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# Performance Evaluation of Commercial Banks in Ivory Coast

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**BY**

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东北财经大学

硕士学位论文

# PERFORMANCE EVALUATION OF COMMERCIAL BANKS IN IVORY COAST

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# ABSTRACT

In the recent past, business relies only on financial indicators as the measures for evaluating performance. There is the requirement to include non-financial and financial measures of performance and determine key performance indicators that connect measurements to strategy and Balanced Scorecard is one of such instrument because it assesses the performance of an organization from various stages, namely financial, customer, internal process and learning and growth. However, it appears that this powerful tool is not implemented yet by plenty of industries in Cote d'Ivoire including commercial banks. This study therefore aimed at evaluating performance of banks in Cote d'Ivoire using balanced scorecard framework.

A sample size of three (3) banks was employed out of the population of twenty five (25) commercial banks for the completion of this research. A total of fifty nine (59) copies of questionnaire were distributed to the executive staff and customer of the three (3) selected banks out of which fifty four (54) copies were properly filled and given back. A computation of several metrics/measures and the Spearman's Rank Correlation Coefficient were used as the techniques for data analysis. The survey concluded that BSC framework can be implemented to assess performance of banks in Ivory Coast and also argued that is a relevant measurement tool which can provide additional information on customer satisfaction, internal business processes and learning & growth perspective. Therefore the survey advised companies to carry out the BSC in order to fully take advantages from their investment.


**Keywords**: Balanced Scorecard, Performance evaluation, Commercial bank, Cote d'Ivoire

# 摘 要

在最近的过去，企业只将财务指标作为评估绩效的标准。然而，包含非财务和财务绩效标准和确定将标准与战略相结合的关键绩效指标是十分必要的。平衡计分卡就是一个这样的工具，因为它从不同的角度评估一个组织的绩效，即财务、客户、内部流程和学习与成长。但目前看来，在科特迪瓦，这个强大的工具还没有实现在包括商业银行在内的行业中的广泛使用。因此，本研究旨在评估科特迪瓦国内使用平衡计分卡框架的银行的绩效。

二十五家商业银行中的三家银行被选作样本以完成这项研究。总共五十九份问卷被分发给三个被选定银行的高级职员和客户，其中五十四份问卷被填好并收回。一些指标/测度的计算和斯皮尔曼等级相关系数被用作数据分析方法。调查得出结论，平衡计分卡框架可以被应用来评估科特迪瓦国内银行的绩效，同时也证明这是一个能够在客户满意度、内部业务流程和学习与成长方面提供附加信息的相关测量工具。因此，调查建议企业实施平衡计分卡以便从他们的投资中充分获利。

关键词：平衡计分卡，绩效评价，商业银行，科特迪瓦

# Performance Evaluation of Commercial Banks in Ivory Coast

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# 1 INTRODUCTION

This inaugurating chapter will provide the reader with an overview into the research topic. The main focus of this paper is the evaluation of banks performance in many ways and measures by using balanced scorecard framework.

## 1.1Background of Study

The background to the study is provided in the next sections which analyze the notion of performance and examine the importance of measuring commercial banks performance. It looks at introducing the balanced scorecard as well and explains the motivation for this work.

### 1.1.1 Analysis of the notion of performance

The notion of performance in a business plot raises a lot of questions while generating various definitions. The performance design has evolved over time, we can roughly say that the performance is based on the value-cost the company tends to optimize. How can we define performance?

The performance of a company is based on everything that helps to improve the couple value-cost and that tends towards maximizing net value creation. Thus, a successful business can be translated by: a  sustainable business that makes money and which is sustainably profitable, a company that challenges its competitors in terms of quality and speed of service, an innovative, efficient, responsive and surely evolving constantly and sustainably; a company that creates value while meeting the market requirements with an edge; a company that has put up good performance indicators to establish winning development strategies; a smart business financially, socially, environmentally, technologically and qualitatively; a company where reign values, motivation, skills, collective intelligence and autonomy; a company that achieves customer loyalty fill its order portfolio through constant monitoring and continuous projection into the future.

According to Albans (1978) the word ‘’performance ‘’ characterizes the endeavor to get at the purposes effectively and efficiently, the fulfillment of targets involves the integrated utilization of natural, financial and human resources. In other words , ‘performance’ also means efficiency.

### 1.1.2 The role and importance of measuring the performance of commercial banks

Commercial banks are companies formed by a capital held by outside shareholders to their customers, as opposed to cooperative banks. They aim to realize business benefits. These banks may be national or regional. To attract customers, they offer various financial and non-financial products:

Credits: personal credit, home loan, investment and savings

Insurance: life insurance, auto and home insurance.

First, they offer a return on savings to encourage savers to deposit a large amount. The return offered is certain and therefore without risk. In period of crisis, when the economy is bad, savings accounts are safe havens for investors. The total value of savings accounts therefore increases dramatically. For banks, this money is not sleeping. They lend it to the economic players who need. Loans are granted to individuals and, at varying rates depending on the client's risk. The bank may grant loans of various maturities. What was only a starting cost for bank compensation accounts becomes a source of income, loans. The savings collected is also a way for the bank to offer a host of ancillary services to be billed to customers in the form of commissions. The main service is the issuance of means of payment, the credit card, checks, bank transfers, which are all a source of revenue for the bank. This is the billing services that yield the most commercial banks. However, in recent years the commercial banks have expanded their areas of expertise and rare are those that limit their activity in retail banking. Commercial banks are also investment banks, private banks. They combine all the banking businesses.

# 1 INTRODUCTION

The financial environment of any country is composed of five main constituents which are : financial market, money, financial institutions, regulations and rules, and financial instruments. There are many types of financial institutions included building societies, retailers, finance companies, Commercial banks, credit union, stock brokerages firms, insurance companies and asset management firms. Among them, Commercial banks occupy a dominant position and are the central player in the financial system (Osagie& Osifo, 2009). As the other financial institutions, banks control the flow of money in the economy. Banks are responsible for money supply in circulation. The key role of a bank is to connect those economic agent who have capital (such as depositors or investors) wit those who are looking for capital (such as businesses trying to grow, or individual seeking a loan).

Economists, monetary authorities and policy makers admit that the capacity of banks to attain the desired objectives and to carry on playing the role assigned for them depends not only on the existence of regulatory environment and the quantity of operating banks but also on the performance efficiency that they achieved ( Olugbenga and Olankule, 1998).

Numerous studies found that the performance of financial intermediation has an effect on economic growth whilst others show that banks inefficiencies can cause crises which have unfavorable consequences for the whole economy (Duygun-Fehi and Pasiouras, 2009). Therefore, assessing the overall performance and monitoring the financial health of banks is useful for all parties (depositors, banks managers and regulators). The significance of performance in banking sector is highly fundamental because it has a large impact on the micro and macro level of the economy. Hence the financial system included banks has to perform well in order to rightly allocate economic resources and accomplish their intermediation function. Performance in banking then holds up the ability to put into practice macroeconomic policies resulting in economic growth, well-being, and sustainable development (Alkhathlan and amalik, 2010).

Thus, the performance measurement of financial institutions, especially commercial banks, has been treated with great interest over the past decades (Seiford and Zhu, 1999). This paper deals with a practical study on the commercial banks in Ivory Coast.

However, it is not an easy business to choose a convenient method for effective assessment of performance. There is plenty of literature examining different approaches related to performance evaluation. These approaches include TOPSIS : Technique for order of preference by Similarity to ideal solutions ( e.g.,Antucheviciene, J. 2006); CAMELS : Capital adequacy –Asset quality- Management quality- Earning – Liquidity – Sensitivity to market risk (e.g., Maishanu 2004; Beaver 1966; Sangmi & Nazir 2010 ); DEA : Data Envelopment Analysis (e.g., Zenios et Al. 1999; Thanoussoulis 1999; Sherman and Gold 1985; Chen and Yeh 1998; Charnes et Al. 1978); EVA : Economic Valued Added ( Stern.Stewart & Co. 1989; George T. Friedlob, Lydia L.F. Schleifer 2003); FSA : Financial Statement Analysis (e.g., Espahbodi 1991; Collins 1980); GRA : Grey Relation Analysis (e.g., Chan W.K. and Tong T.K.L. 2007; Tsai 2000 ); MSA : Multivariate Statistical Analysis (e.g., Craig A. Tracy & U.C Davis 2006; Chen 1991 Huang 1986 ); AHP : Analytic Hierarchy Process (e.g., Shih 2000; Myres & Alpert 1968; Saaty 1977); FRA : Financial Ratio Analysis (e.g., Zawadi Ally 2013); BSC :Balanced scorecard (e.g. Gunu Umar 2011; Sabah M. Al-Najjar 2012).

### 1.1.3 Introducing Balanced scorecard

The Balanced Scorecard (BSC) concept was brought in a 1992 Harvard Business review article by Robert S. Kaplan & David Norton after inquiring contemporary management accounting in many articles during the 1980s. However, previously in 1979, Parker proposed a balanced view on companies operation including measures related to marketing strategy and financial measures, development and research, social responsibility and employees.

The HBR article was based on a 1990 Nolan; Norton multi-company research project that analyzed performance measurement in firms whose intangible asset had an important role in value creation. Kaplan & Norton's interest in assessment for driving performance improvements emerged from a conviction enunciated more than a century before by the well-known British scientist called Lord Kelvin. He said that when you are able to evaluate what you are speaking about, and formulate it in numbers, then you have knowledge about it. He thinks that if you can measure it , you can make it perfect.

Kaplan & Norton considered that measurement was as essential to managers like it was for scientists. If firms were to ameliorate the management of intangible assets, they had to incorporate the measurement of intangible assets into their management systems.

After publishing the HBR article in 1992, several companies adopted the balanced scorecard giving Kaplan & Norton deeper and wider understanding into its potential power. The next 15 years later, the authors oh the HBR article widened and extended the concept into a management tool for communicating, describing and implementing strategy as it was adopted by thousand nonprofit, private and public enterprises around the world.

As stated by Roslender (1997), the BSC could provide a depiction of contemporary 'best practice' pursuits in accounting for strategic positioning, i.e. to sustain managerial effort to achieve and support a strategic position in the market place.

The balanced scorecard intends to mirror the needof balance between the traditional financial perspective and the three non-financial factors of customers, improvement/innovation and internal business processes. BSC describes an enterprise's mission and strategy as a perceivable set of performance measures to come up with the required method for a management system and strategic measurement (Kaplan & Norton, 1996). The BSC allows companies to follow carefully short-term financial results while at the same time controlling their improvement in developing the capabilities and obtaining the intangible assets that result in growth for future financial performance.

In the opinion of Kaplan & Norton, a practical strategic learning process needs a shared strategy framework that announces the strategy enables all participants to know how their individual actions contribute to reaching the overall strategy. The BSC provides a depiction of the enterprises' shared vision. The utilization of measurements as a language serves to translate nebulous and frequently complex concepts into a more 'accurate' form that promotes consensus among senior executives. The BSC gives a holistic approach that links personal efforts and achievement to business unit purposes.

The scorecard should include the intricate set of cause-and-effect connections among results measures and the performances drivers that show the path of the strategy of those results.

BSC may expressed as an execution tool and semi-standard structured report, supported by mechanization devices and configuration techniques that might be used by directors to always receive information concerning the accomplishment of activities by the staff under their inspection and to screen the results coming out from these movements (Banker, Chang & Pizzini, 2004).

## 1.2 Focus of study

The balanced scorecard can be described as a cautiously selected set of quantifiable measures coming from an organization's strategy. The measures picked for the scorecard depict an instrument for employers to use in interacting to workers and external stakeholders the results and performance drivers by which the organization will accomplish its strategic objectives and mission. A basic definition however is not able to tell us everything about the balanced scorecard. There are three factors to this tool thus it can be implemented as strategic management system, measurement system, information tool or communication tool.

This study will consequently concentrate on examining in what respect the balanced scorecard and measures in various dimensions tell stakeholders further information as regards performance of banks in Cote d'Ivoire. The use of ordinary measures is to provide standardization, appropriateness and facility of presentation on reporting performance of banks in Cote d'Ivoire.

## 1.3 Problem statement and justification

As reported by Chien-Ta H.O. (2004) , performance appraisal can be a good way for the management of a given enterprise to understand better the strengths and the weaknesses of their managing strategy. Because of this reason, many writers in the world were concerned by assessing companies performances especially the financial institutions. A review of previous writings found several studies dealing with evaluating the performance of banks from different countries included Turkey : (Cengiz Erol, Hasan F. Baklaci, Berna Aydogan and Gokce Tunc 2013); Taiwan : (Chien-Ta Ho & Dauw-Song Zhu 2004); Bengladesh : ( Md Reaz U. & Jannatal F. B 2014); India ; A.R Jayaraman, M.R. Srinivasan 2014); Nepal : (Ashish Bhandari & Amrit Man Nakarmi 2014)

In Africa, most of the literature about banks performance is from east Africa : Tanzania (Zawadi Ally 2013 ); Ethiopia ( Dr, Fisseha Girmay 2010); Kenya : (Vincent Okoth Ongore & Gemechu Berhanu Kusa 2013). There are also many studies about performance assessment of banks in Nigeria ( Eriki P. & Osagie O. 2014; Sobodu Olantunji O. & Akiode P.O. 1998; Kolapo T. Fundo & Oke M. Ojo 2012) situated in west Africa. In other west Africa countries, such studies are either limited or non-existent. It's the case of Cote d'ivoire where specific literatures about commercial banks are still very few. Sandra Kablan(2007) studied the Bank efficiency ofevery WAEMU( West African Economic Monetary Union) countrieswhich included Ivory Coast.

Furthermore, as the previous discussion proposes, we might require more balanced performance information in order to wholly evaluate an organization's success. It appears that for all we have studied, we remain stuck in the slough of financial measurements. Tradition is maybe serving as a guide reluctant to yield to the present facts. Traditionally, the measurement of all companies has been financial. Accounting records that are being used to ease financial operations can be traced back thousands of years. At down of the twentieth century, financial measurement improvement was critical to the favorable outcome of the first industrial giants similar to General Motors. The financial measures used at that time were the ideal complement to the management philosophy and machinelike essence of the corporate entities. Competition was determined by economies of scale and scope, with financial measures giving the yardstick of success.

The circumstance is almost the same with what is going on in the banking industry in Ivory Coast today. The industry has failed to develop with variable times and still relies strongly on the use of financial tools in evaluation the improvement of strategies, allocation of resources to business unit and profitability to the detriment of its future profits long-term sustainability. This is consequently a weakening factor to evaluating true performance of banks in Cote d'Ivoire with respect to their goal and strategies. To get over this limitation, the balanced scorecard will be used to provide a balanced and more accurate approach to evaluating performance of banks in Cote d'Ivoire.

As mentioned by Marr and Schiuma (2002), the measurements systems being used by organizations were criticized more and more. Increasing number of companies seemed ''re-engineering'' their systems of measurement, with data proposing that between 1995 and 2000, 30 to 60% of organizations had changed their performance measurement systems (Frigo and Krumwied, 1999). Evidence suggests, for instance that in 2001 44% of companies worldwide have adopted balanced scorecard (26% in Austria and Germany, 46% in US and 57% in the UK).

And more recent data proposes that 85% of firms were going to get performance measurement system initiatives underway by the end of 2004 (William, 2001; Silk, 1998; Rigby, 2001). However, precautionary evidence from three academics of Austria noticed that 8% of 174 firms from German speaking countries chose not to implement a performance measurement system ( and a balanced scorecard in specific) because there were not able to see advantages or ‘’positive effect’’, particularly given the implementation effort needed ( Speckbacher et Al, 2003).

Vasconcellos (1998) and Ketelhohn (1999) noticed that the identification and selection of accurate measures and main performance indicators improve the implementation and approval of business strategy, simultaneously as improving employee comprehension of the business. In addition, Forza and Salvador’s study (2000, 2001) suggests that employee communication focused on feedback from measures enhances collaboration and make easier buy ‘in. Thus, this paper analyzes how the BSC framework can be utilized in giving further information to internal and external actors (stakeholders) concerning performance of banks in Ivory Coast.

## 1.4 Research questions

The research sought to answer the following research questions

- How can a BSC approach be used (internally and externally) for evaluating performance? (RQ1)
- Does BSC gives further information regarding the performance of banks in Ivory Coast? (RQ2)
- If yes, in what respects? (RQ3)

## 1.5 Research purpose

The main objectives of this study are to apply the BSC framework on banks in Cote d’Ivoire and assess if and in what respect it gives further information about banks’ performance.

## 1.6 Hypotheses of study

$H_{1:}$ The analyzed banks show only marginally the impact of non-financial perspectives on financial performance

$H_2$: The balanced scorecard framework provides additional information in performance evaluation of banks in Cote d'Ivoire.

## 1.7 Significance of the study

Balanced scorecard method can effectively help organizations to solve two major problems which are performance evaluation and the implementation of the strategy. Using this framework, the managers of banks will be able to detect the eventual reasons of poor performance and consequently this will contribute to properly manage their companies in the future. It is expected that the findings of the research will also provide a signal to investors and depositors whether to withdraw funds or invest from the banks.

## 1.8 Outline of the study

This study contained five chapters. By now, the content of the first chapter already known and familiar to the reader, therefore, only the content of the remaining chapters will be shortly discussed below.

**1 Introduction**

**2Literature Review**

**3 Research Methodology**

**4Findings and Discussion**

**5Conclusion**

To this end, the remaining part of this paper is arranged as follow. The next chapter deals with the overview of the literature associated to the research questions, on the precedent research within the field of the balanced scorecard as performance measurement and strategic model. This chapter provides also the reader with a review of relevant literature related to banks performance using other methods and analyzes the banking sector in Cote d'Ivoire. Chapter three gives a rundown methodology to be used for this study and data collection. In the fourth chapter, the findings are presented and the discussion about the results is provided while the chapter five concludes the paper and gives some recommendations for theory, managers and further research within the field of BSC as a performance measurement model and strategic control to banks in Ivory Coast.

# 2 LITERATURE REVIEW

## 2.1 Introduction

The preceding chapter examined the background and the problem statement of the field of study, leading down to the particular research questions. In this chapter, we review previous studies for balanced scorecard. The purpose of this chapter is to come up with pertinent literature in the area of BSC and banks performance and explore the banking sector in Ivory Coast. Firstly, we will overhaul theories related to how companies can use the BSC as a strategic and performance measurement model and associate that on how their performance can be measured using the balanced scorecard. Secondly, we will provide a review of literature about banks performance using various methods and then we will analyze the banking industry in Cote d'Ivoire.

## 2.2Definitions of the Balanced Scorecard

There are various definitions of the concept balanced scorecard from divers literatures and website like Google and Wikipedia. Below few of them are just enumerated:

‘’*The Balanced Scorecard is a wide-ranging and thoroughgoing performance appraisal tool to suitably plan and control a firm so it can achieve its goal.*‘’

‘’*Balanced Scorecard is a new idea in management of performance. Its keynel idea is implementation of organizational strategy instrument, which through customer, finance, internal processes and development and learning indicators in four are provide a relationship between the company's strategic tracks to attain performance assessment.*‘’

‘’*The Balanced Scorecard is a strategic management system and planning used to range business activities to the strategy and vision of the organization, enhance external and internal communication and track organizational performance against strategic goals. It is a performance measurement instrument that takes into* *consideration not only financial measures but also business process, learning measures and customer satisfaction*. ‘’ (Johnson et Al. , 2008)

‘’*A model of business performance appraisal that equilibrates measures of financial performance, innovation and learning, internal operations and customer satisfaction.* ‘’

In this research, we will adopt the three last definitions since these definitions describe the use of balanced scorecard as an organization performance assessment model that evaluate performance in various dimensions and measures.

Kaplan and Norton assimilate the usefulness of the BSC io requirement of a pilot maneuvering an aircraft as follows:

‘’*Think of the balanced scorecard as the dials and indicators in an airplane cockpit. For the complex task of navigating and flying an airplane, pilots need detailed information about many aspects of the flight. They need information about fuel, air speed, altitude, bearing, destination and other indicators that summarize the current and predicted environment. Reliance on one instrument can be fatal. Similarly, the complexity of managing an organization today requires that managers be able to view performance in several areas simultaneously*. ‘’(Kaplan and Norton, 1992, p. 71).

The citation above goes to point out the usefulness of the balanced scorecard in evaluating organizational performance. It places in front the significance of using both non-financial and financial key performance indicators (KPIs) that are analytical to the health of the firm and that provide the manager all the information that is needed to assist him/her concentrate on the accomplishment of its strategic goals.

The aptitude to control performance and outcome of an organization’s strategies through the picking of very few analytical measures/metrics that penetrate the whole organizational structure taking into consideration both external and internal factors, is what has influenced my decision to select the balanced scorecard among various other measurement and strategic control system as the tool to use for this study.

## 2.3 Balanced Scorecard as a Strategic performance measurement Model

Kaplan and Norton first launched the concept balanced scorecard as a performance measurement system to assist company accomplishes their strategies. It was argued that the BSC will help top management to properly communicate their strategies and vision to every worker of the organization via the common metrics that is well known by all the members in the company. It thus can be considered as an effective strategic communication tool.

Performance measurement can be seen as the procedure of measuring effectiveness, efficiency and ability, of a process or a system or an action, against given target or norm. (Deborah Nightingale, 2005)

The figure below depicts the BSC framework, which expresses the principal research question discussed in the preceding chapter. In the center of the figure, the vision of the organization can be seen and it is surrounded by the divers metrics and strategic objectives/goals for the four principal perspectives. There are several questions that companies planning to apply the Balanced Scorecard must try to reply. For Customer outlook, the principal question is how the company looks to its customers. For Financial outlook, the question the company must respond is how it looks to its shareholders. For the Learning and Growth outlook, the organization must focus on how it can constantly ameliorate its transactions and generate value. Finally, under the internal business outlook, what must the company excel at in order to produce value to its customers at a lowered transaction cost to enhance its profitability is the question to examine.

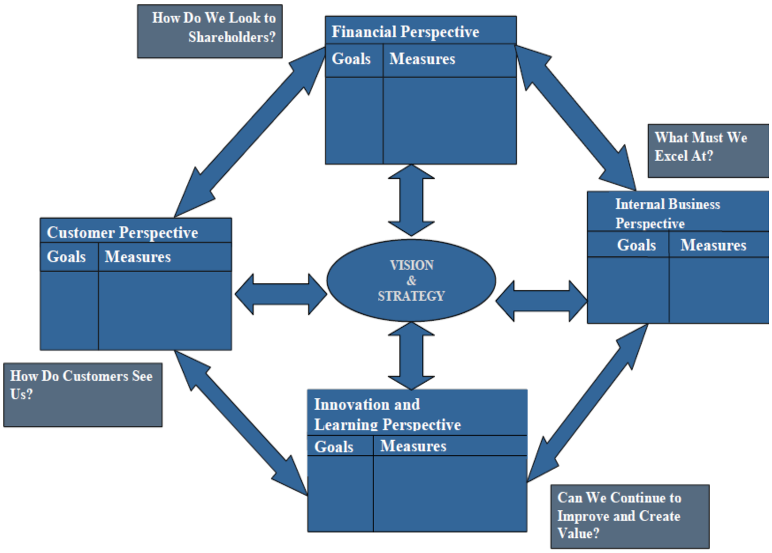


**Figure 2.1Balanced Scorecard as performance measurement tool**

**Source**: Robert S. Kaplan and David P. Norton, The Balanced Scorecard – Measures That Drive Performance, Havard Business Review, January-February, 1992

Robert & Adams (1993) also suggest that a measurement system should not only make easier the implementation of an organization's strategy, but also instigate a culture of continuous change.

Despite the fact that the BSC seems to be the most broadly concept, the proposition of visualizing and measuring the invisible in non-financial form is obviously not a ‘’ Kaplan and Norton’’ exclusivity. In the ‘’Invisible balance sheet’’ (Sveiby et al., 1989) , a Swedish group successfully discussed about non-financial measurements of human, market capital and structure. Acquiring inspiration from this book, the Swedish league of Service Industries (1995) advised divers performance measures on Intangibles. One of the dynamic adherents in the Council is Skandia. Skandia also attended in a group led by the Association of Swedish Public Relations (1996) that suggested measures of intangibles in five various segments. The purpose has been to satisfy the particular needs of an individual firm and to make a list of usually applicable indicators to be used when comparing companies.

Smith (1998) argued that the formulation of strategic goals and the supervising of their achievement is a complicated exercise for any firms. For him, the incorporation of qualitative and quantitative measures to give information about the competitiveness remains defiance for management accountant. In spite of the fact that the balanced scorecard is an acceptable means to surmount short-terminism, it still provides no clear information of a weighting system that would allow the four outlooks within the balanced scorecard to be mixed satisfactorily to generate 'organizational effectiveness'. Smith also states that the question of comparability also stays unclear because different product strategies, competitive environments and market situations will need different scorecard. As reported by Booth (1998), the veritable difficulty is not so much the identification, measurement and classification of intangibles, but rather coming up with the relation between financial performance and intangibles.

Balanced Scorecard is narrowly associated to the intellectual capital concept. In fact, the intellectual capital concept not only includes organizational learning and measurement, but even an endeavor to generate value for the long term. Intellectual capital talks about the logic of an economy of innovativeness (Mouritsen, 1999) by enabling individual and structuring processes. By putting acquaintance into information technology, personnel cognizance is provided structural and become able to be used again simultaneously at many places. The metaphors and stories including a vision of the future as crucial as the measurements of intangibles. The latter is almost identical to the view that Scorecard depicts a language used in the conversation between employees and top management (Cepro, 1998). It is a way to stress on the link between the performance of individual and the organization. Actually, as argued by Wurzburg (1998) there is significant work underway in companies attempting to determine how important intellectual capital variables participate to the company's performance.

On the other hand, Simons, 2000. Simons (1987, 1990, 1991, and 1994) examined other strategic-focused control management models such as LOC (Levers Of Control) which described a set of cases that participate to a theory how senior manager can utilize controls to develop and implement strategy. This opinion is culminated in ''Lever of Control'', Simons' book (Simons, 1995b), where it has been outlined how management controls can participate to real strategy implementation. Simons asserted that it is not the recognition of controls related to specific strategies that are crucial, but the apportionment of management attention among controls. He enunciated four main constructs that have to be examined and known so that strategy can be implemented successfully: risks to be kept away from; core values; strategic uncertainties and critical performance variables. Every construct is monitored by a various system, or lever, the utilization of which has different implications. The LOC model examines four kinds of controls systems: a boundary system, an interactive control system, a diagnostic control system and beliefs system. In this research, the Balanced Scorecard model will be utilized instead of the LOC framework because of the craze and the popularity of BSC model. The Balanced Scorecard framework is also more accurate for this study taking in consideration its focus, which has to do with evaluating the performance of commercial banks. Estimating performance in divers dimensions and measures is not also included in Simon's model which is fundamentally concentrated on the implementation of strategy as mentioned above.

Performance measurement models are not in the absence of imperfection. Performance measurement systems are considered as tools for joining the interest of the organizational player with the interest of the organization. When these models image reasonable cause-and-effect links between the chosen or adopted indicator, they are regarded the top to lists of indicator that do not reflect or conduct the organizational purposes. Nonetheless, setting up cause-and-effect relations between the indicators of divers areas of a firm may be complex because of the individual's restricted cognitive ability. Consequently, performance measurement models that state the existence of effective causal relation have been denounced with regard to reliability of these relations, particularly motivated the theorical aspect of the explanation utilized by the writer of the Balanced Scorecard, a performance measurement that is given accentuation amongst the organizations (Norreklit, 2000, 2003). Nor have practical investigation on causality in performance measurement models got statistical importance for this causality (Malina & Selto, 2004, 2005). Cause-and-effect connection can be mistaken for logical relations, which are determined using a financial computation cannot be checked empirically, finality relation, founded on human desires, where a personal outlines routes or means which are supposed to lead to the planned purpose. Finality relation, consequently,, can be a proportion of a believable tale told by the firm (Malina & Selto, 2004), which if institutionalized, is able to orient behavior.

Finally, the BSC has stimulated the development and applying of a diversity of models and is a representation of contemporary 'best practice' in accounting for strategic positioning (Roslender, 1997). BSC is narrowly associated to the intellectual capital and include not only instruments for the measurement of intangibles resources but also an outlook of constant learning and change to generate value for the future. The Straightforward existence of Balanced Scorecard attests that what finally count are not only financial results, but even long-term relationship with employees and customers. These relationships are hampered or facilitated by suitable or non-suitable organizational structures.

## 2.4 Empiricalstudies on the relevance of BSC as a technique for evaluating performance

The significance of balanced scorecard as a technique for evaluating performance can be seen from several studies. Ittner & Larcker (1998) examined the significance of customer satisfaction measures using business unit, organization level and customer data from 1994*1995 and noticed that the relation between future accounting performance and customer satisfaction measures are in general positive and statistically significant. A study conducted by Hoque and James (2000) on Australian manufacturing companies on their use of non-financial measures basically discovered in the discussion of BSC development. The study findings found that Total Quality Management does not take in consideration employee satisfaction in its search for constant improvement, but the Balanced Scorecard does take in consideration employee satisfaction. Consequently, by adopting a BSC, an organization will enhance employee satisfaction and thereafter organization performance that will in turn enhance organization profitability.

Al Matarney (2011) conducted a study and find the capability of Jordanian industrial firm to carry out the BSC for assessing their global performance and the accessibility of the required data for that. The outcomes reveal that there is reconnaissance by the Jordanian industrial firms understood the importance of utilizing the operational measurements (non-financial) for evaluating their global performance and they can take in charge the cost of practicing the BSC and they have the required human resources to implement it. The survey suggests that the Jordanian industrial firms should use the BSC as a technique to rationalize the decisions of managers and lead their attitude and performance assessment and that the Jordanian industrial firms should attract specialists from developed countries to apply the BSC.

Likewise, Iwarere & Lawal (2011) conducted a research which empirically assessed the performance of facility of Public firms in Nigeria and document that

Public firms in Nigeria should take up four main aspects of the BSC that concentrates on four but associated outlooks of organizational performance such as internal process; workforce support; financial performance measures and customer satisfaction.

Nair & Pareek (2011) analyzed the performance management systems adopted by Indian private sector firms and the types of measures they use to assess the performance using a study method and found that all the firms were using both non-financial and financial performance measure to assess their performance and a great number of managers are pleased with their existing performance management systems. Furthermore, a survey was made by Umar & Olatunde (2011) to assess the performance of consolidated banks in Nigeria by utilizing non-financial measures utilizing a study method and revealed that information technology; service delivery; cost of transaction; quality of service; customer satisfaction; loan application and bank offering are non-financial measures used by consolidated banks in Nigeria.

A study was made by Amaratunga and Baldry (2003) to connect the organizational performance with main factors of performance and BSC such as management facilities, financial measurement and managerial behavior. To achieve the desired purpose the business must approve any procedures for measuring performance. In addition, the benchmarking of standards which would assist companies in making things right and also in making the right thing. Concurrence has shifted into so powerful that manager has lesser time to respond to market promptly.

Punniyamoorthy and Murali (2008) conducted comprehensive research to apply model of Balanced Scorecard. The research was also aimed to propose the benchmark to evaluate the achievement of the goals set by the company. The study examined and approved other model of Balanced Scorecard and it also utilized the preference theory for finding the weightings to be assigned to indicators taken. By way of insistence, conventional fiscal analysis went wrong to take into consideration such critical specifics seeing that number of customer service, well-being staff, and industry analyzed merely by section as well as other significant indicators which had impact on a great organization’s best good outcomes.

## 2.5 Empirical studies related to Banks performance using various methods

Performance measurement is the appraisal of result a company as an outcome of management decisions on resources of a company and accomplishment of those decisions made by the adherents of a company (Hofer, 1983). The procedure of performance measurement implies a deliberate and careful observation of the organization result by comparing the accomplishment of the organization with the indented purposes that was to be accomplished. The measurement of performance of a firm is very important as it makes easier the formulation of clear coherent strategies, objective and mission which are in line to how their achievements are measured (Kravchuk & Schach. 1996). The measurement of firm gives indication to the employees and manager about the extent to which the desired targets have been achieved. It enhances control of organization resources enable adjustments of organization activities and ease the evaluation and rewards of the members of the organization (Locke & Latham, 1984).

Isik and Hassan (2002) used DEA method to compare the relative efficiencies of 139 banks in Turkey. The study found allocative inefficiency in Turkish Banks lower than technical inefficiency which proposes that Turkish banks are inefficient to use the cost efficient mix of input but are quite good at choosing them, That inefficiency translates into waste of inputs. The correlation results between efficiency measures and financial ratios characterize a strong association between them. As other findings, the public banks are more technically efficient that private banks.

Mostafa (2008) used DEA analysis to evaluate the performance of top 100 banks in Africa. Using a cross-sectional data for the year 2005, he found that the efficiency of several banks is sub-optimal proposing the potential for considerable amelioration.

In order to measure the efficiency of six banks in Singapre, Sulfian (2007) employed analysis approach and window of DEA in a study on ‘’ Trend in the efficiency of Singapore’s commercial banking groups’’. The braking down of overall technical performance into pure technical and scale efficiencies proposes that the mergers and acquisitions are increasing the size of banks in Singapore. Causing their decreasing return to scale in spite of asset and large sizes. The results also tell that there is strong association between accounting measures and the efficiency scores of banks performance.

Kamaruddin et Al. (2008) used DEA approach to examine new outlook on performance of Islamic banking operations in Malaysia for the period 1998-2004. This study reveals that operations of Islamic banks are relatively less efficient at generating profit than controlling cost.

A study done by Johnes et Al. (2009) deals with the efficiency of Islamic banks and conventional banks in Gulf region during the period 2004 to 2007. The writers applied financial ratio analysis in combination with DEA. The financial ratio findings tells that conventional banks are more cost efficient but less revenue and profit efficient than Islamic banks. The DEA results reveal that Islamic banks are, on the average, less efficient than conventional banks. Moreover, this study finds important correlations between ratio and DEA results in cost only contrary to these findings. From 2000 to 2005 Islamic banks seem perform better than their counterpart. Islamic banks surpass conventional banks in efficiency scores despite their large size (Grigorian And Manole,2005 )

The Ivorian Kablan Sandrine(2007) investigated the efficiency of west African Economic Monetary (WAEMU) banks after the time of banking crisis during the period (1993-1996). She used Data Envelopment Analysis for evaluating technical performance and stochastic frontier analysis (SFA) with cost function. The study reveals that the following variables: the GDP per capita, financial soundness, the banking concentration and the ratio of bad loans per country affect WAEMU banks efficiency.

Yue (1992) used the same DEA approach to examine the performance of sixty Missouri banks. The study covers the period (1984-1990). The methodology provided for the assessment of the relative performance of different banks at the same time and the evaluation of inter temporal changes in the efficiency of individual banks.

Recently, Yahya et Al. (2012) compared the level of performance between conventional and Islamic banking systems in Malaysia with DEA technique from 2006 to 2008 and their findings showed that Islamic banks can conserve an efficiency that is equal to the conventional banks.

Siems(1992) employed Data Analysis Envelopment to evaluate the importance of management quality in distinguishing subsisting from failed banks in United State of America. He used a sample of 319 failed banks 611 surviving banks, the study revealed that management quality is fundamental for a bank's long term surviving.

Rizvi (2001) applied both output and input oriented models of DEA to examine the past liberalization performance and productivity of conventional banks in Pakistan. Findings show no improvement in efficiency and productivity.

Olugbenga & Olakunle (1998) analyzed the impact of gradual deregulation on the performance efficiency of banks and banking sector in Nigeria. The study also evaluates whether policy package leads up to an amelioration in technical efficiency of the industry. Employing the DEA method, the study showed that banking industry efficiency drops outstandingly within the years forthwith following the adoption or deregulation with insignificant improvements perceived only in recent times. The authors conclude that this may due to the impact of incongruous policies to which the sector was subjected over this period.

You Lee (1995) investigated the use of EVA as a company performance measurement instrument. His essential research result was that EVA is at best marginally better than financial ratios such as Return on Equity and Return on Asset.

Lehn and Makhiya (1996) analyzed EVA as performance measure tools and signal for strategic decision making. Their study revealed that both measure are positively correlated with traditional performance measures such as Return on Sales (ROS), Return on Assets (ROA0, Return on Equity(ROE) and are also positively correlated with stock return.

Talib and San (1998) reported that during many years, investors, analysts, and senior managers have been employing conventional measures like P/E ratios, return on equity, earnings, or earnings per share (EPS) for setting financial goals, for assessing financial efficiency and for evaluation.

Popa et Al. (2009) sustained that EVA can be significant tool that banks workers can use to evaluate and improve the financial efficiency of their banks. They compared EVA method to other traditional performance indicator. This leads to emphasize the advantages of EVA. Since EVA considers the interest of the bank's stockholders, the utilization of EVA by the management of bank may lead to various decisions than if management relied exclusively on other measures of bank performance such as net banking income, return on equity (ROE), efficiency ratio, return on asset (ROA), which don't take the cost of equity used into consideration.

A study did by Girota et Al. (2001) emphasized the significance of EVA method. The study compared the EVA method with Return on Capital Employed (ROCE), Return on Equity (ROE), Earning per share (EPS) and Return on Net worth (RONW). The authors found that EVA is not instrument to create value but it helps managers to think as owners, and, in the procedure may incite them struggle for better performance. The study concludes that EVA has been useful since it constrains companies to be careful about the capital used and particularly to excess working capital.

Pfeiffer (2000) took mathematically EVA vs. discounted cash flow method into consideration for solving internal agency issue in decentralized decision-making. Except for the theoretical discussion, comprehension is required about the numerical behavior of the EVA under various conditions and about EVA's numerical relationship to economic profitability measure such as Internal Rate of return (IRR)and the traditional accounting measures such as return on equity (ROE), Return on Investment (ROI).

Teker and Sonmez (2011) employed EVA to evaluate performance or Turkish banks. The banks used for the study are listed in Istanbul Stock Exchange. The research covers the period from 2006 to 2010. Teker and Sonmez's findings consider EVA as best performance indicator compared to ROE and ROA indicator.

One year later, Habbad (2012) analyzed the relationship between economic value added (EVA). Return on asset (ROA), Capital adequacy ration and return on equity (ROE). He conclude that there is a positive and important relationship between stocks returns and EVA in Jordanian Banks.

Chiaku et Al. (2006) analyzed the comparative performance of large U.S. commercial banks. Medium size commercial banks and small commercial banks for the period of 1997-2002 by using, interest income, return-on-asset (ROA), non interest income, loan loss reserve and profit efficiency (PROFEFF) as criteria for the comparison. The findings showed that from 1997 to 1999, large banks were less profit efficient (PROFEFF) than small banks but more than medium-size banks.

Medhat (2006) examined the financial performance of Omani commercial banks. He used correlations and multiple regression analysis by including interest income and ROA as performance proxies which depicted as the dependent variables, and asset management, operational efficiency and bank size as independent variables. The study found that there is significant positive correlation between operational efficiency and financial performance and a moderate correlation between bank size and ROA, while, ANOVA analysis , findings revealed there is an effect of those independent variables (asset management, operational efficiency, and bank size ) on the financial performance since the F-Stat was significant and below 5%.

Ahmad (2001) evaluated the financial performance of seven Jordanian commercial banks. He used return on asset as a measure of banks ‘financial performance and asset management, operational efficiency and bank size as three independent variables having an impact on financial performance. The result of the research found a significant negative correlation between banks ‘size and ROA, an important positive correlation between asset management ratio and return on asset, and a negative weak correlation between operational efficiency and return on asset.

Elizabith & Greg (2004) focused on Australian financial institution. The study indicated that all financial performance measures as return on assets, capital adequacy and interest margins are positively correlated with quality scores of customer service.

In Jordan, Saleh and Zeitun (2006) employed performance evaluation methodology to examine the performance of Islamic banks for the period 1998-2003. They found that Islamic banks have significant growth in profitability and in the credit facilities.

Sarkar (1999) employed banking efficiency model to evaluate the efficiency of Islamic banks in Bangladesh. The study has found that Islamic products have various risk characteristics and indicated that prudential regulation should be changed.

A study developed on inter-temporal performance of commercial banks by Abdus et Al. (2006) was focused on three types of bank size, small, medium and large banks in the State of Utah. The study covered the period of five year from

2000 to 2004 by employing two measures of performances – quality of loans and profits. Kruskal-Wallis test and T-test were applied to a diversity of classic banks operations measures in order to know whether ther important dissimilarities in performance among the three types of banks. The performance measure employed were loans past due 30-89 days, return on asset (ROA), return on equity (ROE), and loan loss reserve ratio as a percentage of total loans. The research indicated no important difference in performance between large and small banks from the year 2000 to the year 2004. However, there was an important difference between medium and small, and large and medium in their ROA, The ROA of large and small banks is significantly lower than that of medium banks.

Khizer et Al. (2011) investigated the profitability of banks in Pakistan. The study showed an important relation between capital and economic growth, asset management ratio, and with ROA. asset management and economic growth, the operating efficiency are significant with ROE. On the other hand, foreign banks are determined to have a higher capital adequacy ratio than domestic banks.

Using the CAMEL framework, Wirnkar and Tanko (2008) investigated banking performance of major banks in Nigeria. In a study covering the period 1993-1998, Bashir (2001) examined the determinants of Islamic banks' performance through eight Middle Eastern countries finding large loan to asset ratios and high leverage significantly influence the performance of Islamic banks.

Khan (2013) revealed that the bank with higher total credit, assets, deposits or total capital does not every time means that has better profitability performance. In addition to asset management, the operational efficiency and the bank size, significantly and positively affected banks 'financial performance.

Siddiqui & Shoaib (2011) analyzed the measuring performance across capital structure in Pakistan. Their study indicated that bank size played a major role in getting the bank profitability measured by return on equity. They employed also

Tobin's Q model as a proxy of determining the performance of bank whilst they argued that Tobin's Q influenced by the leverage ratio, the bank size, and Investments performed by the bank.

The study of (Das and Gash, 2009) on Indian commercial banks suggests that the cost efficiency of Indian banks in average was quite low at 23%. Correlating the return on asset with return on equity and efficiency scores, it notices that accounting measures and profit efficiency have important association. Furthermore, size banks with correlation of the efficiency results shows that small size banks are less profit efficient than their large counterparts. So, in India, small banks may increase their size without significant cost disadvantage in order to be more efficient.

Frimpond (2010) studied the relative efficiency of twenty two banks in Ghana for the year 2007. He also analyzes the link between the efficiency and profitability. Considering input oriented intermediation-based method, the study emphasizes the efficiencies of Ghana banks in average during the year 2007.. both overall and by category, as formed by ownership and size. Only four (among twenty two) were considered to be efficient. The eighteen other inefficient banks had efficiencies classifying from 33% to 89%. 74% was the average of technical efficiency for the banking sector. The most efficient category of banks in Ghana were domestic private banks with average efficiency level of 87%. Domestic private banks were followed by foreign banks with average efficiency being 72% and finally, the state-owned banks with only 51% as average score.

In Bahrain's, the performance of Bahrain's commercial banks concerning liquidity, loan (credit) and profitability was analyzed for the period 1994-2001. The study selected nine financial ratios (Cost to Revenue, return on equity, Net Loan to Deposit, Equity to Asset, Return on Asset, Nonperforming loans to Gross Loan, Equity to Loan, Net Loan to Deposit and Net Loan to Total Asset) for evaluating liquidity, credit and profitability performances. Finally, the author result indicated that commercial banks are exposed to risk since they are less profitable and less liquid as compared with banking industry.

In recent study talking about the profitability determinants in 6 banking sectors in Europe (Germany, Denmark, UK, France, Italy, and Spain) was examined for the period 1992-1998. The findings suggest that in spite of reinforcing concurrence it was possible to find out major persistence on uncommon bank profit from year to year. Besides that, the research detected a positive relationship between the profitability and ROA at same time profitability and ROE. Consequently, both the ROE and ROA are employed as fundamental indicator for profitability performance of banking industry.

Berger & Humphrey (1997) sustain that the most important idea of evaluating bank performance is to distinguish well performing banks from those which are doing in mediocre way. In addition, they argued that assessing the performance of financial institutions can help government to make policy by estimating the impacts of mergers, deregulation and market structure on efficiency.

## 2.6 Banking Sector in Ivory Coast

### 2.6.1 History of the banking system in Ivory Coast

The history of banks in Côte d'Ivoire is closely linked to the "franc zone" whose birth is located by historians in 1939. It is the beginning of the Second World War and France established the control system Generalized exchange it extends to its territories overseas territories. He was then banned by the decrees of 28 August and 9 September 1939 to carry out commercial and financial transactions between France and Other countries. A privilege zone of franc was newly formed.

But if the "franc zone" took shape in 1939, the roots of the banking system can be detected already in 1853 with the creation of the Bank of Senegal which was nothing else than a bank of slave. The Bank of Senegal will became later, in 1901, the Bank of West Africa, the first central bank set up by France in its territories.

These are also the ashes of the Bank of Senegal from which born the International Bank of West Africa (BIAO).

BIAO-CI, BICICI, SGBCI and SIB result of the transformation of French banks that are BIAO, BNP, Lyonnais Credit and General Society that were installed in Ivory Coast before independence.

Until 1976 the organization of the Ivorian banking system was based on Law No. 65-252 of 4 August 1965 regulating the organization of credit and the banking profession and professions attached to them. The provisions of Article 2 of the law distinguished between commercial banks, commercial banks, investment banks and development banks. The reform of the banking system in 1975 and the 1990 banking regulations have removed this distinction based on the principle of specialization. Today, we speak of credit institutions composed of banks and financial institutions.

Thus, under the provisions of Article 3 of the Law of 25 July 1990 on banking regulations WAMU, "are like banks, companies that own occupation to receive funds which may be disposed of by checks or transfers and they use for their own account or on behalf of others, in credit and investment operations. "

The resources come from financial institutions in specific provisions and not customer deposits.

Decree No. 92-311 of 15 May 1992 class financial institutions into three groups according to the nature of their operations they are authorized to perform:

First group: these are credit institutions. They lending operations, discount, repurchase, debt acquisition, and warranty, finance sales on credit or leasing.

Second group: they are the financial investment institutions. These establishments operations of equity in existing companies or in training, or acquiring securities issued by public or private persons.

Third group: Other financial institutions. They conduct credit sale transactions or exchange of intermediaries as commission agents, brokers and investment

The African Motor Credit Company (SAFCA) is the first financial institution credit sales in Côte d'Ivoire and in the WAEMU since 1956.

### 2.6.2 Evolution of the Ivorian banking system

#### 2.6.2.1 Landscape of the banking system in 2006

The configuration of the Ivorian banking system in December 31, 2006 showed 18 banks and two financial institutions. The Ivorian banking system is oligopolistic. Banking activities are concentrated at the 5 banks holding 75% of the outstanding loans (SGBCI, BICICI, BNI, SIB, BIAO). It includes: 7 large banks with assets exceeding 100 billion (SGBCI, BICICI, BNI, BIAO-CI, SIB, CITIBANK, ECOBANK);3 medium-sized banks with a balance of between 50 and 100 billion (SCB-CI, BACI, BOA-CI);8 small banks with assets of less than 50 billion (BHCI, COBACI, COFIPA, OMNIFINANCE, VERSUS BANK, BFA, BRS-CI, GT BANK).

It is structured as follows: 4 banks in general purpose with dense network (BIAO-CI, SGBCI, BICICI, SIB (Attijariwafa Group);5 banks in general purpose with small network (BOA-CI, BACI, COBACI, ECOBANK, SCB-CI, GT BANK);4 banks in general purpose without network (COFIPA, CITIBANK, OMNIFINANCE, VERSUS BANK);4 banks with specialized field (BHCI, BNI, BFA, BRS-CI).

#### 2.6.2.2 Landscape of the banking system in 2008

The Ivorian banking market is booming since 2008. Movements are observed from every sense, which at the moment constitute its favor. The banking network in Ivory Coast in 2008 was comprised of approximately twenty (20) banks with nearly three hundred (300) branches spread throughout the country. The most important banks classified according to the number of their branches in Côte d'Ivoire are: Atlantic Bank CI, merger of its two (2) banks that accounted for the Atlantic Group Atlantic Banking Côte d'Ivoire (BACI) and Atlantic's bank company Côte-d'Ivoire (COBACI); General society of banks in Ivory Coast (SGBCI), a subsidiary of General society (France);BIAO-CI, member of NSIA Group since 2006; International Bank for Trade and Industry of Côte d'Ivoire(BICICI), a subsidiary of BNP Paribas Group.

#### 2.6.2.3 Landscape of the banking system in 2011

Ivorian commercial banks have achieved a 110% growth of the account opening rate between 2008 and 2011. The number of accounts in 21 banks in the country increased from 879,478 in 2008 to 1,847,837 in 2011, an increase of 110%.

every day there are thousands of accounts that are opened in the banks of the Ivory Coast. Banks have been closer, collecting savings from workers, peasants, merchants ‘Ivorian .commercial banks have achieved a combined balance sheet which increased from 2867 billion XOF in 2008 to 3914 billion XOF in 2011. Banking penetration rate is estimated at 10% of a population of nearly 22 million people in Côte d'Ivoire.

### 2.6.3Organization and operation of the Ivorian Banking System

All the banks in Ivory Coast, headed by the Central Bank form the "Ivorian banking system". There are different types of bank according to their function (commercial banks, investment banks, etc.). Ivory Coast, a member of the West African Monetary Union (WAMU), has the Central Bank BCEAO. It is an international public institution whose office is in Dakar. Its role is to regulate and supervise the operations of individual banks, in particular by ensuring their solvency with respect to depositors.

In particular, the Central bank has to oversee the production money in commercial banks, and to regulate the use through 'key interest rates’. Economic theory sees it as a means of regulating growth, through encouraging savings or consumption, and act on inflation.

### 2.6.4Brief Description of major banks and financial institutions in Cote d'Ivoire

**General society of banks in Ivory Coast (SGBCI)**

Present for over 45 years in Ivory Coast, it stands out as a reference bank on Ivorian banking market ,the first rank is " definitely " sights.

**International Bank for Trade and Industry of Côte d'Ivoire (BICICI)**

Whether you are an individual, professional or business, BICICI looks closely at your needs and expectations to best meet your products requirements, service and quality.

Its headquarters is located in Abidjan, where he has a Business Enterprise Centre, a Trade Center, 18 points of sale, complete a network of 12 agencies.

**COFIPA Investment Bank**

The banking products and services are strongly related to the types of accounts that CIBCI offers its customers. Banking services generally relate to foreign exchange, rental safe or insurance products.

**Saving Banks Côte d'Ivoire**

Created in June 30 1998, Saving Banks(formerly CECP) was transformed into a bank. Its capital is 25 billion XOF wholly owned by the State of Côte d'Ivoire.

**Access Bank Cote d'Ivoire**

The Bank is a subsidiary of Access Bank Group and has recently begun to operate in Côte d'Ivoire, following the acquisition of 88% stake in Omni finance SA in May

2008. The bank, Omnifinance SA, a commercial bank, mainly focused on SMEs, has operated for over a decade prior to its acquisition.

**Alios Finance Ivory Coast**

Alios Finance was created in 1956, is the largest private financial institution in West Africa. Alios Finance Ivory Coast Ivorian SA is a right and a facility approved by the Banking Commission.

**Atlantic BankCôte d'Ivoire**

In Ivory Coast, Atlantic Bank Group held two banking entities, the Atlantic Bank Côte d'Ivoire and COBACI (Atlantic Banking Company Cote d'Ivoire). Both institutions worked

**Housing Bank Ivory Coast (BHCI)**

it is the first bank that offers the opportunity to Ivorians who are abroad to open an account to accumulate savings and to finance their installation project for their return.

**Bank for Agriculture Financing**

It operates mainly in financing Agriculture, food products sector; financing operations in all industrial, commercial and services; financing consumer credit to individual customers

**Regional Solidarity Bank Ivory Coast**

The easier access of disadvantaged groups to sophisticated financial services, particularly for the financing of micro project investment or from production sector is today, for countries like Ivory Coast, the best way to cope with unemployment and the growing poverty.

**National Investment Bank (BNI )**

The institution finance productive investment in all sectors of national economic activity: agriculture, agribusiness, construction, hydrocarbons, municipal markets, rural housing etc. The bank has some agencies in the following cities: Bouake, Yamoussoukro, Dabou, Abidjan, San Pedro

**BOA (Bank of Africa) Cote d'Ivoire**

Born redemption of UBCI-BANAFRIQUE in Abidjan in 1996, the Bank of Africa - Ivory Coast is the result of a desire for expansion and integration of the Bank of Africa Group in the West African scale.

**Bridge Bank Group**

It brings together expertise from various sectors such as banking, auditing, agribusiness, the oil industry. Rich of these experiences, theemployees of Bridge Bank group were able to form a team able to provide you with customized and innovative solutions.

**SIB**

Subsidiary of agricultural credit SA Group, the SIB is one of the four major banks in Ivory Coast. It employs about 400 people and has a network of 14 agencies in Abidjan and in the provinces.

**UBA**

UBA Côte d'Ivoire began in May 23 2008 its operations in a highly dynamic environment marked by the reconstruction of the country and the influx of investors after five years of political crisis.

**Versus Bank**

It is a privately owned Commercial Bank which aims to intervene in areas of the Great Company activities, the Small and Medium Enterprise (SME), the Small and Medium Industries (SMIs) and Private Clients.

**BIAO –Cote d'ivoire**

Today, BIAO Cote d'ivoire is a major player in the Ivorian banking system. The various products and partnership agreements signed the bank since 2008 are proof that BIAO-CI is a socially responsible bank and listening to its customers.

**Table 2.1:List of banks and financial institutions in Ivory Coast and their locations**

| Order | Commercial Banks | Location |
|---|---|---|
| 1 | Afriland First Bank Cote d'Ivoire (Before Access Bank ) | 17, NOGUES Avenue, Woodin Center Building |
| 2 | Bank Of Africa-CI (BOA Cote d'ivoire) | Immeuble BOA-CI, Angle Terrasson de Fougeres avenue , Gourges Street |
| 3 | Banque Atlantique -Cote D'ivoire (BACI) | Nogues Avenue - Atlantic Building |
| 4 | Housing Bank Cote d'Ivoire (BHCI) | 22, Avenue Joseph Anoma |
| 5 | Bank of the union – Cote d'Ivoire (BDU-CI) | House of Mali, Plateau, Abidjan. |
| 6 | International Bank for Trade and Industry of Cote D'Ivoire ( BICICI ) | Franchet d'EspereyAvenue |
| 7 | National Investment Bank (BNI) | merchant Avenue - Immeuble SCIAM |
| 8 | Bank for Agriculture Financing (BFA) | Alliance building,2$^{nd}$ Floor |
| 9 | Sahel-Saharan Bank for Investment and Trade (BSIC - COTE D'IVOIRE) | Abidjan Plateau ,NOGUESAvenue |
| 10 | BGFIBank COTE D'IVOIRE | Abidjan Plateau ,Joseph ANOMAAvenue, AMCI Building 15th and 16th Floor |
| 11 | BRIDGE BANK GROUP CÔTE D'IVOIRE (BBG-CI) | 33, General de Gaulle Avenue, Plateau |

| Order | Commercial Banks | Location |
|---|---|---|
| 12 | National Savings Bank of Côte d'Ivoire (CNCE) | ABIDJAN-PLATEAU, Joseph ANOMAAvenue, Banks Street, SMGL Building , 14th floor |
| 13 | CITIBANK CI | 28,Delafosse Avenue, Botreau-Roussel Building, First Floor |
| 14 | COFIPA INVESTMENT BANK - COTE D'IVOIRE (CIBCI) | Avenue Delafosse, Immeuble Botreau Roussel |
| 15 | CORIS BANK INTERNATIONAL | Abidjan Plateau , Republic Boulevard Angle 23, Merchant street |
| 16 | DIAMOND BANK BENIN | Abidjan Plateau, IVOTEL Building First floor,Terrasson de Fougères Avenue, Gourgas Street |
| 17 | ECOBANK - COTE D'IVOIRE | Terrasson de Fougeres Avenue, Alliance building |
| 18 | Guaranty Trust Bank Cote d'Ivoire (GTBANK-CI) | Abidjan Plateau Joseph AnomaAvenue |
| 19 | NSIA BANK COTE D'IVOIRE (ex BIAO-CI) | Joseph AnomaAvenue |
| 20 | ORABANK Cote d'Ivoire (EX BRS) | Abidjan-Plateau, ex score Angle , Republic Boulevard, Joseph ANOMAAvenue |
| 21 | General society of banks in Ivory Coast (SGBCI) | Joseph Anoma5-7 Avenue |
| 22 | Ivorian Company of Bank (SIB) | 34, Republic Boulevard Alpha 2000 Building |
| 23 | STANDARD CHARTERED BANK CÔTE D'IVOIRE (SCB) | 23, Republic Boulevard |
| 24 | UNITED BANK FOR AFRICA (UBA) | 16, Av Houdaille Avenue |
| 25 | VERSUS BANK | Botreau Boulevard - Roussel, CRRAE Building |

| **Order** | **Financial Institutions** | **Location** |
|---|---|---|
| **1** | African society of automotive credit (ALIOS FINANCE)-SAFCA | SAFCA, bodybuilders Street |

# 3 RESEARCH METHODOLOGY

## 3.1 Introduction

The previous chapter revised the literature sources and analyzed the banking industry in Ivory Coast as they associate to the key research questions (RQ1-RQ3) in the first chapter. A conceptualized scope of reference was examined to lead to the collection of data to also assist in obtaining a better comprehension of the Balanced Scorecard as an indication model. The key research questions that this study seeks to respond through empirical data and analysis remain:

- (RQ1) : How can a BSC approach be used (internally and externally) for evaluating performance?
- (RQ2) : Does BSC gives further information regarding the performance of banks in Ivory Coast?
- (RQ3): If yes, in what respects?

These research questions will be replied via the significant literature reference theories and empirical data will be collected using the most convenient research methodology as will be debated in this chapter. This Chapter consequently begins with a general overview of the dicers research methods and afterwards narrows down on the particular methods that were used for this paper.

## 3.2 Research Methods

There are various research methods that can be utilized in any particular research work. The method selected depends on the type of study to be conducted. The two main research methodologies are qualitative methods and quantitative methods. We also have action research, statistical analysis and personal reflection

### 3.2.1 Qualitative Research Methods

Qualitative research is a wide methodological technique that encloses many research methods. The purpose of qualitative research may differ with the disciplinary background such as psychologist looking for obtaining an in-depth comprehension of human behavior and the causes that explain such behavior.

Qualitative methods analyze the why and how of decision making, not just where, when, what or ‘’who’’ and has a powerful basis in the area of sociology to comprehend social programs and government, and is famous among social work. Special education, political science and education majors. (Denzin, Norman K., 2005)

Qualitative methodology include a phenomenological outlook whereby researchers try to comprehend, report and estimate the meaning of events for people in specific situation, that is, the way their social world is organized by the participants in it. The central point of qualitative methodologies is the manner in which participants (instead of the researcher) explain their experiences and construct reality. Some examples are unorganized interview, open-ended questionnaire, participant observation and ethnographic. (Board of Studies New South Wales [NSW], 1999)

An interview may be closely organized, semi-organized, unorganized, in-depth or conversational. This methodology includes the interviewee in one-to-one context and the researcher and may be relatively time consuming. The investigator may interrogate many people at various times using the identical interview question planning. (Board of Studies NSW. 1999)

A focus group is an unimportant group numbering 3-8 individuals who adherents are brought together by the investigator for an in-depth examination of a particular topic or issue. The investigator organizes the place and time and plans an interview schedule. A tape recorder is crucial for the favorable outcome of the use of this method. The processes of leading the focus group are identical to leading an in-depth interview; the investigator requires, however, to be able to direct up eight people discussing about the topic or issue. (Board of Studies NSW. 1999)

Participation observation is where the investigator is submerged in the action being examined but his function as an investigator is not evident. An instance of participant observation methodology happens when the investigator goes into a shopping mall in a wheelchair or integrate a group; in order to analyze it. Investigator using participant observation should be conscious of the ethical involvement of this methodology. A method wherein the investigator's function is more in the open is the participant-as-examiner method. In this, researcher will contribute in, as well as examine, the action being analyzed but does so with the knowing of other participants. (Board of Studies NSW. 1999)

Ethnographic survey is the systematical collection of data acquired from direct observation of the quotidian life of a specific group, subculture or society. This methodology needs the investigator's immersion in the subculture/culture under survey and is an interactive procedure. The investigator is interested in comprehending accustomed actions, beliefs, attitudes and knowledge of the social group as these are described in the manner of engaging in daily life. (Board of Studies NSW. 1999)

### 3.2.2 Quantitative Research Methods

Quantitative researches defined by the word 'positivism' (Duffy, 1985) and 'empiricism' (Leach. 1990). It hails from the scientific method utilized in the physical sciences (Cormach, 1991). It depicts, test, and analyzes cause and effect relationship (Burn & Grove. 1987), using a deducting procedure of knowledge achievement (Dufy, 1985)

Quantitative methodologies describe those methodologies, like closed surveys, organized sociograms and interviews (diagrammatic depiction of interactions between persons) which allow data (conceptual or concrete) to be gathered, measured and compared with a norm. Quantitative methods include the use of survey, questionnaire and observation. (Board of Studies NSW. 1999)

A survey is an technique which requires various methods such as interview, questionnaire (a written list of questions) or observation. Surveying is the procedure of doing a study from illustrative samples of particular population (for instance, selected banks in Ivory Coast). If a questionnaire is utilized. It might be composed absolutely of multiple-response questions, closed question, Lickette scale questions (differential rating scale questions or sliding scale) or open-ended questions, or may be a mixture of all questions types. Data recording sheet for examination or a short list of organized interview questions are two other tools that can be used over a survey. (Board of Studies NSW. 1999)

A questionnaire can be defined as a technique used to collect data beyond the physical research of the investigator that is, from a broad or various sample of people. It is an anonymous tool for collecting information and should, consequently, comprise clear questions, formulated as merely as possible to avoid any ambiguity or confusion since the investigator presumably will not be present to lighten what was expressed by any one specific question. The questionnaire must be elaborated to attain a particular research purpose; it must be concise and the sequence of question logical. (Board of Studies NSW. 1999)

As reported by the Board of Studies (1999), an Observation is a method which includes examining and recording behaviors within a plainly defined field. The investigator plays the function of an inactive observer and is, consequently, not part of the facts being examined and recorded. When observation is utilized as a quantitative method as explained above with measurable and quantifiable variables, the investigators becomes unconnected to the activity and consequently the outcomes of such a survey have credibility if done correctly. Such results will have replicability and objectivity. Sine various observers following the same process will get the identical outcomes. Observation becomes a type of qualitative method when there is some element of inductive reasoning and subjectivity in making conclusions. This is further described under participant observations in the previous section.

There are other survey techniques like research analysis which includes analyzing data to explain meaning, generalize and extrapolate tendency. Frequently the data ore formulated in graphical form and because these data are enunciated in the language of mathematics, they must be assessed and explained by means of accurate statistical or mathematical procedures. (Board of Studies NSW. 1999)

Action research is also another type of research methodology which is a qualitative, interpretive, experimental, informal and reflective methodology that needs all the participants to be collaborative investigators. Action research is applied by people who habitually recognize a limitation or issue in their workplace area and together, conceive a plan to prevent the issue, implement the plan, examine what happens, reflect on these results, review the plan, implement it, think about, and revise and so on. Action research can be thought of as a spiral of acting, planning, examining and reflecting, happening through time until the most beneficial results for all participants are accomplished. (Board of Studies NSW. 1999).

### 3.2.3 Personal Reflection Research Method

Lastly, there is the personal reflection research methodology which needs the investigator to reflect upon, and assess, their own memories, values, experiences and ideas related to a particular topic or issue. (Board of Studies NSW. 1999).

## 3.3 Research Design

This research used a combination of qualitative, quantitative and personally research approach to investigate the performance measurement of Ivory Coast's commercial banks. Concerning the quantitative method structured questionnaires and interviews were elaborated to collect data on the strategic purpose of the chosen banks in order to identify significant measure/metrics being utilized under the four outlooks of the balanced scorecard. The officers of the commercial banks were interrogated by the Chief Finance Officer (CFO), the Head of Human Resources and the Chief Operating Officer (COO). These three sorts of staff were selected because there are directly and squarely in charge of formulating and carrying out policies, guidelines and strategies in relation with the bank's financial performance, human resource development and, guidelines, operational processes and training. This was followed with an employee and customer investigation of the chosen banks to collect data on selected measure/metrics in order to compute them for the objective of analysis. This was most particularly aimed at collected on metrics under customer perspective, the internal business processes and, learning and growth perspective Research and theories in the field of the use of BSC and the extent to which this will help banks in Ivory Coast is not available, as much, conclusions and analysis will be via empirical evidence utilizing personal reflective research methodology and interviewing of authorities and professionals within, the banking sector in Ivory Coast.

In collecting data on BSC for a company, four major key performance indicators (KPI) which are financial perspective, customer perspective, internal business processes and learning & growth perspective should be taken in consideration in addition to the principal strategic purpose of the company and its goals and target for the different perspectives.

Under every KPI, the firm must choose metrics that will arrange business performance to its strategic vision and purpose. The authors of the model proposed that organizations must maintain these metrics very uncomplicated and that an appropriate number will be about 5-6 metrics under every KPI. The norm KPI are not exhaustive and organization can consequently change or add this KPI to indicate their sole circumstance or situation. Thus throughout this survey a short number of metrics will be regarded in data assembling and analysis.

## 3.4 Formulae for Computing Metrics

The expressions for computing the metrics in accordance with the financial perspective are described in Appendix F

Customer Satisfaction Index (CSI) is computed from a given sample of customer by computing the average of those Customer ‘satisfaction ratings based on a six-point scale ranging from ‘’very dissatisfied’’ to ‘’very satisfied’’.

Customer retention can be deducted from the formula,

CUSTOMER LIFE (N) :

(Given rate of Customer Retention )

N= 1/ (1-CR)

Where CR represents customer retention

Based on the above formula,

CUSTOMER retention (CR) :

[Given average customer Life]

CR = 1 – 1/N

These formulae utilized to calculate customer satisfaction and customer retention in Appendix G

The employee retention metric was computed utilizing stability index which is giving as :

$$\text{Stability Index} = \frac{\text{(Number of leavers with more than one year service)}}{\text{Total number of staff in post one year ago}} \times 100$$

## 3.5 Sample Size of the study

The population size is all the twenty five (25) commercial banks in Ivory Coast and a sample size of three (3) commercial banks was employed for the completion of this paper. The three chosen banks are SGBCI, BICICI and ECOBANK. The reason of choosing these three commercial banks is because SGBCI is the oldest bank in Ivory Coast and it is present for over 49 years in Ivorian banking sector; BICICI provides the best quality service for all the components of the society (individual , professional and business); ECOBANK depicts the new generation of banks in Ivory Coast. A number of 9 senior management staffs of the chosen banks were interviewed. These are officers in the class of executive management that are in charge of the bank's strategy elaboration and implementation. A number of 15 employees were also interrogated to compute the employee satisfaction index and the stability index for employee retention. I directed an intensive interview which took about 50 minutes each with chosen officials of the selected banks where time allowed associating to the usage of BSC in banks.

Data was gathered both from primary and secondary sources. The data from primary sources came from the chosen banks as noticed above, which was via the answering of questionnaires and interviews that centralized on the internal procedures and learning and growth outlooks. The secondary sources came from the bank scope published on Dufe web (2015). The general public was interrogated considering a sample size of 30 divided into 10 customers from each bank.

Regarding Learning and growth perspective, the metrics employee retention, employee turnover or employee satisfactions were taken in consideration. A number of 15 employees from the three banks were interrogated.

## 3.6 Coding

For facility of presentation and data analysis, the different questions formulated on the questionnaires were depicted by a code. The customer Satisfaction had S1…S6 depicting questions 1 to 6 on the questionnaire. The respondents had R1…R15 where R1 stands for the first respondent and so on.

The employee Study were attributed code as W1…W5 and T1…T20; where W1 depicts the first employee who answered to the questionnaire and T1 stands for the first question on the questionnaire.

Please examine Appendix G for more details.

# 4 FINDINGS AND DISCUSSION

## 4.1 Introduction

In this chapter, the findings of the survey are provided and more analysis of the data collected is elaborated in order to give an answer regarding the three research question formulated in the First Chapter under section 1.4.

## 4.2 Balanced Scorecard Measures for Evaluating Performance

This section will discuss about the measures to be utilized in examining how the BSC model can be used – internally and externally – in estimating performance of commercial banks. The major areas of analysis which will constitute the basis of ascertaining how the BSC can be utilized to evaluate the performance of banks in Ivory Coast are:

- Internal Operational Efficiencies (Internal Business Processes Perspective)
- Financial Performance Indicators (Financial Perspective)
- Employee Satisfaction ratings, Retention and Innovativeness (Learning & Growth Perspective); and
- Customer Satisfaction and Customer Retention via good service delivery and value added Services (Customer Perspective)

As mentioned above, the BSC performance management is divided into four angles. The Financial Perspective is about how the firm is revealed to its shareholders. The Customer Perspective concentrates on the way the customers see the firm; under the Internal Business Processes Perspective, the Organization has to identify clearly the appropriate processes to excel at in order to attract and appeal to the target customers and also encounter the shareholders’ requirements about financial returns; the Learning and Growth Perspective examine how the firm can keep improving and generate value.

The cause for examining the banks regarding these lines is because these areas constitute the core of the strategies of most banks. The main role of commercial banks is financial intermediation where they adjust the deficit by taking from the surplus. To implement effectively this function, the banks require to perform well in these areas. Generally speaking, It is admitted that to obtain low cost and cheaper funds to lend, banks should increase their current account deposits from individuals. In order to accomplish this, they must apply the accurate internal processes and control that will produce efficient and high quality services to its valued customers so that the customers can be attracted and maintained. For efficient carrying out of the internal processes, the banks must have experienced well motivated and skilled staff. This will guarantee they have satisfied customers and are consequently able to uphold them. This will eventually have an impact on their financial performance.

The following sections will deal with the three chosen banks regarding these areas. The first section will introduce the SGBCI, followed BICICI and ECOBANK.

## 4.3 SGBCI

SGBCI was founded in 1962 with the participation of the State and several international financial partners. In 2014, it ranks 22nd West African banks (and First Ivorian bank) with a network of 67 branches across the country, particularly in Abidjan, Bouake, Yamoussoukro, Daloa and San Pedro.

### 4.3.1 Slogan and Vision at SGBCI

The slogan of SGBCI is :

***‘’Let's Develop together the team spirit‘’***

As explained by the financial controller regarding this slogan, the bank is primarily a service business, and the relationship with its customers will always be the core of this service. This belief is the basis of the new signature of the Group. The promise to jointly develop team spirit gives meaning to the modern relationship that the Bank wants to build with its customers: a relationship of trust, registered induration, balanced, where the Bank is committed to helping its clients to realize their projects and progress with them.

According to the financial controller, the major strategic for the bank remain : ameliorate shareholder funds, penetrate the client wallet, promote excellent customer service and provide asset quality. He asserted that the relationship between the four precedent measures is important to provide service quality.

"Let's develop together team spirit" is also the watchword in internal dynamics of transformation undertaken by the Group as argued the Head of Human resource. Combining skills, ensure synergies, share resources and best practices, to finally better mobilize the performance of the company in order to serve its customers: the message is also meaningful for employees and the customers.As well. Beyond the ongoing transformation program, the team spirit is a strong value for SGBCI, rooted in its culture and management practices; universal value, it aims to bring together all the Group's employees worldwide.

The above also shows that there is a lot of accentuation on internal controls in order to assure that staffs are well performed their duties within stated and defined operational policies.

### 4.3.2 Measuring Performance at SGBCI

SGBCI has presently not carried out the balanced scorecard yet, even though it has works out to do so within a short time as asserted the financial controller.

Nevertheless, the financial controller still affirms that the various outlooks under the BSC has a significant function in evaluating organizational strategic performance. Since taking in consideration both non-financial and financial perspectives will provide a balanced view and a real organizational performance and long term sustainability.

Below is what he had to reply for each of the perspectives when interviewed to the question if he will take the four measures in consideration in evaluating the bank’s strategic performance:

- Concerning Financial Perspective, his answer was: ‘’*Yes because it’s important to still exist* “”
- Regarding Customer Perspective, he replied: ‘’*Yes because of its global effect on all other performance metrics”*
- Under Internal Processes, he answered: ‘’Y*es because to attract and impress customers, you require to assure that internal processes are both efficient and effective”*
- Regarding Learning and Growth, he replied: ‘’*Yes because only the people strategy can make the difference in the service industry*’’

Concerning the bank’s strategic purposes for the different Key Performance Indicators (KPIs). This was he replied, ‘’*our strategic goal in term of financials is to enhance on returns to all stakeholders: staff, shareholder and the environment within which we do business (Community, employee, and shareholder). Regarding Customer Perspective, we must assure that the bank’s services are easily accessible by all customers. For the Internal Processes, be sure that there is zero-defect in service delivery channels and all processes; and under the perspective of Learning and Growth, it is evident expansion is realized with huge deployment of skill which reveals that Learning becomes an unabridged part of the growth procedure’’*

For effective execution of bank’s strategy, strategic purposes are decomposed into measurable parameters and attributed to the different divisions of the banks, which is then cascaded via the whole organizational structure. This was supported by the next statement:

‘’*There is a rigorous application metrics at levels of management. For the boss to be successful, the subaltern must be no issue with cascading organizational strategy.’’*

As stated by the Head of Human Resources, improving skills of staff is one of the principal purposes of her department. Each staff that is attributed a new function is also given appropriate training to get ready the staff for job. There are yearly training programs made for each employee in order to provide the staff with the divers customer service cultures operational framework and sanction policies for the bank. Such formations are obligatory and the staff is managed to do a written exam after the formation and the staff must get the minimum pass mark.

In analyzing SGBCI context, it can be seen that the four dimensions (financial-customer-Internal Process- Learning & Growth) are linked and they support each other in order to generate value for the customer and enhance profitability.

The entire strategy of the bank is to ameliorate shareholder's value via penetration of client wallets and customer acquisition and enhance asset quality to make lower losses caused by the booking of bad loans.

Concerning the Learning and Growth Outlook, three areas come out which are information capital, organizational capital and human capital. The framework tries to develop the appropriate strategic alignment between employee targets and that of the bank so as to develop the accurate synergies to employees provide higher service to the customer. The principal measure here that are significant to SGBCI are employee satisfaction, employee innovation and employee stability index which is conducted by the principal strategic objectives to form and maintain its best or key staff.. SGBCI has a low staff turnover and its staff is authorized through the availability of online access to information across its whole branches that are related to the Head Office.

. The divers activities concerning the learning and growth perspective help to reach an efficient internal processes that provide services to customer in an appropriate fashion and that accurately encounter the customer's requirements and enable bank to conform with its social responsibilities while meeting all regulatory needs.

The customer's perception of the bank's service distribution culture on its main services and products is also crucial in finding the importance to which the bank is able to access the client's wallets. If customer is unhappy about the customer service distribution, that customer may surely look for other competitors for similar products and better services. Consequently Customer Satisfaction and retention are significant measures under this outlook.

All the above must therefore stoke the financial performance of the bank so that a value can be generated for the stakeholders. The significant measures that ascertain if the bank is generating value for its shareholders are return average on equity and earnings per share. Concerning the dominance within the industry, the significant measure is the bank's share of the industry's operating income and return average on asset to ascertain the quality of its assets.

### 4.3.3 Balanced Scorecard for SGBCI

The following Table describes the Balanced Scorecard for SGBCI:

**Table 4.1 Balanced Scorecard for SGBCI**

| | | |
|---|---|---|
| | | S G B C I |
| | | **FINANCIAL PERSPECTIVE** |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| Enhance Shareholder Value | Industry Share of Total Operating Income | 10.3% |
| Asset Quality | RAOA | 1.57% |
| | RAOE | 13.73% |
| | EPS | 3,804.2 |
| | | |
| | | |
| | | **CUSTOMER PERSPECTIVE** |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| Customer Acquisition | Customer Satisfaction Index (CSI) | 69 |
| | Customer Retention (CR) | 0.86 |
| | | |
| | | |

| INTERNAL BUSINESS PERSPECTIVE | | |
|---|---|---|
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| Enhance operational Efficiency | SLA For Account Opening | 67 |
| | SLA For Cash Withdrawal | 63 |
| | SLA For Loan Disbursement | 52 |
| | | |
| | | |
| **LEARNING & GROWTH PERSPECTIVE** | | |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| | Employee Satisfaction Index | 84.38 |
| | Employee Innovativeness | 4.2 |
| | Employee Stability Index | 0.95% |

From the preceding table, SGBCI has denoted relative strong performance regarding learning & growth outlook, internal process outlook, customer outlook and financial outlook. Concerning internal process, SGBCI requires to enhance its loan processing and disbursement function, and from the study outcomes, it was one of the indicators that impacted its customer satisfaction index. It was found that SGBCI has acknowledged this challenge and has carried out a software that will computerize its loan processing and disbursement function and has picked asset quality as one of its key performance factors.

It is also evident from the above table that financial performance and the other non-financial perspectives are strongly linked.

An investigation with the financial controller of SGBCI has shown that they are presently not utilizing the BSC but there plans to carry it out in the near future. About the execution of the Balanced Scorecard as strategic control and performance management system, the financial controller replied as follow:

‘’*No, we have not carried out the balanced scorecard yet, but plans are progressed to start using the balanced scorecard. We nonetheless have put own internally* *advanced Scorecard for all banks within the Emerging Markets cluster which is playing the function of the broadly known balanced scorecard.* “”

Concerning how manager work with subaltern using the measures indicated till now, the financial controller replied, ‘’*Managers are looked forward to subdue their subaltern to the identical performance norms expected of them, albeit, fairly.’’*

On the advantages of the balanced scorecard, he answered ‘’*will be able to approach this when it is totally carried out. What we utilize currently stimulate completion within the cluster and foster drive for achieve corporate purposes.”*

## 4.4 BICICI

BICICI was also founded in 1962.It is a subsidiary of the French group BNP Paribas. It is a general banking, wholesale and retail, which offers to businesses and individuals from the formal sector a range of short and medium term loans. Listed on the Brvm, it is the fifth Ivorian bank in terms of loans and deposits, with a market share between 9% and 10% in 2012. BICICI is present in the entire Ivorian territory through a network of 40 branches and has over 500 employees spread across its network.

### 4.4.1 Slogan and Vision at BICICI

The slogan of BICICI is formulated as follow:

***‘’The bank for a changing world’’***

Focus on this slogan, BICICI aims always to provide better service quality to its customer. The customer is the kemel of the strategy as argued the financial controller: ‘*Our customer constitutes the core of our strategy. Whether you are an individual, professional or business, we are closely studying your needs and expectations to best meet your product requirements, service and quality*‘’.

BICICI work permanently in the establishment of new procedures and tools that meet the national and international standards in order to satisfy its customers

All employees of the BICICI is sensitive to socio-economic changes and know the customers concerns. They engage their responsibility to deliver quality services and ensure genuine proximity to their clients.

Based on the values of BNP Paribas Group, BICICI continues its efforts to remain the leading bank in Ivory Coast. Renowned bank for the quality of its services and facilities, the professionalism of its teams and its major role is decisive in the development, it is the only one Ivorian bank to be ISO certified.The diversity of its products and services gives it a dominant player status to the country's economic growth.

### 4.4.2 Measuring Performance at BICICI

BICICI has freshly incorporated its staff evaluation system and performance management with the parent group which is presently carrying out the balanced scorecard, this consequently is a proof that BICICI has accepted the BSC as its strategic and performance management model. From the Balanced Scorecard Program office at BICICI, the next diagrams were drawn to describe the way that BICICI is carrying out the BSC. This also explicates the way they translated their strategies into measurable items so that they can be able to communicate it to its shareholders and staffs.

First Diagram is denominated the strategic management pyramid by tem and provide with the relationship between their mission, values, vision and their strategies.


**Figure 4.1 : BICICI Strategic Management Pyramid. Source: BICICI Program Office**

This was more formulated by the following statement:

''*Firm performance measures came from the strategic thrust and cascaded down via the directorates, departments and down to the individuals. The system therefore gives to Management a framework to strategically direct and control the performance of the bank.*

*The present performance management system operating in BICICI is founded on the BSC Methodology that has four outlooks*.''

### 4.4.3 Balanced Scorecard Measures at BICICI

The releasing of information from the Balanced Scorecard Office did report the four perspective of the BSC as being utilized by BICICI as follow:

- Financial
- Market/Customer
- Internal Business Processes

- Learning & Growth

From this was designed the principal hey performance factors regarding the four perspectives as drawn below:

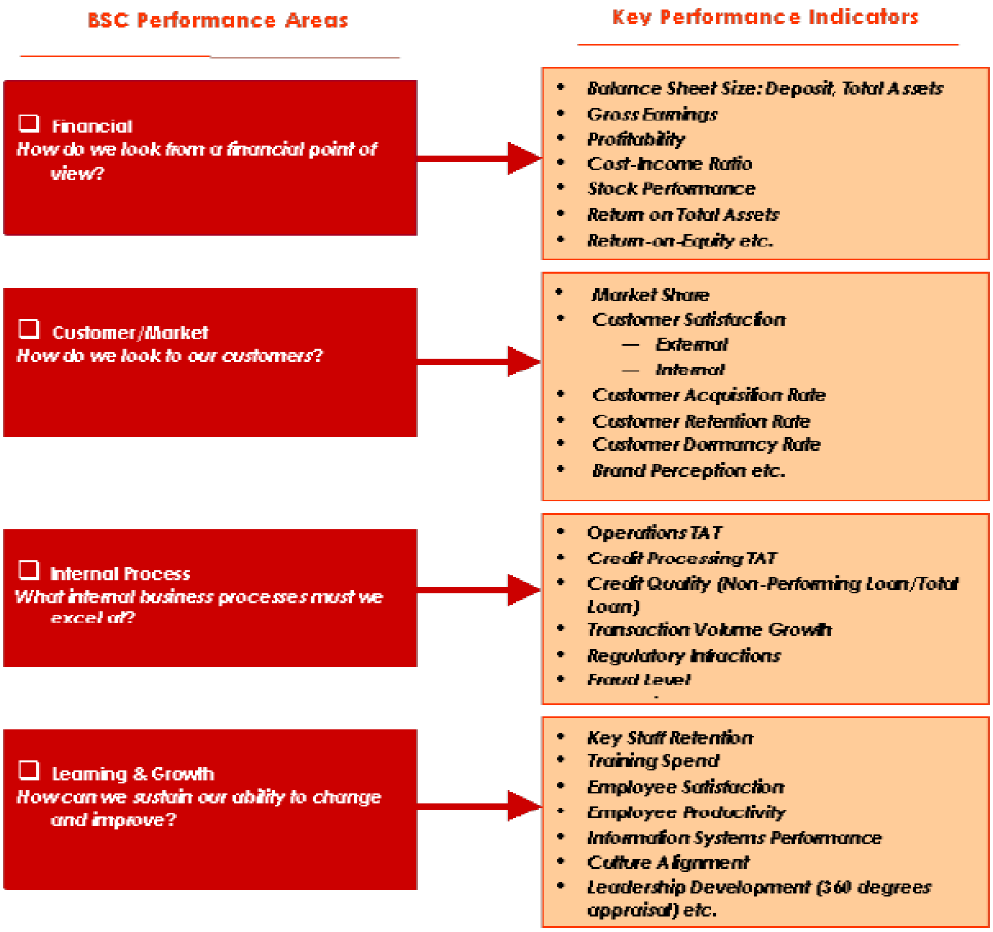


**Figure 4.2: Balanced Scorecard Outlooks/KPI for BICICI. Source: BICICI Program Office**

The four outlooks of the BSC are explained on the following as asserted by the BICICI BSC Programs Office:

- How the company appears financially
- How the customers perceive us in the market
- What we should excel at to reach world class efficient excellence and;
- How we can support our capability to enhance and shift towards bringing and maintaining the best people and aligning the culture of the company to its specified key values.

Kemel to its strategy is to provide great service to its customer utilizing highly skilled people. It has committed to constantly provide higher returns on its shareholders values.

As mentioned by the financial controller, the bank looks for constantly enhancing its shareholder value, exceed customer expectation with its exceptional customer experience initiative while struggling for excellence at all that it does with its harvest of skilled and dedicated pool of professionals. Its strategy consequently concentrates on long term shareholder value. Excellent internal processes, operational efficiency and attracting and maintaining key skilled staff. The Relationship can be demonstrated utilizing the top-down approach. Having person with appropriate skills and talents (learning and growth) will allow them to implement the critical set of internal processes that will surely generate value to the customer which will involve increased profitability (financial).

For the purpose of this research, we shall restrict the significant measures to be utilized regarding each perspective to following as specified by the balanced scorecard for BICICI below:

**Table 4.2 Balanced Scorecard for BICICI**

| | | |
|---|---|---|
| B I C I C I | | |
| **FINANCIAL PERSPECTIVE** | | |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| | Industry Share of Total Operating Income | 11.4% |

| | | |
|---|---|---|
| | RAOA | 2.20% |
| | RAOE | 20.48% |
| Enhance shareholder value | EPS | 4,038.51% |
| | | |
| | | |
| **CUSTOMER PERSPECTIVE** | | |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| Ameliorate Customer Satisfaction rating | Customer Satisfaction Index (CSI) | 83 |
| Enhance customer retention | Customer Retention (CR) | 0.93 |
| | | |
| | | |
| **INTERNAL BUSINESS PERSPECTIVE** | | |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| Operations TATA | SLA For Account Opening | 89 |
| | SLA For Cash Withdrawal | 79 |
| Credit Processing TAT | SLA For Loan Disbursement | 47 |
| | | |
| | | |
| **LEARNING & GROWTH PERSPECTIVE** | | |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| Maintain and Ameliorate employee skill set | Employee Satisfaction Index | 77.93 |
| | Employee Innovativeness | 3.8 |
| | Employee Stability Index | 10% |

BICICI has indicated strong performance in employee satisfaction, customer satisfaction, innovativeness and internal process excluding loan processing and disbursement. The ulcer with loans could be the describing indicator that me be impacting the bank's profitability. This is comprehensible because the bank has taken long times regarding loans that were advanced to its customer. The circumstance went wrong that they had to put nonpermanent support on loans disbursement to its customer.

In order to remain constant with the vision of balanced scorecard, staffs are evaluated on the four outlooks. Staffs are estimated on how well they have participated to the financial accomplishment of their division or branch. The second level is how pleased customers are with the services of the department or branch where the staff is presently performed. This is elaborated via a survey of external and internal customers. Concerning the internal process angle, the staffs obtain a score depending on customer (External and/or internal) feedback on his/her main deliverables. Under the learning & growth outlooks, each staff is examined at least on innovativeness, which is own initiative performed and participation of the staff that has outstandingly make cost lower or enhance revenue.

Managers operate with the measures on the scorecard linked to their subaltern by attributing goals to its team members depending on the target received. Managers are therefore in charge of the whole performance of their teams members also responsible for the performance of their team leaders. So, the mean of the aggregated performance of all team members should be similar to the performance of the team leaders. This becomes the standard around which performance within teams are evaluated, where staffs are ranked as non-performer/laggard or normal/average performer or role model. There are motivations linked to role model performance while there is also regulation for exit for non-performance.

Concerning the advantages of the balanced scorecard, the performance management officer answered this, ''T*he BSC has helped BICICI to set a metric organization that assure holistic and equitable measurement of performance.*" On the inconvenients, he replied, ''*There is a lot of subjectivity in the field of the soft side of the BSC and if not correctly utilized, staff may discord with it and become* *anxious of the system. This may defect the very objective for which the BSC was originally implemented*.''

## 4.5 ECOBANK

ECOBANK or Ecobank Transnational Incorporated (ETI) was found in 1985 with its head office based in Togo. ECOBANK is present in 36 countries in Africa including West, Central and Eastern Africa countries. It has over 20,331 employees and 11 million customers.

### 4.5.1 Slogan and Vision of ECOBANK

The slogan of ECOBANK is given as follow:

'' The people Bank''

As formulated, ECOBANK aims to be close to people so that it can easily know the real requirement of its customers and produce a better service quality in order to please them.

The vision of ECOBANK is ''*to construct a world class African Bank*''.

ECOBANK works on the following principal values collected from its website:

''…. *Its fast growth is due to the values and vision it was constructed on. These values comprise:*

- *Operating a ''one bank'' vision surpassing current geographical obstacle*
- *Enticing, developing and maintaining the best skills on the African continent*
- *Utilizing proper technology to provide accessible, efficient and reliable service to our customer*
- *Normalization of Policies and Process*
- *Operating on the basis of good Corporate governance and ethics*

*We are also engaged to examining the potential furnished by the internet as an effective distribution and communication channel for offering the services supplied by our network of branches and offices.*''

### 4.5.2 Measuring Performance at ECOBANK

ECOBANK has adhered to the balanced scorecard as its strategic and performance management model. It thus utilizes the four perspectives of the BSC for assessing the execution and accomplishment of its corporate strategic vision.

The principal strategic purpose as mentioned by the financial controller are to enhance shareholder value, widen customer base (get further customer), operate towards zero defect its internal processes and bringing and maintaining highly qualified and skilled personnel. The principal strategy to enhance shareholders value is to augment revenues via aggressive expansion and acquisition of more customers. Its purpose of rendering suitable, reliable and accessible service to its customers is to generate and provide value to them through efficient processes sustained by well skilled and qualified staff.

Below is the strategic grille for ECOBANK Ivory Coast

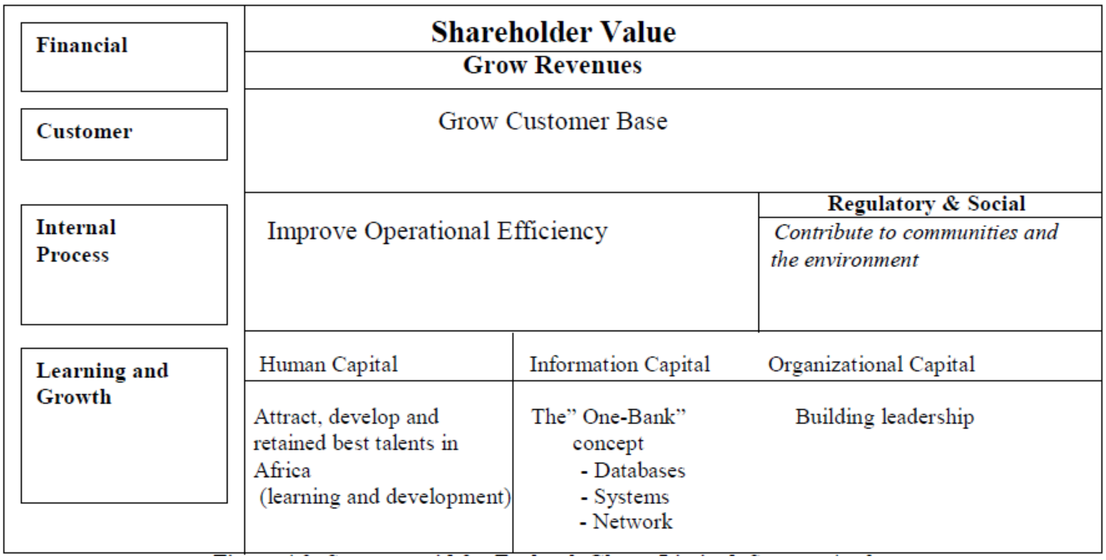


**Figure 4.3 Strategy grille for ECOBANK Ivory Coast**

Regarding the learning and growth outlook, there are three factors thus, organizational capital, information capital, and human capital. ECOBANK is convinced that its people are its greatest asset, this is justified by the following statement collected from the website:

‘’Ecobank looks for harnessing the strength of its human capital in its function of construction a world class bank to the development of Africa.

We are convinced that our people are our biggest resource and we do invest in attracting, maintaining and building our people…’’

It consequently devotes appropriate resources in training and building its people. The following sustains the all relevant assertion, also found on the website concerning its human capital learning and development:

‘’*we devote up to 5% of payroll cost to training and development opportunities. A main strategic intent and factor for development and training is that all staff must benefit at least from an average of 40 hours of coaching and training every year.*”

ECOBANK also consider technology as a core strategic instrument as reported on their corporate website:

‘’*Technology underpins the strategy of the group. The ‘’One Bank’’ concept is a principal initiative created to assure that group operates to the identical coherent standards in term of procedures and service delivery anchored on our technology platform. To this end, a Technology Services centre has been constructed in Abidjan, the capital city of Ivory Coast in order to consolidate and standardize middle and back office activities through the group.*”

This signifies that well trained employees are habilitated with online access to corporate information so that they can be able to provide higher service quality to its customers.

Leadership is developed via coaching and forming such that people are absorbed with the culture of the organization and leadership talent that generate the appropriate strategic alignment between corporate strategic goals and that of individuals, departments and teams. The outcome of this is having the people with the correct attitude and talents to help in accomplishing corporate strategy.

### 4.5.3 Balanced Scorecard Measures at ECOBANK

From the preceding analysis, the few critical key factors that will concentrate the bank's resources and energies in reaching its corporate strategy in term of the learning & growth outlook are employee innovativeness, employee stability index, and employee satisfaction. The core foundation of getting empowered, well trained and innovative staffs at the learning and growth level will assure that the bank has the appropriate people to implement the processes at the internal business processes level in order to generate value to the customer. Regarding the internal processes outlook, the significant measures are turn-around-time on the key functions of the bank since it aims to accomplish zero defects in its processes. The consequence to this is the execution of standard procedures and policies, and the leverage on technology to provide high service quality to its customer. By estimating customer feedback on how best they are providing on their main activities, it will yield information of whether they are on track or not about their customer service delivery strategy. Consequently customer satisfaction index and customer retention were the major indicators that were selected under the customer perspective. Since this two have straight support on the perception of quality of service being provided by the personnel implementing the internal processes in place. This thus assists to sustain the strategic measures in the internal business processes, and learning & growth outlooks.

The core to its strategy is to constantly provide higher return on shareholder value. There are major sustainability factors that are designed by the group, but for the objective of this survey, we shall restrict the measures to only the following concerning the financial perspective:

- ✓ Return on Average Assets (%)
- ✓ Return on Average Equity (%)
- ✓ Earnings per share

The table below provide with a view of balanced scorecard of ECOBANK

**Table 4.3 Balanced Scorecard for ECOBANK**

| | | |
|---|---|---|
| | | E C O B A N K |
| | | **FINANCIAL PERSPECTIVE** |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| | RAOA | 1.53% |
| | RAOE | 19.28% |
| Enhance shareholders value | EPS | 1,306.49 |
| | | |
| | | |
| | | **CUSTOMER PERSPECTIVE** |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| Ameliorate Customer satisfaction rating | Customer Satisfaction Index (CSI) | 66 |
| Increase customer retention | Customer Retention (CR) | 0.66 |
| | | |
| | | |
| | | **INTERNAL BUSINESS PERSPECTIVE** |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| Enhance core customer service delivery | SLA For Account Opening | 86 |
| | SLA For Cash Withdrawal | 43 |
| | SLA For Loan Disbursement | 36 |
| | | |
| | | |
| | | **LEARNING & GROWTH PERSPECTIVE** |
| ***STRATEGIC OBJECTIVE*** | ***STRATEGIC MEASURES*** | ***PERFORMANCE*** |
| Attract, build and maintain best talents | Employee Satisfaction Index | 74.64 |
| | Employee Innovativeness | 3.7 |
| | Employee Stability Index | 7% |

ECOBANK Ivory Coast has also shown strong performance in all the KPIs under survey. However regarding the internal business perspective the surprising revelation was its poor service in term of Loan processing and disbursement. From this analysis, ECOBANK Ivory Coast may have a concealed trouble which could impact the future performance of the Bank. This is noticeable in its employee satisfaction index and innovativeness concerning the learning and growth stage which is quite low.

The strategic goals or purposes if the banks are cascaded via the whole fabric of the bank by allocating the entire strategic objectives among units, departments and divisions. Managers are therefore tasked to apportion these targets their teams' members albeit and their team fairly based on seniority and the amount of resources made accessible to the teams and its team members. This consequently involve the statement ''to whom much is provided, much is expected''. It thus becomes the charge of the manager to assure that every team and its tem members are accomplishing targets attributed to them. Deviation from set goals are recorded and reported via the monthly evaluation system, while recommendations are also provided to staffs that are reaching and exceeding their targets.

The Head of human resources asserted that there are performance-based motivation package that have been put in place to incite staff to furnish their best towards the accomplishment of the whole corporate strategic purposes.

Under the benefits of the balanced scorecard, the head of the performance management unit replied, ''*The Balanced Scorecard assure an equitable appraisal of staff performance*'', while about its disadvantages he answered, ''i*t is too unwieldy and tends to generalize performance of staff*''.

## 4.6 Analysis of the BSC Performance Measures Metrics

The four outlooks of the balanced scorecard and the different metrics and measures culled from data on the three chosen banks in the precedent sections will be examined in the following section in order to ascertain if BSC gives further information with respect to the performance of commercial banks in Ivory Coast.

### 4.6.1 Analysis of Financial Performance

Under financial perspective, the following metrics/measures were designed for all the three banks:

- ✧ Operating Income (Market Share);
- ✧ Earning Per Share (EPS);
- ✧ Return Average On Asset (RAOA);
- ✧ Return Average On Equity (RAOE)

There are relevant factors of the financial health of a company since they estimate how effectively enterprises are using their assets and the value they are giving back to shareholders on their investments. A firm that is financially healthy will constantly generate high RAOA, EPS, and RAOE year in/year out. These measures will consequently provide information to shareholders on the condition of the enterprises they have invested in.

Please examine Appendix F for more definition of some of the above measures.

Operating Income is a measure of a firm’s earning strength from current activities that is equal to earning before deduction of interest payments and income taxes. It is also named EBIT (earnings before interest and taxes) or operating profit. This consequently has great support on the performance of management in a company and designates the degree of operating leverage for the company.

Earnings Per Share (EPS) is described as an entity’s net profit for a specific period over the number of ordinary sales. Basically EPS is computed by dividing net profit or loss referable to ordinary share by the weighted average amount of ordinary shares outstanding over the period. EPS is a norm measure usually utilized to evaluate an entity’s profitability.

Return Average On Asset (RAOA) in an indicator employed to evaluate the profitability of a firm’s assets. It is most frequently used by many financial institutions included banks as a means to measure their performance. As return average on asset (RAOA) is computed at the end at the ends of period (year, quarters, etc.), it does not consider all of the lows/highs but is simply an average of the period. ROAA is calculated by taking Net Income after Taxes and dividing by average total assets. In this formula, total average asset equals total asset at the beginning of the period, plus total assets at the end of the period, divided by two. Notice that both the asset number and income on the expression will change depending on the onset and end dates which have been selected. RAOA shows a little difference from ROA or return on asset. ROA equals net income after taxes divided by total assets at the end of the period in investigation. If assets vary a bit during the periods, beginning asset and average assets will be almost identical and so will be the RAOA and ROA. If, however there was relevant change, RAOA will give a better performance assessment metric. Asset values may change due to several factors. Invest may raise additional cash; the firm may repay loans or borrow; losses or profit firm operations may affect asset levels. Thus, RAOA is able to show evolution over time, in opposition to taking snapshot of the firm on a precise date. ROAA ratio indicates how efficiently a company is using its assets and is also helpful to facilitate comparison among peers in the same industry (Hunkar Ozyasar, 2006).

Return on Average Equity is a financial ratio, an adjusted version of the ROE (return on equity) that evaluate profitability of a company, in which the denominator, stockholders Equity is shifted to average shareholders' equity. This ratio typically allude to the overall performance of the company over a financial year, so its denominator is often calculated as the summation of the equity value at the beginning and closing of the year, divided by two. Evaluating the return on average can provide a more exact description of company's corporate profit ability, especially in situation where the value of shareholders 'equity has shifted considerably during the fiscal year. In instances, where the value of shareholders 'equity does not change or alters by very little amount during a financial year, the return on equity (ROE) and the return average on equity (RAOE) numbers should be similar, or at least identical. ROAE is enunciated in percentage. This financial metric equals to net income after Tax divided by the average shareholders ‘equity for a particular period of time.

The preceding metrics/measures were computed and shown in tables 4.1, 4.2 and 4.3. The outcomes are further condensed and shown in the next table :

**Table 4.4 Financial Performance Measures For SGBCI, BICICI and ECOBANK**

| BANKS | Share of Industry Total Operating Income | Return Average On Asset (RAOA) | Return Average On Equity (RAOE) | Earnings Per Share (EPS) |
|---|---|---|---|---|
| SGBCI | 10.3% | 1.57% | 13.73% | 3,804.20 |
| BICICI | 11.4% | 2.20% | 20.48% | 4,038.51 |
| ECOBANK | 12.8% | 1.53% | 19.28% | 1,306.49 |

SGBCI’s share of the industry total operating income of 10.3%. BICICI got a share of 11.4% while ECOBANK had a share of 12.8%

Under RAOA; SGBCI presented a figure of 1.57%, BICICI following recorded 2.20% and ECOBANK had 1.53%

Concerning the outcome on RAOE; SGBCI has shown a performance of 13.73% while BICICI and ECOBANK recorded respectively 20.48% and 19.28%.

With reference to EPS; SGBCI again recorded 3,804.20, BICICI presented a figure of 4,038.51 and ECOBANK had 1,306.49 for the period under survey.

This only indicates the financial performance of the three chosen banks. The following sections will now analyzes in details what implies these financial outcomes and if in fact the rest of measures under the survey could give further information to shareholders referring to the performance of the banks. The results of which must place the shareholders in a situation of strength so that they are able to make right decisions regarding their investments depending on the additional information from data culled on internal business processes, customer perspective, and learning and growth outlook.

### 4.6.2 Analysis of Customer Perspective

For Commercial banks to keep existing and provide constant high financial performance in the field indicated regarding the financial perspective eabove, the banks must obtain customers that are very pleased with their services and products or unless those banks benefit from some monopolies where there are no substitutes for their services or products and the shifting cost is very high too. Excluding such situation, customers not pleased with the products and the services of a given bank will promptly shift to other banks ensuing in lowering deposits with outflows of funds that could furthermore be given out as loans to produce interest income. Some of the manners that banks with miserable processes and unpleased customers can maintain their customers will be via a policy of low pricing of their services and products,

However this is not durable policy because other competitors (other banks) with consistent internal processes would readily harmonize by lowering their cost of

Of operations which may convert into lower cost for their services and products by this way attracting the customers that are unhappy with their banks and are just there because of only the pricing indicator.

Consequently to estimate how the customer outlook are customer retention rate customer satisfaction index. The customer satisfaction metric is the most significant because customer satisfaction is straight related to firm profits. Service delivery through different channels of IT applications has appeared as a crucial attribute in pleasing customers. Whereof, an organization with very pleased customers is able to produce constant profitability and high growth value. The organization also takes advantages from testimony of mouth publicizing from its happy customers thus lowering its cost of advertising while simultaneously enhancing its customer base (Roger Best, 2007). This consequently signifies that the greater the satisfaction index, the greater the future profitability of a firm may be.

Customer retention is how long a company is able to retain and maintain a customer for the objective providing the customer with repeated and constant businesses. If an organization is able to augment the amount of customers it keeps year on year, that organization will be able to minimize the cost related to customer displeasure and exit and will avoid to spend as much on marketing strategy to get new customers. Also, because pleased customers have tendency to generate greater margin per customer and annual revenue than do new or lost customers, the total profits of the company must increase.

The table below is a summary of customer measures for the three selected banks:

**Table 4.5 Customer Measures For SGBCI, BICICI and ECOBANK**

| BANKS | CUSTOMER SATISFACTION | CUSTOMER RETENTION |
|---:|---:|---:|
| SGBCI | 69 | 0.86 |
| BICICI | 83 | 0.93 |
| ECOBANK | 66 | 0.66 |

The outcome described in table 4.5 from the investigation show that SGBCI obtained 69 points on scale of 100 for entire customer satisfaction; BICICI recorded 83 points while ECOBANK got 66 points.

Referring to customer retention, SGBCI had 0.86 point on a scale of 1, BICICI has shown a figure of 0.93 and ECOBANK got 0.66

Customer retention and satisfaction are relevant linkages to profitability and market-based strategy. An organization's final goal is to attract, please and maintain target customers. If an organization is able to accomplish this in an attractive market, then the business will generate above-average profit.

The customer is a crucial constituent in the profitability equation, but this fact is usually disregarded in any annual reports or financial analysis. Customers constitute and remain a marketing asset that enterprises are yet to quantize in the accounting system, yet the firm that is able to bring in, satisfy and maintain customers over their lifetime of purchasing is in a strong position to provide high level of profitability.

This affirmation is justified from the results of the investigation where BICICI with the greatest customer retention value also appears to be the most profitable followed by SGBCI and then ECOBANK.

To ascertain if customer perspective delivers any further information concerning financial performance of the banks, the Spearman's Rank Correlation coefficient was computed in Excel 2007 Software for metrics between the customer and financial perspective. Below are shown the findings:

**Table 4.6 Spearman's Rank Correlation Between Customer Perspective and Financial Perspective . Source : Author**

(** Correlation is significant at the .01 level (2-tailed))

| SPEARMAN'S CORRELATION – Between Operating Income and CSI | | | | |
|---|---|---|---|---|
| Operating Income (OI) | CSI | Rank (OI) | Rank (CSI) | |
| 10.3 | 69 | 2 | 2 | |
| 11.4 | 83 | 3 | 3 | |
| 12.08 | 66 | 1 | 1 | N=3 |
| | **Coefficient Correlation** | | -.5 | |
| | | | | |
| SPEARMAN'S CORRELATION – Between Operating Income and CR | | | | |
| Operating Income (OI) | CR | Rank (OI) | Rank (CR) | |
| 10.3 | 0.86 | 2 | 2 | |

| | | | | |
|---|---|---|---|---|
| 11.4 | 0.93 | 3 | 3 | |
| 12.08 | 0.66 | 1 | 1 | N=3 |
| | **Coefficient Correlation** | | -.5 | |
| | | | p-value | .666 |

From the preceding table, generally speaking, there is some correlation between Financial Performance and Customer Outlook with -.5 as correlation coefficient. The particular negative relationship between Customer Satisfaction and Operating Income and between CR and Operating Income can be seen as a relative sign of the imperfect nature of the market or proof of customer's reluctance to register in a new bank. This situation could be nonpermanent. The behavior of customer may change over time if they start identifying better products and services from other competing banks. If this research is conducted again 15 years down the trend with service level being as they are currently, the outcomes could be amazingly different.

### 4.6.3 Analysis of Internal Business Processes

The efficiency of the internal processes of company can impact the manner the firm provide service to their customer. Effectiveness and operational efficiency consequently enable organization to deliver service to its customers at a reduced or minimized cost. It could be an origin of distinguishing indicators by which the firm can generate and produce competitive advantage in its industry. Also, an organization endued with right internal processes is able to rapidly react to customers requirement, answer to customer queries via new product development with short speed-to-market period frames. Such an organization minimizes the waiting time for delivering services and enhance accessibility of its customers via the usage of the ‘’state of the art’’ technology similar to ecommerce, ATM services, internet banking, SMS banking, etc. Also via the application of technology or software such as customer relationship management (CRM) software, firms are able to better control their relationship with their customers. Via such a platform. The organization is able to aggregate information that makes it comprehend the requirement of its customers in order to provide high quality service to impress them. This strategy will surely be acknowledged by customers who in turn recompense the firms through constant and repeated businesses, which conduct to great customer retention because customers are very pleased with the services they are enjoying from the firm. This makes the firms benefit from greater lifetime value of the pleased and retained customers so conducting to supported financial performance such as greater profitability.

The following table describes the internal business processes measures for the three 0chosen banks under the survey:

**Table 4.7Internal Business Processes Measures For SGBCI, BICICI and ECOBANK**

| BANKS | Account Opening | Counter Service | Loan Processing |
|---:|---:|---:|---:|
| SGBCI | 67 | 63 | 52 |
| BICICI | 89 | 79 | 47 |
| ECOBANK | 86 | 43 | 36 |

From this table, it can be seen that there is positive relationship between the performance of an organization and the effectiveness and efficiency of its internal processes as proved from data gathered for this survey. BICICI recorded 47, 79 and 89 customer satisfaction ratings for loan processing, counter service and account opening respectively. SGBCI got 52, 63 and 67 loan processing, counter service and account opening. ECOBANK has shown a figure of 36, 43 and 86 respectively for the same metrics.

Also in evaluating the effect of internal business processes outlook on the customer perspective, it can be deduced from the table below, utilizing again Spearman’s Rank Correlation that, there is some relationships between internal business and customer satisfaction with a correlation of 0.5

**Table 4.8Spearman's Rank Correlation Between Internal Business Processes and Customer Perspective**

(** Correlation is significant at the .01 level (2-tailed))

| SPEARMAN'S CORRELATION – Between Account Opening and CSI | | | | |
|---|---|---|---|---|
| Account Opening (AO) | CSI | Rank (AO) | Rank (CSI) | |
| 67 | 69 | 1 | 2 | |
| 89 | 83 | 3 | 3 | |
| 86 | 66 | 2 | 1 | N=3 |
| | | **Coefficient Correlation** | .5 | |
| | | | | |
| SPEARMAN'S CORRELATION – Between Account Opening and CR | | | | |
| Account Opening | CR | Rank (AO) | Rank (CR) | |
| 67 | 0.86 | 1 | 2 | |
| 89 | 0.93 | 3 | 3 | |
| 86 | 0.66 | 2 | 1 | N=3 |
| | | **Coefficient Correlation** | .5 | |
| | | | p-value | .666 |

This consequently reveals that well structured and organized internal business processes will conduct to greater customer satisfaction rating, which could foster better financial performance. The opposite relationship between customer retention and customer satisfaction could express defective nature of the market or absence of competition where customers have not tendency to demand better and another service and may just be enjoying the mediocre services being offered to them by some of the outdated banks.

### 4.6.4 Analysis of Learning & Growth

A learning organization is a well-informed organization. An organization that empowers its personnel and provide them adequately with resources will certainly garner the advantages in term of great performance and growth. For most companies that have treated and considered their employees as their most crucial resource, they have usually been recompensed with sustained and greater profits. There is a statement that, ''you cannot give what you don't have''. Consequently, companies with unpleased employees will frequently discover that, their customer service strategies are always not without troubles. They may have very bright customer service model or framework, however will have acute problem executing it because they have unpleased staffs. Inefficient customer service delivery thus impacts customer satisfaction, which in turn has an effect on customer retention and so lower the ‘’lifetime value of customer’’ as an outcome of premature exit. This script does not apply in the imperfect market or monopoly market where customers are not able to readily get substitutes.

Employee skill development, employee retention, employee satisfaction and the extension of learning management are very crucial to the performance and survival of enterprises. How well these strategies are managed can have an impact on an organization’s growth and profitability. Well motivated and skilled staffs are constantly willing to do extra work to assist in accomplishing Corporate goals and objectives.

The next table indicates the learning & growth measures for the three chosen banks:

**Table 4.9Learning and Growth Measures For SGBCI, BICICI and ECOBANK**

| BANKS | Employee Satisfaction | Employee Innovativeness | Employee Stability Index |
|---|---|---|---|
| SGBCI | 84.38 | 4.2 | 0.95% |
| BICICI | 77.93 | 3.8 | 10% |
| ECOBANK | 74.64 | 3.7 | 7% |

The table 4.9 indicates that BICICI with the highest financial performance (Please see Table 4.5 concerning data on financial measures) recorded 10%, 3.8, and 77.93 for employee stability index, employee innovativeness and employee satisfaction respectively.

This was followed by ECOBANK with 7% for employee stability index, 3.7 for employee innovativeness and 74.64 for employee satisfaction.

SGBCI shows an interesting case with an awesome record of 84.38 for employee satisfaction and 4.2 for employee innovativeness. This is explained by the fact that developing skills of staff is one of the key objective of the strategy management of SGBCI as mentioned the Head of Human resources. But at the same time, SGBCI records a surprising figure of 0.95% which is very low. This could be justified by what was found out during the investigation. Indeed, since more than a year, the personnel of SGBCI keep complaining about their salary. The staffs think that there are underpaid compared to their colleagues from other banks. An employee underpaid will be willing to quickly accept an offer from other company which proposes a better wage. Thereby, it can result to lower the employee retention. SGBCI therefore has to solve this salary issue otherwise it may affect the future financial performance because recruiting a new staff requires an extra expense for training. A good work environment and a constant training program can motivate staffs to deliver high quality services to customers but also the salary appears to be one of the key factors to complete employee satisfaction and generate higher employee retention.

In analyzing the impact of the learning and growth perspective on internal business processes, it is evident regarding the table below that employee innovation and internal business processes are strongly correlated. This consequently reveals that, the bank that builds the convenient environment for innovation to bloom will surely be recompensed with consistent processes that lead to greater customer satisfaction index.

**Table 4.10Spearman's Rank Correlation Between Learning & Growth and Internal Business Processes.**

(** Correlation is significant at the .01 level (2-tailed))

| SPEARMAN'S CORRELATION – Between Loan Processing and Employee Innovativeness | | | | |
|---|---|---|---|---|
| Loan Processing (LP) | Employee Innovativeness (EI) | Rank (LP) | Rank(EI) | |
| 52 | 4.2 | 3 | 3 | |
| 47 | 3.8 | 2 | 2 | |
| 36 | 3.7 | 1 | 1 | N=3 |
| | **Coefficient Correlation** | | 1 | |
| | | | | |
| SPEARMAN'S CORRELATION – Between Loan Processing and Employee Satisfaction | | | | |
| Loan Processing (LP) | Employee Satisfaction Index (ESI) | Rank (LP) | Rank (ESI) | |
| 52 | 84.38 | 3 | 3 | |

| | | | | |
|---|---|---|---|---|
| 47 | 77.93 | 2 | 2 | |
| 36 | 74.64 | 1 | 1 | N=3 |
| | **Coefficient Correlation** | | 1 | |
| | | | | |
| SPEARMAN'S CORRELATION – Between Loan Processing and Employee Stability Index | | | | |
| Loan Processing (LP) | Employee Stability | Rank (LP) | Rank (ES) | |
| 52 | 0.95 | 3 | 1 | |
| 47 | 10 | 2 | 3 | |
| 36 | 7 | 1 | 2 | N=3 |
| | **Coefficient Correlation** | | -.5 | |
| | | | | |
| | | | p-value | .666 |

From the precedent table, it can be seen that the Learning & Growth perspective has a positive impact on a firm performance. This means that there is a positive correlation between firm's performance and its learning and growth strategy.

# 5 CONCLUSION

## 5.1 Introduction

This chapter makes a conclusion with the results of the survey and provides the useful recommendations to be adopted. It also points out the limitation of the study and the need for additional work in the selected field.

## 5.2 Conclusion of the research

From the Analysis elaborated so far in the previous chapter, it can be deduced that utilizing the balanced scorecard to evaluate performance of commercial banks in Cote d'Ivoire will give a further holistic view than utilizing only the financials. From the data provided in the survey (examine table 4.1, 4.2 and 4.3), it is apparent that well performing banks financially may not automatically be the best banks in the sector when other dimensions or outlooks are considered. The durability of such performance may broadly be reliant to some activities that are not geared towards efficient business processes and customer satisfaction or activities in order to generate superior returns and long term growth depending on lower transaction cost and customer satisfaction.

It is consequently very apparent from the survey that the internal business processes perspectives, learning and growth perspective and customer perspective have an effect on the estimation of the performance of commercial banks to a very broad extension in Ivory Coast. Regarding the types of outcomes that have been culled through this study, any investor who plans to invest, takeover or merge these banks will have a right information with measures in various dimensions in term of learning and growth (leadership and systems development), internal business processes outlook (controls and operational structures), and customer outlook all of which have an impact on the long term performance and survival of the banks than focusing only on financial.

Learning and growth perspective, internal business process perspective and customer perspective consequently play additional roles in evaluating performance of organizations. As argued in the preceding chapters, for an enterprise to produce constant profit and growth, that enterprise must be able to truculently attract new customers and maintain them via consistent customer service and service delivery. That is because if new customer are attracted and they are dissatisfied with the product and services of the firm they may leave betimes and the cost for recruiting another customers to substitute the lost customers in order to remain in business will be higher. It has been evaluated that it costs about four times or more to get a new customer than it is to maintain an old one. A premature exit of a customer also lead the company to a lost for life time value of the customer which can be estimated to about hundred thousands or even million of Ivory Coast XOF.

From the investigation elaborated with the three banks, SGBCI has not carried out the balanced scorecard before and may be taking in consideration executing that in the future and ECOBANK had merely carried out the balanced scorecard. BICICI has effectively executed it for the past two years and they testified that it has truly enhanced their profitability and performance.

The balanced scorecard could also help in the performance of banks to a broad extension if carried out as a strategic instrument. The extension to which it will help banks in Ivory Coast can be inferred from the data shown in table 4.1, 4.2 & 4.3 above. Supposing BICICI had such facia or instrument panel, instantly it will be able to verify the internal operational efforts and the performance of its customer strategies and re-tune them in case it is not accomplishing the intended results. One apparent plague in the banking industry, which has been detected by the survey, is customers' displeasure with the loan demand processing and disbursement function of banks. It consequently reveals that a very bright bank that is able to bring to perfection this function would have succeeded in generating a cash cow that could rotate the wealth of the bank. The inability of banks to properly play this role has caused the proliferation of all way of enterprises that involve in lending money to the public at absurd interest rate. Such enterprises are plenty in Abidjan, the capital city of Cote d'Ivoire.

In conclusion therefore, the BSC framework can be carried out to evaluate performance of banks in Ivory Coast. The BSC model can also help by delivering further information utilizing measures in various dimensions such as internal business processes outlook, customer outlook and learning and growth outlook to shareholders, managers and other concerned stakeholders referring to the performance of banks in Cote d'Ivoire/ This will allow banks concentrate on the key strategies in order to produce and provide superior returns and value to their stakeholders. This places the shareholders in an informed situation concerning the value the banks are producing to them in the short-run versus the long-run. This additional indication the BSC model is delivering could be seen as an observation on ''facts behind the figures'' to make revelation on the non-financial inputs that went into accomplishing the financial outcomes and whether the outcome being recorded by the banks are durable in the long run.

Regarding the data culled and the Analysis realized so far, further information on customer displeasure on loan processing functions of BICICI and ECOBANK, poor employee retention for SGBCI, inefficient customer service concerning ECOBANK and SGBCI have been revealed.

These informations can be helpful to both management of the banks and shareholders which can assist them to adjust the implementation of their strategies.

## 5.3 Recommendations

From the findings of the research, I would like to recommend the following:

- Banks carry out the BSC as a performance measurement and strategic implementation instrument to ameliorate their profitability and operational performance

- Company integrate non-financial measures while doing annual reports or assessing performance so that the academics, the general public and the investors will have a right information about their performance.

I suggest to the banks while implementing the balanced scorecard to follow carefully the advices and the methodology that has been provided in this research in order for them to fully take advantages and make higher profit from their investment.

## 5.4 Limitation and Further research

In this study, only few of the metrics were chosen for each of the four major perspectives to demonstrate the strength of the balanced scorecard. In the purpose of more corroborative survey work between academia and organization, the amount of metrics regarding each perspective could be widened. The return on investment on the carrying out of the BSC can be searched closely too and more itemized analysis utilizing intricate statistical models to determine the extension to which non-financial perspective have an effect on financial performances of institutions or companies with a much broader sample size. A further research investigation could be also be realized in other industries area such as merchandizes, non-profit institutions, and retailing to assist drive the implementation and measurement of their strategie.

# ACRONYMS

| | |
|---|---|
| **BSC** | Balanced Scorecard |
| **BICICI** | International Bank for Trade and Industry of Côte d'Ivoire |
| **CR** | Customer Retention |
| **CSI** | Customer Satisfaction Index |
| **DEA** | Data Envelopment Analysis |
| **EPS** | Earnings Per Share |
| **EVA** | Economic Value Added |
| **HBR** | Havard Business Review |
| **KPI** | Key Performance Indicator |
| **LOC** | Levers of Control |
| **PMM** | Performance Management Model |
| **RAOA** | Return Average On Asset |
| **RAOE** | Return Average On Equity |
| **SGBCI** | General society of banks in Ivory Coast |
| **SLA** | Service Level Agreement |

# SPECIAL REMARKS

In This paper, Cote d’Ivoire and Ivory Coast stand for the same country.

The Ivorian banks names initials were kept in French which is the official language of Ivory Coast but their meanings are provided in English.

# DECLARATION

I, EDJOUKOU AKADJE JEAN ROLAND, affirm that the present research having ‘’ Performance evaluation of commercial banks in Ivory Coast ‘’ as title submitted by me for the award of Master Degree in Financial Management of Dongbei University of Finance and Economics at Dalian. Is my personal work and it has not been introduced yet for the award of any other Diploma, Fellowship, Degree or other similar titles of any other institution or University in the world.

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# APENDICES

## APPENDIX A: QUESTIONNAIRE / SURVEY QUESTIONS FOR BANK CUSTOMERS

1. **For how long have you been saving with this bank?**

2. **Are you satisfied with the way the bank treats you as a customer ?**
   a) Very dissatisfied (0)
   b) Somewhat dissatisfied (20)
   c) Moderately dissatisfied (40)
   d) Somewhat satisfied (60)
   e) Moderately satisfied (80)
   f) Very satisfied (100)

3. **With all required documentations provided, are you satisfied with how long you have to queue to cash money from the counter?**
   a) Very dissatisfied (0)
   b) Somewhat dissatisfied (20)
   c) Moderately dissatisfied (40)
   d) Somewhat satisfied (60)
   e) Moderately satisfied (80)
   f) Very satisfied (100)

4. **With all required documentations provided, are you satisfied with how long it takes for the bank to open a new account for you?**
   a) Very dissatisfied (0)
   b) Somewhat dissatisfied (20)
   c) Moderately dissatisfied (40)
   d) Somewhat satisfied (60)
   e) Moderately satisfied (80)

f) Very satisfied (100)

5. **With all required documentations provided, are satisfied with how long it takes for the bank to process and disburse you loan application request?**
   a) Very dissatisfied (0)
   b) Somewhat dissatisfied (20)
   c) Moderately dissatisfied (40)
   d) Somewhat satisfied (60)
   e) Moderately satisfied (80)
   f) Very satisfied (100)
6. **How will you rate the bank's response time to issues you raise?**
   a) Very dissatisfied (0)
   b) Somewhat dissatisfied (20)
   c) Moderately dissatisfied (40)
   d) Somewhat satisfied (60)
   e) Moderately satisfied (80)
   f) Very satisfied (100)
7. **Overall, how would you rate the products the banks is offering to you ?**
   a) Very dissatisfied (0)
   b) Somewhat dissatisfied (20)
   c) Moderately dissatisfied (40)
   d) Somewhat satisfied (60)
   e) Moderately satisfied (80)
   f) Very satisfied (100)

## APPENDIX B : QUESTIONNAIRE FOR CHIEF OPERATING OFFICER (COO )

1. **Do you have operational policy & guidelines, and an internal control framework for your staff?**
   a) YES (1)

b) NO (0)

2. **Do you have performance contracts with your operational (frontline and back office) staffs on turnaround time for processing account opening request, cash withdrawal from the counter, and processing of loan request and disbursement?**
   a) YES (1)
   b) NO (0)

3. **If 2 is YES, what is the turnaround time for new account opening as stated in the performance contract after a customer has presented all required documentations ?**
   a) 0-60mins (1)
   b) >60mins (0)

4. **What is the turnaround time for cash withdrawal at the counter as stated in the performance contract after a customer has presented a withdrawal slip to a teller?**
   a) 0-30mins(1)
   b) >30mins(0)

5. **What the turnaround time for loan processing and disbursement as stated in thr performance contract after a customer has produced all required documentations?**
   a) 0-48hrs(0)
   b) >48hrs(1)

6. **Do you monitor and enforce all the above service level agreements (SLAs)?**

a) YES (1)
b) NO (0)

**7. How do you measure the above SLAs, through?**
a) Customers feedback (0)
b) Others (mistery shopping, electronic devices, etc) (1)

**8. Are your operational guidelines and procedures simply enough for your staff to follow and perform their assigned tasks?**
a) YES (1)
b) NO (0)

**9. If YES, on the average, how many incidence of teller shortages & overages do you record in a month?**
a) Low (0-1 incidence a month) (1)
b) High (>1 incidence a month) (0)

**10. On the average, how many or wrong entries into customers' accounts do you record in a month?**
a) 0-1 incidence a month (1)
b) High (>1 incidence a month) (0)

**11. On the average, how many incidence of fraud do you record in month?**
a) Low (0-1 incidence a month) (1)
b) High (>1 incidence a month) (0)

**12. Are frontline staffs empowered to take decisions bothering on service quality without necessarily requiring approvals from their superiors?**
a) YES (1)
b) NO (0)

13. **Has provision been made for customers to channel their grievances with respect to service quality issues?**
    a) YES (1)
    b) NO (0)

14. **Is the feedback of customers sought on the service quality and processes of the bank?**
    a) YES (1)
    b) NO (0)

15. **Does a bank have a call centre or customer interactive centre for customers to call/phone in for assistance and enquiries?**
    a) YES (1)
    b) NO (0)

16. **Does the bank have automated teller machines (ATM) at all its branches?**
    a) YES (1)
    b) NO (0)

17. **Does the bank have automated teller machines (ATM) at offsite locations for its customers?**
    a) YES (1)
    b) NO (0)

18. **Does the bank electronic products,i.e SMS banking, interest banking, telephone banking?**
    a) YES (1)
    b) NO (0)

**19. How many new products have launch in the last one year?**

a) 0 (0)

b) >1 (1)

## APPENDIX C : QUESTIONNAIRE FOR CHIEF FINANCE OFFICER (CFO)

**1. Have you heard of the balanced scorecard concept before?**

a) YES (1)

b) NO (0)

**2. Has your bank implemented the balanced scorecard as a performance measurement or**

strategic implementation tool?

a) YES

b) NO

**3. Has the implementation of the balanced scorecard assisted in your corporate strategy**

**implementation and performance measurement?**

a) YES (1)

b) NO (0)

**4. Have you observed an impact of customer perspective on the performance of your**

**bank?**

a) YES (1)

b) NO (0)

**5. Have you observed an impact of financial perspective on the performance of bank?**

a) YES (1)

b) NO (0)

**6. Have you observed an impact of internal business process perspective on the performance of your bank?**

a) YES (1)

b) NO (0)

**7. Have you observed an impact of learning and growth perspective on the performance**

**of bank?**

a) YES (1)

b) NO (0)

## APPENDIX D : QUESTIONNAIRE FOR HEAD OF HUMAN RESOURCES

**1. How many staffs with more than one year of service have left the organization in the last one year?**

**2. What was the total number of staff with more than one year of service in the last one year?**

**3. What is your employee turnover?**

**4. Does the bank organize induction course for newly recruited employee?**

a) YES (1)

b) NO (0)

**5. What is the minimum educational requirement you required to become a teller,**

**customer service officer, or credit processing officer?**

a) Undergraduate and above (1)

b) Others (0)

**6.Do you have annual training programs planned for each staff at the beginning of every**

**year?**

a) YES (1)

b) NO (0)

**7.Averagely, how many training courses does a staff attend in a year that relates to his/her**

**job?**

a) 0-1 (1)

b) > 1 (0)

**8.Does the bank enforce that all staffs attend the training programs they have been slated**

**to attend for the year?**

a) YES (1)
b) NO (0)

**9.Is there a policy that sanctions staff that deliberately refuses to attend the training program(s) they have been slated for?**

a) YES (1)
b) NO (0)

**10. Does the bank have an intranet for its staff?**

a) YES (1)
b) NO (0)

**11. Does the intranet contain information on the bank's products?**

d) YES (1)
e) NO (0)

## APPENDIX E : EMPLOYEE SATISFACTION SURVEY

| Bank Employee Satisfaction Survey | Strongly Disagree | Disagree | Neither Agree nor Disagree | Agree | Strongly Agree |
|---|---|---|---|---|---|
| 1. I understand what is expected of me. | 1 | 2 | 3 | 4 | 5 |
| 2. I am kept informed about matters that affect me. | 1 | 2 | 3 | 4 | 5 |
| 3. I have the resources (materials, equipment, supplies, etc.) necessary to do my job well. | 1 | 2 | 3 | 4 | 5 |
| 4. I am able to do my best every day. | 1 | 2 | 3 | 4 | 5 |
| 5. Communication within my division/department/unit is good. | 1 | 2 | 3 | 4 | 5 |
| 6. In the last month, I was recognized and praised for doing a good job. | 1 | 2 | 3 | 4 | 5 |
| 7. Someone in the court cares about me as a person. | 1 | 2 | 3 | 4 | 5 |
| 8. I have opportunities to express my opinion about how things are done in my division. | 1 | 2 | 3 | 4 | 5 |
| 9. The court is respected in the community. | 1 | 2 | 3 | 4 | 5 |
| 10. My coworkers work well together. | 1 | 2 | 3 | 4 | 5 |
| 11. I am encouraged to try new ways of doing things. | 1 | 2 | 3 | 4 | 5 |
| 12. I understand the connection between the work I do and the mission and goals of the bank. | 1 | 2 | 3 | 4 | 5 |
| 13. My working conditions and environment enable me to do my job well. | 1 | 2 | 3 | 4 | 5 |
| 14. I feel valued by my supervisor based on my knowledge and contribution to my department, unit, or division. | 1 | 2 | 3 | 4 | 5 |
| 15. I feel free to speak my mind. | 1 | 2 | 3 | 4 | 5 |
| 16. In the last month, someone in the bank has talked to me about my performance. | 1 | 2 | 3 | 4 | 5 |
| 17. I enjoy coming to work. | 1 | 2 | 3 | 4 | 5 |
| 18. My coworkers care about the quality of services and programs we provide. | 1 | 2 | 3 | 4 | 5 |
| 19. I am treated with respect. | 1 | 2 | 3 | 4 | 5 |
| 20. I am proud that I work in the bank. | 1 | 2 | 3 | 4 | 5 |

**Source:**

Avalable at

http://www.ncsconline.org/D_Research/CourTools/Images/courtools_measure9.pdf

## APPENDIX F: GLOSSARY OF KEY FINANCIAL TERMS, EQUATION AND RATIOS

| |
|---|
| **Capital adequacy ratio** is the ratio of adjusted equity base to risk adjusted asset base as required by the Bank of Ghana (BoG) |
| **Cash assets** includes cash on hand, balances with the central bank, money at call or short notice, and cheques in course of collection and clearing |
| **Cash ratio** = (Total cash assets + Total liquid assets) ÷ (Total assets - Net book value of fixed assets - Investments in subsidiaries and associated companies) |
| **Cash tax rate** = Actual tax paid ÷ Net operating income |
| **Cost income ratio** = Non-interest operating expenses ÷ Operating income |
| **Current ratio** = (Total assets - Net book value of fixed assets – Investments in subsidiaries and associated companies) ÷ (Total liabilities - Long term borrowings) |
| **Dividend payout ratio** = Proposed dividends ÷ Net profit |
| **Dividend per share** = Proposed dividends ÷ Number of ordinary shares outstanding |
| **Earnings per share** = After tax profits before proposed profits ÷ Number of ordinary shares outstanding |
| **Financial leverage ratio** = Total assets ÷ common equity |
| **Liquid assets** includes cash assets and assets that are relatively easier to convert to cash, e.g., investments in government securities, quoted and unquoted debt and equity investments, equity investments in subsidiaries and associated companies |
| **Loan loss provisions** = (General and specific provisions for bad debts + Interest in suspense) ÷ Gross loans and advances |
| **Loan portfolio profitability** = Interest income attributable to advances ÷ Net loans and advances |
| **Loan loss rate** = Bad debt provisions ÷ Average operating assets |
| **Net book value per share** = Total shareholder's funds ÷ Number of ordinary shares outstanding |
| **Net interest income** = Total interest income - Total interest expense |
| **Net interest margin** = Net interest income ÷ Average operating assets |
| **Net operating income** = Total operating income - Total non-interest operating expenses + Depreciation and amortisation - Loan loss adjustment + Exceptional credits |
| **Net operating (or intermediation) margin** = [(Total interest income + Total non-interest operating revenue) ÷ Total operating assets] - [Total interest expense ÷ Total interest-bearing liabilities] |
| **Net profit** = Profit before tax - Income tax expense |
| **Net spread** = (Interest income from advances ÷ Net loans and advances) - (Interest expense on deposits ÷ Total deposits) |
| **Non-interest operating expenses** include employee related expenses, occupancy charges or rent, depreciation and amortisation, directors emoluments, fees for professional advice and services, publicity and marketing expenses |
| **Non-interest operating revenue** includes commissions and fees, profit on exchange, dividends from investments and other non-interest investment income, and bank and service charges |
| **Non-operating assets** comprises net book value of fixed assets (e.g., landed property, information technology infrastructure, furniture and equipment, vehicles) and other assets, including prepayments, sundry debtors and accounts receivable |
| **Operating assets** include cash and liquid assets, loans and advances, and any other asset that *directly* generates interest or fee income |
| **Operating income** = Net interest income + Non-interest operating revenue |
| **Profit after tax margin** = Profit after tax ÷ Total operating income |
| **Profit before tax margin** = Profit after extraordinary items but before tax ÷ Total operating income |
| **Quick (acid test) ratio** = (Total cash assets + Total liquid assets) ÷ (Total liabilities - Long term borrowings) |
| **Return on assets** = Profit after tax ÷ Average total assets |
| **Return on equity** = Profit after tax ÷ Average total shareholders' funds |
| **Shareholders' funds** comprise paid-up stated capital, income surplus, statutory reserves, capital surplus or revaluation reserves |
| **Total assets** = Total operating assets + Total non-operating assets |
| **Total debt ratio** = Total liabilities ÷ Total assets |

**Source** : Ghana Banking Survey 2006,PricewaterhouseCoopers in conjunction with Ghana Association of Bankers, pp71

## APPENDIX G : CUSTOMER SURVEY RESULTS

# SGBCI

Customer R1 R2 R3 R4 R5 R6 R7 R8 R9 R10 **N**

**CR**

Survey

S1 3 8 13 6 4 10 18 7 0.8 6 **7.58** **0.86**

S2 60 100 60 80 100 60 80 20 40 80

S3 60 80 80 20 80 40 60 80 80 100

S4 60 40 100 100 60 20 80

S5 60 100 100 40 80 60 80 100 80 40

S6 40 80 60 100 60 40 60 80 60 100

S7 80 60 80 80 80 80 100 80 40 60

**AVERAGE** 60 84 70 64 83 63 76 70 53 76 **69**

63 Cash Withdrawal from Counter

67 Account Opening

52 Loans

# BICICI

Customer R1 R2 R3 R4 R5 R6 R7 R8 R9 R10 **N**
**CR**

Survey

S1 23 15 6 3 21 14 6 7 32 16 **14.3** **0.93**

S2 100 100 60 100 80 60 100 60 80 60

S3 80 60 80 80 80 80 80 80 60 80

S4 100 100 100 100 60 60 60 60 60

S5 100 100 60 100 100 100 100 100 80 80

S6 100 80 80 100 100 100 100 60 80 80

S7 100 60 60 100 100 60 100 80 100 100

**AVERAGE** 96 83 73 96 86 76 96 73 76 73 **83**

79 Cash Withdrawal from Counter

89 Account Opening

47 Loans

# ECOBANK

Customer R1 R2 R3 R4 R5 R6 R7 R8 R9 R10 **N**
**CR**

Survey

S1 0.2 0.3 3 0.1 1.5 0.2 7 11 6 1.5 **3** **0.66**

S2 100 100 60 100 60 100 60 100 80 100

S3 60 60 60 60 60 60 60 80 60

S4 100 100 100 100 80 60 60

S5 60 60 60 60 60 60 60 60 60 60

S6 60 60 20 60 20 20 40 20 40 80

S7 60 60 60 80 60 60 60 80 80 80

**AVERAGE**70 68 60 76 60 66 60 64 66 73 **66**

43 Cash Withdrawal from Counter

86 Account Opening

36 Loans

## APPENDIX H : EMPLOYEE SURVEY RESULTS

# SGBCI

| Employee Survey | W1 | W2 | W3 | W4 | W5 | W6 | Averrage Score |
|---|---|---|---|---|---|---|---|
| T1 | 5 | 3 | 4 | 5 | 5 | 4 | 4.33 |
| T2 | 3 | 5 | 4 | 5 | 5 | 5 | 4.50 |
| T3 | 4 | 5 | | 4 | 5 | 4 | 4.40 |
| T4 | 3 | 2 | 5 | 5 | 4 | 5 | 4 |
| T5 | 2 | 5 | 4 | 5 | 4 | 4 | 4 |
| T6 | 3 | 3 | 4 | 5 | 5 | 5 | 4.16 |
| T7 | 4 | 4 | 5 | 5 | 3 | 4 | 4.16 |
| T8 | 4 | 5 | 4 | 5 | 5 | 4 | 4.50 |
| T9 | 4 | 5 | 3 | 5 | 4 | 3 | 4 |
| T10 | 4 | 5 | 3 | 5 | 5 | 5 | 4.50 |
| T11 | 5 | | 3 | 4 | 5 | 5 | 4.40 |
| T12 | 2 | 5 | 4 | 5 | 5 | 4 | 4.16 |
| T13 | | 3 | 5 | 4 | 3 | 4 | 3.80 |
| T14 | 5 | 4 | 5 | 4 | 5 | 5 | 4.66 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| T15 | 5 | 3 | 5 | 5 | 5 | 4 | 4.50 |
| T16 | 4 | 4 | 4 | 3 | 4 | 3 | 3.66 |
| T17 | 3 | 5 | 4 | 4 | 5 | 5 | 4.33 |
| T18 | 5 | 5 | 4 | 4 | 3 | 5 | 4.33 |
| T19 | 2 | 5 | 3 | 5 | 4 | 3 | 3.66 |
| T20 | 5 | 5 | 4 | 3 | 4 | 5 | 4.33 |

**SATISFACTION INDEX SCORE** **84.38**

BICICI

| Employee Survey | W1 | W2 | W3 | W4 | W5 | W6 | Average Score |
|---|---|---|---|---|---|---|---|
| T1 | 1 | 3 | 2 | 5 | 4 | 5 | 3.33 |
| T2 | 4 | 2 | 5 | 4 | 3 | 5 | 3.83 |
| T3 | 4 | 4 | 4 | 4 | 5 | 3 | 4 |
| T4 | 5 | 3 | 4 | 5 | 4 | 5 | 4.33 |
| T5 | 3 | 4 | 3 | 3 | 5 | 4 | 3.66 |
| T6 | 3 | 1 | 4 | 4 | 5 | 3 | 3.33 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| T7 | 5 | 4 | 5 | 3 | 4 | 4 | 4.16 |
| T8 | 4 | 5 | 4 | 3 | 2 | 5 | 3.83 |
| T9 | 4 | 4 | 3 | 4 | 4 | 4 | 3.83 |
| T10 | 5 | 4 | 2 | 3 | 4 | 5 | 3.83 |
| T11 | 4 | 4 | 4 | 4 | 4 | 5 | 4.16 |
| T12 | 3 | 5 | 5 | 3 | 4 | 5 | 4.16 |
| T13 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| T14 | 3 | 5 | 2 | 5 | 4 | 4 | 3.83 |
| T15 | 1 | 2 | 5 | 4 | 3 | 4 | 3.16 |
| T16 | 4 | 5 | 4 | 5 | 4 | 5 | 4.50 |
| T17 | 5 | 4 | 4 | 4 | 4 | 5 | 4.33 |
| T18 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| T19 | 3 | 3 | 5 | 5 | 4 | 4 | 4 |
| T20 | 5 | 3 | 4 | 5 | 3 | 2 | 3.66 |

**SATISFACTION INDEX SCORE** **77.93**

# ECOBANK

| Employee Survey | W1 | W2 | W3 | W4 | W5 | Average Score |
|---|---|---|---|---|---|---|
| T1 | | 4 | 5 | 3 | 5 | 4.25 |
| T2 | 1 | 2 | 4 | 4 | 3 | 2.80 |
| T3 | 2 | 3 | 2 | 3 | 5 | 3 |
| T4 | 4 | 5 | 4 | 5 | 3 | 4.20 |
| T5 | 5 | 4 | 5 | 4 | 5 | 4.60 |
| T6 | 3 | 1 | 2 | 4 | 5 | 3 |
| T7 | 4 | 4 | 4 | 4 | 4 | 4 |
| T8 | 2 | 3 | 5 | 2 | 4 | 3.20 |
| T9 | 5 | 4 | 3 | 4 | 4 | 4 |
| T10 | 5 | 5 | 1 | 2 | 3 | 3.20 |
| T11 | 4 | 3 | 5 | 4 | 3 | 3.80 |
| T12 | 3 | 5 | 1 | 4 | 5 | 3.60 |
| T13 | 4 | 3 | 2 | 5 | 4 | 3.60 |
| T14 | 4 | 4 | 3 | 5 | 5 | 4.20 |
| T15 | 2 | 5 | 3 | 5 | 4 | 3.80 |

| | | | | | | |
|---|---|---|---|---|---|---|
| T16 | 4 | 4 | 2 | 3 | 5 | 3.60 |
| T17 | 3 | 4 | 4 | 4 | 5 | 4 |
| T18 | 4 | 4 | 4 | 5 | 5 | 4.40 |
| T19 | 2 | 3 | 4 | 5 | 4 | 3.60 |
| T20 | 3 | 4 | 5 | 4 | 3 | 3.80 |

**SATISFACTION INDEX SCORE 74.65**

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