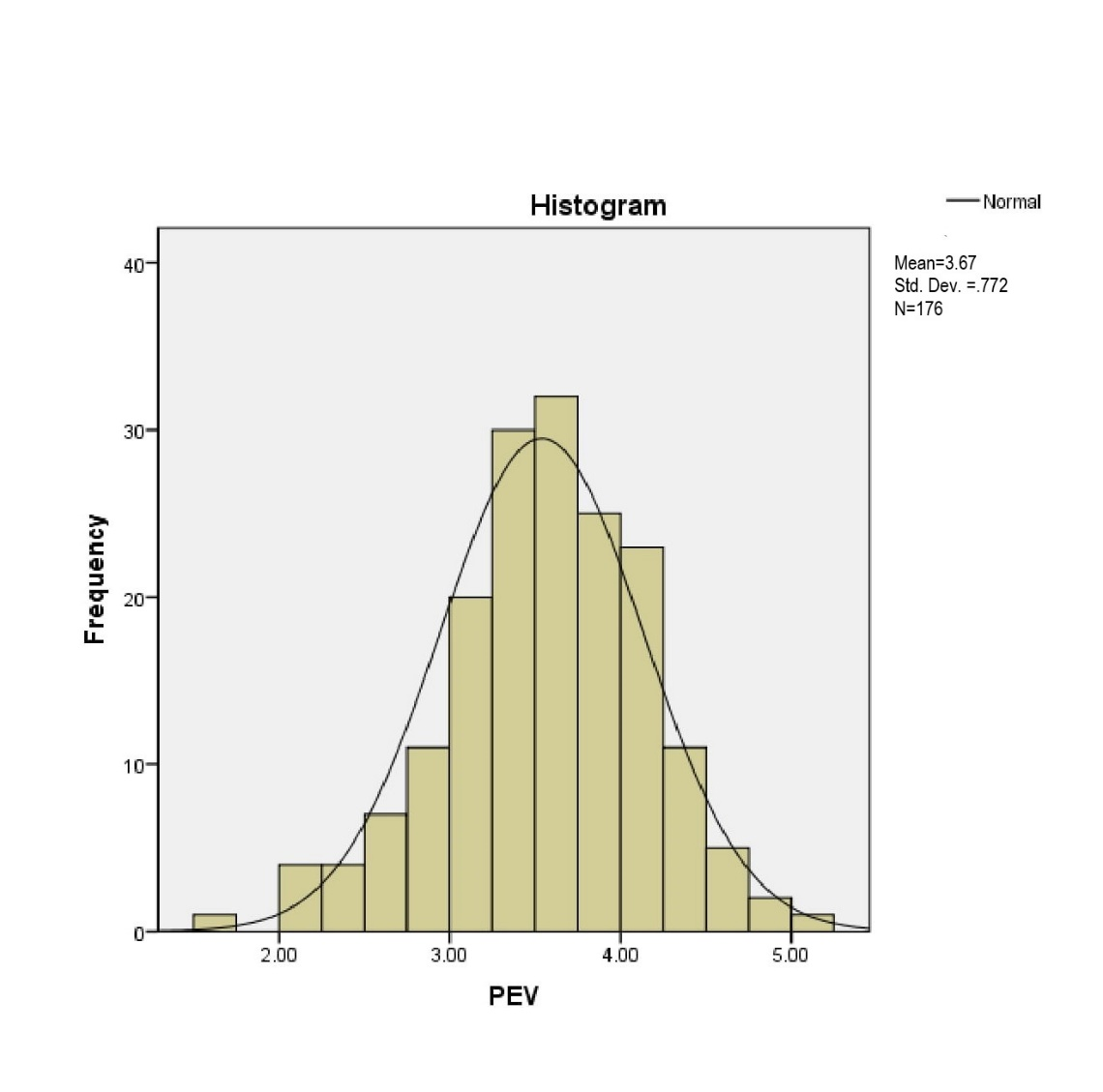
The result for the Kolmogorov-Smirnov statistic is presented in the table 4.10.

**Table 4.10 Kolmogorov-Smirnov Tests of Normality**.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Kolmogorov-Smirnova | | | Shapiro-Wilk | | |
| Statistic | Df | Sig. | Statistic | Df | Sig. |
| .055 | 176 | .200\* | .990 | 176 | .282 |

**Source: Field Survey (2022)**

Findings from Table 4.10 reveal a non-significant Kolmogorov-Smirnov value of 0.2, which is an indication of normality. The results imply that, there is no violation of the normalcy assumption as the significant value falls above 0.05. The significant value of Shapiro-wilk is 0.282 which is above 0.05 implying that the data did not deviate from a normal distribution.



**Figure 4.4 Histogram showing Normality Test for PEV**

**Source: Field Survey (2022)**

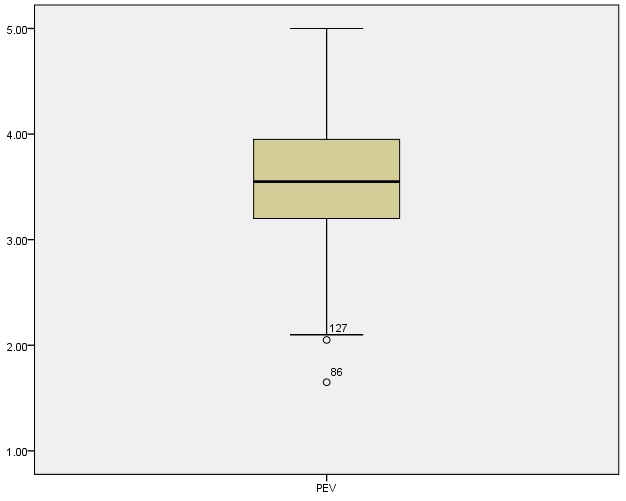
The histogram shows the actual shape of the distribution of scores that can be fitted using a curve. If the histogram's fitted curve seems normal, then the distribution is considered normal. Scores for PEV in figure 4.4 appears to be reasonably normally distributed supporting the findings in table 4.10

Normal Q-Q plot, often known as the Normal probability plot, is shown in appendix 2 of this study work. It demonstrates that the points lies in a relatively straight diagonal line running from left bottom top right. The normal Q-Q plot is in agreement with histogram chart, which implies that there is no major variation from normality.

The scatterplot of the standardized residuals displayed in appendix 3 in this research work shows that the variable is roughly distributed in a rectangular, and most of the figures are concentrated in the centre along point 0. This is also in agreement with Kolmogorov-Smirnov stat value, the histogram chart, and the normal Q-Q plot which all showed normal distribution.

**4.5.3 Test for Outliers**

To check for possible outlier the boxplot was used. The result is as shown in figure 4.5



**Figure 4.5 Test for Outliers**

**Source: Field Survey (2022)**

The result of the test for outliers using boxplot is as presented in Figure 4.5. There are two outliers identified in the boxplot which are traced to number 127 and number 86 indicating observations in the dataset that are outside the normal range of other numbers. However, the outliers are not extreme points, hence, not asterisked. This implies that even though outliers exist they are not capable of distorting the dataset nor the results from the analysis.

**4.5.4 Test of Multicollinearity**

The independent variables in this study were tested to ensure that they are free from multicollinearity. Multicollinearity occurs when there is a strong correlation between two independent variables. In principle, as the degree of multicollinearity grows, the regression model estimations of the coefficient become unstable, while there is a possibility that the R2 and T statistics are deceptive. (Borowo, 2011). The researcher made use of Tolerance Value (TV) and Variance Inflated Factor (VIF) to check for multicollinearity. The tolerance value presents a representation of the proportion of the variability of the particular independent variable that cannot be accounted for by any of the model's other independent variables. If the total variance (TV) is less than 0.10, this indicates that the correlation between two independent variables is strong, which suggests the presence of multicollinearity. Variance Inflated Factor is an inverse of TV, it suggests that multicollinearity exists when VIF exceeds 10 (Pallant, 2011).

**Table 4.11 Collinearity Statistics**

|  |  |  |
| --- | --- | --- |
| Variables | Tolerance | Variance Inflated Factor (VIF) |
| FINPERS | .925 | 1.081 |
| CUSPERS | .841 | 1.189 |
| INTPERS | .802 | 1.247 |
| LEARNPERS | .786 | 1.272 |

**Source: Field Survey (2022)**

Table 4.11 shows all variables used in the model in this study. The tolerance values in this model are greater than 0.10; the financial perspective (FINPERS) is 0.925; the customer perspective (CUSPERS) is .841; internal business process perspective (INTPERS) and learning and growth perspective (LEARNPERS) are .802 and .786 respectively. It can be deduced that the model in question does not include any instances of multicollinearity, given that the tolerance value for each independent variable is more than 0.10. The variance-inflated factor (VIF) for all variables in the study is less than 10. Financial perspective (FINPERS) has a VIF of 1.081, Customer perspective (CUSPERS) 1.189, internal business process perspective (INTPERS) 1.247, Learning and growth (LEARNPERS) 1.272. This implies that multicollinearity does not exist in this model and the correlation among the independent variables is low.

**4.6 Regression Analysis**

In order to accomplish the objectives of this research and verify the validity of the hypothesis, multiple regression analysis was conducted. The results from regressing the variables are presented in the tables below.

**Table 4.12 Model Summary Table**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .325a | .105 | .084 | .56958 | 2.203 |
| a. Predictors: (Constant), LEARNPERS, FINPERS, CUSPERS, INTPERS | | | | | |
| b. Dependent Variable: PEV | | | | | |

**Source: Field Survey (2022)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Table 4.13 ANOVA Table** | | | | | | |
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 6.456 | 4 | 1.614 | 4.975 | .001b |
| Residual | 54.827 | 169 | .324 |  |  |
| Total | 61.283 | 173 |  |  |  |
| a. Dependent Variable: PEV | | | | | | |
| b. Predictors: (Constant), LEARNPERS, FINPERS, CUSPERS, INTPERS | | | | | | |

**Table 4.14 Regression CoefficientsTable**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 1.744 | .418 |  | 4.172 | .000 |
| FINPERS | .123 | .059 | .157 | 2.075 | .040 |
| CUSPERS | .042 | .074 | .045 | .566 | .572 |
| INTPERS | .060 | .081 | .061 | .738 | .461 |
| LEARNPERS | .212 | .085 | .208 | 2.500 | .013 |
| **a. Dependent Variable: PEV** | | | | | | |

**Source: Field Survey (2022)**

The model summary table (Table 4.12) presents the findings of regression analysis for all four perspectives of the balanced scorecard (the financial perspective, the customer perspective, the internal business process perspective, and the learning and growth perspective), as well as an evaluation of the performance of Deposit Money Banks in Nigeria.

From the table, the R square is 0.105 indicating that the model explains 10.5% of the variation in PEV. The R square value is statistically corrected to get the adjusted R square, which then offers a more accurate estimate of the real population value. According to the Table, 4.12's modified R square value of 0.084 (8.4 percent), the four independent variables (FINPERS, CUSPERS, INTPERS, and LEARNPERS) together explained 8.4 percent of the variance that occurs in the dependent variable (PEV). The remaining 91.6% of the variance might be explained by other factors that were not taken into consideration by the model. The fact that the Durbin-Watson statistic of 2.203 is larger than 2 indicates that there is no autocorrelation.

The analysis of variance (ANOVA) checks whether the model is a significant predictor of the outcome variable. The analysis of variance in Table 4.13 helps to ascertain the significance of the connection between the balanced scorecard’s four perspectives (FINPERS, CUSPERS, INTPERS and LEARNPERS) and performance evaluation (PEV) of Deposit Money Banks in Nigeria. From the table, F-value is given as 4.975, which signifies that the model is fit. The Asymptotic significance is given as 0.01 and is less than the decision criterion value of 0.05; this means the relationship between FINPERS, CUSPERS, INTPERS, LEARNSPERS and PEV can be established.

The regression coefficient table (Table 4.14) shows the test of significance of the independent variables (FINPERS, CUSPERS, INTPERS and LEARNPERS) and the model connecting the dependent variable with the independent variables.

According to the table, the standardized beta coefficient of FINPERS is 0.157, which is a positive value. Additionally, the table presents a t-value of 2.075, which is slightly above the benchmark of two (2), indicating that FINPERS is statistically significant in explaining Performance Evaluation (PEV). Additionally, the table presents a p-value of 0.040, which is less than the acceptable value of 0.05. This suggests that the financial viewpoint of the balanced scorecard has a positive and substantial effect on performance evaluation of Deposit Money Banks in Nigeria. To put it another way, if you modify the FINPERS by one unit, the corresponding change in PEV will be 0.157.The findings are in agreement with the findings of Tuan (2020) that the financial perspective of the balanced scorecard has a positive and significant impact on the performance of Vietnamese commercial banks. The findings also coincide with Agyei and Brako (2016) that the banking industry concentrated on the financial perspective for performance evaluation.

The estimated parameters in Table 4.14 further revealed a standardized beta coefficient of 0.045 for CUSPERS showing a positive but non-significant relationship between CUSPERS and PEV. Put differently, a unit change in CUSPERS will amount to only a 0.045 change in PEV; the t-value of 0.566 is way below the acceptable t-value of 2 which implies that CUSPERS is not statistically significant in explaining performance evaluation. The table also presents a p-value of 0.572 which is greater than 0.05, this implies that CUSPERS has no significant contribution in the prediction of performance evaluation (PEV) of Deposit Money Banks in Nigeria. According to Abofaied (2017), there is no correlation between the customer viewpoint of the balanced scorecard and the performance evaluation of Libyan banks. On the contrary, in their research, Ahmadu and Nguavese (2019) discovered that the customer viewpoint of the balanced scorecard has a positive and substantial impact on performance of Deposit Money Banks in Nigeria.

For the internal business process viewpoint of BSC, Table 4.14 shows a standard beta coefficient of 0.061, which is positively but not statistically significant; this means that, an increase of one more unit in internal business process perspective (INTPERS) will give rise to a 0.061% increase in PEV. There are no statistically significant results in the T-statistic of 0.738, which means INTPERS is not a reliable predictor of the dependent valuable (PEV). Furthermore, Table 4.14 presents p-value of 0.461, which is above the 0.05 significant value that is considered acceptable. This signifies that INTPERS has no unique contribution to performance evaluation of Nigerian Deposit Money Banks . The findings in this study are in line with the study of Muhammed (2015) who contends that there is low inclination towards internal business process perspective of the balanced scorecard in assessing banks performance in Nigeria.

The standardized beta coefficient of LEARNPERS is 0.208, which is positive and significant. In other words, a unit change in LEARNPERS will result in a 0.157 change in PEV. The t-value of 2.5 is above the benchmark of 2 signifying that the learning and growth perspective of the balanced scorecard (LEARNPERS) is statistically significant in explaining Performance Evaluation (PEV). The p-value is displayed in the table as 0.013, which is significantly lower than the value of 0.05 that is considered to be acceptable. This suggests that the balanced scorecard's financial viewpoint has a positive and significant influence on performance evaluation (PEV) of Nigerian deposit money banks. Akinrinola (2019) concluded that the balanced scorecard’s learning and growth perspective, when used as a non-financial performance indicator, has a positive and significant effect on the operational efficiency of Deposit Money Banks in Nigeria.

**4.7 Testing of Hypothesis**

This section tested the hypothesis stated in chapter one of this study. The test of hypothesis for hypothesis one, two, three and four was achieved using the p-value of the t-statistic to accept or reject the null or alternate hypothesis. The t-statistic and their respective p-values are identified using the coefficient table (Table 4.14). The criteria for accepting the null hypothesis or rejecting the alternate hypothesis was based on the premise that the p-value of the t-statistic is greater than a significance level of 5% (p-value > 0.05), if the p-value is less than a significance level of 5% (p-value < 0.05), The alternative hypothesis will be considered (null hypothesis rejected).

**4.7.1 Hypothesis One**

In hypothesis one (1), it was proposed that the financial perspective of the balanced scorecard has no substantial effect on the performance evaluation of Nigerian deposit money banks. From the analysis shown in Table 4.14, FINPERS has a standardized coefficient of 0.157, with a t-statistics of 2.075, and a p-value of 0.040. This suggest that FINPERS is substantially and positively associated to PEV with a 95% confidence level. Consequently, hypothesis one (1) was rejected. Hence, it was concluded that FINPERS has a positive and significant influence on performance evaluation of DMBs in Nigeria.

**4.7.2 Hypothesis Two**

It was assumed in hypothesis two (2) that, the customer perspective of the balanced scorecard has no substantial influence on the performance of Nigeria's deposit money banks. Based on the regression analysis shown from Table 4.15- 4.17 (specifically Table 4.14), the standardized coefficient for CUSPERS is given as 0.045, with a t-statistic of 0.566, p-value of 0.572. This implies that customer perspective has a positive but insignificant relationship with PEV of DMBs in Nigeria. Thus, the null hypothesis was accepted. It was concluded based on the findings that CUSPERS does not significantly influence performance evaluation of deposit money banks in Nigeria.

**4.7.3 Hypothesis Three**

It was advanced in hypothesis three (3) that, the internal business process perspective of the balanced scorecard has no substantial effect on deposit money bank performance evaluation in Nigeria. As shown in table 4.14, the standardized coefficient is 0.061, with a t-statistic of 0.738, and a greater than 0.05 p-value (0.461). This is an indication that INTPERS has a positive but insignificant effect on PEV. Hypothesis three (3) is therefore accepted. The balanced scorecard’s internal business process perspective was shown to have no substantial influence on the performance evaluation of Nigerian deposit money banks.

**4.7.4 Hypothesis Four**

In hypothesis four (4), it was proposed that the learning and growth perspective of the balanced scorecard has no significant influence on performance evaluation of deposit money banks in Nigeria. From Table 4.14, the standardized Beta = 0.208, t-statistic = 2.500, P-value =0.013. This indicates, with a confidence level of 95%, that the learning and growth perspectives of the balanced scorecard significantly impact the performance appraisal of deposit money banks in Nigeria.

Consequently, hypothesis four (4) is rejected. Hence, it was concluded that that LEARNPERS has a positive and strong influence on performance evaluation of deposit money banks in Nigeria.

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

**5.1 Introduction**

A summary of findings from chapters one through four is provided in this section. This section is structured as follows: an overview of work done, summary of findings, conclusion and recommendations, contribution towards knowledge, study limitations, and suggestion for future studies.

**5.2 Summary**

This dissertation aimed to examine the relationship and influence of the balanced scorecard on performance appraisal of Nigerian deposit money banks. In the first chapter, we identified the problem and defined our objectives and hypothesis of the study. In the second chapter, conceptual issues relating to the variables were discussed, adopted theories relating to the topic were explored to achieve an in-depth knowledge on the balanced scorecard concept and performance evaluation. Related literature on the subject matter by various researchers was reviewed. Finally, the gaps in the reviewed literature were identified. The third chapter examined the research method used in this study, including the research design, population, sample size, and technique, as well as data sources and data collecting techniques. The chapter also covered the test of reliability and validity, data analysis method used and model specification.

The analysis of data, discussion and hypothesis testing was carried out in chapter four. Finally, the dissertation was brought to climax in chapter five which presents the summary of work done, the study conclusion and recommendations made.

**5.3 Summary of Findings**

This section provides a brief overview of the most important discoveries from this research, which include both theoretical and empirical findings.

**5.3.1 Theoretical Findings**

From the empirical literature reviewed, the following findings were deduced;

Findings reveals that Nigerian banks rely heavily on the financial viewpoint of the balanced scorecard in assessing performance of banks, and that financial indicators are more commonly used in evaluating performance of DMBs in Nigeria Alzoubi (2014) .

1. This study's findings demonstrate that the balanced scorecard's customer perspective has a substantial impact on bank performance in Nigeria, as opined by Nnamseh and Umoh (2019).
2. Evidence from theoretical findings reveals that Nigerian deposit money banks' performance evaluations are influenced considerably by the balanced scorecard's internal business process perspective (Mohammed 2015).
3. On the learning and growth perspective, findings reveal that there is no association between bank performance and the learning and growth perspective in Nigeria. (Umoh et al., 2019).
4. Findings show great significance in evaluating bank performance using the balanced scorecard concept. The non-financial perspectives (customer, internal business process, and learning and growth perspective) of the balanced scorecard complement the financial perspectives in providing a balanced and comprehensive model for performance evaluation of the bank. (Kumar 2016, Ahmadu and Nguavese, 2019; Nnamseh and Umoh, 2019; Nnamseh and Umoh, 2019; Nnamseh and Umoh, 2019)

**5.3.2 Empirical Findings**

From the analysis of data, the result discussed and the hypothesis tested. The following are the summary of findings;

1. Financial perspectives have a direct and substantial correlation with the performance evaluation of DMBs in Nigeria. This is consistent with Agyei and Brako (2016), who found that the bank had a strong financial perspective in comparison to other balanced scorecard viewpoints; this is also in line with the a priori expectations in this study.
2. Findings from the multiple regression coefficient demonstrated that there is no significant association between the customer viewpoint of the balanced scorecard and the performance appraisal of Nigerian deposit money banks. The results are congruent with those of Abofaied (2017), who observed that there is no significant relationship between customer viewpoint of the balanced scorecard and Libyan bank performance evaluation.
3. Concerning the internal business process perspective, the study results show that the internal business process perspective makes no distinctive contribution to the performance evaluation of Nigerian deposit money banks. The conclusions of this research are consistent with the findings of Muhammed (2015), who found a low preference for the internal business processes perspective of the balanced scorecard in appraising the performance of DMBs in Nigeria.
4. The study also discovered that the balanced scorecard's LEARNSPERS have a substantial influence on the performance evaluation of Nigerian DMBs. This is consistent with Akinrinola's (2019) finding that the balanced scorecard's learning and growth perspective as a non-financial performance measure has a favorable and significant effect on the operational efficiency of Nigerian deposit money banks.

**5.4 Conclusion**

This study investigated the relationship and impact of the balanced scorecard and performance evaluation of Nigerian deposit money banks. The research drew four specific objectives from the overall objective. Four hypotheses were developed and tested in order to reach this goal. The hypothesis test findings were described in sub-section (4.7). Based on the outcomes of this investigation, we reach the following conclusion:

1. Among the four balanced scorecard viewpoints, the learning and growth perspective has been determined to have the largest impact on the performance evaluation of Nigerian deposit money banks. The findings confirm our prior assumptions that the balanced scorecard's learning and growth perspective has a substantial influence on the performance evaluation of Nigerian DMBs. The findings are also consistent with those of Akinrinola (2019) and Benkova et al. (2020). The findings, however, contradict Nnamseh and Umoh's (2019) contention that the balanced scorecard's LEARNSPERS have no impact on bank performance.
2. The financial perspective of the BSC has a substantial association with the performance evaluation of Nigerian deposit money banks. The findings conform with the a priori expectations of this study and also corroborate with the findings of Agyei and Brako (2016), Abofaied (2017), Alzoubi (2014), and Mohammed (2015) that the financial perspective has a substantial impact on the performance evaluation of banks in Nigeria.
3. The effect of the BSC's customer perspective on the performance evaluation of Nigerian deposit money banks is largely negligible. This is possibly due to a poor appreciation of the relevance of the customer perspective as a non-financial performance measurement tool by DMBs in Nigeria in appraising their performances. The findings are consistent with those of Abofaied (2017), who discovered no significant association between customer perspective and performance appraisal of Libyan banks. The findings, however, did not conform to a priori expectations set out in this study.
4. It was concluded that the balanced scorecard’s internal business perspective had no substantial influence on deposit money bank performance evaluation in Nigeria. In their performance evaluations, Nigerian deposit money banks appear to overlook the internal business process perspective. This is consistent with Mohammed's (2015) findings that there is a low preference for the internal business process perspective of the balanced scorecard in measuring bank performance in Nigeria. Once again, the a priori assumption for internal business processes was not realized.
5. Finally, the conclusion of this study aligns with the underpinning principle, which is the controllability principle. The controllability principle concerns the evaluation of a manager based only on elements under his control. The theory implies that managers will only be accountable for the results that they can significantly influence. The balanced scorecard is an employee management system and a strategic management system through which employees' performance is evaluated. The balanced scorecard therefore serves as an accountability tool. As exhibited in this study, deposit money banks in Nigeria consciously and actively employ the balanced scorecard in evaluating their performances. Although deposit money banks in Nigeria, utilize some perspectives of the balanced scorecard more than others in evaluating their performances.

**5.5 Policy Implications of the Study**

This study investigated the association and influence of Balanced Scorecard on Performance Evaluation of DMBs in Nigeria. The findings of this study have major implications theory, policy and practice.

1. The study is a wake-up call to policymakers who are responsible for identifying critical success areas in their organizations. Policymakers should be able to make appropriate decisions towards balancing the financial and non-financial measures of performance evaluation in their organizations.
2. The study formed a better understanding of the controllability principle (a principle that is centered on evaluating a manager’s performance based on elements under their control). By acknowledging that the balanced scorecard is an employee management system through which employees' performance can be evaluated from different perspectives (financial and non-financial), organizations can utilize the BSC as an accountability tool for appraising the performance of managers.
3. The objective of utilizing a balanced scorecard to evaluate performance is to establish a balance between financial and non-financial performance measures. This study demonstrates that the financial, learning, and growth perspectives of the balanced scorecard have a direct impact on the performance evaluation of deposit money banks. This necessitates a balanced management of these variables (financial viewpoint, learning and growth perspective) in order to ensure the successful performance evaluation of Nigerian deposit money banks.
4. The empirical literature documents contrasting evidence from this study on the internal business process perspective and the customer perspective of the balanced scorecard. This study found evidence of a positive but insignificant influence of INTPERS and CUSPERS on the performance evaluation of DMBs in Nigeria. The insignificant impact may be due to over reliance on the financial perspective as well as the learning and growth perspective. In appraising the performance of DMBs, a balance of financial and non-financial indicators is essential.

**5.6 Recommendations for the Study**

The following recommendations are provided based on the study findings and conclusions on evaluating the performance of deposit money banks in Nigeria using the balanced score card model.

1. The study findings demonstrated that the financial perspective of a balanced scorecard significantly influences the performance evaluation of DBMs in Nigeria. Therefore, DMBs in Nigeria need to further strengthen financial perspectives to fulfil stakeholders’ expectations and enhance efficiency in performance evaluation.
2. Deposit money Banks in Nigeria should work on fully considering the customer perspective in their performance appraisal exercise so as to give complete information on the bank's overall performance. This can be achieved by evaluating performance based on customer satisfaction, the existence of customer-focused objectives, customer retention, and customers’ complaints and grievances.
3. To attain a bank‘s objectives and ensure efficient performance evaluation, an internal business process perspective should be adequately developed and emphasized in assessing bank performance. DMBs in Nigeria should be more innovative in creativity and make quality products or services available.
4. Deposit money banks in Nigeria should strengthen learning and growth perspectives through continuous training in order to update employees' skills, satisfaction, and corporation. In addition, the bank should ensure the availability of a suitable working environment in order to enhance performance evaluation.

**5.7 Contributions to Knowledge**

The following specific contributions have been made in light of the conceptual framework, methodology, and analytical foundation of this study:

1. The study provides insight into financial and non-financial performance measures through comprehensive analysis of the four perspectives of the balance scorecard and their influence on the performance evaluation of DMBs in Nigeria.
2. The adopted model linking the balanced scorecard to performance evaluation that guided the analysis of this study can serve as a reference point for future researchers who desire to pursue similar research.
3. The study further deepens awareness about the balanced scorecard model and how enterprises in Nigeria especially the banking sector can utilize it to enhance their performance.

**5.8 Limitation of the Study**

Due to the scope and limitation of this study, some research issues were not considered in the course of this research. The following limitations were encountered in the course of this study:

1. Out of the 22 deposit banks in Nigeria initially mapped out as a sample for this study, only 17 deposit money banks with branches in Ilorin, Kwara State were covered. However, given that other researchers in the field used smaller sample sizes, the sample size of 17 banks used is considered adequate for generalization.For instance, while Namseh and Umoh (2019) used a sample of only five banks, Ahmadu and Nguavese (2019) used a sample of ten banks.
2. The response rate for the questionnaire may be considered low. However, it is adequate to deduce a conclusion. Prior studies show that the response rate for questionnaires is generally poor, especially in the banking sector.

**5.9 Suggestions for Further Studies**

The following suggestions were made for further studies:

1. The researcher was only able to cover 17 out of the 22 deposit money banks in Nigeria due to location constraints. Future researchers could increase the scope to cover all 22 DMBs in Nigeria.
2. Comparative studies on the use of the balanced scorecard to assess bank performance are required amongst DMBs, microfinance banks and other financial institutions in Nigeria.
3. In this research, only primary data was utilized for analysis. To assess the overall performance of banks using the BSC model, secondary and primary data analyses are also needed.
4. The study focused on the banking sector; hence, future research work could consider other sectors in the economy such as manufacturing, oil and gas, agricultural and engineering sectors in evaluating performance using the balanced scorecard.
5. Studies on combining sustainability social and environmental issues with a balance scorecard in evaluating performance are needed for all sectors and companies.

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**APPENDICES**

**Appendix 1: Research Questionnaire**

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**Landmark University**

School Of Business and Social Science

Accounting and Finance Department.

Research Topic**: “The Balanced Scorecard and Performance Evaluation Of Deposit Money Banks In Nigeria”**

Dear Respondent,

I am a postgraduate student at Landmark University's Department of Accounting and Finance. I am conducting research on "The Balanced Scorecard and Performance Evaluation of Nigerian Deposit Money Banks." This research counts toward the requirements for the award of an MSc in Accounting. This questionnaire has been designed to draw information regarding the aforementioned topic and as such give maximum assurance that information gotten will be used solely for academic purpose.

Yours sincerely,

**Researcher: Agi-Ilochi Msuurshima (**[**Msuurshima@Gmail.Com**](mailto:msuurshima@gmail.com)**)**

**SECTION A: DEMOGRAPHIC INFORMATION**

Questions in this section will help us to understand your background in the banking industry. Be assured that all information collected here in the entire questionnaire is completely anonymous. Please tick as appropriate

1. Gender: Male ( ) Female ( )
2. Educational Qualification: OND ( ) B.Sc./HND ( ) M.Sc ( ) Ph.D ( ) Others(please specify)
3. Length of service: 1-5yrs ( ) 6-10yrs ( ) 11-15yrs ( ) 16-20yrs ( ) 21yrs and above ( )
4. Affiliated Bank ---------------------------------------------------------------------------------------------------------
5. Department: Marketing ( ) Account & Admin ( ) Customer Care ( ) Operations ( ) Human resource ( )
6. Designation: Top Manager ( ) Middle Managers ( ) Operational Managers ( )

**INSTRUCTION**: please read the statement in the subsequent sections B to E and tick using: Strongly Agree (SA); Agree (A); Indifferent (I); Disagree (D); Strongly Disagree (SD)

**SECTION B: THE BALANCED SCORECARD PERSPECTIVES**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| NO | Please use the following scale to indicate your level of agreement/disagreement | SA | A | I | D | SD |
|  | **Financial Perspective** |  |  |  |  |  |
| 1 | Return on Investment is one of the indicators for assessing performance of your bank. |  |  |  |  |  |
| 2 | The bank maintains adequate levels of liquidity for both long-term and short-term operations. |  |  |  |  |  |
| 3 | The level of profit achieved by the bank is satisfactory to the management. |  |  |  |  |  |
| 4 | The earnings of the bank in the last five years has been in an upward trajectory. |  |  |  |  |  |
| 5 | Loans granted to customers are recovered when they fall due (timely). |  |  |  |  |  |
| 6 | The benefits of acquiring a new customer outweigh the cost. |  |  |  |  |  |
| 7 | The bank has recorded growth in different deposits and credit accounts. |  |  |  |  |  |
| NO | Please use the following scale to indicate your level of agreement/disagreement | SA | A | I | D | SD |
|  | **Customer Perspective** |  |  |  |  |  |
| 8 | Customer expectations are incorporated into the objectives of the bank. |  |  |  |  |  |
| 9 | Customers are satisfied with product and service delivery times. |  |  |  |  |  |
| 10 | Customers’ complaint and grievances are promptly attended to. |  |  |  |  |  |
| 11 | The bank provide excellent after transaction services to customers. |  |  |  |  |  |
| 12 | Customers are aware of existing and new products and services of the bank. |  |  |  |  |  |
| 13 | The bank focus on long-term customer relationship by developing the awareness of their needs. |  |  |  |  |  |
| 14 | Customer satisfaction is a criterion used to assess your bank's performance. |  |  |  |  |  |
|  | **Internal Business Process Perspective** |  |  |  |  |  |
| 15 | Top management is satisfied with new products and service technology. |  |  |  |  |  |
| 16 | The bank has recorded growth in ATMs and establishment of new branches. |  |  |  |  |  |
| 17 | The time span between design and market introduction of products and services can be assured. |  |  |  |  |  |
| 18 | There's no time lag involve in processing transactions. |  |  |  |  |  |
| 19 | Customer feedback is incorporated into the design and enhancement of products and services. |  |  |  |  |  |
| 20 | There is growth in the daily volume of transactions in your bank. |  |  |  |  |  |
| 21 | All processes in the bank are customized to meet customers’ expectations. |  |  |  |  |  |
|  | **Learning and Growth Perspective** |  |  |  |  |  |
| 22 | The bank provides suitable work place to develop your job, knowledge & ability. |  |  |  |  |  |
| 23 | Number of key skilled employees retained by the bank has increased. |  |  |  |  |  |
| 24 | Employees are awarded incentives, which are aligned with bank success factors. |  |  |  |  |  |
| 25 | Employees receive customer centric training at regular intervals. |  |  |  |  |  |
| 26 | The advancement of career through training has increased employees understanding of the banks’ strategies. |  |  |  |  |  |
| 27 | Staff competence is maintained at all levels in the bank. |  |  |  |  |  |
| 28 | There is reduction in the violations of bank regulations. |  |  |  |  |  |
|  | **SECTION C: PERFORMANCE EVALUATION** |  |  |  |  |  |
| 29 | The performance appraisal system adopted by the bank is able to gauge the real performance of the bank. |  |  |  |  |  |
| 30 | Performance evaluation helps the bank to set and achieve meaningful goals. |  |  |  |  |  |
| 31 | Performance evaluation gives constructive criticisms in a friendly and positive manner. |  |  |  |  |  |
| 32 | The bank has witnessed improvement in employees’ performance following performance appraisals. |  |  |  |  |  |
| 33 | The objective of performance appraisal is well understood by all employees. |  |  |  |  |  |

1. How often is performance appraisal carried out in the bank?

a. Daily ( ) b. Weekly ( ) c. Monthly ( ) d. Quarterly ( ) e. Bi-annually ( ) f. Annually ( )

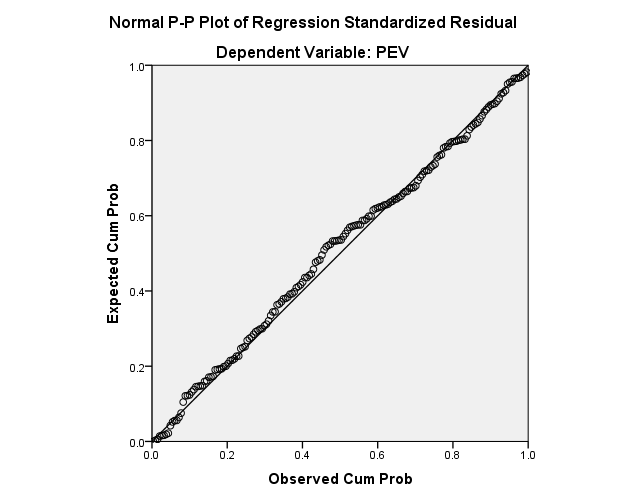
1. Which of these bases of performance appraisal is applicable in your bank? ( please tick all applicable basis)

a. Financial Perspective ( ) b. Customer Perspective ( ) c. Internal Business process Perspective ( )

1. Learning and Growth Perspective ( )

Thank you for your participation

**Appendix 2 Normal P-P Plot**



**Appendix 3: Scatterplot**

