

Evaluating bank performance and measuring employee satisfaction through a balanced scorecard

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Abstract

The goal of companies constantly is growth and prosperity, and to achieve this they must adopt administrative methods that enable them to evaluate performance, identify weaknesses and address them, and among the points that must be stopped is employee satisfaction and how it can be measured as it is one of the main things that must be taken care of because of its impact on the company's performance, The balanced scorecard is one of the administrative tools that companies use to evaluate and study financial variables and internal processes and extend to customer satisfaction, growth and learning, thus it is an effective tool for evaluating companies, the research aims to measure the extent of employee satisfaction in achieving efficiency and effectiveness in reaching the sub and main goals that companies seek Access to it through the indicators included in the Balanced Scorecard. The study concluded that there are indicators and measures that have positive and negative effects on employee satisfaction. The study concluded with reference to a set of important conclusions and recommendations that focus on the topic of research.

I. Research Methodology

1- Research problem

Human resources are one of the main elements that contribute to the activity of economic units and the extent of their effectiveness in achieving their goals, and the lack of measures and indicators through which knowledge of the degree of employee satisfaction with the economic unit to which they are affiliated will lead to shading the information on which the administration relies to complete its work, take decisions and evaluate Their performance. Therefore, questions can be asked below:

A- Does measuring employee satisfaction help achieve the productive efficiency of the economic unit?

B- Does measuring employee satisfaction help in the growth of economic units and keeping pace with economic developments.

2- Research objectives

The research aims to shed light on employee satisfaction and measure it through:

A- The balanced scorecard and the axes it contains.

B- Staff satisfaction and the theories explained to him.

C- The moral dimension of employee performance

3- The importance of research

The importance of the research is reflected in the study of the material and moral aspects that can affect the work of the employees and its analysis and knowledge of the strengths and weaknesses in order to reach modern strategies that can be pursued by the economic units in developing their capabilities and activities.

4- Research hypothesis

The use of a balanced scorecard in measuring employee satisfaction gives indicators that can reach results that help decision makers in the company to develop and grow it, as well as knowing the impact of employee satisfaction in achieving the goals of the company.

II. Methods

Use Balanced Scorecard to Evaluating performance and measuring employee satisfaction

first requirement - balanced scorecard

1- About the balanced scorecard

The first to establish a balanced scorecard is Kaplan & Norton in 1992. I promised to measure the organization's performance and work to develop the company's future through the use of internal processes and customers, growth and learning as a source of performance evaluation and after conducting a research project on 12 major companies in the United States of America regarding Defining requirements for managers for performance efficiency measures that came out with the results of building a balanced scorecard system by Kaplan & Norton. Attention began to use the balanced scorecard and the necessity of integrating financial and non-financial measures resulting from accounting systems to meet the needs of managers, especially the higher management managers, regarding the assessment of performance adequacy due to the fact that Each set of

metrics referred to reveals a limited area for that performance, and the requirements of managers in this regard are not only relying on financial and non-financial standards, but also collecting and presenting them in a unified format to demonstrate the achievement of goals and strategic plans and to draw an integrated picture of the performance of the organization in all its activities and directions, which were aimed at achieving operational and strategic goals. The organization for the purpose of motivating them and pushing them towards improving and developing their performance in a way You will pass.

2-Definition of a balanced scorecard

It is a framework for structured integrated measures derived from the strategy and contains financial measures for past performance and future directions for non-financial performance which are customers, internal processes, learning and growth. [9], as it was defined: as the primary tool of management to help it in evaluating the organization's performance in an integrated manner and enabling key administrators to formulate development plans by providing a set of objective and relevant information related to the organization's operational activities. [14] As well as a comprehensive and integrated control system that combines financial and non-financial standards within four basic dimensions, namely the financial dimension, the customer dimension, the internal dimension of the organization's operations, and after learning and growth. [8], It is the method that translates the mission and strategy of the economic unit into a set of performance measures that provide a framework for implementing the strategy and not only focuses on achieving financial goals, but it also sheds light on the non-financial goals that the organization must achieve against its financial goals [12].

3-The importance of a balanced scorecard

The organization gets several benefits when using the balanced scorecard as a strategic management tool to measure the performance of business results and the most important of them can be summarized as follows:

- The balanced scorecard provides a practical framework that links measurement to both the quantitative and qualitative criteria [2].
- The organization's mission and strategy are translated into regular and sequential goals and measures in four areas: finance, customer, internal operations, learning and growth.
- The importance of the card is evident in its being a contemporary tool that gives an integrated picture of traditional financial standards and other intangible standards that affect the performance of the organization in the present and future.
- The organization assists in the formation of the governing performance measures consistent with the strategy at all levels of the organization [3].
- The organization assists in the effective and efficient management of available human resources through following employee motivation systems and on sound and sound foundations .

It provides high management with a clear and accurate picture of the performance of departments and departments and evaluating their contributions to achieving the strategic goals of the organization [1].

- It is described as a communication and delivery system and an information and learning system and not a traditional control system, and by means of its measures it presents the organization's long-term strategy in order to ensure the elements of competitive success and all this is achieved through the feedback provided by the balanced scorecard system after which the first basic tool for strategic management [13].
- Emphasizing the relationship of cause and effect in building the card provides the organization with mobile thinking, and helps workers in different departments to strive for achieving compatibility between the parts and contents of the card to achieve the goals and objectives of the organization as a whole, that is, it achieves cooperation, synergies between the activities and activities of the various departments branches of the organization and thus achieves a saying What cannot be measured cannot be managed.

4-Axes of the Balanced Scorecard [11]

Financial axis:

The balanced scorecard contains the axis of financial performance at the beginning of the card because the financial performance represents the essence of the economic results, resulting from the implementation of the strategy as well as the contribution of financial performance indicators in the field of improving revenues. The financial axis represents the amount of future strategic profitability by reducing costs and increasing the competitiveness of the company and growth in front of other companies, and operational operations are the base of this axis. It also represents the rights of owners and shareholders in the company and that the objectives of this axis are the profitability of the company in the future and increase the share of shareholders from the return. On their investments, the financial measures are profitability, sales growth, and risk measurement. The Balanced Scorecard measures the financial axis such as net income and return on investment, because these measures are generally used to measure the financial performance of the organization, and it provides a database for analysis and comparison between organizations.

Customer axis:

The importance of customers in the company comes because the customer is the one who generates the profit for the company and the customer axis is a "significant" source in the composition of revenues related to financial goals, and therefore this axis will display and reflect the parts of the markets and the customers that business and competition units depend on. Customer desires are measured by indicators of how much the company meets from customer expectations or informing clients and guiding them. Thus, the company will have customers who are not only satisfied but profitable, and this measure helps to make companies focus on the customer rather than become companies that the customer acquires and Kaplan & Atkinson indicates that the goals The strategy is in the customer axis by relying on customer profitability analysis that supports building and formulating a successful strategy for the company.

Axis of internal operations:

This axis is considered the prelude to the operations of the customer axis by raising the value of the customer and the financial axis by enriching the owners. In the internal operations axis, managers work to meet the internal and critical processes that the organization should excel in the implementation of its strategy and the performance measures of the internal business units focus on the internal business chain that are It has a wide impact on customer satisfaction and achieving the organization's financial goals. The organization provides a clear picture of the financial axis and the customer axis, as it will be able to renew from them, it will achieve the difference in the proposed value for the customer and improve productivity with regard to financial goals. The axis of internal operations involves critical operational processes.

Learning and Growth axis:

The fourth axis of the dimensions of measuring and evaluating the adequacy of performance and evaluating it according to BSC, focuses on organizational learning and growth that is intended to identify and diagnose the infrastructure on which the organization is building for long-term development and that any organization needs the appropriate resources, systems and facilities to support them in achieving the goals. Without learning and growing in the organization, the institution is unable to adapt to the changing environment. In order to successfully adapt, the organization must constantly train employees in the necessary technology, information systems and facilities to meet customer demands.

Second requirement: employee satisfaction

Employee satisfaction is defined as a positive trend towards the job performed by the employee, as he is satisfied with the various environmental, social, economic and administrative factors related to his job [4]. Hoppock is considered one of the first researchers in the field of job satisfaction, where it is defined as: a set of psychological and functional factors and environmental conditions that make the employee satisfied with his work, as portrayed by Locke and Porter as representing the difference in understanding the relationship between what one expects to obtain From his job, and what is already obtained (Hakim, 2009: 2),It is defined as: the state through which the individual fulfills himself and satisfies his desires, which makes him approaching his work with desire and is keen to increase his productive efficiency [6].

1-Some theories explaining job satisfaction:

A- Herzberg theory:

Among the theories that explain job satisfaction is also Herzberg's theory, which is called the theory of workers, and it is originally linked to the application of Maslow's theory of needs in the workplace, where "Herzberg" believes that there are two groups of factors, one of which is considered as motives that lead to the satisfaction of workers with their work and called them factors related to the job or work itself It has limited it to the individual's sense of accomplishment, has a responsibility, and provides opportunities for promotion to higher positions and participation in making decisions related to work. As for the other group of factors, it is considered as motives that lead to workers 'dissatisfaction with their work, and he called them factors surrounding the job or work, and he has limited them to those The conditions that surround the work, such as the presidency, administration, supervision, or leadership style, the nature of the relationships between the individual and his colleagues, and between him and his superiors, and the conditions of the environment surrounding the [7].

B- Vroom theory:

Vroom explained job satisfaction on the basis that the process of satisfaction or dissatisfaction occurs as a result of the comparison that the individual makes between what he expected from the returns of his behavior and the personal benefit that he already achieves. Hence, this comparison leads the individual to differentiate between several different alternatives to choose a specific activity. It achieves the expected return

to match the benefit that it actually earns, and this benefit includes both the material and moral sides together. What he thinks he deserves [7].

2-The relationship between employee satisfaction and performance:

In this regard, there are three directions, the first trend confirms that job satisfaction leads to increased productivity, and the second trend sees that there is no relationship between job satisfaction and performance, and the third trend confirms that job satisfaction is the result of a worker receiving fair rewards and these fair rewards as a result of linking them The need to perform a certain performance. [10].

The first direction: This trend is the result of "Hawthorne" experiences and research in the thirties, where the focus was on human relations and increased interest in workers by hearing their complaints and solving their problems and satisfying their material and moral needs and then encouraging workers to participate in management, and the goal was to raise their morale, which in turn Lead to increased productivity The results of experiments have shown that productivity has increased and that the factors that have been introduced in the work have led to increased motivation for work, and this causal relationship between job satisfaction and performance contributed by the School of Human Relations has provided multiple methods of human relations with the aim of increasing job satisfaction among workers and these Methods such as participation in management, lenient supervision, advice and guidance.

second direction: It confirms that there is no direct relationship between satisfaction and performance, as the results of some research in the fifties and sixties confirmed that there are situations and situations in which workers are of a high degree of morale but they are less productive as positions emerged to the contrary where workers are at a low degree of Morale, however, that their productivity is high and stressed that it is possible to increase the productivity of an individual by pressure or using the dictatorial method of administration, and thus the production is high and job satisfaction is low.

third direction: He says that job satisfaction achieves high performance, acceptance of positive returns (incentives) such as salary, promotion, and good relations in the event that the worker realizes that these returns are subject to a certain level of performance. He who performs and weakens his loyalty to the organization in which he works, as a result of which the employee withdraws from his work psychologically through absent-mindedness and drowning in daydreams, or withdraws physically through late work and early exit or extending the times of rest and absence and disrupting the work and the employee's dissatisfied behavior may reach the attempt of revenge From the organization.

Results of implementation the balanced scorecard in Al-Rasheed Bank

The research was applied in Rasheed Bank, one of the main banks in Iraq, and the four Balanced Scorecard perspectives were applied with a focus on aspects related to the work of employees through a comparison between 2017 - 2018

Financial - The financial axis is the strategic guide for the overall performance of the bank and ranks first in the series of goals for which banks, especially commercial ones, are established. The financial axis is the cornerstone on which the satisfaction of employees is reflected and the extent of their conviction with their jobs and achieving the goals that the bank management seeks, and from here we find that the financial axis is a result or a basic indicator in assessing employee satisfaction because of its tangible material repercussions that can be expressed in profit growth This axis contains the indicators below:

1-Growth in net income: It is a tool used to measure the ability of the bank's management to generate profits. This indicator is an important measure that reflects the owners 'satisfaction with the performance of the bank, and it can be calculated as follows

$$\text{Growth in net income} = (\text{current year income} - \text{previous year income}) / \text{previous year income}$$

Growth in net income The growth rate in net income reached its highest level in 2017 of 149%, and the reason for this rise is that the bank achieved a loss during 2011 and then continued at the same pace during 2018 and the growth rate in net income was 4% because the rise in this The ratio indicates the ability of employees to fulfill their obligations towards the goals and desired levels of performance that the bank's administration seeks to achieve.

2-Loans Growth Ratio: It is an indicator that reflects the extent of development in loans from one year to the next and the extent of the administration's ability to attract clients. It is calculated as follows:

$$\text{Loan growth} = (\text{loans and advances for the current year} - \text{loans and advances for the previous year}) / \text{loans and advances for the previous year}$$

Loans Growth Ratio The percentage of loan growth during the year 2017 from the year preceding it reached 200%, and this is a positive indication for the bank because loans are one of the important activities in banking business, as the nature of the banks 'work is to attract money from units of financial surplus to units of financial deficit with interest margin obtained by the bank as a result For this work and that this high percentage indicates the ability of the bank to attract customers, it is also noticed that this percentage decreased to 109% in 2018 and

this indicator is good despite the decline and this indicates the influence of indirect employees in facilitating the operations and financial procedures included in this activity.

Internal operations:

This axis includes the main activities carried out by the bank, through which it can utilize its available resources efficiently to provide banking services with the required quality and reduce the waiting period of customers to obtain the service and achieve their satisfaction resulting from employee satisfaction from work. The internal operations axis has several indicators, as follows:

1-The percentage of employees on the front lines: is measured by dividing the number of counter employees by the total employees working at the bank. It can be calculated as follows: -

Front line staff ratio = number of counter employees / total number of bank employees

The percentage of employees on the front lines The number of counter staff reached 10 in 2017 and then increased during the year 2018 to 12 employees and there was no significant change on it due to the limited space for employees to work for customers, even if we notice that the percentage increased from 9% during 2017 to 9.8 during year 2018.

2- Rewards: The administration uses the rewards for the purpose of motivating the employees and carrying out their duties in the best way by linking the employees' work with amounts that are spent from time to time. The rewards are measured as follows:

The administration is working with this procedure for two reasons. The first is to motivate workers and employees to provide the best possible in performing the required actions from them and the second is to give a picture to the employee expressing the administration's appreciation for his efforts in the performance of his duties. We note here that the percentage of bonuses in 2018 has increased from the proportion of 2017 bonuses by 15% It indicates a good indication of the employee's dedication to providing the best levels of performance resulting from the job assignment

3-Employee benefits If the benefits granted to employees are large, the degree of employee satisfaction for work has increased. We find here in the research sample that employees enjoy privileges that differ from what exists in other facilities or organizations, which are

- An additional monthly salary payment at the end of the fiscal year
- One of the advances granted by the bank to state employees is (5,000,000) dinars, while bank employees affiliated with its owners are (10,000,000) dinars and it is considered a privilege for bank employees
- The interest rate for loans granted to state employees is 8%, while bank employees are 2%.

These privileges are unique to the bank's employees

Customer perspective:

The survival and growth of any organization depends on providing products and services to its customers, and gaining their satisfaction through its interest in meeting their needs and desires, which are in a state of continuous change over time. and for this dimension a number of indicators are:

1-Customer participation in operations: It means the customer's participation in performing some banking operations on his own, such as writing withdrawal and bank deposit slips and filling some forms required by the banking services that the customer requests such as loan applications, as well as using ATMs. The customer's participation in banking operations does not exceed these limits because most banking activities are accomplished behind the counter, and electronic banking is still new to most Iraqi banks.

2-Customer waiting time rates: It can be known by monitoring a number of customers upon receiving banking services such as discounting commercial papers, depositing in the current account, saving or withdrawing from them, or issuing a certified instrument or forgiving to the beneficiaries and other services provided by the bank, and the waiting period has a significant impact on The customer's satisfaction and the extent of his retention, thus achieving the bank's financial goals and gaining customer value. There are currently no methods in the bank to measure the rates of a customer's waiting time, such as marking the time of entry and exit of each customer as is the practice in the banks of other countries

Learning and growth perspective:

This axis focuses on the administration's interest in revitalizing and renewing the capabilities of workers in a manner that is compatible with what is needed for the implementation of the bank's strategic plan, as well as its interest in information systems and administrative procedures appropriate to the spirit of the times. The indicators of this dimension are summarized in the following:

1- Staff productivity: means the relative relationship that is quantifiable between outputs and the workforce, i.e. it reflects the relationship between the value of production and one of its factors, and there are several concepts of productivity and the common among them is labor productivity and is the most used, especially in service financial institutions, including banks, and is extracted by dividing the net profit by a number Workers(Staff productivity = net profit / number of employees).The average productivity of workers reached 28,963,690 Iraqi dinars during the year 2017, and this productivity increased significantly during the year 2018 and reached

165,216,952, which is a good indicator for the bank indicating that workers gain experience and complete transactions using the lowest possible resources (such as time, work requirements, energy, as well as by attracting and retaining customers with a presence Specialized staff and eager to provide the best service.

2- Participation in training programs for employee development: This indicator shows the extent of the administration's interest in this vital aspect of activating the role of employees in the bank by providing distinguished services to customers, through courses that are inside Iraq and dispatch outside Iraq. Development programs, employees The bank employees participated in many training courses inside and outside Iraq, and they are few compared to the work of the bank, where the training courses during the year 2017 reached (12) courses and 11 of them were inside Iraq with one delegation outside Iraq, while in 2018 it reached 11 training courses all inside Iraq We note that the training courses are few, which negatively affects the work of the bank, and we are in the time of development and the time of modern technology.

3- Employee turnover rate: This measure reflects employee satisfaction and the extent of their satisfaction with their jobs and the management methods that superiors follow in dealing with subordinates and business performance methods and is calculated as follows: $\text{Employee turnover} = (\text{number of employees leaving work} / \text{total number of employees})$ The rate of work turnover reached 0, 9% in 2017, which is a low rate that indicates the satisfaction of employees and their conviction with their jobs and the salaries and incentives that they receive from the bank and the good way of management to deal with workers. This is a positive indicator that is calculated in favor of the bank and the percentage decreased to zero during 2018

III. Discussion- Conclusions and Recommendations

Conclusions

1- The previous studies of the balanced scorecard and its applications in banks did not show a clear picture about what are the indicators that cause employee satisfaction and the degree of influence of these indicators in measuring the degree of performance of the employee.

2- The use of balanced scorecard indicators to measure employee satisfaction is not directly affecting business results.

3- The degree of consistency of the balanced scorecard indicators for employee satisfaction with the financial axis is lower than it was in the other three axes, because the dependence of these axes on employee performance and its impact on the performance of the bank in general.

4- The provision of the appropriate environment for work by the administration and the provision of the necessary supplies and methods of rest have a clear reflection on the employee's performance.

5- One of the reasons for increasing the bank's market share and attracting new customers is the way the employees deal with customers, resulting from their eagerness to reach the set goals.

6- The evaluation of the efforts made by the employees and praising them with thanks and appreciation for the efficient and effective performance of meals gives a high moral payment to the employee and consequently a reflection on his performance and increasing his productivity.

Recommendations

1 - Given "developments and changes in the work environment that require departments to search for new and evolving methods, attention must be given to the behavioral and psychological aspects of employees, given their contribution to achieving the main and sub-goals

2 - Finding financial and non-financial measures to measure employee satisfaction that are relied upon by departments in making decisions that are likely to affect business results in their absence.

3 - Working to develop the capabilities and capabilities of employees through their participation in training courses as well as facilitating the requirements for obtaining higher degrees, which has a positive impact on satisfaction and thus performance.

4 - Approving the results of the Balanced Scorecard to evaluate the banking performance, reveal the deviations that occur at different levels of performance, and take the necessary corrective measures.

5 - Acknowledgment by the senior management of the value of the efforts made by the employee through bonuses and thank-you books.

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