BALANCE SCORECARD AND FINANCIAL PERFORMANCE OF QUOTED SERVICE COMPANIES IN NIGERIA

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Abstract

The essence of comprehensive performance evaluation is essentially significant as shareholders and other stakeholders expect a full disclosure of how well an organization had performed in its responsibilities. Previous studies have recognized the need for balance scorecard in this regard, but there have been wide disparity results, reflecting inconsistencies imprecise effect of balance scorecard on financial performance. Contributing to this debate, this study investigated the effect of balance scorecard on financial performance of quoted service companies in Nigeria. In carrying this study, adopted survey research design, using structured questionnaire. The population consisted of 9,485 active employees of the 25 quoted service companies with offices in Lagos State, while Taro Yamen's formula was used to determine the sample size of 384, while convenience sampling technique was used to determine the sample size of the study. A structured questionnaire was used to collect data from respondents. The Cronbach's Alpha reliability and response rate of 85% were employed. Using descriptive and inferential (Multiple Regression) statistics, the study revealed that balance Scorecard had a positive significant on financial performance, AdjR^2 ***= 0.289; F-Statistics*** $_{(4, 379)}$ ***= 39.990; P-value = 0.000. The study recommended that the management of quoted service companies should be sensitive to the complaints of customers since they hold a significant position in the survival of every service company, while investors should be watchful and consult appropriately before making investment decision.***

Keywords: Balance scorecard, Customers perspective, financial performance, Managerial competence, market performance, organizational performance.

Introduction

Globally, the financial performance of any corporate entity largely depends on the competencies of its managerial personnel and totality of its employees when it comes to implementing corporate strategy and optimal utilization of its productive resources based on motivations and attitudinal disposition of its key workforce (Fu, Hsieh & Wang, 2019). Gagne, Tian, Soo, Zhang, Ho and Hosszu (2019) posited that financial performance as one of the most significant constructs of corporate existence is a multidimensional phenomenon, complex, multifaceted and problematic in meeting the triple pillar of financial performance of financial performance, market performance and shareholders rectums expectations and that the success, sustainability and going concern of any corporate entity greatly hang on these three pillars.

Wang and Hou (2019) documented that financial performance as one of the components of financial performance is characterized by operational efficiency which is pivotal paradigm for attaining profitability in the short term and long term corporate sustainability in meeting shareholders and other stakeholders expectation, however there factors impeding these potentials, and these factor include weak organizational engineering, inadequate performance measurement system, lack of employee stewardship because of poor motivational incentives, absence of social responsibility and disintegrated customer services (Zdenka, Branislav, Gregus & Novackova, 2020). More so, measurement of financial performance in this regards, requires effective usage of productive resources and tracking performance on key productivity drivers and performance indicators stablished by the company and importantly, corporate organization fail in organizational success by omitting human resource management and developing human resources potential (Nazarian, Atkinson & Foroudi, 2017).

Statement of the Problem

The complexity in measuring non-financial performance has been imminent and the pace of business expansion requires complete and all-inclusive accounting information, that financial statement does not disclosure in Nigeria (Ogosi & Agbaeze, 2018). Conventional financial indicators are appropriate for financial performance measures; however, they are insufficient to evaluate non-financial performance and corporate competitiveness and capabilities of contemporary business activities and meeting the diverse accounting information required by investors (Ahmadu & Nguavese, 2019; Aguguom, 2020). Evidences abound that businesses do face unexpected failures and letdowns because of their inability to implement some of their strategies involving non-financial related perspectives. Ahmadu and Nguavese (2019) maintained that financial performance requires a more comprehensive perspectives that consist of financial indicators as well as non-financial indicators, hence the issue of Balanced scorecard as introduced by Kaplan and Davis to assess the performance of organizations (Narayanamma & Lalitha, 2016). Report from previous studies has reported inconsistences of the effect of balance scorecard on financial performance.

Extant Literature

Financial performance:

The concept of financial performance as one of the proxies and components of financial performance in this study is an appraisal measure of the level of organization's policies in yielding the desired financial objective in monetary terms. The study of Malagnueno and Lopez-Valeiras (2018) and that of Lueg (2015) posited that financial performance is the measure of how well a firm uses its productive resources and assets to generate expected aims and objective financial or nonfinancial. This definition is used as a general measure of a firm's overall organizational financial performance and financial soundness over a given of time, and can be used to compare similar service companies in the same industry and with the same equity capital exposure across the industry. Financial performance in this study is one of the perspectives suggested by Kaplan and Norton (2000) in their famous balance scorecard. It show the result of corporate management effort and ability to engage and optimally utilize its resources in providing company product, goods or services, having navigated all the risks and uncertainties inherent in such operational process, in meeting expectations, economic value added, and shareholders wealth maximization model prospects (Camuffo & Gerli, 2018).

Balanced Scorecard

According to Senarath and Patabendige (2015), balanced scorecard is defined as one of the notable framework that assists service organizations implement complex and intricate operational activities in corporate strategies and at the same time enables monitoring of activities of the company in an effort to meet its strategic goals. Balanced score is also defined as a comparatively new economic notion that make sure that best performance practices and yields a desired fruitful results for organizational as compared to its past practices (Ndevu and Muller, 2018). Balanced scorecard is an approach that measures corporate performance in a long term basis by considering annual incentives that motives the key drivers of the corporate strategic plans. Traditionally, performance evaluations system relied only on financial measures that typically focused on short term financial performance metrics and ratios (Kaplan and Norton, 1996). Balance scorecard basically integrates financial and non-financial measures in order to ascertain financial performance and Kaplan and Norton grouped these measures into four perspective, customer perspective, internal business perspective, innovation, learning and growth perspective and financial perspective and these four perspectives connect the financial performance against its corporate objectives and goals (Gautam, 2015).

Customer Perspective

As one of the measures of balance scorecard, customer is defined as the manner in which organization treats its customers and customer satisfaction. According to Kaplan and Norton (2008), an organizations performance from the perspective of the customers ought to be a priority for going concern of the organization and a big concern for the leaders, because the customers are the real aim of still being in business. The customer perception and opinion of the company and how wants the company wants to be viewed by the customers is significant and fundamentals to the sustainability of the organization. Performance measure for customer perspective may include customer satisfaction, quick services or fast product delivery, attending to customers inquiries, respond to rebranding or shape of product (Quesado, Aibar-Guzman & Lima Rodrigues, 2018).

Innovation, Learning and Growth

The innovation, learning an growth aspect of the balance scorecard perspectives handle the issue of ability to continue to improve and create addition value for the owners and meet owners value creation expectations. It comprises the employee training and cultural attitude as it involves both the employees as well as the corporate self-improvement (Kaplan & Norton, 1996). It considers adequate and up to speed the ability and skill that the organization need to excel and achieve its internal business processes in order to create value for their shareholders and customers as well.

Internal Business Process Perspective

As one of the components of balance scorecard, internal business process perspective is defined as the process puts a corporate organization on the spot as to what should be done to excel and one of the essentials to the success of an organization (Satwinder, Dawish & Kristina, 216). It is one of the critical factors that focuses on how well the business is being steered by those saddled with leadership responsibility. The ability to meet shareholders expectation and that of the customers and the other stakeholders have correlation with the purview of internal business process perspective (Semeijn, VanDer Heijden & Van Der Lee, 2014).

Financial Perspective

One of the balance scorecard perspectives include financial perspective which entails ability to consider how corporate bodies and the management team look before the shareholders. What image does the management team possess before the outsiders profitability wise. Zorek (2020) defined the financial perspective as those issues that can create assets growth, expansions and sustainability (Shafiee, Lotfi 7 Saleh, 2014; Zhou, Meier & Spactor, 2019). What is the trend of profitability profile, whether the corporate strategy implementation and execution translate to bottom line improvement of the organization (Zorek, 2020).

Underpinning Theory

Economic Efficiency Theory

The Economic efficiency theory was one of the theories postulated by the noneconomic theorist. However, the theory was said to have been developed and brought to literature by Lord Eatwell in 1994 (Zivojinovicc & Stanimirovic, 2012). The theory states that companies should achieve their output at the lowest possible cost per unit produced. According to this theory, optimal production can be achieved by economic of scale. Therefore, in the short run, maximum operational efficiency is attained at the level of output at which all accessible economic of scale are taking advantage of such efficiency. In the long run, lifting the capacity of an existing system can increase the optimal level of production efficiency (Ahmed, Bahamman & Ibrahim, 215). There are two perspectives of economic efficiency theory: allocative (price) efficiency) takes place when the business employs all of its resources efficiently, producing the most output from the least input Lubis, Torong & Muda, 2016). Economic efficiency theory asserts that the profitability objective of a company can only be achieved if the managers efficiently and economically make use of the resources of the owners.

Assumptions

(i) A board must consider many policies and regulations to make decisions regarding a firm’s short- and long-term environmental strategies and its daily operations.

(ii) That the board should have more experienced directors to provide advice and suggestions, exchange information with outsiders, counsel insiders, and access to outside resources for organizational success (Maria, Serio & Alvves-Fiho, 2015).

(iii) Experienced directors in a board are likely to act as business and technical experts and specialists. T

(iv) he resource dependence theory explain the influence of outside resources of the firms decisions making.

(v) Influential stakeholders have control over outside resources and could exercise their influence over management decisions.

(vi) Company with risk-related disclosures can gain different competitive advantages because of their potential resources, and prior literature proves that resource-based directors possess this quality.

Proponents

There have been supporters of resource dependence theory, the study of Cyert and March (1980) posited that the resourceful board with expert directors creates strong relationships with various stakeholders, and understands their demands, interests, and concerns. In addition the study of Eisenhardt (1989) suggested that engaging, monitoring, and controlling of corporate resources is beneficiary to the corporation. These supporters belief that success of organizations with productive resources depends on the directors' experience and diverse qualities and backgrounds

Opponents

According to some studies, queried that resource dependence theory was based on unrealistic presumption and perceived philosophies, lack practical realities (Nazarian, Atkinson & Foroudi, 2017; Ndevu & Muller, 2018). It is obvious that is rather difficult in supporting and managing costly relative to its many implicit and explicit factors, such as political, legal, financial, tax, and regulatory factors, but this may ensure many benefits that enhance management's expertise and the quality of their decisions and decrease capital costs (Abdel-Maksoud, Kamel & Elbanna, 2016).

The relevance of Economic Efficiency Theory to this Study: The underlying economic performance of a company is measured basically by the efficient utilization of the resources at its disposal in other to attain profitability objectives of the establishment.

Empirical Review

Joao, Pereira and Goncalves (2019) carried out an investigation of the effect of quality of work life, customers' perspective and employee motivation and perceived contribution as part of organizational culture on financial performance as a reflection of organizational productivity. The study employed qualitative survey research design approach, and different questionnaires were designed and administered through online to eleven selected international benchmarks in United Kingdom, Australia, and United States. In addition, structured interview were administered to employees of 12 selected partners from Italy, Bulgaria, Cyprus, Portugal, Greece and Spain respondents. In all, a total of 514 questionnaires were administered, through online to company owners and general managers of private and public entities in United Kingdom. The study using regression analysis found that quality of work life, customers perspective and employees motivation had a positive significant effect on financial performance as evidence on financial performance of the private and public companies investigated in Italy, Bulgaria, Greece and Spain. However, the result obtained in Cyprus and Portugal revealed that there was a positive but insignificant effect on financial performance. The result obtained by Joao, Pereira and Goncalves (2019) is in tandem with the results obtained in the studies of Kuriakose, Sreejesh and Wilson (2019) and that of Lee, Chen and Lee (2015) who found that employees' wellbeing and social responsibility of companies had influence on financial performance of the sampled service companies.

Amin and Shahnaei (2015) examined the effect of employee training, employee participation, internal process perspective and business process perspective as components of balanced scorecard on organizational effectiveness, as reflection of financial performance. The study employed structural questionnaire administered to selected employees of Malaysian University using purposive in selecting the sample size for the study. Out of the number of questionnaires administered to the students of the University of Malaysia, a total of 65% questionnaire were retrieved from the respondents and the data obtained were analyzed using regression analysis and correlation statistics. Cronbach coefficient alpha was conducted to the reliability and validity of instrument. A 5-point Likert scale was also adopted for the questionnaire. The result obtained revealed that employee training, internal process perspective and employee job satisfaction as components of balanced scorecard had a positive significant effect on financial performance, Also, that business process and employee participation exhibited a positive significant effect on financial performance. The results were consistent with previous study of Pool, Khodadadi and Kalati (2017) who found that internal process through marketing orientation linked to balanced scorecard had a positive significant effect on financial performance in small travelling agency service companies.

Zdenka, Augustin, Koltnerova and Dagmar (2020) examined the effect of employee retention of different ranks of staff, sustainability of human resources management and learning and growth perspective on perceived financial performance in Slovak Republic. The study employed survey research design, while validating the reliability of data using Cronbach alpha validity test of 0.85 was obtained, which was sufficient for scientific threshold for the study. A self-structured questionnaire was adopted and a total of 1,471 questionnaires were administered to respondents comprised of employees of industrial service companies in Slovak Republic. Regression of the data obtained from respondents was carried out. The result revealed that there was a positive relationship between employee retention, sustainability of effective human resource management and financial performance. Also that learning and growth perspective had a positive significant relationship with perceived financial performance. A majority of respondents' belief that financial performance is a factor of quality and effective human resource management, while employee retention and employee motivation are panaceas to financial performance.

Kefe (2019) examined the possible determination of the effect of balanced scorecard on financial performance measures of companies. The study considered financial performance measures of financial performance, market process performance and returns to equity shareholders. The study employed survey research design and using structured interview administered to selected employees and managers of the companies, In addition, financial documents were examined. The study also employed descriptive statistics, using graphs, percentages, mean and median in the analysis of the data obtained through interview. The study found that financial performance is sufficient to analysis and evaluate the effects of balanced scorecard. In addition, the study revealed that balanced scorecard had positive significant on financial performance, market performance and returns respectively. Furthermore, that balanced scorecard exhibited positive significant influence on financial performance. The result of Kefe (2019) is consistent with previous results obtained by the studies of Malagueno, Lopez-Valeiras and Gomez-Conde (2018) and that Miloloza (2018).

Consistent with previous studies of Narayanamma and Lalitha (2016) and that of Kefe (2019), the study of Zdenka, Branislav, Gregus and Novackova (2020) studied the innovativeness and effect of balanced scorecard in operational performance in small and medium enterprises and small sized companies in Slovakia and the Republic of Serbia. The study employed survey research approach using questionnaire administered to selected respondents among the small and medium enterprises and small sized companies in the two countries of Slovakia and Serbia. The study employed financial perspective, customers' perspective, internal business perspective and innovation, learning and growth perspective as proxies to measure balanced scorecard.

A total number of 400 questionnaires were distributed to 225 companies and 87% of the questionnaires administered were returned and analyzed using descriptive and regression analysis. The result obtained showed that balanced scorecard had a positive significant effect on financial performance. Specifically, financial perspective had a positive significant effect on financial performance, while internal business and innovation, learning and growth revealed a positive but insignificant effect on financial performance of the sampled companies. While some have reported positive effect of balance scorecard on financial performance (Zdnenka, Augustine, Koltnerova & Dagmar, 2020; Joao, Pereira, Goncalves, 2019; Pool, Khadadadi & Kalati, 2017), on the contrary, Owolabi, Adetula and Taleatu (2020) found negative effect.

Consequent to these inconsistencies, this study proposed the following, research objective, research question and hypothesized as follows:

Research Objective

The broad objective of this study is to examine the effect of balance scorecard on financial performance of index of quoted service companies in Nigeria;

Research Question

How does balanced scorecard affect financial performance index of quoted services companies in Nigeria?

Research Hypothesis (H_{01}):

Balanced scorecard has no significant effect on financial performance index of quoted service companies in Nigeria.

Operationalization of Variables

$Y_i = \alpha_0 + \beta_1 X_i + \mu_i$ .... (1)

Where

Dependent Variable = Financial Performance

Independent Variable = Balance Scorecard

$Y = y_1$

$X = x_1, x_2, x_3, x_4$

α_0 = regression intercept which is constant

β_1 =the coefficient of te explanatory variable

$_i$ = cross-sectional variable

Where

Specification of Model

$PEFi = \alpha_0 + \beta_1 CUSP_i + \beta_2 ILGP_i + \beta_3 INTBPP_i + \beta_4 FINP_i + \mu_i$ ....(2)

Where

PEFI = Performance Index

CUSP = Customers Perspective

ILGP = Innovation, Learning and Growth Perspective

INBPP = Internal Business Process Perspective

FINP = Financial Perspective

Methodology

This study investigated the effect of balance scorecard on financial performance of quoted service companies in Nigeria. In carrying this study, adopted survey research design, using structured questionnaire. The population consisted of 9,485 active employees of the 25 quoted service companies with offices in Lagos State, while Taro Yamen's formula was used to determine the sample size of 384, while convenience sampling technique was used to determine the sample size of the study. A structured questionnaire was used to collect data from respondents. The Cronbach's Alpha reliability and response rate of 85% were employed. Data were analyzed using descriptive and inferential (Multiple Regression) statistics

Data Presentation, Results and Discussion of Findings

Descriptive Statistics

The distribution of the responses of the respondents to the questions that focus on Financial Performance is presented.

Table 4.1: Financial Performance

	Very Low	Low	Moderately Low	Moderately High	High	Very High	Total	% of Total High	Mean	Std Dev
Profitability	8 (2.1)	25 (6.5)	86 (22.4)	131 (34.1)	114 (29.7)	20 (5.2)	384 (100)	265 (69)	3.98	1.09
Growth in Dividend Yield	5 (1.3)	20 (5.2)	51 (13.3)	112 (29.2)	134 (34.9)	62 (16.1)	384 (100)	308 (80.2)	4.40	1.14
Return on Assets	2 (0.5)	29 (7.6)	55 (14.3)	150 (39.1)	86 (22.4)	62 (16.1)	384 (100)	298 (77.6)	4.24	1.14
Earnings per Share	12 (3.1)	16 (4.2)	55 (14.3)	126 (32.8)	146 (38)	29 (7.6)	384 (100)	301 (78.4)	4.21	1.11
Growth rate in Economic value added	3 (0.8)	11 (2.9)	63 (16.4)	118 (30.7)	145 (37.8)	44 (11.5)	384 (100)	307 (80)	4.36	1.03

Source: Field survey, 2021. Percentage in parenthesis

From table 4.18, “Growth in dividend yield” appears to be the most supported statement with a mean value of 4.40 and standard deviation of 1.14 followed by the statement “Growth rate in economic value added” has a mean and standard deviation values of 4.36 and 1.03 respectively then “Return on assets” with mean of 4.24 and standard deviation of 1.14 followed by “Earnings per share” with mean and standard deviation values 4.21 and 1.11 respectively then “Profitability being the least with mean value of 3.98 has a standard deviation of 1.09. Reponses of respondents to this statements vary as shown in this table, however majority of the respondents responded with “High” followed by “Moderately high”. Growth in dividend yield ranked the highest in this section, this suggested that the respondents believed that payment of dividend in Nigerian is considered a reflection of an effective financial performance.

Inferential Analysis

The Ordinary Least Square (OLS) regression is used in determining the effect of all balance scorecard proxies on FPI. Two tables containing the model summary/ANOVA and the regression coefficient reveals the result of the OLS regression.

Table 4.2: Model Summary and ANOVA

Model Summary					
	R	R Square	Adjusted R Square	Std. Error of the Estimate	
	0.545	0.297	0.289	0.68807	
ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.

Regression	75.731	4	18.933	39.990	0.000
Residual	179.434	379	0.473		
Total	255.165	383			

Source: Author's Computation, 2021; underlying data from Field Survey. Note: Predictors are (Constant), FINP = Financial Perspective, CUSP = Customer Perspective, INLGP = Innovation Learning and Growth Perspective and INTBPP = Internal Business Process Perspective. Dependent variable is FPI = Financial Performance.

In Table 4.2, the model reveals an adjusted R-square of 0.289, which indicates that 28% of the variation in FPI is explained by the independent variables (balance scorecard proxies). Also, the F-statistics value of 39.99 is statistically significant at 1%. This means that the joint effects of the independent variables (balance scorecard proxies) significantly explain the variations in Financial Performance Index (FPI).

Table 4.3: Regression Result of Balance Scorecard on Financial Performance (FPI)

	Unstandardized Coefficients		T	Sig.
	B	Std. Error		
(Constant)	0.551	0.376	1.465	0.144
CUSP	0.050	0.081	0.617	0.537
INLGP	0.330	0.063	5.210	0.000
INTBPP	0.334	0.072	4.624	0.000
FINP	0.145	0.056	2.610	0.009

Source: Author's Computation, 2021; underlying data from Field Survey. Note: Predictors are (Constant), FINP = Financial Perspective, CUSP = Customer Perspective, INLGP = Innovation Learning and Growth Perspective and INTBPP = Internal Business Process Perspective. Dependent variable is FPI = Financial Performance.

The summary of the estimated regression model that investigates the relationship between balance scorecard and financial performance is presented below in an empirical form.

$FPI_i = \alpha + \beta_1 CUSP_i + \beta_2 INLGP_i + \beta_3 INTBPP_i + \beta_4 FINP_i + \mu_i$ ----------------Model 1

$FPI_i = 0.551 + 0.050 * (CUSP_i) + 0.330 * (INLGP_i) + 0.334 * (INTBPP_i) + 0.145 * (FINP_i) + \mu_i)$ ----------------------------Model 1

Following each of the variables of the independent variables as revealed (β_1= 0.050; β_2 = 0.330; β_3= 0.334; β_4 = 0.145) > 0. Based on these results, each of the coefficients of independent variables suggested that the coefficients of customers' perspective, innovation, learning and growth, internal business process perspective and financial perspective were all positively signed and were consistent to the expectations of the study. Furthermore, customer perspective (CUSP) positively affects financial performance of quoted service companies in Nigeria. Considering the probability of the t-statistics (P-value of 0.537) i.e. 53.7% which is higher than 5% level of the chosen level of significant of 5%, reflects that CUSP do not significantly affect financial performance (FPI). The coefficient of CUSP (0.050) means that a million Naira increase in CUSP would yield 0.050 Naira increase in financial performance (FPI). In other words: The result for the regression of balance scorecard proxies on Financial Performance (FPI) is shown in Table 4.24. Customer Perspective (CUSP) has a positive relationship with FPI with a coefficient value of 0.050, however this relationship is not statistically significant (P-value = 0.537). This implies that Customer Perspective does not influence the Financial Performance of listed companies in Nigeria.

Also, Innovation, learning and growth perspective (INLGP) positively affects financial performance of quoted service companies in Nigeria. Considering the probability of the t-statistics (P-value of 0.000) which is less than 5% level of the chosen level of significant of 5%, reflects that INLGP significantly affect financial performance (FPI). The coefficient of INLGP (0.330) means that a Naira increase in INLGP would yield 0.330 Naira increase in financial performance (FPI). Also, internal business process perspective (INTBPP) positively affects financial performance (FPI) of quoted service companies in Nigeria. Seeing that the probability of the t-statistics (P-value of 0.000) which is less than 5% level of the chosen level of significant of 5%, reflects that INTBPP significantly affect financial performance (FPI). The coefficient of INTBPP (0.334) means that a Naira increase in INTBPP would yield 0.334 Naira increase in financial performance (FPI) of quoted service companies in Nigeria.

Finally, financial perspective (FINP) equally positively affects financial performance (FPI) of quoted service companies in Nigeria. Considering that probability of the the t-statistics (P-value of 0.000) which is less than 5% level of the chosen level of significant of 5%, reflects that FINP significantly affect financial performance (FPI). The coefficient of INTBPP (0.145) means that a Naira increase in INTBPP would yield 0.145 Naira increase in financial performance (FPI) of quoted service companies in Nigeria. This study found that each of balance scorecard had a positive significant effect on financial performance (FPI). Specially, the study equally found that the individual variables of innovation, learning and growth (CUSP), and internal business process perspective (INLGP) exhibited positive significant effect on financial performance of quoted service companies in Nigeria.

The results were consistent with the results of previous studies of (Anuforo, Ayoup, Mustapha & Abubakar, 2019; Osewe, Gachunga, Senaji & Odhiambo, 2018; Gupta & Salter, 2017; Zhang, Yaun, Naz & Magbool, 2020; Anuforo *et at.,* (2019) who investigated the effect of balanced scorecard on the performance and improvement of strategic plans of University of Utara Malaysia and revealed balanced scorecard implementation, had a positive significant effect on financial performance of the University. On the contrary, the results obtained in this model are not consistent with the previous studies of Owolabi, Adetula and Taleatu (2020) who examined the effects of balance scorecard on performance evaluation in small and medium enterprise in Nigeria and the result revealed that balance scorecard perspectives have negative positive effect, as a result not been frequently used by the small and medium enterprises in Nigeria.

Conclusion, Recommendations and Contribution to Knowledge

Conclusion

The study considered the effect of balance scorecard on financial performance of service companies. The study carried out descriptive statistics and inferential analysis. The regression analysis revealed different reactions of the variable members of the specified model, while each of innovation, learning and growth perspective (INLGP), internal business process perspective (INTBPP) and financial perspective (FINP) revealed positive significant effect on financial performance, customers perspective exhibited positive insignificant. However, the joint statistics of the study showed that balance scorecard had a positive significant effect of financial performance of quoted service companies in Nigeria.

Recommendations

The management of quoted service companies should be sensitive to the complaints of customers since they hold a significant position in the survival of every service company. For instance, the hotels and tourism service companies depend solely on the patronage of the customers. The result revealed that customers' perspective negatively affected the financial performance. The managers and those saddled with the responsibility to attending to customers should be well trained and show high level of responsiveness and ability to show respect to the customers. After all, the customer is the king is a true reflection in this result. The investor should be watchful and consult appropriately before making investment decision. The study reveals the performance of corporate organization from the financial assessment and non-financial assessments of corporate organization performances. Depending only on the traditional measures of financial and ratio analysis in most cases may not be adequate to take an investment decisions. The government should provide an enabling business operating environment that will enhance effective financial performance. Undoubtedly, government is one of the stakeholders in the fortunes of corporate organization. The government should also provide some basic infrastructures, security and political stability to augment the efforts of the management to achieve their strategic plans towards holistic financial performance.

Contribution to Knowledge

The body literature will find this study useful and it will serve as an additional contribution to literature. The previous studies who had examined balance scorecard and/or financial performance have used different variables to measure both the dependent and independent variables of the study; this could have resulted to divergence findings and mixed result.

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