

## Effect of Implementing Balanced Scorecard (BSC) Model in Enhancing Strategic Financial Performance of Saudi National Banks

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**Abstract:** The aim of this study is to determine the impact of the application of the Balanced Scorecard (BSC) model in Saudi National Bank. The (BSC) includes four aspects: financial, customer, internal processes, learning and growth, which strengthening the strategic financial performance of Saudi national banks. The study found the following results: The Saudi Arabia national banks have had a good recognition, that its success requires working actively and seriously to enhance the strategic financial performance. The banks have a clear perception of the basic dimensions of strategic financial performance, which can achieve a distinct strategic financial performance. (BSC) paradigm can be used with all its four aspects together separately to promote strategic financial performance for banks. The study concluded several recommendations: the need to adopt a Saudi national banks (BSC) model through the restructuring of the institutional culture, creating the necessary conditions for the activation of the process applied. Banks need to use a model. BSC is a way to rationalize the decisions of managers and guide their behavior and evaluate their performance. There is need to train and qualify the staff of the banks through participation in specialized courses to see how they apply the model (BSC) and its advantages. Qualified and capable technical expertise should be attracted to applying the model (BSC) in an efficient and effective way in the banks.

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**Key words:** Balanced Scorecard (BSC), performance, financial performance, strategic Saudi banks.

### 1. Introduction

In light of fluctuating circumstances faced by business organizations nowadays, steady and hard work is required to develop the performance via developing managers' the skills and abilities by providing strategic thinking skills. There were profound changes that have affected the business environment: globalization of markets in terms of global trade liberalization, the massive and the rapid technological development concerning the information age, and change the principles of competition from purely competition to cooperate together, in addition to the emergence of huge conglomerates and alliances.

The trend towards privatization, and increasing numbers of mergers and acquisitions on organizations through acquisitions and strategic alliances also had emerged. In light of these variables the competition is no longer limited to these organizations. However, it exceeded the competition between a group or coalition of organizations and a group or another alliance at the same time.

Many business organizations that failed to survive as result of successive losses and hit by the decline in their position in the market. It was not due to the lack of a strategy to work but because of a failure to communicate with staff to implement such strategies.

Today's organizations need a mechanism to implement the strategy and performance monitoring, including model of Balanced Scorecard (BSC) presented by Ropert Kaplan and David Norton in 1990, one of the strategic performance measurement approaches. This includes variety of performance measures that are related to four aspects: financial performance, customer relations, internal operations, systems learning and growth facility (Kaplan and Norton, 1992).

The model (BSC) is a set of financial and non-financial strategic measures. It includes measures of output and engine performance which are connected together in a series of causal relationships. However, the basis for the design of this model is that the financial measures and non-financial must be a part of the information system in the different administrative levels.

It is appropriate to evaluate the financial implications of some aspects of that model, such as customer satisfaction, or quality improvement. The Calendar may help to identify customers and products and the most profitable of the organization. It is also identifying the inputs processes and others that lead to increased cost of products or services, and linking the system of rewards and incentives and the results of performance evaluation in multiple aspects identified

in the model (BSC).

The (BSC) model is approach for balanced thinking and administrative operational tool enables the organization to achieve its strategic objectives. The model assesses the operational of its financial and strategic performance, according to an integrated framework of financial and non-financial metrics in a balanced manner, so as to provide comprehensive information on its performance. It is therefore useful to examine the effect of applying the model (BSC) with its four aspects to enhance the strategic and financial performance of Saudi National Banks.

### 1.1- Problem of the Study

The problem has emerged from the need to adopt a model to measure performance that enable the organizations to formulate the general objectives in accordance with the their vision and strategies, giving them the ability to measure the performance achieved by comparing the target performance, and the ownership of the appropriate mechanisms to correct deviations simultaneously and continuously.

**Therefore, the following questions can formulate problem of the study:**

1. Do the Departments of Saudi National Banks realize that the success in the market competition requires the need to strengthen the financial and strategic performance that enables them to survive and continue taking into account the general prevailing conditions, and thus achieve the general strategic objectives?
2. Do the Saudi National Banks have perception for the strategic dimensions of financial performance and its basic components? Thus do they make active plans to promote the financial performance?
3. Do the Departments of Saudi National Banks apply clear strategic measures that formulate a model enable the promotion of financial performance?
4. Is it possible to confirm the effect of using measures of model (BSC) in strengthening the strategic financial performance for Saudi National Banks?

Perhaps the most distinguishing feature of this study is that it looks into the potential impact of application of measurements of performance to strengthen the financial strategic performance. It includes four aspects of the model (BSC) to enhance the strategic financial performance of Saudi National Banks. It is also characterized by being an application character, seeks to prove the existence of strategic performance measures, and it is applied effectively by Saudi National Banks.

### 1.2- The objectives of the study

The aim of this study is to investigate the effect of the application of measures of model (BSC) identified within the four aspects: financial, customer, internal operations, growth and learning, to enhance the strategic financial performance of Saudi National Banks through the following means:

1. To identify the components and dimensions of financial strategic performance, which is the dependent variable, with the development of standards that enable the measurement.
2. To benchmark the strategic financial aspect, first aspect of the model (BSC), this may enable its application and enhancing the strategic financial performance.
3. To determine the standards of client-side strategy that may be applied to enhance the strategic financial performance.
4. To identify strategic measures of the internal operating processes that may enhance the financial performance when strategically applied.
5. To determine the strategic standards of growth and learning, that may be applied to enhance the strategic financial performance as required by the facility.

This study examined the components of strategic financial performance. This can be generally identified as: increasing operating profit margin, continued improvement and sustained, optimal use of assets, the promotion of effectiveness / efficiency and sustain the change in debt policy, the policy of the capital structure to increase future cash flow for freely and sustained.

(Capital Structure Policy, CSP) is Balance between yield future financial and risk, and achieves competitive advantage and sustain. Furthermore this does not seek the financial performance or operating. Therefore they did not use financial data extracted from the displayed financial statements. No comparisons are between the strategic financial performance and financial performance or operating performance.

### 1.3- Mathematical model for the study

The researchers identified the following model equation for predicting the values of the dependent variable so that is determined by the values of coefficients of independent variables using multiple

regression analysis models:

$$Y = a \pm \beta_1(X_1) \pm \beta_2(X_2) \pm \beta_3(X_3) \pm \beta_4(X_4) \pm e$$

Where:

**Y:** Enhance the strategic financial performance of national banks Arabia.

**X1:** performance measures of the financial aspect.

**X2:** performance measures from the client side.

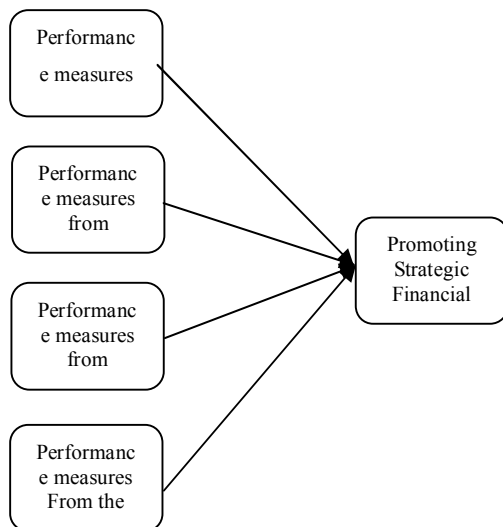
**X3:** performance measures of the internal processes.

**X4:** performance measures on the aspect of growth and learning.

**A:** represent the constant factor, which is taken from the y-axis or vertical, and equal to the value of the dependent variable; if the combined effect of the independent variables equal to zero, or close to it.

**B:** represents the value of the independent variable inclination.

### 1.4- Research Models



## 2. Previous Studies

### Wang (2006)

This study aimed to clarify the performance measurement tools which are informative and effective performance measurement so as to be used in the facility of (ACR) for the computer industry in the (Taiwan). Data Envelopment Analysis, (DEA) or tool model (BSC) is used for the continuity and improvement of the performance of the facility in light of global competition through the analysis of performance reports for the facility in the years 2001 - 2003. That is in order to be adopted to measure the performance of the enterprise. One of the main results of the study: Both approaches help management of the enterprise to improve performance and increase revenue and reduce costs.

### Zuelv and Nur (2005)

This study aimed to show the importance of the

philosophy of the model (BSC) and the mechanism of its application, with an indication of how its contribution to transform strategy of facility established a common language spoken by the individuals working in, through the formulation of performance measures according to the axes of the model (BSC) and learn how to use that model to evaluate the strategic performance in the banking sector of Jordan. The study reached several conclusions, including: The model (BSC) is the most appropriate tool to measure the performance of the organization, to take into account the performance measures of financial and non-financial. There are positive implications for the link between performance measures of the four areas of the model and the strategy of the organization. Performance measures are Different in terms of model from one facility to another, from one department to another in the same facility, according to the nature of the activities and the practices of the facility and its divisions.

### Maiga and Jacobs (2003)

This study examined the impact of models (ABC and BSC) on corporate performance, through its focus on units of industrial activity. The results of the study showed that every aspect of the model (BSC) interact with the system (ABC) to influence the performance. The theoretical and experimental evidence can be provided to support the idea the model (BSC), and other management accounting systems, may have implications for complementary or participatory performance. It is important for researchers to understand the basis on which role can be played by a model (ABC & BSC) in determining the effectiveness of any intervention in contemporary manufacturing environments.

### Zaman (2002)

The Study aimed to discuss the current status of the application model (BSC) in Australian companies and the implementation plan in the near future. Fifty Australian companies as a sample of study have been included in the survey that 33% of them have applied the model, while 25% plan to implement it in the future. One of the main results of the study includes the following: That despite the awareness and knowledge of Australian corporate departments to (BSC) but there is weakness in the initiative and planning by senior management for companies to implement it. The corporate management believes that the model (BSC) is a system of performance measurement and strategic to have a high value. Respondents believe that senior management understands and support the issue of application form as very important.

### Shih-Jen and McKay (2001)

The Study sought to test the process of using the model (BSC) in two institutions ( a manufacturer of

cars and the Bank ), where the study showed that the carmaker had a successful application of model ( BSC) contrary to the bank, that did not have success in its application. A comparison between the two institutions in the application form in order was drawn to find out why the difference in the outcome of the application between these two institutions in addition to and the institutional level of satisfaction achieved from its application. The study have reached the following results: feedback should be provided in order to achieve satisfaction and institutional increase the effectiveness of applying the model (BSC). Workers should participate in the formulation to ensure the success of the measures of model (BSC) to make sure its application. The use of the model should be not confined to managers alone, because the lack of clarity for may lead to frustration, and therefore, the workers may decline the model. The number of the selected and unique measurements should be studied, so they can be monitored and then controlled.

#### **Mark(2000)**

The study focused on the application of the model (BSC) to local banks in the United States, through the following three steps: to provide a comprehensive identification for bank strategy, to give comprehensive identification of performance measures used in the bank and to develop strategic objectives and performance measurement of the model (BSC). The study concluded to the importance of a comprehensive strategic analysis of the bank in order to emphasize the current strategies and develop additional strategies. The analysis has helped management to identify strategic goals and strategic analysis has helped management to identify strategic goals and strategic objectives of the four aspects underlying the model (BSC).

#### **Cagwin and Marinus(2000)**

The study aimed to measure the evolution in financial performance associated with the use of system (ABC) and the possible conditions, which include the simultaneous application of other initiatives which have achieved the benefits of the institution when applied. The study results, including: the positive cooperation was obtained through the simultaneous application of initiatives with the model (ABC). This result conforms to the findings of the researchers of the need to describe management accounting systems of efficiency in support of the operating activities of the institution and achieving the satisfaction and benefit. The standards used, which contributed to the success of the model (ABC) application are all indications of improvement in financial performance.

### **3. Research Hypotheses**

#### **3.1- The main hypothesis :**

No significant effect for the application of performance measures can be attributed to the aspects of the model (BSC) for the promotion of the strategic financial performance of National Banks of Saudi Arabia.

#### **3.2- Sub-hypotheses:**

1. There is no significant effect for the application of performance measures can be attributed to the financial aspect; in strengthening the strategic financial performance of National Banks of Saudi Arabia.
2. There is no significant effect for the application of performance measures can be attributed to the client side; in strengthening the strategic financial performance of National Banks of Saudi Arabia.
3. There is no significant effect for the application of performance measures can be attributed to the internal operation; in strengthening the strategic financial performance of National Banks of Saudi Arabia.
4. There is no significant effect for the application of performance measures can be attributed to the growth and learning; in strengthening the strategic financial performance of National Banks of Saudi Arabia.

### **4. Methodology of the Study:**

#### **4.1- Collecting Data**

To achieve the main objective of this study a questionnaire was composed of two parts. The first one is composed of five statements concerning general information about the respondents in terms of: academic qualifications, competence, job title, work experience, and training courses. The second part of the questionnaire included (38) statements formed in set of strategic measures which is supposed to provide for the purpose of enhancing the strategic financial performance of. This part used Five Point Likert Scale which categorized number (1) to represent the very low strategic measure while number (5) to represent very high strategic measure.

#### **4.2- Research Sample and Population**

The population of this study consisted of the (12) National Banks of Saudi Arabia according to Saudi Arabian Monetary Agency(SAMA), as shown in Table ( 1). The study sample was chosen at random which includes ( 150) staffs ( General Manager, Branch Manager, Director Department, Head of Section, Financial Controller ). The number of copies of questionnaire that were distributed the same number of respondents, with the exception of (14) copies due

to the lack of validity for the statistical processing, thus the number of questionnaires that have been subjected to statistical processing is (136), that represents (90.6%) Of questionnaires distributed.

**Table No. (1) Saudi National Banks**

No.	Statements	No.	Statements
1.	National Commercial Bank	7.	Saudi Holland Bank,
2.	Bank Riyadh Bank	8.	Samba Financial Group ( Samba )
3.	Al Rajhi Bank	9.	Inmaa Bank
4.	Al Bilad Bank	10.	Al Jazzira Bank
5.	Saudi British Bank Saudi	11.	Saudi Investment Bank,
6.	Saudi French Bank	12.	Arab National Bank

**4.3- Testing the validity and reliability of questionnaires:**

The questionnaire was sent to a number of professors and experts in the financial and administrative sciences In order to reach a high level of results dissemination. Also validity was tested and confirmed by distribution of models for judgment (Pilot Study). A pilot study is a preliminary trial of research which represents 25% of original sample where researchers examine if the respondents understand the question or not in its relation to dimensions and measurements studied. Also simplified and clarified the parameters used in the questionnaire in order to achieve the maximum possible degree of validity.

**4.5- Methods and statistics used:**

For the purposes of study, Statistical Package for Social Sciences (SPSS) has been used for statistical analysis using the level significance (5%). This is an acceptable level in social science in General (Sekaran, 2005) corresponding confidence level equals (95%). To interpret the results, a variety of statistical tests like percentages and frequencies have been used. (Alpha Cronbakh) test have been used as well to test reliability. (Pearson correlation) coefficient was used to measure validity. (kolomgrov-smirnov) test is needed to identify the data type used in the analysis. (1-Sample K-S) does represent normal distribution to test Multi-collinearity and Regression Analysis.

**5. Testing the hypotheses:**

**5.1- The outcome of the dependent variable (strategic financial performance):**

Table (2) demonstrates the results of the analysis of component of strategic financial performance measurements represented in questions (1-18).

**Table No.(2)Analyzing components strategic financial performance measurements**

No.	Statements	Mean	percen tage
<b>Standards following the increase in operating profit margin</b>			
1.	The exploitation of resources and potentials available using mechanisms for achieving profits above the usual level.	0.744	3.72
2.	Tools are used to identify factors that improve the operational profit margin and then developed it.	0.738	3.69
<b>Mean</b>		0.742	3.71
<b>Standards of the continuity and constant improvement</b>			
3.	Bank's operations are designed so that they have sufficient flexibility to achieve the desired goals.	0.794	3.97
4.	Operations include constant improvement by the bank's mechanisms of action and the banking product.	0.856	4.28
5.	Improvement processes aimed at achieving the overall reduction in real costs and increase value generation.	0.814	4.09
<b>Mean</b>			
<b>Standards of the optimal use of assets</b>			
6.	Reductions in capital improved mechanisms for use of assets.	0.656	3.28
7.	New businesses are created to use scarce resources more effectively to exploit the existing assets at full capacity.	0.730	3.65
8.	Capital investment procedures are improved to increase productive capacity and speed up investment.	0.802	4.01
<b>Mean</b>		0.730	3.65
<b>the promotion of efficiency standards / efficiency and its sustainability</b>			
9.	Effective measures are taken to achieve the highest level of value level of resources available.	0.756	3.78
10	The highest level of the multiple needs of customers is met through the appropriate of production.	0.742	3.71
<b>Mean</b>			
<b>Measurements of the change in debt policy and capital structure</b>			
11	Many deliberate and continuous changes take place in the debt policy to reach less expensive debt paid.	0.742	3.71
12	A balance between both sides of the capital structure is achieved to reach the highest added value in the stock price.	0.742	3.51
<b>Mean</b>		0.722	3.61
<b>Standards following the increase of the free cash flow and continue in future</b>			
13	Procedures are done to increase free cash flow and continuous in future by increasing the net operating profit.	0.702	3.51
14	The effective mechanisms are used to increase free cash flow and its continuing in future through the increase in net income.	0.708	3.54



Mean			
Standards of the balance between future returns and risks			
15	To make unremitting efforts to achieve a balance between required future financial returns and the possibility of undesirable outcomes.	0.774	3.87
16	To get an accurate knowledge of the effects of the risk on assessment of assets	0.762	3.76
Mean		0.763	3.82
Standards of achieving and maintain competitive advantage			
17	There are fully aware of the importance of adding value as a basis to maintain an effective competitive.	0.758	3.79
18	Effective measures are Taken to achieve harmony between the internal processes and the general objectives as a means to achieve and sustain competitive advantage	0.780	3.90
Mean		0.769	3.85

**5.2- The results of the key hypothesis:**

Multiple-regression model was used to test the hypotheses of the study. The model contained in the following equation: to study the effect of independent variables, which represent four aspects of the model (BSC) to enhance the strategic financial performance of Saudi National Banks which represents the dependent variable (Y)?

$$Y = a + \beta_1(X_1) + \beta_2(X_2) + \beta_3(X_3) + \beta_4(X_4) + e$$

That model was used to measure the total explained by the independent variables in terms of the variation of the dependent variable. In order to investigate the effect of the use of strategic measures contained in the four aspects of the form (BSC) in

**Table (4) : coefficients (a)**

Model	Unstandardized coefficients		Unstandardized coefficients	T	SIG	Collinearit statistics	
	B	Std error	Beta	Tolerance	Vif	B	Std error
(constant	0.31	371		083	934		
1SPM/Financial (X1)SPM/ Customer Pers(X2)	293	160	282	2.760	008	571	1.752
SPM/Internal Process ers(X3)	221	092	229	2.404	019	660	1.515
SPM/Learing& Growth ers(X4)	286	114	284	2.511	015	466	2.145
	166	078	204	2.142	036	655	1.527

**A Dependent Variable: Strategic Financial Performance (Y)**

The results of the statistical analysis shown in Table (4) (Coefficients) a (Y) is written in an equation to predict the values of the dependent variable (Y).

$$Y = 0.031 + 0.293(X_1) + 0.221(X_2) + 0.286(X_3) + 0.166(X_4)$$

**5.3- Testing the fixed coefficient variable a:**

In this test, acceptance or rejection of one of the

enhancing strategic financial performance of Saudi National Banks. The key hypothesis has been tested using that model to deny or prove it as follows:

1. H0: There is no significant effect for the application of measures of model (BSC) to enhance strategic financial performance of Saudi National Banks.
2. H1: There is a statistically significant effect for the application of measures of model (BSC) to enhance strategic financial performance of Saudi National Banks.

**Table (3): coefficients of independent variables in the multi-regression model.**

Sig TXn	B	Xn
0.934	0.031	Constant a
0.008	0.293	X1
0.019	0.221	X2
0.015	0.286	X3
0.036	0.166	X4

In view of the Table (3) the following is observed:

It is clear that these results of analysis that the total explained by the independent variables of the variation of the dependent variable was ( 0.624) which is statistically significant at the level of significance less than ( 0.05) as = ( Sig. R = 0.000) and the value of the coefficient rate is equal to ( 0.600) , and which means that the confidence level (% 95). This could be argued that there is a significant effect for the application of measures of model (BSC) to enhance strategic financial performance of Saudi National Banks. So the hypothesis is rejected and the alternative is accepted.

following hypotheses:

When the Zero reduces constant value, then the fixed coefficient model  $\approx$  a fixed value of the coefficient: H0-

However, when Zero does not reduce constant value then the fixed coefficient model  $\neq$  a fixed value: H1-

Constant value is part of the y-axis or vertical, which is equal to the value of the dependent variable; if the combined effect of the independent variables

equal to zero or close to it. Significant value is examined according to the fixed rule to take the following decisions:

- If  $\text{sig. } T_a > 5\%$  is calculated then  $H_0$  is accepted
- If  $\text{sig. } T_a > 5\%$  is calculated then  $H_1$  is accepted

When you examine the significant of coefficient value is fixed calculated and listed in Table (2); we find that it is equal to 0.934), which is greater than the 5% that have been developed up to accept or reject the hypothesis. Therefore, according to decision rule mentioned above, we accept the negative hypothesis and reject the alternative.

#### 5.4 -Test the significant of variables - Independent (Xn):

In this test the level of significance of transactions of independent variables was identified. There is the end point that represents a difference between the level of significance, which can be accepted or rejected, by the percentage that resorted to in this study (5%) by using the distribution (T. Student) .

#### 5.5- the results of the first sub-hypothesis:

The regression coefficient means (incline) of the independent variable first (X1) (represented in Questions: 19-23) in the model: that if you change that variable by one unit of units of measurement; the dependent variable will change by (0.293) of the units of measurement requires the stability other variables in the equation the same.

#### Test significant independent variable (X1) in the regression model:

The two hypotheses suggest the following to the presence or absence of a statistically significant effect for the application of performance measures in the financial aspect in the promotion of strategic financial performance:

1.  $H_0$ : There is no significant effect for the application of performance measures in the financial aspect; in strengthening the strategic financial performance of Saudi National Banks.
2.  $H_1$ : There is a statistically significant effect for the application of performance measures in the financial aspect; in strengthening the strategic financial performance of Saudi National Banks.

The following decision rule was resorted to test the four sub-hypotheses:

- If  $\text{Sig. } T_{Xn} > 5\%$  is calculated then  $H_0$  is accepted
- If  $\text{Sig. } T_{Xn} > 5\%$  is calculated then  $H_1$  is accepted

When we look into table (3), we note that the value (Sig T X1) calculated is equal to (0.008) and it is less than 5%. Therefore we reject the hypothesis and accept the alternative. This implying the significant effect for the application of performance measures in the financial aspect to enhance the strategic financial performance of Saudi National Banks.

#### 5.6- The results of the second sub-hypothesis:

Regression coefficient means the 2nd independent variable 2 (X2) (represented in the questions 24-28) used in the model. That if the variable is changed by one unit of units of measurement, the dependent variable will change by (0.221) from the units of measurement, provided the stability of the other same variables in the equation.

#### Testing of independent variable (X2) in the multi-regression models:

The two hypotheses suggest the following to the presence or absence of a statistically significant effect for the application of performance measures in the client-side effect aspect in the promotion of strategic financial performance:

1.  $H_0$ : There is no significant effect for the application of performance measures in the client-side aspect; in strengthening the strategic financial performance of Saudi National Banks.
2.  $H_1$ : There is a statistically significant effect for the application of performance measures in the client-side aspect; in strengthening the strategic financial performance of Saudi National Banks.

When we examine table (2), we note that the value

(Sig T X2) calculated is equal to ((0.019)) and it is less than 5%. Therefore we reject the hypothesis and accept the alternative. This implying the significant effect for the application of performance measures in the client side aspect to enhance the strategic financial performance of Saudi National Banks

#### 5.7- The results of the third sub-hypothesis:

The Regression coefficient of the 3rd independent variable (X3) (represented in the questions 33-29) used in the model. That if the variable is changed by one unit of units of measurement, the dependent variable will change by (0.286) from the units of measurement, provided the stability of the other same variables in the equation.

#### Testing of independent variable (X3) in the multi-regression models:

The two hypotheses suggest the following to the

presence or absence of a statistically significant effect for the application of performance measures in the internal operations effect aspect in the promotion of strategic financial performance:

1. H0: There is no significant effect for the application of performance measures in the internal operations aspect; in strengthening the strategic financial performance of Saudi National Banks.
2. H1: There is a statistically significant effect for the application of performance measures in the internal operations aspect; in strengthening the strategic financial performance of Saudi National Banks.

When we examine table (3), we note that the value (Sig T X1) calculated is equal to ((0.015)) and it is less than 5%. Therefore we reject the hypothesis and accept the alternative. This implying the significant effect for the application of performance measures in the internal operations aspect to enhance the strategic financial performance.

**5.8- The results of the fourth sub-hypothesis**

The Regression coefficient of the fourth independent variable (X4) (represented in the questions 34-38) used in the model. That if the variable is changed by one unit of units of measurement, the dependent variable will change by (0.166) from the units of measurement, provided the stability of the other same variables in the equation.

**Testing of independent variable (X4) in the multi-regression models:**

The two hypotheses suggest the following to the presence or absence of a statistically significant effect for the application of performance measures in the effect growth and learning aspect in the promotion of strategic financial performance:

1. H0: There is no significant effect for the application of performance measures in the growth and learning aspect; in strengthening the strategic financial performance of Saudi National Banks.
2. H1: There is a statistically significant effect for the application of performance measures in the growth and learning aspect; in strengthening the strategic financial performance of Saudi National Banks.

When we examine table (3), we note that the value (Sig T X1) calculated is equal to (0.036) and it is less than 5%. Therefore we reject the hypothesis and accept the alternative. This implies the significant effect for the application of performance measures in the growth and learning aspect to enhance the strategic financial performance.

**5.9- The conclusion of hypotheses results:**

Based on the previous analysis and findings, the

following table summarizes the results of testing hypotheses of the study.

**Table (5) Summary results of hypothesis testing**

Number	Hypothesis	Results
<b>Main hypothesis</b>	There is no significant effect can be attributed to applying the model of Balanced Scorecard (BSC) in the promotion of the strategic financial performance of Saudi National Banks.	Rejection and the alternative is accepted
<b>First sub-hypothesis</b>	There is no significant effect can be attributed to applying the model of Balanced Scorecard (BSC) in the promotion of the strategic financial performance of Saudi National Banks.	Rejection and the alternative is accepted
<b>Second sub-hypothesis</b>	There is no significant effect can be attributed to the application of performance measures in the client-side effect aspect in the promotion of strategic financial performance	Rejection and the alternative is accepted
<b>Third sub-hypothesis</b>	There is no significant effect can be attributed to the application of performance measures in the internal operations effect aspect in the promotion of strategic financial performance	Rejection and the alternative is accepted
<b>The fourth sub-hypothesis</b>	There is no significant effect can be attributed to the application of performance measures in the growth and learning effect aspect in the promotion of strategic financial performance	ejection and the alternative is accepted

**6. Results:**

The researchers reached the following results:

**First:** with regard to strengthening the strategic financial performance of Saudi National Banks (dependent variable) analysis of the results indicated that:

The departments of Saudi National Banks have the good perception of success in market competition. However, their existence and continuity in the market requires hard and steady work to promote strategic the financial performance. This gives them the ability to achieve strategic visions of their own which represented in the access to the strong and solid banking sector with efficient financial and technical work that is highly competitive. A key element of which has achieved that perception, The Career Group at that banks have mostly high scientific qualifications, and scientific disciplines appropriate to the tasks that are required to be completed and the nature of work they perform, in addition to their occupation of the functional centers that will enable them to realize the application of scientific and theory issues.



2. Saudi National Banks have a clear perception on the basic dimensions of the strategic financial performance. That has emerged from respondents answers on the measurement of these different dimensions. Moreover these institutions have clear and specific plans that they are constantly working to develop to cope with developments in the banking business. Therefore they can achieve the distinctive strategic financial performance. This clear perception reinforces an accurate practical implementation for the proposed plans which expose the existence of experienced proper cadres with high levels of the ongoing working and sustainability of the training courses.

**Second:** Regarding the results of analysis of the application of performance measures included in the strategic aspects of the Balanced Scorecard model (BSC) (independent variables) shows the following:

1. Departments of Saudi National Banks Applied the clear strategic measures performance, including measures of traditional financial and non-financial, with the reminding that the use of these measurements together does not mean they applied the model (BSC). On the other hand it is possible to re-classification of those standards in the four aspects of model, namely: the financial aspect, and the client's aspect, and internal operations, and the growth and learning aspects.
2. Measures of Performance can be used in the model (BSC) with its aspects the four together to enhance the strategic financial performance of Saudi national banks.
3. Measures of Performance can separately be used from the aspects of the model (BSC) to enhance the strategic financial performance of Saudi national banks.

#### 7. Recommendation:

Based on the results of the study and the results of statistical analysis, the researchers recommended the following:

1. The Saudi national banks should seek to adopt the model (BSC) through the restructuring of the institutional culture, with creating the conditions necessary to activate the application process, providing appropriate tools to measure and strengthen the strategic financial performance.
2. The Saudi national banks should use of model (BSC) as a way to rationalize the decisions of managers and guide their behavior and

evaluate their performance evaluation because it is an effective tool for the measurement and management. BSD also helps to regulate the administrative processes in the bank, and focus on the application of corporate strategy.

3. More training courses for the staff should be done with their participation in specialized courses to see how to apply the model (BSC), its operation and advantages.
4. Qualified and capable Staff and technical expertise should apply the model (BSC) effectively in Saudi National banks and they should be provided with necessary incentives and rewards.

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