

An-Najah National University
Faculty of Graduate Studies

**The Effect of Applying Balanced Scorecard
On Earnings Quality (Empirical Study of the
Banks listed on Palestine Exchange)**

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**This Thesis is Submitted in Partial Fulfillment of the Requirements for
the Degree of Master of Accounting, Faculty of Graduate Studies, An-
Najah National University, Nablus, Palestine
2021**

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Earnings Quality (Empirical Study of the Banks listed
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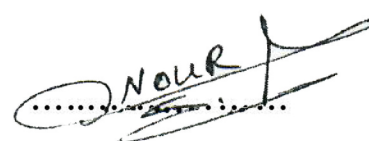
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A handwritten signature in blue ink, appearing to read 'Jaradat', written over a dotted line.

A handwritten signature in black ink, appearing to read 'Alkoni', written over a dotted line.

III

الإهداء

إلهي لا يطيب الليل إلا بشكرك ولا يطيب النهار إلا بطاعتك ... ولا تطيب الآخرة إلا بعفوك ولا
تطيب الجنة إلا برؤيتك ... الله جل جلاله

إلى من أحمل اسمه بكل فخر، الذي لم أجد عبارات تجزيه حقه بالتقدير والاحترام الذي علمني
كيف يكون الصبر والاخلاص طريقا للنجاح، الى قدوتي ومفخرتي

والذي الحبيب رحمه الله

إلى "روح والدتي الغالية " التي أنارت لي الدنيا بدعواتها، راجيا المولى عز وجل أن يسكنها فسيح
جناته في مقعد صدق عند مليك مقتدر فلها الفضل في كل ما وصلت إليه..

إلى "إخوتي وخواتي الأعزاء " داعيا الله أن يديم علينا الحب والمودة دائما ...

إلى من وقفوا بجانبني معنويا وقدموا لي كل المساعدة وكانوا معي أحلى عون أختي الغالية آية،
أخوتي فارس وطارق، ورئيسي بالعمل الاب الروحي السيد محمد العملة.

إلى أصدقائي الأوفياء وزملائي بالعمل " من أكرمني الله بهم في مشوار حياتي ...

الباحثة:

ليان وحيد العملة.

الشكر والتقدير

(رَبِّ أَوْزِعْنِي أَنْ أَشْكُرَ نِعْمَتَكَ الَّتِي أَنْعَمْتَ عَلَيَّ وَعَلَى
وَالِدَيَّ وَأَنْ أَعْمَلَ صَالِحًا تَرْضَاهُ وَأَدْخِلْنِي بِرَحْمَتِكَ فِي عِبَادِكَ الصَّالِحِينَ)

سورة النمل الآية 19

الحمد والشكر لله الذي تم بتوفيقه تتم الاعمال والصلاة والسلام على الرسول المعلم الاول، الذي علمنا قيمة الشكر والتقدير لمن هم اهل الفضل.

أما بعد،،

وبعد ان اتم الله نعمته على بإنجاز هذه الاطروحة، واعترافا بالفضل لذوي الفضل، فانني أتقدم بجزيل شكري وخالص امتناني الى البروفيسور الفاضل "عبد الناصر نور" والاستاذ الفاضل "سامح العطوط" على تواضعهم وسماحتهم وصبرهم وسعة صدرهم، والاذان تفضلا بالاشراف على هذه الاطروحة التي ما كانت لتخرج بهذه الصورة لولا توجيهاتهم ونصائحهم القيمة ومتابعتهم المستمرة لهذا العمل منذ ان كان مجرد فكرة وحتى اكتماله في صورته الحالية فكانا خير موجه لي في رحلة البحث، فجزاكم الله عنا كل خير، فقد كنتم الموجه والمعلم.

كما أتقدم بالشكر الجزيل لجميع طاقم برنامج ماجستير المحاسبة، وأخص بالذكر أساتذتي الأفاضل الدكتور سائد الكوني، والدكتور إسلام عبد الجواد، الدكتور معز أبو عليا، الدكتور غسان دعاس، لما بذلوه من تعب وجهد في سبيل تعليمنا وإنارة عقولنا، كما اتقدم للأستاذة ايمان العملة لتدقيقها اللغوي للرسالة.

وأتقدم بجزيل الشكر وعظيم الامتنان للسادة الأفاضل أعضاء لجنة المناقشة الموقرين، لما بذلوه من جهد في قراءة رسالتي، ولما يقدمونه من توجيهات قيمة هدفت إلى تصويبها والارتقاء بها. واسأل الله العلي القدير أن يجزي الجميع عني خير الجزاء، وأن أكون قد وفقت في إعداد هذه الاطروحة بإتقان وإحسان.

الإقرار

أنا الموقعة أدناه مقدمة الرسالة التي تحت عنوان:

The Effect of Applying Balanced Scorecard On Earnings Quality (Empirical Study of the Banks listed on Palestine Exchange)

أقرّ بأنّ ما اشتملت عليه الرسالة إنّما هو نتاج جهدي الخاص باستثناء ما تمّت الإشارة إليه حيثما ورد وأنّ هذه الرسالة ككل أو أيّ جزء منها لم يقدّم من قبل لنيل أيّ درجة علمية أو بحث علمي لدى أيّ مؤسسة تعليمية أو بحثيّة أخرى.

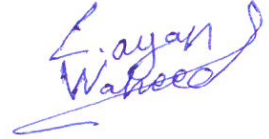
Declaration

The work provided in this thesis, unless otherwise referenced, is the researcher's own work, and has not been submitted elsewhere for any other degree or qualification.

Student's Name:

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Signature:

التوقيع: 

Date:

التاريخ: 27/2/2021

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Abstract

This study aims to verify the effect of applying balanced scorecard on earnings quality controlled by the Firm (Bank) size of the banks listed on Palestine Exchange during the period (2011-2019). To achieve this objective, a Panel model relating the dependent variable (Earnings quality) and independent variables (BSC components) with the control variable (Firm Size) was estimated. The researcher used the financial reports and disclosures of the banks listed on the Palestine Stock Exchange as a tool to collect data, in addition to books, articles and previous studies. This study used descriptive quantitative research design. This research design is preferred since the study used quantitative data as proxies for independent and dependent variables. Additionally, the study employed panel research strategy to capture both cross sectional and longitudinal dimensions. Statistical software Eviews version 7 was used to estimate the relationship between the independent variables, dependent variable and the control variable.

The study results revealed that there is statistically significant negative effect for Customer perspective (CUS) on the Earnings Quality

(EQ). The results also exhibited that there is statistically significant positive effect for the Internal Business Process perspective (IBP) on the Earnings Quality (EQ). The results also showed that there is statistically significant positive effect for the Firm Size (FS) on the Earnings Quality (EQ). On the other hand, the results exhibited that there is no statistically significant effect for financial perspective (FP), Social perspective (SP), and Learning and Growth perspective (LG) on the Earnings Quality (EQ).

The results demonstrated that there is no high level of Earnings Quality in banks listed on Palestine Exchange and there is no application of BSC in banks listed on Palestine Exchange.

The researcher recommended the need for the banks to rely on the consistency of balanced scorecard in its five perspectives and not be limited to financial indicators. It's also necessary to spread awareness among users of the financial statements of Palestinian banks and not to depend only on the amount of net profit in the financial statements itself. We must focus on knowing the sources and components of net income and looking at the dimensions of these figures, including the actual flows and receivables they contain.

Keywords:

Balanced Scorecard (BSC) (Financial, Customers, Internal Business Process, learning and Growth and social perspectives), (Earnings Quality (EQ), Firm Size(FS), Banks listed on Palestine Exchange.

Chapter One

General Framework

1.1 Introduction

1.2 Study problem and Questions:

1.3 Study Objectives

1.4 Importance of the Study

1.5 Limitations of the Study

1.6 Structure of the Thesis

1.7 Framework of the Study

1.8 Glossary of Terms

Chapter One

General Framework

1.1 Introduction

Given the drastic and rapid development that the globalization era has witnessed at all levels and the severe competition among the economic organizations in different markets, these organizations have become keen to develop their administrative and accounting systems, using modern work techniques and methods, and formulating successful strategies to achieve the goals and objectives of many parties. The past decade has witnessed the birth of a new philosophy in the field of evaluating the strategic performance of organizations. The business was represented by the Balanced Scorecard, which came to measure the performance of organizations from a holistic point of view.

The development of the Balanced Scorecard (BSC) approach is perceived as a revolution against conventional dependence on accounting financial statements and figures. BSC is a set of both financial and non-financial indicators that indicate and specify the organization's success. BSC has become a vital strategic instrument for businesses to enhance their performance. (Alsaadi, et al., 2017).

Professor Kaplan has described that relying merely on financial results in performance appraisal looks like someone who is driving a ship while looking at its stern instead of looking at its front (Bohasi, 2015)

According to Niven (2002), BSC is a tool that is important to help businesses to transmit their strategies in the form of a set of operational goals to different parts of businesses and organizations. BSC helps to achieve the goals of the entire organization. While, Horngren (2012) perceived BSC as an approach for explaining a business's mission and strategy in an integrated set of measures for performance measurement by offering a structure for adoption and implementation of the organization's strategy via focusing on achieving financial and non-financial goals. Thus, BSC is supposed as one of the modern methods and techniques that gives the organization the opportunity to evaluate their performance in a comprehensive way through five perspectives, rather than depending only on one measure that is the financial measurement.

After the emergence of public joint-stock companies and their significant increase, the need arose for the presence of a specific entity whose responsibility is to regulate the work of these companies, in a manner that does not conflict with the interest of one of the parties. As a result, financial markets were established to play an important role in achieving economic prosperity, and for that reason, the securities law appeared to regulate the company's operations to become working within an organized framework which allows investors to make appropriate decisions based on the company's regular disclosures (Al-Thaher and Foqahaa, 2011).

The balanced scorecard presents the integration between financial and non-financial performance measures. The operational metrics

(customers, internal processes, learning and growth) are the guides for the future financial performance of the organization. The BSC also leads to the coherence of the relationship between the organization's strategic directions and its operational processes. The BSC links strategic objectives, activities, events and short-term plans (Sodan, 2015).

Earnings quality impression is one of the recent innovative concepts that give advantage to the users of the financial statements as well as the figure of the net profit is a vital information for creditors, investors and stakeholders. Therefore, there are several researchers who discovered the definition and importance of this concept (Salvato & Moors, 2010). The researchers suggested numerous definitions for the concept of earnings quality and there is no specific general accepted definition for the concept of earnings quality. Instead, this concept was measured frequently statistical model (Sodan, 2015).

The information pertained to the business earnings is perceived as a measure and indicator of firm's financial performance. When there is low information asymmetry, this indicates that earnings are sufficient, accurate, valid and reliable. This means the firm has high earnings quality provided by the business to the financial market, and it informs and represents the accurate and precise firm's value. Earnings quality is perceived by researchers and experts as an important valuation basis of the firm's value by investors and stakeholders and acts an essential role in making optimal investment and financing decisions for the users of the financial statements. Thus, earnings are important information related to the firm and they affect

the market stock price. When investors and shareholders do not have access to good quality information on the firm's earnings, they will incline to reimburse the risk by setting high cost of capital that could eventually influence the firm's wealth and value in general (Easley & O'Hara 2004).

The five perspectives consist of the financial perspective that includes financial measures and objectives such as ROI, ROA, profitability, cash flow. Whereas, the customer perspective that creates value added to clients and customers by providing them with innovative services and products with high quality and low prices to measure their level of satisfaction. The third perspective is the internal business process perspective that is involved in all the internal activities and actions which characterize the business to accomplish customer satisfaction and realize the strategic objectives of the business. The fourth one is Learning and growth perspective that is considered the cornerstone for the businesses to create the essential growth and developments to accomplish their strategic objectives, mission and policies.

The last perspective is the social perspective that aims to define what initiatives the company undertakes towards the environment and society through providing services in social care, health, education and infrastructure rehabilitation (Ibn Yrbah ,2018)

Bank sector institutions play a crucial role in economic life, as they are the basis of the modern economic system. Banks always strive to make a change in their policies to ensure their transition from the status quo to

the situation they seek in the future. Banks face a rapidly changing environment in requirements and resources, which impose on these banks a rapid response to develop their technologies and strategies to be able to face these changes in their various dimensions. In order to achieve this development efficiently and effectively, the importance of measuring and evaluating the performance of banks has emerged in order to identify the areas that are in urgent need of change, development and continuous improvement.

The researcher in this study will explore the impact of adopting balanced scorecard on earning quality of the Banks listed on Palestine Exchange. The researcher will explore the extent of adopting and implementing the BSC perspectives in banks sector. Then, the researcher will estimate and analyze the earnings quality of the Banks listed on Palestine Exchange. The researcher will find the correlation between the BSC perspectives and the quality of earnings of the Banks listed on Palestine Exchange.

1.2 Study problem and Questions:

Balance Scorecard is a great development in strategic management that gives the opportunity to integrate financial and nonfinancial measurements and indicators when measuring and evaluating the performance of businesses and institutions as it allows them to align their business activities and operations to the organization's vision and strategy so that improving the performance of the business. Especially, the practical

experience approved the failure of the financial indications and financial analysis to evaluate the efficiency of businesses and institutions. Thus, there was a necessity to develop a performance tool that integrates financial and nonfinancial measurements to provide clear insight about the efficiency and sustainability of the organization. Presley, Palestinian organizations and businesses pass through uncertain economic, political, social and economic conditions thus there is great necessity to adopt and implement the BSC to enhance the earnings quality of businesses especially banking system as this system acts an important role in achieving the economic development in the country.

With the inadequate role of accounting standards in dealing with management practices in manipulating profits, it was necessary to search for innovative ways could face the phenomenon of earnings management which leads to failure and bankrupt. This policy caused many companies to fall. Therefore, the problem of the study centered on adopting a model to measure performance through using the Balanced Scorecard which may enable organizations to limit the use of senior management of the flexibility of accounting standards to achieve personal purposes, and to give misleading information about earnings, and harm the interests of shareholders and other parties related to the financial statements.

The researcher believes that there is an effect of applying the balanced scorecard in preventing earnings management. Furthermore, there is scarcity of studies in Palestine that dealt with the impact of BSC on the

earnings quality of the banks sector. Thus, the major problem of this study is to answer the following:

- 1 Up to what extent the Banks listed on Palestine Exchange adopt and implement BSC?
- 2 What is the quality of the declared earnings and profits in the financial reports that are issued by Banks listed on Palestine Exchange?
- 3 What is the impact of implementing the BSC on the earnings quality of the Banks listed on Palestine Exchange? Based on this major question the researcher developed the following sub questions:
 1. What is the effect of implementing financial perspective of the BSC on earnings quality of the Banks listed on Palestine Exchange?
 2. What is the effect of implementing customer perspective of the BSC on earnings quality of the Banks listed on Palestine Exchange?
 3. What is the effect of adopting and implementing internal business process perspective of the BSC on earnings quality of the Banks listed on Palestine Exchange?
 4. What is the effect of adopting and implementing learning and growth perspective of the BSC on earnings quality of the Banks listed on Palestine Exchange?

5. What is the effect of implementing social perspective on earnings quality of the BSC of the Banks listed on Palestine Exchange?
6. What is the effect of the size of the bank on earnings quality of the Banks listed on Palestine Exchange?

1.3 Study Objectives

This study seeks to present and explain the concept of the Balanced Scorecard with its five perspectives and its impact on the earnings quality of the Banks listed on Palestine Exchange to achieve the following objectives:

- ← A statement of the concept of the balanced scorecard and the quality of profits and its importance to the users of the financial statements and the indicators that can be measured by it.
- ← Attempting to come up with indicators that measure each dimension of the balanced scorecard through which the earning quality can be increased.
- ← to explore to what extent is adopt and implement of BSC in the Banks listed on Palestine Exchange.
- ← Examining the relationship between the five perspectives of Balanced Scorecard and their impact on the earning quality of the Banks listed on Palestine Exchange.

- ←To highlight what extent the earnings and profits declared in the financial reports that are issued by Banks listed on Palestine Exchange have acceptable level of quality.
- ←To explore the effect of the size of the bank listed on Palestine Exchange on earnings quality.
- ← Presenting the findings and recommendations that help in answering the study's questions that can be used on the practical side.
- ← Opening new horizons and aspirations that will be a source of interest for investors by drawing their attention to focus on the concept of earning quality.

1.4 Importance of the Study

- The importance of the current study stems from the importance of the subject, which considers BSC as a modern and important tool for the success of companies, as well as the importance of linking the implementation of BSC and the earnings quality in organizations especially in the Banks listed on Palestine Exchange in light of the challenges these banks face.
- The importance of the banking sector industry, which is considered one of the most important economic sectors in Palestine that supports the national economy and contributes to the employment of large number of employees. So it is necessary to shed light on this sector in order to ensure its continuity and development.

- Draw the attention of researchers and scholars to the importance of benefiting from the application of the balanced scorecard in relation with earnings quality in the banking sector industry to maximize the wealth of the shareholders and investors.
- This research is important for decision makers in the banking sector institutions to make appropriate decisions by developing legislations and standards that contribute to the development of this sector. Spreading awareness on the importance of implementing the balanced scorecard in the Palestinian banking sector to improve its competitive position and profitability

1.5 Limitations of the Study

- **Time Delimitation:** the time span will be limited to the first and second semester 2020-2021.
- **Locative Delimitation:** The data necessary for the study were collected from the annual financial reports of the banks whose shares are listed on the Palestine Stock Exchange through its website, with the exception of the Palestinian Capital Market Authority, whose nature of work and assets do not match with the banks located in Palestine.

1.6 Structure of the Thesis

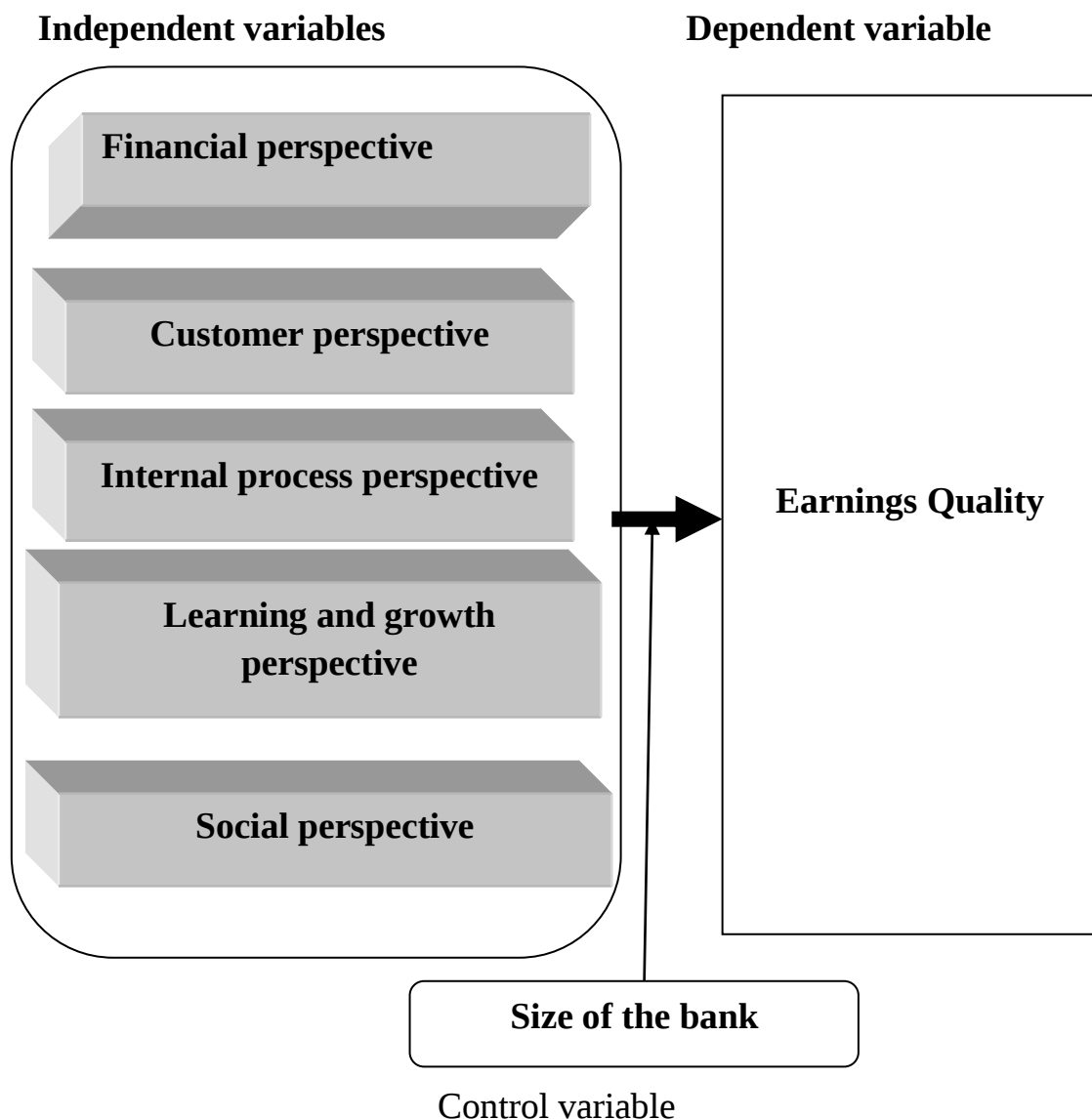
- **Chapter One:** provides an overview of the thesis in order to give an idea about the topic of the thesis. Then, it discusses the problem,

objectives, importance and limitations of the thesis. Finally, defining the major concepts and terms in this thesis.

- **Chapter Two:** consists of theoretical framework and literature review. It includes the following sections: Introduction, definition of Balanced Scorecard concept, the origin and evolution of the balanced scorecard, balanced scorecard perspective, balanced scorecard characteristics, importance of balance scorecard, requirements for success of the balanced scorecard, challenges of balanced scorecard adoption and implementation, definition of earnings quality concept, the importance of earnings quality, determinants of earnings quality , and intensive discussion for several studies and researches that explored the topic of the thesis in different context either Palestinian, Arab or foreign contexts.
- **Chapter Three:** represents a rresearch mmethodology and design. This chapter includes several sections that are the research approach, research design, research philosophy, tools of the study, data measurement, population and sample of the study.
- **Chapter Four:** signifies data analysis and discussion through analyzing the data and using several statistical tools and techniques in order to answer the questions of the study and investigate the major hypotheses of this thesis.

- **Chapter Five:** consists of conclusion and recommendations through presenting the major results of the thesis and suggests some recommendations based on the thesis findings.

1.7 Framework of the Study



1.8 Glossary of Terms

Performance: The degree of wellness that something or someone functions or works (Meriam Webster Dictionary)

Financial Performance: It is the financial position and the financial consequences of business over a specific period of time and this concept includes the solvency, liquidity, efficiency, financial leverage and profitability of an economic entity (Fatihudin, Jusni, Mochklas, 2018).

Balanced Scorecard: A set of both financial and non-financial measurements and indicators that gives a clear and comprehensive image to the firm management about the business (Shehada, El Talla, Al Shobaki, & Abu-Naser, 2020) .

Financial Perspective: The financial perspective is the measurement of firm`s performance through using a set of financial indicators to measure the efficiency of the business in accomplishment of the firm`s strategy in financial indicators. This perspective includes the financial position, the financial performance and cash flow activities. The researchers and analysts usually compare the current financial of the business with the historical data, or they compare the financial performance of the business with other firms and businesses in the market or industry (Shehada, El Talla, Al Shobaki, & Abu-Naser, 2020).

Customer Perspective: This perspective is involved in creating the maximum amount of customer satisfaction through measuring market share, the percentage of new customers and the ability of the firm`s management to attract new customers (Shehada, El Talla, Al Shobaki, & Abu-Naser, 2020).

Internal Processing Perspective: It presents the basis in the foundation of the aptitude of administrative and competitive business. In the framework of the internal operations dimension, the totality of these operations and their details are embodied in the ability of the organization to perform, accomplish and achieve goals (Shehada, El Talla, Al Shobaki, & Abu-Naser, 2020).

Learning and Growth Perspective: It includes internal capabilities, competencies and skills that must be acquired and developed to achieve the firm's strategies and long term objectives. This perspective emphasizes on the way that the business can follow to improve and develop value added (Shehada, El Talla, Al Shobaki, & Abu-Naser, 2020).

Social Perspective: This perspective interests in the environmental and social characteristics and the expenses that the business attends to value creation bearing in mind its core environmental/social strategic objectives. (Dias-Sardinha & Reijnders, 2005).

Earnings Quality: Higher quality earnings provide more information about the features of a firm's financial performance that are relevant to a specific decision made by a specific decision-maker. (Dechow, Ge & Schrand, 2010)

Chapter Two

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Chapter Two

Literature and Hypotheses Development

2.1 Introduction

A BSC is a vital framework that is executed in order to specify and enhance the internal processes and function of the organization. Furthermore, it is interesting to develop external consequences. BSC is used by organizations to provide evaluation, monitoring and feedback for the business (Prochnik, 2016).

Al Mtour (2010) stated that “The balanced score card (BSC) provides a system for measuring and managing all aspects of a company's performance, which balances traditional financial measures of success, such as profits and return on capital, with non-financial measures as drivers of future financial performance”

2.2 Definition of Balanced Scorecard Concept

Abdeta (2019) defined BSC as strategic plan and management system that was established by Norton and Kaplan (1992) in order to help organizations and businesses to unify the efforts of all employees and departments in order to recognize and work towards achieving a specific shared vision and strategy. Likewise, Mamushet (2015) defined BSC as “A strategic planning and management system that is utilized by business and industry, government, and NGOs worldwide in order to create alignment between business activities to the organization`s vision and strategy,

enhance internal and external communications, and monitor business performance against strategic objectives.

Kalender and Vayvay (2016) defined BSC as a methodology to integrate both financial and non-financial measurements into a specific performance management system. They argued that BSC is a several dimension methodology in order to measure the management performance over aligning between the organizational strategies and operational performance of the business.

Bochenek (2019) argued that BSC is “A concept of the execution of business strategy which emphasizes translating the organization`s mission, vision and the strategy into measures and quantitative objectives” (P. 7). BSC gives the organizations the opportunity to translate the organization`s strategic objectives into detailed operational activities and duties. The essential purpose of BSC is to create alignment between financial performance of the business with perspective development and market growth and survival.

The researcher concluded from the previous definitions of the concept of the BSC that it is a comprehensive management system, which links the strategic vision to the specific goals. And it translates the goals into balanced indicators and measurements by relying on financial and non-financial measures, and they are distributed on the different dimensions of the BSC that are the financial perspective, customer perspective, internal processes perspective, learning and growth perspective and the social

perspective. The balanced scorecard aims to develop an action plan that translates the organization's strategy into operational actions taking into account the three time dimensions (yesterday, today and tomorrow). Furthermore, from the above definitions, it can be said that the balanced scorecard is a strategic management method that contributes to achieve the goals of the strategic economic unit by translating its vision into an interconnected set of financial and non-financial performance measures and facilitates the process of evaluating the performance of the unit through these measures. Besides, it is considered a strategic tool works to improve and develop performance within any economic unit in order to reach it to the highest level of achieving strategic goals by giving a clear picture of performance in the present and the future.

2.3 The Origin and Evolution of the Balanced Scorecard

The development of new concepts in monitoring and controlling has led to a growing criticism of classical systems as a means of internal control only, and is no longer able to manage strategic directions developed in business environments. This requires setting external factors in the work environment into account for the purpose of making decisions and monitoring progress, monitoring and controlling. This has imposed the necessity to acquire and obtain the required information to set the strategic planning in order to clarify and establish clear awareness concerning the firm's competitive position and advantages efficiently. In addition to the growing criticism directed at the traditional standards, which in its entirety are financial measures. It has become necessary to develop a new tool for

measuring and evaluating performance that adopts other measures in addition to financial measures, taking into account the financial dimensions in addition to the external environment of the organization and the internal environment alike. Within the efforts made in this field, the new balanced scorecard tool in management science arose in the early 1990s by Robert S. Kaplan and David P. Norton. (Idris and Al-Ghalabi, 2009). In the following points, the researcher lists the most important factors that led to the appearance of the balanced scorecard:

1. The dynamic and progressive development in the field of quality, which led to the appearance of the total quality management that is shift from the concept of quality control to total quality management. It focused on customer satisfaction through the production of high quality products and services, the concentration on continuous improvement and development and offering high quality services that are in consistent with customers` preferences. Thus, the total quality management is one of the most important aspects of strategic management in order to maintain and preserve the competitive position and sustainability of the organization in the high competitive business environment at global pace. Thus, the BSC is very important mechanism for TQM as it focuses on both internal and external environments (Bochenek, 2019)
2. The experiences of many major projects that were able to achieve great successes in the business world, which came because of its ability to expand its awareness and increase its interest in other dimensions in addition to the financial perspective. These dimensions are related to

long-term strategic issues, and others are related to the correctness of their awareness of the environment and the nature of the interactions that take place in it (Bochenek, 2019).

3. The opinions and views of some experts, according to their experiences in the financial and accounting field, that focusing on traditional managerial accounting concepts led to excessive adoption of financial and accounting numbers and their convictions in them, neglecting that performance has other equally beneficial aspects to assess performance comprehensively (Musleh, 2015).
4. The role of developments in information technology in creating a greater possibility for management in organizations to collect and analyze large amounts of information and link them together to give more credible results in expressing overall performance (Musleh, 2015).

2.4 Balanced Scorecard Perspectives

BSC has four main perspectives that are financial, customer, internal process and learning and growth perspectives. Furthermore, other researchers argued that there are other perspectives such as social perspective for these four perspective of BSC (Kaplan and Norton, 1992).

2.4.1 Financial Perspective:

Financial indicators are one of the most important features of the BSC because senior managements and executives are involved in the economic consequences since they convey the financial result and position

of the business that are related to the wealth maximization of the investors objective.

This set of indicators includes financial indicators and measurements such as ROA, ROE and EPS. This perspective of BSC is important in order to measure the efficiency of utilizing the non-financial perspectives to achieve financial development and progress (Benková et al., 2020). Furthermore, according to Kaplan and Norton (1996) the financial perspective expresses the company's strategic goals and objectives in financial terms. This perspective is important in order to measure how the corporation's strategy formulation, execution and implementation play an essential role in improving the financial results of the business. Financial indicators are usually related to firm's profitability (Llach, Bagur, Perramon & Marimon, 2017).

Abueid (2020) argued that financial perspective is important in order to measure the firm's strategic profitability and financial performance since the cost cut and reduction is a strategic initiative of the business. This dimension expresses how much operating income and ROE will be used because of cost cut and reduction and increasing the sales volume.

Abofaied (2017) argued that financial perspective expresses the economic results of the activities previously adopted by the business, and concentrates on the financial performance related to indicators on which the investors and shareholders confirm the good financial performance of their investment. The precise, valid and timely financial information are

important in order to ensure efficient and smooth direction of the business. The providing of the right and timely financial information for their users in the organization is important in order to help in the process of making the right decision in the right time.

2.4.2 Customer Perspective:

The customer perspective requires supervisors and managers to translate the corporation's mission statement and vision on customer and market segments into definite indicators related to issues that are actually influence the customers. Senior executives ought to set specific performance measures to create customer satisfaction and increasing employees' loyalty in order to accomplish the target market objectives and increasing firm's efficiency. Thus, the most common indicators of the customer satisfaction are increasing customers' satisfaction, decreasing employees' complaints and increasing customer retention (Dinh, Tran & Nguy, 2018).

Abofaied (2017) argued that customer perspective provides an image of how the customers view the firm. The customer dimension ought to be perceived the crucial element of any organization strategy that establishes the unique product mix. Besides, it conveys how it distinguishes itself from other competitors in the market by creating customer satisfaction, customer retention, attracting new customers and enhancing business sustainability with customers.

Llach et. al. (2017) it's very important for businesses to recognize the needs and wants of customers to survive in the market and in order to be able to create competitive advantage over other rivals and competitors in the market. Furthermore, they argued that businesses have to segment the market efficiently and target the potential customers. There are several indicators of the market perspective such as increasing the speed of service delivery, reducing customers' complaints and reducing number of returned products and market share.

The customer perspective emphasizes the way that businesses can create value for their customers and increase customer satisfaction and explain the reasons that customers are willing to pay more. This perspective guides internal business process and tries to achieve institutional development and growth (Abueid, 2020).

Consequently, the instruments which measures customer satisfaction (KPIS) include the following indicators:

Customer's satisfaction is the result of customer's evaluation of the nature of the exchange between what has been spent and what has been obtained from each exchange of goods and services provided by the business organization. Measuring satisfaction as a final outcome of existing or new customers is in fact an expression of the success of the business or the organization in meeting the needs of these clients in convincing ways and responding to their indicators that they adopted in judging the mutual relationship between them and the organization through its products and

services. It also gives feedback to measure the organization's ability to meet customer needs and obtain satisfactory results for both parties as a result of this exchange (Atkinson & Kaplan, 1998, 552).

Customers` acquisition: The acquisition of new customers is a measure of an organization's ability to acquire additional customers for its existing customers. There are many ways to measure an organization's ability to acquire new clients, including measuring the ratio of new clients to existing clients (Atkinson & Kaplan, 1998).

Customers` loyalty and retention: The preservation and retention of existing customers can be measured as a percentage of the number of customers with whom the relationship with the organization lasts. The organization tries to develop its relationship in various ways with customers within the framework of the broad market or the specific identified target market (Atkinson & Kaplan, 1998).

2.4.3 Internal processes perspective:

This perspective of BSC is related to critical internal processes that organizations have master considerably in order to accomplish corporation`s strategy efficiently. These internal processes are basically aimed to accomplish the objective of customer satisfaction and developing the quality of provided services to customers. Internal business processes include sales processes and after sales services. These measures and indicators are related to time, efforts and cost of acquiring the service (Dinh et al, 2018). Likewise, Abofaied (2017) stated that internal business

processes help the business with the instruments by which the performance expectations are achieved. This dimension conveys the best approaches to create customer satisfaction and shareholders' satisfaction. Besides, identifying the internal processes that they have to master efficiently.

According to Abueid (2020) internal business process perspective relies on internal business processes that lead to achieve both customer satisfaction through creating value added for customers that is essential objective for any business and so that maximizing the financial performance of the business.

Dan (2017) argued that internal business process perspective is important in order to confirm the achievement of high quality products and services that meet the requirements of the market either in terms of quantity or in terms of quality. The main indicators of the internal business processes are supply chain management and process improvement.

According to Atkinson and Kaplan (1998) the most important aspects of the internal processes are:

- Creativity: which is the search for the latest change in customer needs and desires, and an attempt to meet them with an innovative service and this process in the long run, represents new-targeted markets.
- Operations: which pertain to the operational activities and processes themselves and start from receiving the request from the customer and ending with the receiving of the service. This process requires efficiency, accuracy and speed of delivery. These operations affect the

customer's added value, reduce costs, and achieve financial goals related to the customer as they are often considered one of the basic measures to measure the performance of internal operations.

- After sales services: transportation and payment services are added to the above, especially the method of payment for the price of the purchased item, attention to the return from sales and response services to the customer in a comfortable and fast manner. The unit which gains a good reputation in the markets attracts the new customer and guarantees their loyalty.

2.4.4 The Learning and Growth Perspective

learning and growth perspective indicators are attributed to create continuous development and improvement in the firm's products, services and processes. According to Kaplan and Norton (1992) organizations can increase innovation and development in order to perform the scorecard objectives through creating new products and services, increasing operating efficiency and creating value added for customers (Dinh et al, 2018).

Learning and growth perspective concentrates on the organization's intangible assets. Basically, this perspective focuses on the employees' internal skills and competencies that are needed in order to enhance and develop the internal processes that create value for customers. This perspective interests in specifying how the human resources, technology, and organizational culture integrate in order to support corporation's strategy. The learning and growth perspective measurements are vital

indicators for achieving improvement in internal business processes, customer and financial perspectives and measurements (Narayanamma and Lalitha, 2016).

The learning and growth perspective focuses on analyzing the ability of firm`s and organization`s employees to learn, develop, research, and improve competitiveness compared to what competitors achieve. It focuses on the extent of the organization`s ability to employ accumulated knowledge and experience, learn from its mistakes, and define the gap between the current capabilities and the required capabilities to reach them. This makes the organization or the business entity try to reduce this gap in order to achieve the required performance by employees` retention, improving the level of technology in the existing systems of the organization, re-describing the organizational procedures, and the motivation and improvement associated with the employees in order to support the strategic direction of the organization. This perspective identifies the capabilities in which the organization must grow in order to achieve high-level of internal operations. So that, it creates value for customers and society (Nadim, 2013, 29) by constantly improving operations, providing excellent service and creating greater value for customers.

2.4.5 Social Perspective

Organizations can adopt social responsibility initiatives through sponsoring social activities and ceremonies, adopting green practices that

protect the environment, providing high quality products and services for customers and sponsoring the establishment of hospitals, care centers, youth organizations and forums. Organizations can also adopt sponsoring national festivals, sporting women initiatives, preserving the health of the surrounding citizens and its employees by avoiding pollution risks as well as improving the performance of employees by meeting their needs and desires (Al-Ghabban and Hussein, 2009).

2.5 Relationship between Perspectives of BSC

The balanced scorecard presents the integration between financial and non-financial performance measures. The operational metrics (customers, internal processes, learning and growth) are the guides for the future financial performance of the organization. The BSC also leads to the coherence of the relationship between the organization's strategic directions and its operational processes. The BSC links strategic objectives, activities, events and short-term plans. It also organizes the cause-effect (outcome) relationship of operational activities and their implications for the results of the financial perspective in a coherent manner.

The BSC is important as it gives the management of the business an overall clear insight concerning four perspectives that are the financial perspective, the learning and growth perspective, customer perspective and internal processes perspective. Besides, BSC provides the managers a point of view on the concept of the cause and effect relationship between the four perspectives. For instance, the business management can create a

correlation between development and training of sales staff to improve financial performance and gain revenues (Hassan & Nour, 2004)

- If salespeople are trained about products, then they will become more familiar with all areas related to the products they sell.
- If the employees are more aware of the products that they sell, then their sales effectiveness improves.
- If the sales efficiency improves, then the profit margin rate of the products sold will increase

2.6 Balanced Scorecard Characteristics

An efficient BSC should have the following features: It conveys the strategy of the business, expresses the series of cause and effect relationships. It plays an essential role in connecting the firm's strategy with all business members by transforming the strategy into a cohesive and connected set of comprehensible and quantifiable operation objectives. A BSC focuses on non-financial measurements as an integral component of a program in order to achieve future financial performance. The BSC assigns the number of measures giving merely to the most essential areas. Furthermore, it helps the organization's management on measurements that are necessary to implement the corporation's strategy and it helps managements to create alignment and balance between financial objectives and measures and nonfinancial measurements and indicators (Emma et al., 2017)

2.7 Importance of Balance Scorecard

Singh, Olugu, Musa & Mahat (2018) also investigated the extent of using BSC as performance management system. Besides, exploring the advantages of using it. The study results confirmed that the key factors influencing the adoption of the BSC in the organization is management commitment in using BSC and adoption of open communication among the various departments in the organizations. The study results demonstrated that BSC is an important tool to measure performance and employee's behavior, perceived performance and organizational capabilities. Likewise, Llach et al., (2017) explored the correlation between adoption and implementation of BSC and organization's performance in the Catalan Association of Accounting and Management. The research results revealed that there is positive association between adoption and implementation of BSC and financial performance of the organization. Correspondingly, Jabeen & Behery (2017) examined the influences of adopting and implementing the BSC in the nonwestern context to measure the firm's performance basically in United Arab Emirates and Saudi Arabia.. They also revealed that BSC is an interesting instrument to evaluate the performance of the organization. Besides, there is a positive perception relevant to using BSC in the organizations and this tool is compatible with the business practices and local culture in these countries.

The study of Abu Anja (2019) investigated the impact of using BSC on decreasing the cost of providing banking services in Sudanese banks. The study results demonstrated that BSC is important to create accurate

financial information that can be utilized to decrease the cost of providing services. Furthermore, using of the financial dimension scale decreases the cost of providing services. The necessity to utilize a measure after the internal processes as it is interesting metrics that also act an important role in decreasing costs of service delivery. In a study of Tarurhor & Osazevbaru (2019) who examined the impact of using BSC by SMEs in Edo State, Nigeria, they revealed that the usage of the four perspectives of the balanced scorecard affects positively the firms' performance measured by the BSC model. Nonfinancial measurements such as customer satisfaction, employees training and development and internal process design affect highly firm`s financial performance of SMEs. The researchers suggested that the studied firms have to use BSC rather than depending only on the financial measurements.

AL-Dweikat & Nour (2018) explored the critical success factors of balanced scorecard at Jordanian Commercial Banks. The researchers investigated the impact of BSC on financial performance of banking sector in Jordan. The study results demonstrated that the most important critical success factors influencing the adoption of the BSC are top management support, strategic intent, HR aspects, systems, and techniques. The study results demonstrated that there is positive association between top management, strategic intent, HR aspects, systems, techniques and financial performance.

In a study of Ibrahim (2015) who explored the extent of using BSC as an approach for evaluating Nigerian banking sector institutions

performance through using quantitative research approach by using survey design. The study results demonstrated that the studied banks use the financial performance perspective in evaluating their performance.

Fikriani (2019) investigated the effect of BSC usage on management performance at bank Syariah Mandiri Branch Bogor. The researcher used the quantitative research approach through using the multivariate regression analysis and using the convenience sampling selection method. The studied sample consists of (38) employees. The study results revealed that R Square was 89.4%. Whereas, other not investigated variables explain about 10.6%. The study results demonstrated that there is positive influence for customer perspective and learning and growth perspective on the performance of the management. On the other hand, there is positive and insignificant correlation between financial and internal business process perspectives on management performance in the studied bank.

2.8 Requirements for Success of the Balanced Scorecard

In order to achieve success for the balanced scorecard during implementation, the following factors are required:

1. Senior management support: when employees perceive that senior management significantly supports the efforts to implement the BSC model, this helps in increasing the employees' commitment to implement this model and speed in the implementation process. Besides,

decreasing employees' opposition to implement this model (Quesado et al., 2018).

2. Providing both financial and non-financial motivation for employees who acts hardly to adopt and implement the BSC efficiently in the organization (Thwane, 2014).
3. Development of the communication process through enhancing the efficiency of the communication system in the organization by using discussions between employees, holding meetings, making contacts, and setting the action plans (Quesado et al., 2018).
4. Formation of work teams: for the application of the BSC model involves the organization as a whole, it is necessary to form work teams that enjoy team spirit and cohesion as a prerequisite for the success of the implementation of the BSC model in the organization (Abed AL-Rahman, 2013).
5. Development of the organizational culture and the adoption of efficient change management strategies since the organizations' environments and customers' preferences are dynamic rather than stable conditions. Thus, businesses have to adopt continuous improvement to sustain in the market especially in highly intensive and dynamic environment such as the banking sector (Thwane, 2014)
6. Analyzing deviations efficiently and taking corrective actions. Corrective measures are supposed to put the organization in a better position to take advantage of strengths and exploit available

opportunities, avoid external threats, and reduce internal weaknesses and thus come up with the best implementation of the specific strategy (Quesado et al., 2018).

2.9 Challenges of Balanced Scorecard Adoption and Implementation

There are several managers and organizations do not have clear awareness of the BSC as they consider it as any responsibility that they must carry out (Chavan, 2017). People do not have a well recognition of the BSC and the way it works in order to assist in improving their organization`s performance.

The other important problem is the data and information gathering and reporting is a very important issue for management accountants. For several of them, data collection for BSC is a difficult process to manage. Thus, it leads to a lack of data collection and reporting. Organizations should be able in the future to develop plans to specify the simplest manners in order to express the data collection methods using the major measures and indicators and making the metrics simple and easy.

There is a very important role of the manager in the department to concentrate on the requirements of the employees and give them the opportunity to stay motivated to realize the objectives of the organization. (Berlandi, 2018).

Mamushet, (2015) argued that the adoption and implementation of BSC needs high commitment of competencies and resources. BSC is not able to take into consideration issues related to society and communities as

it does not cover measures that are related to either competitors or suppliers. Besides, it still focuses on the financial consequences over non-financial measures and indicators. Inaccurate focus of competencies and resources may be harmful for business in the long run and it is hard to get timely and cost-efficient information for using the BSC. Thus, they found that BSC has little effect of organization's performance and the selection of the BSC measures is complicated process.

Amin and Romli (2019) argued that there are several problems that are associated with using BSC as it is an expensive tool for businesses so that affects negatively for firms and businesses wishing to use this tool. Implementing BSC is a difficult matter since each organization has its distinctive environment and circumstances. Thus, the adoption and implementation of the BSC is not a universal task that relates equally to all organizations and firms. For the efficient execution of BSC, it is important to manage with professional advisory and consulting firms that implement the BSC methodology for other businesses and industries. The differences in organization's environments and circumstances make it difficult to identify the most critical measurements and indicators that are customizable to evaluate all organization's performance.

The culture of the organization. The difficulty here lies in directing the behavior of all employees in the organization towards a common goal and objective since employees nowadays come from different cultures and backgrounds. Some difficulties relate to arrangement of the indicators and measurements in a way that agree with the organizational strategies and

goals, and there are some organizations that do not have measures for their goals and strategies. The lack of a detailed method explaining how to choose performance measures in each entry. Most of the motivations and rewards set by senior management are linked to financial measures only, as these rewards are linked to their direct profits` achievements.

2.10 Definition of Earnings Quality Concept

In the past the researchers and scholars considered earnings quality concept as the usefulness of the earnings reported in the financial statements and reports for making the valuation of the investment in a specific economic entity or project (Dechow, 2010).

Accounting quality is “The level to which accrual accounting eases the measurement of the underlying economic performance” (El-Hewety, 2019). According to Ahmad & Alrabba (2017) earnings quality has several definitions since the information users use it in different decisions.

Ahmad & Alrabba (2017) argued that there are three fundamental features of high earnings quality that are the reported earnings ought to express the firm`s current performance and progress. Furthermore, the financial reporting should reveal the expected future firm`s operating performance. Lastly, they argued that high quality earnings ought to annuitize the business`s intrinsic value.

According to Dechow (2010) earnings quality is vital to provide decision makers and stakeholders more accurate and reliable financial information about the business to make rational and relevant decisions.

There are three important aspects of earnings quality:

1. Earnings quality indicates providing important and usefulness information for the users of the financial statement and reports to make particular decisions.
2. The earnings quality concept indicates that the information is useful for making several decisions rather than dealing only with security valuation issue. The information should be important and vital for tax purposes and purchase purposes.
3. The financial information is qualified to give a clear picture about the unobservable financial performance of the organization. Since an accurate picture of firm`s performance cannot be noticed, users of the financial statements basically rely on the disclosed earnings in order to get a clear idea concerning fundamental performance. (Nurbach et al., 2019).

Akintoye & Oyesola (2018) argued that earnings quality is the extent to which reported earnings reflect economic reality to evaluate the financial performance of the organization accurately.

Through the previous definitions, the researcher concluded that the earnings quality is the degree of continuity of the flow of current profits in future periods, and the ability of current profits to reflect the current and future performance of the organization. Earnings quality can be defined as profits that have the main characteristics of accounting information, convenience and reliability that correspond to the main objectives of

financial reporting in terms of enabling users of financial statements, including investors and lenders, to make decisions.

2.11 The Importance of Earnings Quality

Earnings quality is an important topic in accounting field due to the importance of the profits themselves. The profit of an organization, regardless of their quality, is considered an important input in making the financial and investment and other important decisions as well as the profits are used in many studies to forecast and analyze the expected obligations of the organization.

The Earnings quality is important in the decision making process in general, as decisions made in light of relying on high quality profits lead to higher-quality decisions, and the earnings quality is important in the process of evaluating the managerial performance of managers. Earnings quality is important in the field of performance evaluation. It reflects the value of the company with a good level of accuracy and a good indication of the risks associated with the company's policies. It provides a high level of accuracy to predict the future profits of the company and it is considered a good indicator reflects the company's intention to distribute dividends to shareholders (Akintoye & Oyesola , 2018).

2.12 Determinants of Earnings Quality

There are several factors influencing the earnings quality that include the following:

The effectiveness of the audit committee: It is expected that there is a positive relationship between the effectiveness and size of the audit committee and increasing earnings quality. The existence of efficient audit committee and internal audit staff will increase the extent of supervision over the senior management and financial management practices in the business. So that, it will decrease the potential for senior managers to manipulate the financial data and reports of the business since the quality of earnings indicates to what extent the managers affect negatively or positively the firm's profitability (Al-Maeeni, 2010).

Also, Inaam & Khamoussi (2016) argued that there is positive correlation between audit committee characteristics and earnings quality. However, they revealed that the formation of audit committee escalates earnings quality in the subsequent periods rather than at the same period of forming the audit committee in the organization. Moreover, the independence of the audit committee is essential part on the organization structure of any business. The major role of the audit committee is to oversee the financial reports of the firm. Thus, the existence of independent audit committee prevents earnings management and increasing the firm's earnings quality through improving financial reporting as those auditors are expected to work for the best interest of investors and stakeholders who are the major users of the firm's financial statements and information. Conversely, Lawson, B. P., & Wang, 2016) revealed that there is an inverse correlation between the independence of the audit committee and aggressive earnings management. **From the researcher's point of view,**

the objective of the audit committee is to maintain the independence of the auditor from management, increase the effectiveness of the audit function, increase the accountability of the board of directors and prevent illegal actions.

Expertise of the audit committee is also an important measurement for preventing earnings management and increasing earnings quality since the audit committee that has long expertise is expected to have efficient activities and operations. Thus, the audit committee ought to have good expertise in finance, auditing and accounting fields in order to evaluate and oversee the manipulation in financial information and accounting that is reflected in increasing the quality of accounting and financial information and increasing the earnings quality (Kent, Kent, Routledge & Stewart, 2016).

Ratio of financial leverage: The degree of financial leverage means the ratio of total debt to the total assets of the company. This variable aims to measure the impact of pressures exerted by creditors on improving the quality of financial reports and the earnings quality of company. The Qaraqish study (2009) showed an inverse relationship between the ratio of financial leverage and earnings quality as increasing the company's debts leads to the company's management directing to the practice of managing returns and thus reducing the earnings quality.

The size of the company's profit: Return on assets is used to measure the financial performance of the company, which is the net profit

divided by total assets. This variable aims to identify the impact of the difference in the profitability of companies on the quality of those profits.

The quality of accounting standards: where the strictness and emphasis on companies to use the standards would restrict the exploitation of gaps in accounting principles, that is, the practice of earnings management, which increases the earnings quality.

Diversity of the board of directors has an essential role in creating dynamic business environment. When there is high diversity in the structure of the board of directors, this will promote innovation and creativity in the business (Nurbach et al., 2019). Diversity is an important aspect of the corporate governance to play an efficient role in decision making in the corporation and is anticipated to have a good earnings quality. Mahadeo, Soobaroyen & Hanuman (2012) stated that the dimensions of board of directors' diversity includes: gender, age, nationality, education achievement. Several researchers such as (Dimitrova, 2017) revealed that there is positive correlation between the existence of women in the board of directors and increasing the earnings quality. On the other hand, Nasution and Jonnergard (2016); Hoang, Abeysekera, and Ma (2015) revealed that there is insignificant correlation between diversity and the extent of earnings quality.

Capital structure: it's expected to find positive correlation between the existence of foreign ownership, institutional investors and fragmentation of the ownership and earnings quality. Furthermore, it is

expected to find positive correlation between the existence of independent directors and earnings quality. In this regard, Wiyadi, Sasongko & Fauzi, (2015) explored the impact of organization size, firm's financial profit, employees stock ownership plans, information asymmetry on earnings quality in listed companies in Indonesia. The study results confirmed that there is positive and significant effect for information asymmetry on earnings management so that decreasing earnings quality. This result is consistent with the agency theory which argues that executive management could manipulate the financial information and commit earnings management practices if there is a gap between the agent and principals of the firm's management.

Nature of the Economic Sector: The industrial sector is the largest sector in the financial markets, and industrial companies are distinguished by the presence of inventory items and receivables with high balances in their financial statements. These items are among the items that the management can manipulate by estimating financial allocations, bad debts, stock assessment and others, which limit the earnings quality. This was confirmed by Shtaiwi, (2009) who has demonstrated that the earnings quality is affected by the type of economic sector. Conversely, Hamad and Abu Nassar (2013) argued that there is insignificant relationship between economic sector and earning quality.

The researcher found that there are several variables and factors influencing earnings quality in listed companies such as the efficiency and size of the audit committee, the efficiency of the internal audit staff, the

independence of the audit committee and expertise of the audit committee in different disciplines such as accounting, finance, economics, politics and laws fields. This indicates that improving the corporate governance environment in the business will lead to better earnings quality. Furthermore, the researcher found that business size is another important factor influencing the earnings quality as large firms are expected to have better earnings quality as the financial reports of large companies usually devoid of practices and methods of earnings management.

Dividend Disbursement: Dividend payout is given great importance because it is considered the most important source of information that reflects the shareholders' efficiency in the management's work, as dividends disbursement is one of the significant indicators of the company's success. Whenever the company announces it, this will be reflected in the market share price and thus will give a positive signal of the effectiveness and efficiency of the company (Adjaoud and Ben-Amar, 2010).

Size of the Company: companies usually differ in their earnings quality due to the differences in the size of the businesses assets. Some researchers argued that there is positive correlation between size of the company and the earnings quality (Hamdan, 2011). Whereas, Hamdan, Mushtaha, and Awwad (2012) argued that there an inverse correlation between size of the company and the earnings quality that is small scale businesses have better earnings quality than large scale businesses. On the other hand, Shtiwi (2009) and Hamad and Abu Nassar (2013) revealed that there is insignificant relation between size of the company and earnings.

In my opinion, large scale businesses have more level of earnings quality as these businesses usually have more internal control and supervision over the senior management. The top management of small scale businesses are influenced by the financial statements and performance of the discloses data such as investors, depositors, creditors and the other involved stakeholders.

2.13 Quality Earnings Measures:

There are basically two broad categories of earnings quality measures that are, accounting based earnings quality measures vs. market based earnings quality measures. Accounting-based measures merely use accounting earnings measures and components. On the other hand, market-based measures use either market return or accounting earnings measures. “The accounting based earnings quality measures are based on the time series of earnings, on their volatility or smoothness, and the unpredicted part of accounting accruals. Time-series measures are persistence and predictability. According to the persistence measures the degree that existing earnings continue or repeat in the forthcoming. High perseverance is certainly linked with high earnings quality because it reflects a steady, viable and less instable earnings creation process that is basically valued by investors “ Perotti and Wagenhofer (2014, P.545).

On the other hand, predictability indicates that the earnings are of higher quality , the more important they are in forecasting and expecting future earnings. Alike to perseverance, expectedness is perceived as an

anticipated feature of earnings since it boosts the earnings forecasts' precision. The volatility of business activities and operations, the economic and business environment and the used accounting systems affect the time series earnings.

Previous researches have used earnings smoothness differently. In general, there is an inverse correlation between smoothness and earnings quality as smoothness is perceived as an essential result of earnings management that is measured smoothing by senior executive managers. Earnings management is an effort to hide the actual and real performance of the business, decreasing the reported earning's information value and decreasing their importance (Perotti and Wagenhofer 2014,).

The other important measure of the earnings quality is operating cash flows and accounting accruals since the objective of the accruals is to smooth cash flows by filtering out some of their instability. Alike to persistence and predictability, a smoother earnings stream is less instable and makes better conceivable estimation. Some smoothing must consequently be required; other users would basically take into consideration cash flows and overlook earnings. Furthermore, as management uses its private information to choose the volume of bias, smoothing integrates private information nearby future cash flows into contemporary earnings ("forward" smoothing). Some researchers consider smoothness as a good feature of earnings. Thus, there is positive correlation between smoothness and earnings quality.

Accruals is the other important attribute of earnings quality. Total accruals consist of both normal and abnormal accruals. According to Jones model (1991) abnormal accruals are the difference between actual accruals and expected accruals. When there is higher level of abnormal accruals than the expected accruals this indicates that there is lower level of earnings quality since the accrual process of the organization is less than the expected accrual level and abnormal accruals are expected to be discretionary that is from the consequence of the earnings management practices (Perotti and Wagenhofer, 2014).

However, despite the efficient and important of auditors in preventing earnings management and their significant role in increasing the quality of the earnings. The flexibility of the accounting standards such as the alternative inventory valuation methods, the alternative valuation depreciation methods and other flexibility matters in the financial standards may be manipulated by the senior and top managements of these companies and manipulate the disclosed financial information and data.

The other view is that “abnormal accruals are the approaches and techniques within the accounting system of communicating private information. So that, they are an important indicator of high earnings quality, even though the impact is decreased by any considered earnings management. Rational expectations market models assume that the information constituent compensates the earnings management constituent, since rational shareholders utilize their awareness concerning management motivations to eliminate the estimated earnings management constituent from disclosed earnings. The volume of abnormal accruals does not arrest

this prospective market response, and consequently abnormal accruals ought to be a less valuable substitution for earnings quality. The other important accruals measure is accruals quality that aligns working capital accruals to lagged, concurrent and future cash flows from operating activities. The better this aligning explains the accruals, the lower is the residual from a regression based on these cash flows and the higher is the earnings quality.

The value relevance measure is the most well-known measure of the market based measures. It is measured by what is called the earnings response coefficient “that is the slope coefficient in a regression of the market returns on earnings, often amplified by changes in earnings, or by the R^2 of such a regression”. When the value of value relevance is high, this indicates that there is high earnings quality. Even though there is anxiety about implications one can obtain from value relevance researches, this argument comes more from the contracting role of accounting than from the decision usefulness approach that underlies financial reporting standards (e.g., FASB, 2010) (Perotti and Wagenhofer, 2014).

2.14 Methods of Detecting Creative Accounting

Due to the negative effect of creative accounting on earnings quality, researchers and scholars argued that there are several techniques and methods to detect creative accounting practices in corporations:

- **Accruals Method.**

By calculating the discretionary accruals after calculating the total accruals to determine the level of earnings management practices in the organization, as the accruals are temporary adjustments to some accounts

that transfer the cash flows from one financial period to another to reflect the real situation of the company (Al Lawzi, 2013).

• **Miller Ratio:**

By comparing working capital with operating cash flows. The working capital constitutes the current assets and liabilities prepared on an accrual basis in the balance sheet statement. Thus, the working capital may be manipulated by postponing expenses and expediting revenue or recording fictitious revenue. This also affects the income statement through the revenue and expense accounts and thus these accounts can be modified in order to reduce fluctuations in the number of net accounting profits for consecutive years or to reach the target level of profits in a specific year (Miller, 2009).

2.15 Hypotheses Development

The researcher found that a number of studies emphasized the impact of the balanced scorecard on earnings quality.

2.15.1 Extent of Implementing Balanced Scorecard

Singh et al, (2018) confirmed that the key factors influencing the adoption of the BSC in the organization are management commitment in using BSC and adoption of open communication among the various departments in the organizations. Furthermore, Llach et al., (2017) revealed that there is positive association between adoption and implementation of BSC and financial performance of the organization. Correspondingly, Jabeen et al., (2017) implied that BSC is an interesting instrument to

evaluate the performance of the organization. There is positive perception relevant to using BSC in the organizations and this tool is compatible with the business practices and local culture in these countries. Tarurhor & Osazevbaru (2019) revealed that the usage of the four perspectives of the Balanced scorecard affects positively the firms' performance. Likewise, AL-Dweikat & Nour (2018) argued that the most important critical success factors influencing the adoption of the BSC are top management support, strategic intent, HR aspects, systems and techniques. Agyeman, Bonn & Osei, (2017) showed that there is a significant difference in the extent of using these perspectives. In conclusion, the study results demonstrated that financial perspective is the most used perspective to measure performance.

In a study of Ibrahim (2015) the results demonstrated that the studied banks use the financial performance perspective in evaluating their performance. Thus, I will examine first hypotheses as:

Ha1: There is high level of implementation and application of BSC in the Banks listed on Palestine Exchange.

2.15.2 Effect of Financial Perspective on Earnings Quality

The empirical results revealed that there is an association between financial perspective and the quality of earning in companies listed on financial markets. According to Malagueño, et al., (2018), Llach et al., (2017), Jabeen et al., (2017) there is a positive association between financial perspective of balanced scorecard and the quality of earnings. Likewise, Agyeman et. al. (2017) confirmed that financial perspective is

used to measure performance in banking sector institutions in Ghana. Furthermore. So the second hypotheses I will examine in this study is:

Ha2: There is significant effect of the implementation of financial perspective of the BSC on earnings quality in the Banks listed on Palestine Exchange.

2.15.3 Effect of Customer Perspective on Earnings Quality

According to the impact of customer perspective of the BSC and its relationship with earnings quality, the researcher found from the literature review that there are several studies emphasized the importance of the customer perspective in increasing the quality of the earnings in businesses and institutions. In a study of Tarurhor & Osazevbaru (2019) revealed that nonfinancial measurements such as customer satisfaction, employees training and development and internal process design affects highly firm`s financial performance of SMEs.

Ha3: There is significant effect of the implementation of customer perspective of the BSC on earnings quality .in the Banks listed on Palestine Exchange

2.15.4 Effect of Internal Business Perspective on Earnings Quality

Fikriani (2019) confirmed that there is positive and insignificant relationship between internal business process perspectives and firm`s quality of earnings in the studied bank. However, Aminus, Ahmed and Moutari (2015) revealed that deposit money banks in Nigeria do not take into consideration non-financial measures in assessing bank`s performance.

Besides, Ahmed, Bahamman and Ibrahim (2015) showed that internal business process perspective has very low level of adoption and implementation. Eventually, the study results demonstrated that banking sector institutions emphasized more on financial perspective and less focus and interest in internal business process. So I will examine fourth hypotheses as:

Ha4: There is significant effect of adoption and implementation of internal business process perspective of the BSC on earnings quality in the Banks listed on Palestine Exchange.

2.15.5 Effect of Learning and Growth Perspective on Earnings Quality

Agyeman et. al. (2017) revealed that the most used BSC perspectives are: The financial perspective, customer perspective, learning and growth perspective, and internal business process respectively. Furthermore, Babar (2016) revealed that there is a positive relationship between bank`s performance and using learning and growth perspective.

Fikriani (2019) revealed that there is positive impact for customer perspective and learning and growth perspective on the organization`s performance and progress. Conversely, there is positive and insignificant relationship between financial and internal business process perspectives and the studied bank`s performance. Likewise, Ahmed, Bahamman and Ibrahim (2015) confirmed that that the studied banks there is very low of

adopting and implementation internal business process perspective. So I will examine fifth hypotheses as:

Ha5: There is significant effect of adoption and implementation of learning and growth perspective of the BSC on earnings quality in the Banks listed on Palestine Exchange.

2.15.6 Effect of Social Perspective on Earnings Quality

García-Sánchez et. al. (2017) revealed that the commitment of the bank to CSR practices is important in order to enhance earnings quality as well as cash flow predictability. Furthermore, the research results demonstrated that the impact of CSR on earnings quality is high in countries that have high levels of shareholders and investors protection and where there is efficient laws and regulations that value highly CSR initiatives. Thus, to summarize the existing of efficient laws and regulations. Besides, existence of environment that provide protection for investors boosts the earnings quality. Thus, I will examine sixth hypotheses as:

Likewise, Alsaadi et al. (2017) revealed that organizations with a high level of CRS are more expected to have high earnings quality. Likewise, vein, Kim et al. (2012) argued that business that exert great efforts and resources in creating ethical programs to protect and maintain stakeholders' interests are more expected to produce high reliable and valid information so that they have high earnings quality. According to Hong and Andersen (2011) there is positive correlation between involvement in CSR initiatives and reporting high earnings quality. Furthermore, they

demonstrated that there is positive association between adopting CRS and high quality accruals. Whereas, there is an inverse correlation between adopting CRS practices and real earnings management.

Ha6: There is significant effect of adoption and implementation of social perspective of the BSC on earnings quality in the Banks listed on Palestine Exchange.

2.15.7 Firm Size

Researchers usually measure the size of the firm through three main measures that are the size of total assets, the sales turnover and the number of the employees in the firm. In a study of Hamdan and Abu Ajila (2012) revealed that there is insignificant correlation between firm size and earnings quality Shtiwi (2009) and Hamad and Abu Nassar (2013) revealed that there is insignificant correlation between firm size and earnings quality. On the other hand, Hamdan (2012) argued that there is positive correlation between firm size and earnings management as the size of the firms gets larger this may motivate firm management to manipulate the accounting information of the organization through exercising earnings quality.

In a study of Wiyadi, Sasongko & Fauzi (2015) documented that there is positive correlation between firm size and earnings management in listed companies in Indonesia due to existence of positive and significant effect for information asymmetry on earnings management thus this will decrease earnings quality. The implications of this research is in consistent

with the agency theory that argued executive management could manipulate the financial information and exercise earnings management practices if there is a gap between the agent and principals of the senior executive management of the corporation. In another research performed by Hamdan, Mushtaha, and Awwad (2012) in order to investigate the determinants of earnings quality, it demonstrated that there is an inverse correlation between firm size and earnings quality that is small-scale businesses have better earnings quality than large-scale firms.

Naz, Bhatti, Ghafoor & Husein (2011) investigated the effect of firms' size on earnings quality for a sample of (74) corporations listed in Pakistan. The study results confirmed that there is positive correlation between firm size and earnings management. Thus, increasing the size of the firms leads to a decrease in quality of earnings. Likewise, Rahmani and Akbari (2013) investigated the effect of capital structure and firm size on earnings management in listed companies in Iran, the study results demonstrated that there is significant and positive effect for capital structure and firm size on earnings management. In a study of Paiva and Lourenço (2013) that investigated the correlation between firm size and earnings management in family firms throughout the period 2006-2010. The study confirmed that the firms that have large size tend to have lower levels of earnings management. Conversely, small family firms have larger propensity to exercise earnings management

According to Siregar and Utama (2008), who investigated the effect of firm size on earnings quality in listed companies in Indonesia, the study

results confirmed that there is insignificant correlation between firm size and earnings management. Whereas, Kim, Liu & Rhee (2003) revealed that there is significant and positive correlation between firm size and earnings management as the firms that have small size tend to exercise earnings management less than large scale firms. In a study of Llukani (2013) that investigated the correlation between firm size and earnings management in firms listed in financial market in Albania the studied sample consists of (75) listed companies from different economic sectors during 2009-2011 revealed that all the companies either small scale firms or large scale firm exercise earnings management in their financial statements. Swastika (2013) revealed that there is an inverse correlation between the size of the firm and earnings management for beverage and food firms in Indonesian market through investigating a sample of (51) firms.

Fitriana & Islami (2018) investigated the effect of Firm Size, CEO Ability, tax aggressiveness on earnings quality of manufacturing firms in Indonesia during 2013-2014. The study results confirmed that there is positive correlation between firm size and earnings quality. Moreover, Hassan and Farouk (2014) revealed that increasing the size of the firms leads to greater level of agency cost and agency problem that corporations may expose to. Whereas, Bassiouny (2016) confirmed that there is insignificant correlation between firm size and earnings quality.

According to Ali et al (2015) and Turegun (2016) there is direct and significant correlation between firm size and earnings management as large scale firms tend to exercise earnings management as these firms are under

great pressure in order to achieve the financial analysts` expectations. In a study of Swastika (2013) argued that large scale firms tend to have more control and audit mechanisms thus this will lead to decrease the potential of involvement in earnings management becomes less.

Ha7: There is significant effect of firm size on earnings quality in the Banks listed on Palestine Exchange

2.15.8 The quality level of the Profits declared in financial reports issued by the banks listed on Palestine Exchange

Hamdan's study (2012) Demonstrated that there is high level of quality in the declared profits in the listed industrial companies in Amman Stock Exchange. The results of Al-Sharif and Al-Sharif (2018) aimed to compare the quality of the declared profits in the industrial shareholding companies listed on the Palestine Stock Exchange and the Amman Stock Exchange. The results of the study showed that the industrial companies listed on the Amman Stock Exchange have a higher quality of profits than the industrial companies listed on the Palestine Stock Exchange. While the result of Abdul Zahra study (2016) that aimed to measure the quality of profits in Iraqi private commercial banks showed that there is an acceptable level of quality in the profits of these banks.

Ha8: There is high level of quality in profits declared in the financial reports issued by the banks listed in Palestine Exchange.

2.16 Banking Sector in Palestine

Banking sector in Palestine consists of (14) banks of which three are Islamic banks and eleven commercial banks. They are divided equally between local and foreign banks. The experience of banking sector in Palestine is perceived as a new experience in comparison with the banking industry in neighboring countries due to Israeli regulation and lack of local government in Palestine after the occupation of Palestinian territories in West Bank and Gaza Strip (www.pma.com).

Despite this, they have achieved distinguished performance during the last two decades. This distinguished performance is due to the continuous development in the standards and procedures of the Palestinian Monetary Authority and their keeping pace with the changes taking place in the global economy. Palestinian banks are characterized by continuous growth and modernity in the use of modern and advanced technologies and providing wide array of banking services and technologies. PMA is considered as the central bank, but without issuing a local currency due to the exceptional circumstances that the Palestinian territories are going through (www.pma.com).

The Palestinian banking sector witnessed a remarkable development between 1994-2020 due to the establishment of the Palestinian Authority and the reopening of Arab and Palestinian banks in the West Bank and Gaza Strip. The establishment of the Palestinian Monetary Authority in 1994, which was allowed in accordance with the

Paris Protocol to exercise the functions of the central bank, with restrictions on the performance of the Israeli policy and monetary authorities and the lack of Palestinian monetary performance without having the right to issue a national currency (www.pma.com).

The matter in which the importance of other regions, especially the countryside, diminishes in the distribution of facilities, which in its foundations focus on the sectors of internal and external trade, services and consumer loans. The countryside does not have a vital share, and which mainly depends on agriculture and employment, and agriculture is one of the undesirable sectors in our banking philosophy. In Palestine, depending on the low yield and weak guarantees of any potential borrower (www.pma.com).

The Palestinian banking institutions provide many banking services to customers. The most important of these are the services of opening current accounts, savings, and time deposits for customers, as well as issuing electronic services such as Visa and MasterCard, and other services. They also provide commercial and foreign services such as issuing line of credit, bill of lading, letter of credits, letter of guarantees, Collection bills, loans, bank of over draft, housing loans, real estate and mortgage financing, personal, consumer and investment loans, car financing programs, medical loans, safety deposit boxes, incoming and outgoing remittances, and international money orders (SWIFT), Electronic wallet service, instant international money transfers (Money Gram), ATM cards, and treasury service, which is to provide comprehensive and varied

services to customers with currency exchange rates and competitive foreign and domestic interest rates on time deposits.

2.17 Summary of The Empirical Studies and Research Hypotheses

The topic of the earnings quality and the relationship between the balanced scorecard and earnings quality are very important topics that have gained increasing interest from scholars and researchers throughout the last few years due to the financial crises that occurred in the globe in developed countries and developing countries. The previous empirical studies and researchers have proved that there is relationship between the BSC and earnings quality. Some researchers argued that there is correlation between BSC and earnings quality such as (Malagueño, et al., (2018), Llach et al., (2017), Jabeen et al., (2017).

The researcher of this thesis concluded from the previous studies and researches that there is a positive relationship between the financial perspective and the earnings quality of listed companies. The results of previous studies have shown that whenever companies tend to produce high-quality profits, this leads to higher rates of profitability, which means that there is a relationship between using the BSC and improving profitability indicators. This is an indication that earnings management practices represented by manipulating accounting numbers and changing accounting policies and other practices that lead to showing false profits and inaccurate results, which in turn will affect the results of performance analysis. Financial, including profitability ratios, and it will give misleading information represented by low profitability ratios and thus

about the dependence of companies on inaccurate profits and revenues, so work must be done in order to maintain a high level of earnings quality in companies because of their impact on the evaluation of companies' performance.

The researcher of this thesis concluded that some studies and researches that have explored the effect of customer perspective on earnings management. These studies demonstrated that there are several non-financial measures that are related to customer perspective such as customer satisfaction, employees training and development and internal process design affects highly firm's financial performance of listed companies. Likewise, the researcher found that there are several researches in their empirical studies demonstrated that there is positive correlation between internal business processes and earnings management in listed companies. The researcher found that measured based on customer satisfaction are essential, but these measures should be translated into measures and indicators of what the corporation or the firm ought to perform internally in order to achieve the expectations of the customers. Then, the high customer performance should derive from organization's processes, actions and decision taking place in the firm. Thus, executive senior management of the corporation should concentrate and emphasize those essential internal operations and activities that give them the potential to meet the needs and wants of customers` efficiently.

The researcher from her intensive critical revision for several researches revealed that there is clear relationship between learning and growth perspective with the earnings quality. This means in highly

intensive environment due to globalization and rapid expansion of technology. Firms have to focus on the necessity of investing in innovation and development of their activities in order to sustain in the market and achieve a competitive advantage.

2.18 Research Gap

There is a tremendous number of researches and studies that have been carried out on the BSC in academic context. The researcher found that most of the previous studies concentrated on the importance of using BSC as performance evaluation tool especially in developed countries. However, there is a scarcity of studies that emphasized the effect of using BSC on earnings quality especially in developing countries such as the case of Palestinian context. The researcher performs this thesis on the effect of BSC on earnings quality in banks listed on Palestine Exchange. As there is a great debate about the earnings quality in developing countries compared to earnings quality in developed countries where there are great laws and regulations that manage and control the earnings quality of the reported profits and financial information since there is efficient markets in that countries in contrast to developing countries that are considered inefficient markets. Thus, it was interesting to bridge this gap and find implications based on Palestinian case.

Chapter Three

Research Methodology and Design (Empirical Study)

3.1 Introduction

3.2 Research Approach

3.3 Research Design

3.4 Research Philosophy

3.5 Data Collection Methods

3.6 Population and Sample

3.7 The study period

3.8 Study variables

3.9 Data Measurement

Chapter Three

Research Methodology and Design (Empirical Study)

3.1 Introduction

This thesis purpose is to investigate the effect of adopting balanced scorecard on earning quality of the Banks listed on Palestine Exchange. This chapter of the study aims to present and explain the research methodology and design through presenting the research approach, research design, research philosophy, research strategy, population and sample of the study and discussing data collection methods. This chapter also aims to explain the course of the research in gathering evidence by presenting and clarifying the procedures and steps followed to achieve the objectives of the study by using a specific scientific approach, through the description of the sample, the study population, and data collection tools in this thesis. Then, the researcher states the elements of the balanced scorecard and its variables and the methods of measuring each variable by selecting the best appropriate models for measuring it, in order to reach results that serve several parties, including the strategic management of banks, current or new investors, customers, and supervisory authorities. These results will help them to adopt a comprehensive system for evaluating performance and identifying methods that prevent any manipulation of profits that leads to lower their quality consequently, deceiving users of financial statements with profits that may be fictitious,

which ensures companies' commitment to full and adequate disclosure of the published financial data, thus supporting the existing national economy.

3.2 Research Approach

In any academic research, there are three choices of the research methodology or approach that are the quantitative research approach, the qualitative research approach and the mixed research approach that integrates both the quantitative and the qualitative together in the same research or study. According to Migiro & Magangi, (2011) the adoption of a specific research methodology relies on the objective or aim of the research, type of the required information and data and the research analysis method.

The researcher in thesis decided to use the quantitative research approach because of its appropriateness for performing such these studies and researches. This research approach is important as it provides the researcher with the opportunity to present and provide numeric description of studied sample and population ` views, attitudes and perception toward a specific phenomenon or specific problem in the society.

3.3 Research Design

The deductive research approach is used in this study in order to investigate the effect of adopting balanced scorecard on earning quality in the banks listed on Palestine Exchange.

Furthermore, the researcher uses the correlational research design in this research as under the quantitative research approach there are basically two

important research designs that are the experimental design and the correlational design. This research design is considered a category of quantitative research approach that engages investigating potential correlations among the explored variables of the study. However, an experimental research design is fit when a scholar or researcher intends to manipulate studied sample to investigate the impact of a particular interference on these studied population or sample (Venkatesh et al., 2013).

3.4 Research Philosophy

The researcher in this thesis utilizes the positivism research philosophy since its appropriateness to investigate the impact of applying balanced scorecard on earning quality in the banks listed on Palestine Exchange.

3.5 Data Collection Methods

The researcher in this thesis used two types of data collection methods that are:

Secondary Data: through an intensive critical revision for articles, journals, books, and publications, to create a clear insight concerning the impact of the BSC perspectives on the earnings quality.

Primary data: the researcher after constructing the literature review of the study will collect the primary data through the annual reports and disclosures issued by the banks and published on the official website of Palestine Exchange during the years 2011-2019 (www.pex.ps) that were relied upon to collect the required data to conduct this research.

3.6 Population and Sample

Population: banks listed on Palestine exchange. The number of local banks is seven, and the number of employees in these banks is (6946) employees (Palestine Monetary Authority, 2019).

Banks listed on the Palestine Stock Exchange: -

Table 1: Banks listed on the Palestine Stock Exchange

Bank name	Code
Arab Islamic Bank	AIB
Palestine Islamic Bank	ISBK
Palestine bank	BOP
Al Quds Bank	QUDS
Palestine Investment Bank	PIBC
National Bank	TNB

Sample: the studied sample will be are all banks institution listed in Palestine exchange excluding Palestine Capital Market Authority because of its work nature and assets that are different from the other banks.

3.7 The study period

The study period covered between 2011 and 2019, as the available data were obtained depending on the data listed on the Palestine Exchange during this period.

3.8 Study variables

The study variables were represented by the Balanced Scorecard with its five perspectives (financial, customer, internal operations, education and growth, and the social perspective) as an independent

variable and the earning quality as a dependent variable, and the size of the bank as a control variable

3.9 Data Measurement

Indicators of the Balanced Scorecard Perspectives

First: Indicators that measure the financial perspective:

***Financial perspective: (How to achieve financial success according to the desire of shareholders)**

The financial perspective is the first dimension of the balanced scorecard and it is concerned with measuring the company's ability to achieve the financial goals that are the main concern of the shareholders because through them they verify the profitability of their investments (Al-Aasheq,2016). It also ensures the company's survival and continuity in the market in addition to determining the company's ability to use its resources to the maximum possible benefit by relying on a group of indicators and measures represented by:

1- Percentage of cash that the company owns from total assets = cash / total assets

This percentage expresses the amount of cash that the company has out of total assets, and the higher percentage indicates that the company has sufficient liquidity to cover short-term liabilities, which ensures continuity and reduces the chances of default (Ali, 2016).

2- The Company's Capacity to Collect Accounts Receivable = Revenue/ Average Accounts Receivable

This indicator indicates the company's capacity to collect receivables from accounts receivable and convert them into cash. If the rate is high, it reflects good efficiency in collecting receivables, but if the rate decreases, this means delay in collecting debts and thus reducing liquidity, which prompts the company to search for other sources to cover their current liabilities by borrowing from others, which increases the possibility of default (AL-Agwat, 2015).

3- Percentage of the company's dependence on creditors in financing = total liabilities / total equity

This indicator indicates the ratio between the financing provided by creditors and the financing provided by the owners., and it reflects the financial risks of both parties. As this percentage increases, the likelihood of the company's inability to service the debt increases and the risk of lenders as well. This consequently threatens the company's continuity and increases the possibility of default (Abu Odeh, 2018).

4- Rate of Return on Equity = Net Profit after Tax / Average Equity

This percentage expresses the return that the owners achieve on investing their money in the company, and it is considered one of the most important profitability ratios. Based on this percentage, the owners may decide to continue the activity or transfer the funds to other investments that achieve a suitable return. Thus, the greater the return is, the more it

leads to maintain existing investors and attract new ones, thus ensuring the continuity of the institution (Sadiq, 2015).

5- Rate of return on assets = Net Profit / Average Total Assets

It can provide the investor with an idea about the company's investment performance of its assets. This rate is presented in the form of a percentage, the higher percentage of this rate generally indicates the efficiency of the company's management and investment of its assets, and it is considered an indicator of the bank's progress and development (Sadiq, 2015).

6- Revenue from services other than interest = total revenue - interest revenue

This ratio refers to the revenues achieved by the bank from various services, excluding interest, as it is considered an indicator of the size of the diversity of services and the efficiency of the employees of the bank, as well as the extent of customer satisfaction with the services.

Second: Indicators that measure the customer perspective:

***Customers perspective: (When we achieve our vision, how will we look to our customers)**

This perspective is considered one of the important perspectives of the balanced scorecard. This reflects its great importance on the company's success in competition and its continuity in the market. From this point, the company aims to determine its level from the point of view of its customers, by measuring and determining the extent of its ability to meet

the requirements and the needs of its customers and obtain their satisfaction through the goods and services provided by the company (Bin Yarbah, 2018). So that, satisfaction is achieved in obtaining new customers and maintaining existing customers, as well as it is related to the market share (Edgish, 2016), and this dimension is measured based on a set of indicators.

The most important of these indicators are:

1- Loyal customers

Growth in Sales = (The size of the bank's revenues this year / The bank's revenues last year) * 100

This percentage means that the company owns a large amount of sales. This is considered an evidence of customer satisfaction, which in turn indicates the permanence of the company in the market and reduces the possibility of faltering.

(Arab Labor Conference 25th session, 2018)

2- The contribution of marketing expenses that the company spends in achieving customer satisfaction = Marketing expenses / revenues

Marketing is considered a key factor for customer satisfaction. Marketers understand the needs of customers through communicating with them to know the factors affecting their behavior, and understand their needs and desires, which guarantee their loyalty and knowledge of their views on the services provided. This helps in improving the service provided and thus increasing revenues that ensure the continuity of the company (Al-Issa, 2018).

3-Contribution of the quality of services provided by employees to customers in achieving operational profit = operational profit / number of employees

Operating profit is the product of profit earned through subtracting income from expenses that are closely related to operating operations, and it is considered a measure of the company's ability to earn from ongoing operations. For the bank, to be able to gain from carrying out operational activities in an efficient manner, qualified employees must be available to help achieve efficiency and productivity. The presence of qualified employees contributes to raise the quality of the product with few number of employees and decrease the cost that company incurs. Thus contributes to achieve customer satisfaction, which in turn provides the company's revenues and ensures its continuity (Abu Daqqa, 2009).

4-The number of employees who contributed to provide services with the highest possible quality that enables the company to obtain the current assets needed to cover its short-term liabilities = current assets/ number of employees

Current assets are assets that can be converted quickly into cash and without loss within less than a year, and the availability of such assets makes the company ready to meet its obligations within a short period. In order for the company to obtain such assets, it needs qualified employees with high skills to provide quality services, attract customers, and thus generate operating cash flows linked to the value of the company.

Consequently, debts can be paid through this cash, and thus it maintains the company's possibility of continuing in the future (Siyag, 2019).

5-Management's efficiency in utilizing its resources to achieve customer satisfaction = total revenues / costs

It expresses the resources used by the company to collect revenues. The greater the ability of the company is to achieve revenue at the lowest possible costs indicates the effectiveness and efficiency of the administration in exploiting the available resources and thus the company gains a competitive advantage that helps attract new customers. This proves the importance of the management's efficiency in allocating resources, which is reflected in the efficiency of services and their price in the market. This is considered the main incentive for new customers' which ensures continuity and reduces the chances of faltering (Siyag, 2018).

6- The effect of customer satisfaction and loyalty to the company on reducing the volume of assets that have been financed by liabilities = assets / total liabilities

This ratio measures the assets financed by borrowed financing and its height indicates that most of the company's assets were financed by debt, thus increasing the likelihood of the company defaulting in the future (Siyag, 2019).

Third: Indicators that measure the perspective of operational processes:

* internal operations perspective: (to satisfy shareholders and customers, what are the operational processes that we must excel in)

This perspective aims to define the important internal operational processes and procedures that the company uses to implement its strategies and to achieve excellence, which in turn leads to achieve the expectations of customers efficiently and effectively. This contributes to obtain financial results that satisfy shareholders. This perspective is related to inventions and innovations related to the provision of new services that satisfy existing customers and attract new customers (Abofaied, 2017), this dimension is measured based on a set of indicators, the most important of these indicators are:

1- Contribution of communication and communication expenses that the company spends in order to provide the product to the customer with the highest possible quality = communication expenses / administrative expenses

In order for the company to achieve efficiency, it must take care of the customer, and that is determined through the availability of effective communication and feedback from customers to employees about the services provided, and obtaining suggestions that help improve the quality of the services provided. This in turn ensures the maintenance of the

customer and the increase in sales that are the basis of the company's profits and its continuity (Al-Essi, 2018).

2- The Contribution of Employee Efficiency Productivity in Achieving Operating Profit = Operating Cash Flow / Total Profits

This ratio is called the operating cash index, which shows the amount of the contribution of operating cash flows to obtain profits, and the higher percentage indicates the good performance of the company, and the operating activities which generate company revenues that determine directly net profit or loss. The operating flows are divided into either inflow (collecting money from providing a service) Or outflows (payment of money from obtaining services). Also, operating cash flows are linked to the continuity of the company, as its existence ensures that the company fulfills its obligations and maintains its financial position without resorting to external sources of financing (Abdul Zahra, 2014).

3- Contribution of bonuses that the company spends on employees in achieving their satisfaction = bonuses / administrative expenses

Incentives are one of the most important methods to be adopted by companies to increase the desire of individuals to improve productivity and practice the best methods of achievement. The more the employee's productivity increases, the more the job satisfaction increases which is measured through the amount of spending on incentives and rewards (Al-Zahra, 2008). If the services provided by the company are efficient, customer satisfaction is achieved. Thus the number of people coming to the

services will increase, and this guarantees the continuity of the company and not its failure.

4- Labor productivity in the bank = total assets / number of employees

This ratio measures the employee's productivity to the use of their assets to generate revenues. This indicates the amount of efficiency of workers to carry out their duties and thus increases customer satisfaction over production efficiency and ensures the continuity of the institution.

Fourth: Indicators that measure the learning and growth perspective:

*** learning and growth perspective: (To achieve our vision, how will we preserve our ability to change and improve)**

This perspective aims to measure the company's ability to improve the capabilities of employees and provide them with skills related to providing services with the highest degree of effectiveness. This dimension is also related to develop capabilities to use modern technology and keep pace with the modern era, which in turn contributes to achieve customer satisfaction (Siyag, 2019), and this is measured by relying on a group of indicators which are:

1- The impact of the bank's interest in developing employees' capabilities on customer satisfaction = net profit after tax

One of the most important measures of evaluating the company's performance is profitability. Profitability indicates the existence of a competitive advantage through the use of modern technology and utilization of available resources efficiently and effectively. The company's

interest in growth and learning ensures its continuity and not faltering (Al-Essi, 2018).

2- The impact of the bank's interest in the quality of audit offices and spending on their skills in obtaining sales = professional fees / sales revenues

It means the extent of commitment to auditing standards and performance standards for individuals within the audit company (integrity, independence, and objectivity). In order for quality auditing to be achieved, the company must pay attention to the audit offices and spend an adequate amount of fees on them, and thus ensure their work efficiently and effectively and provide a high-level report of integrity and transparency. Moreover, this increases customers' confidence in the company and achieves their satisfaction, thus increases company's sales that guarantee the continuity of the company and not faltering (Siyag, 2019).

Providing auditing with the highest degree of quality, credibility and transparency increases the degree of confidence in the users of the financial statements of which customers are a part, and increasing confidence in customers transforms them to achieve satisfaction and loyalty, which ensures the continuity of customer dealings with the company who are considered one of the main pillars of the company's sales, which guarantees Company continuity.

Therefore, companies should pay attention to the professional fees they pay to the audit offices due to their great importance in the quality of

the audit process, which is one of the main things that affect the company's value in the market (Nasr, 2019).

3- Efficiency of utilization of operational resources by employees in obtaining operating profit = Total Operating Costs / Operating Profit

This ratio is an indicator of the extent to which operating costs contribute to obtain operational profit, which is closely related to the operational process and is a basic measure of the company's ability to profit from current operations. As for operating costs, they are all costs spent on operations related to the basic operation of workers' wages, maintenance and others that help to educate employees and provide them with skills that ensure the success of the operational process and thus customer satisfaction, the continuity of the institution and its non-failure (Sabah, 2010)

4- The costs of the training programs through which the capacity of the bank's employees is determined

$$\text{Staff Training Costs} = \text{Training Cost} / \text{Total Operating Cost} * 100$$

This ratio is an indicator of the amount of training costs that the company incurs from the total operating costs, which helps to raise the efficiency of its employees and thus increase skills, provide high-quality services and achieve customer satisfaction, thus ensuring the continuity of the institution (Al-Issa, 2018).

5- Growth in the number of new branches

This indicator indicates that whenever the bank is interested in increasing the number of branches, this indicates the good financial condition of the bank and it is also an indication of continuity.

Fifth: Indicators that measure the social perspective:

***the environment and society dimension: (How do we serve and contribute to the development of society)**

The new development in the business environment has made companies very interested in developing society and put this task within their strategic plans. In this dimension, the initiatives and benefits that the company contributes to in the service of society and the environment are determined (Abo Faied, 2017). This dimension is measured by a set of indicators represented in:

1- Resources allocated by the company to spend on the environment and society = the value of spending in the form of donations

Success is not always limited to material factors, but also to non-material factors, including social responsibility. Studies have shown that there is a positive relationship between the company's spending on society and the profits achieved by the company, which improves the relationship between the company and the employees, and thus their satisfaction, providing high-quality services and attracting new clients. This leads to increase profits and maintain the company's continuity and not faltering.

2- Growth in the percentage that the company allocates from the administrative expenses in spending on the environment and society = donations / general and administrative expenses

The company's interest in society and increasing its share of administrative expenses helps the company to obtain employee satisfaction with salaries and incentives, and attention to the quality of the product. It works to attract customers to deal with the company and obtain their satisfaction and thus the continuity of the company and not to falter (Siyag, 2019)

3- Growth in the percentage allocated by the company and administrative expenses to spend on the environment and society through achieving employee satisfaction = employee expenses / general and administrative expenses

Increase the percentage of administrative expenses, including employee salaries, as the employee is a part of the community that obtains community satisfaction and the satisfaction of existing customers and attracting new customers. This leads to an increase in cash flows and thus the continuity of the company and reduces the possibility of default (Siyag, 2019).

Measures of earnings quality

There are several measures of the quality of earning due to the different users of the financial statements. Therefore, their different goals

lead to a difference in their views on the concept of earning quality and thus the different measures used.

1-The quality of profits is measured using the continuity of cash flows and continuity of receivables measure, and that the quality of profits is related to the continuity of flows and not receivables (Abdul Zahra, 2016) and is measured through the following equation:

$$NOI_{i,t+1} = \beta_0 + \beta_1 (NOI_{i,t} - TACCI_{i,t}) + \beta_2 TACCI_{i,t} + e_{it}$$

$NOI_{i,t+1}$ = The net operating profit of the company for the following year

$NOI_{i,t}$ = The net operating profit of the company for the current year

β_1 =Continuity of cash flows

β_2 =Continuity of receivables

$TACCI_{i,t}$ =The annual total dues of the company for the current year

E_{it} =The error

$(NOI_{i,t} - TACCI_{i,t})$ = The amount of cash flow generated from the net operating profit (cash earning).

Net operating profit = Revenue - (discounts, rebates and returns) = gross profit - (operating expenses) = Operating profit - (interest, taxes and other unusual expenses).

According to the previous equation, you reach the amount of the quality of profits by standing on the value of transactions B1 and B2. If B1 is greater than B2, so profits are related to cash flows more than receivables and this is an evidence of their quality, but if B2 is greater than B1, profits

are related to receivables more than flows and this is an evidence of lack of quality.

We have relied on this measure because flows are elements that are not subject to manipulation and personal estimates by management, as is the case with receivables that can be manipulated by changing the applicable accounting policies and rules.

In the previous equation, we chose the net operating profit, not the final profit, to exclude the effect of occasional and non-recurring items on the company's profit.

After that, we divided all the elements of the equation by the total assets to get rid of the effect of the size of the different assets from one bank to another on the profits to become the equation as follows:

$$NOI_{i,t+1}/Tas_{i,t+1} = \beta_0 + \beta_1 CNOI_{i,t}/Tas_{i,t} + \beta_2 TACCI_{i,t}/Tas_{i,t} + e_{it}$$

$NOI_{i,t+1}/Tas_{i,t+1}$ = The ratio of net operating income for the following year to the assets (rate of return on assets for the following year)

$CNOI_{i,t}/Tas_{i,t}$ = The ratio of net cash operating income for the current year to the assets (cash return rate on assets for the current year)

$TACCI_{i,t}/Tas_{i,t}$ = Percentage of net operating income for the current year (rate of return of maturity income to assets)

β_1 =Continuity of cash flows

β_2 =Continuity of receivables

E_{it} =The error

As for the TACC, they are measured as follows:

$$|TACC| = \Delta WC + \Delta NCO + \Delta FIN$$

ΔWC = Change in net working capital measured as follows = change in (current assets excluding cash and investments - current liabilities excluding short-term debts).

ΔNCO = The change in operating net non-current assets, measured as follows = change in (non-current assets excluding investments - non-current liabilities excluding long-term debts).

ΔFIN = Change in financial assets, measured as follows = change in (short-term investments + long-term investments) - (short-term debts + long-term debts).

2- Profits free from profit management practices:

The variable was measured by relying on the Modified Jones Model 1995 model in order to isolate any effect of manipulating revenues by the management, which affects the measurement of non-optional receivables that affect voluntary dues, as it is the best model for measuring total dues according (Be'dard, Chtourou, & Courteau, 2004)

Some researchers considered profit management to be the opposite of the quality of profits, that is, the more profit management, the lower its quality, and it was measured by relying on the following equation according to a study (Ismael, Kamarudin, Dunstan, & Zijl, 2013):

Total dues = voluntary + non-optional benefits

$$TACC_{i,t} = NACC_{i,t} + ANACC_{i,t}$$

Where:

TACCI, t: Total receivables for the company (i) in year (t).

NACCI, t: the non-voluntary entitlements of the firm (i) in year (t).

ANACCI, t: Voluntary dues to company (i) in year (t).

Voluntary accruals: are those expenses that cannot be avoided and which have not yet been realized

Non-discretionary accruals: receivables that managers use their personal judgment to estimate their value and timing.

In order to apply the equation, the following steps will be taken:

1) Estimating total receivables, and according to previous studies, in order to estimate total receivables, we will use the operating cash flow entry. As this entry is based on the application of the cash flow statement approach, which expresses the difference between net income and operating cash flow in the study (Fayyad, 2012), and it is the approach that the researcher followed in her study, which is expressed in the following equation:

$$TACC_{i,t} = NI_{i,t} - CFO_{i,t}$$

Where:

TACCI, t: Total receivables for company (i) in year (t).

NI_{i, t}: Net income of the company (i) in year (t).

CFO_{i, t}: Company (i) operating cash flows in year (t).

2) Estimate the slope ($\beta_1, \beta_2, \beta_3$) for calculating non-optional benefits using the following regression equation:

$$TACC_{i,t} / A_{i,t-1} = \alpha + \beta_1 (1 / A_{i,t-1}) + \beta_2 \{(\Delta REV_{i,t} - \Delta REC_{i,t}) / A_{i,t-1}\} + \beta_3 (PPE_{i,t} / A_{i,t-1}) + e_{it}$$

TACC i, t : Total receivables for company (i) in year (t).

A $i, t-1$: Total assets of the company (i) in year (t-1).

$\Delta REV i, t$: the change in the company's revenue (i) between years (t) (t-1).

$\Delta REC i, t$: the change in accounts receivable for company (i) between years (t) (t-1).

PPE i, t : The volume of fixed assets of the company (i) in year (t).

$e i, t$: random error.

3) Estimating the value of non-optional receivables using the slope extracted from the previous equation.

$$NAC i, t = 1 (1 / A i, t-1) + \beta_2 (\Delta REV i, t - \Delta REC i, t) + \beta_3 (PPE i, t)$$

NAC i, t : Ordinary (non-voluntary) receivables of company (i) in year (t).

4) After calculating the total dues and the non-optional benefits, the basic equation was relied upon to calculate the optional benefits, as it represents the item that can be manipulated by the administration and therefore the equation is as follows:

$$ANACC i, t = TACC i, t - NACC i, t$$

whereas:

ANACC i, t : Voluntary dues to company (i) in year (t).

5) In the last step, the absolute value of the voluntary dues for each industrial public joint-stock company is calculated in the sample separately, then we find the average of this value and it is the basis for the calculation. If the absolute value of the voluntary benefits in the year is higher than the

average, then the company has practiced profit management, and vice versa, if the absolute value does not approach the average, then the company has not resorted to the practice of profit management and thus its profits are of high quality during that financial period.

Control variables: (Ibrahim, 2017)

Company size: It is determined by the book value of the bank's assets.

Chapter Four

The Estimation results and discussion

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4.13 SUMMARY

Chapter Four

The Estimation results and discussion

4.1 Research Design

This study used descriptive quantitative research design. This research design is preferred since the study used quantitative data as proxies for independent and dependent variables. Additionally, the study employed panel research strategy to capture both cross sectional and longitudinal dimensions.

4.2 Data Analysis Method

The collected data were converted to excel format for easier arrangements into panels. Panels' analysis achieves better regression results since the researcher is able to control unobserved heterogeneity, also giving a cross sectional and time-series dimension that reduces the bias of the estimators. Descriptive statistics like measures of central tendencies, measures of dispersion and correlations statistics were calculated to summarize the dependent and independent variables. Statistical software Eviews version 7 was used to estimate the relationship between the independent variables and the dependent variable. Significance effect of individual explanatory variable on the dependent variable was carried out using t-test at 5% significance level. Joint significance of the regression model was performed by means of F-test.

4.3 Empirical Model

The research object is to estimate one panel regression model to determine the primary effects of Balanced Score Card components (BSC) on Earnings quality controlled by the Firm Size.

Earnings quality = f (Financial, customer, Internal business Process, Learning & Growth, Social perspective and Firm size).

$$\text{Earnings quality} = \beta_0 + \beta_1 \text{FP} + \beta_2 \text{CUS} + \beta_3 \text{IBP} + \beta_4 \text{SP} + \beta_5 \text{LG} + \beta_6 \text{FS} + E$$

Where:

- FP= Financial perspective.
- CUS= Customer perspective.
- IBP= Internal Business Process perspective.
- SP= Social perspective.
- LG= Learning & Growth perspective.
- FS = Firm size .
- β_0 : Regression Constant.
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$: Regression Coefficients.
- E : Error term .

Log transformation($\log(x)$) was used in the analysis of all variables except (FP) since some values of this variable is originally negative.

The components of BSC were assumed as Latent variables, this means that they need to be computed from original variables and elements. The main

BSC components were computed by the Principle Component Data Reduction Method to extract the most important elements and variables forming each component.

The following table shows the results of Principle Component Data Reduction Method:

After applying the Principle Component Data Reduction Method, the Latent Variables can be computed from the linear combination of the extracted variables and their coefficients resulted from the Principle Component Method as the following:

$$FP = -0.846058584418362*FP2 + 0.9473070983117*FP3 + 0.844372401578221*FP4$$

$$CUS = 0.942056552018383*CUS3 + 0.912868757708854*CUS4 + 0.894808409524452*CUS5$$

$$IBP = 0.956173328364669*IBP1 + 0.95617332836467*IBP3$$

$$SP = 0.860249898553795*SP1 + 0.860249898553795*SP2$$

$$LG = 0.965736854140537*LG1 + 0.965736854140536*LG4$$

The dependent variable which is Earnings quality is the absolute value of $ANACC_{i,t}$: Voluntary dues to company (i) in year (t). This variable was computed by applying the equations of (Total dues = voluntary + non-optional benefits) that explained in previous chapters.

4.5 Results and Discussions

Descriptive Statistics

The following table shows Summary results of the study Panel Variables:

Table 2: Panel Variables Summary Statistics

	EQ	FP	CUS	IBP	SP	LG	FS
N	54	54	54	54	54	54	54
Minimum	1618940.80	-35.82	5782519.00	0.13	14984.57	488847.34	243475131.00
Maximum	226980464.00	10.22	150472384.00	91.56	3355542.20	99138224.00	5264944640.00
Mean	37796248.72	-2.62	34478012.00	26.64	611799.43	12892244.81	1174765910.74
Std. Deviation	50938050.76	14.35	31953914.34	20.19	877638.96	17534688.57	1196840527.35
Skewness	2.41	-1.06	1.87	0.89	1.81	2.84	2.14
Kurtosis	5.46	-0.36	3.29	0.95	2.30	10.35	4.20

Table (2) provides summary statistics of the collected study variables data covering 6 Banks for the period from year 2011 to year 2019.

The mean of Earning Quality was 37796248.72 with highest value computed at 226980464.00 and lowest value computed at 1618940.80. Regarding Financial perspective, the mean was -2.62 with highest value computed at 10.22 and lowest value computed at -35.82. Regarding the Customer perspective, the mean was 34478012.00 with highest value computed at 150472384.00 and lowest value computed at 5782519.00. Regarding Internal Business Process perspective, the mean was 26.64 with highest value computed at 91.56 and lowest value computed at 0.13. Regarding Social perspective, the mean was 611799.43 with highest value computed at 3355542.20 and lowest value computed at 14984.57. Regarding Learning & Growth perspective, the mean was 12892244.81 with highest value computed at 99138224.00 and lowest value computed at 488847.34. Finally, Regarding Bank size, the mean was 1174765910.74 with highest value computed at 5264944640.00 and lowest value computed at 243475131.00.

The corresponding high standard deviation values indicate high variations of the observations across the years. In addition, the corresponding highly Skewness and Kurtosis indicators indicate that the distribution of observations is far from normal.

The following tables exhibit the mean values of study variables among years and Banks:

4.6 Panel data Diagnostic Tests

Prior undertaking the statistical analysis and model estimation, the following diagnosing tests will be used to verify if the panel data meet the basic classical linear regression requirements: Panel Unit Root test, normality test, Multicollinearity test, Panel-level Heteroscedasticity test and Serial Correlation test. If any violation of these basic requirements detected, remedial measures and correction methods will be applied. To test long-run association of the study variables, panel Cointegration test will be conducted.

4.7 Panel Unit Root Test

To evaluate the Stationarity condition of the panel data, panel unit root test was applied on the study variables. Table (3) provides a summary of the panel unit root test.

Table 3: Panel Unit Root Test Results

Variables	Test	Level		First Difference	
		Statistic	p-Value	Statistic	p-Value
EQ	Levin-Lin-Chu	0.12903	0.5513	-2.23436	0.0127
	Im, Pesaran and Shin W-stat	0.21023	0.5833	-1.64587	0.0499
	Fisher-Chi Square-ADF	9.90307	0.6245	23.2801	0.0254
	Fisher-Chi Square-PP	25.9369	0.0110	72.2396	0.0000
FP	Levin-Lin-Chu	0.30731	0.6207	-7.88131	0.0000
	Im, Pesaran and Shin W-stat	1.96669	0.9754	-2.65393	0.0040

	Fisher-Chi Square-ADF	2.40043	0.9985	31.5218	0.0016
	Fisher-Chi Square-PP	1.25164	1.0000	57.0781	0.0000
CUS	Levin-Lin-Chu	-0.54946	0.2913	-3.83723	0.0001
	Im, Pesaran and Shin W-stat	1.84345	0.9674	-1.39147	0.0820
	Fisher-Chi Square-ADF	2.74452	0.9971	21.9410	0.0382
	Fisher-Chi Square-PP	1.20929	1.0000	54.4008	0.0000
IBP	Levin-Lin-Chu	0.09794	0.5390	0.13431	0.5534
	Im, Pesaran and Shin W-stat	0.11078	0.5441	-1.46807	0.0710
	Fisher-Chi Square-ADF	11.3680	0.4977	23.4310	0.0243
	Fisher-Chi Square-PP	30.2932	0.0025	72.1825	0.0000
LG	Levin-Lin-Chu	-4.17628	0.0000	-0.49362	0.3108
	Im, Pesaran and Shin W-stat	0.26401	0.6041	-0.46867	0.3197
	Fisher-Chi Square-ADF	11.0608	0.5237	16.6942	0.1615
	Fisher-Chi Square-PP	18.3236	0.1062	55.6290	0.0000
SP	Levin-Lin-Chu	-5.4366	0.0000	-7.38555	0.0000
	Im, Pesaran and Shin W-stat	-0.91311	0.1806	-3.67745	0.0001
	Fisher-Chi Square-ADF	19.7173	0.0726	36.8105	0.0002
	Fisher-Chi Square-PP	28.1348	0.0053	47.5705	0.0000
FS	Levin-Lin-Chu	-2.22314	0.0131	-7.11025	0.0000
	Im, Pesaran and Shin W-stat	1.37306	0.9151	-2.54735	0.0054
	Fisher-Chi Square-ADF	4.69312	0.9675	30.4128	0.0024
	Fisher-Chi Square-PP	7.31528	0.8361	49.3486	0.0000

Table (3) results show 4 types of Stationarity tests: Levin-Lin-Chu

(LLC), Im-Pesaran & Shin W-stat (IPS), Fisher-Chi Square-ADF (Fisher ADF), and the Phillips-Perron Fisher-Chi Square-PP (Fisher PP). All these tests are based on null hypothesis states that the panel data are non-stationary, with alternative hypothesis that the data is stationary. The null hypothesis is rejected when the p-value of the test statistic is less than 0.05. Based on the results in the table, all variables are non-stationary at the level, and they are stationary at the first difference and the null hypothesis is rejected at level 0.05 when taking the first difference. Finally, the conclusion is that the study variables will be assumed non-stationary at levels, and stationary at the first difference, so the variables are integrated of order 1.

To test possibility of existence of Cointegration relationship between these variables, Kao(Engle-Granger based) Cointegration Test was used and the results show that the Null Hypothesis of No cointegration is rejected, Baltagi(2005, Ch12). Table(4) below.

Table 4: Cointegration Test Results

Variables in Equation	Statistic	p-Value
EQ, FP, CUS, IBP, SP, LG, FS	-4.3164	0.0000

4.8 Error terms Normality Test

Normality is one of the OLS requirements that assumes the error terms are normally distributed. Jarque-Bera residual normality test examines the null hypothesis of normal distribution. If the residuals are found to be normally distributed, Jarque-Bera test statistics should not be statistically significant

(Jarque & Bera 1987).

Table 5: Normality Test Results for the model residuals based on OLS approach.

Model	Jarque-Bera Statistics	P-Value
Panel Model	1.5263	0.4662

Table (5) presents the Jarque-Bera test statistics and their corresponding P-value for the residuals of study models based on OLS approach. The results indicate to accept the null hypothesis, so the residuals of the study model are normally distributed since Jarque-Bera test statistics had corresponding p-value equals to 0.4662 which is higher than 0.05.

4.9 Panel Multicollinearity Test

Pearson correlation coefficient matrix used to diagnose the existence of Multicollinearity problem between the Explanatory (Independent) variables. The following table shows the results of Pearson correlation matrix.

Table 6: Pearson Correlation Matrix of the Dependent and Explanatory (Independent) Variables

	EQ	FP	CUS	IBP	SP	LG	FS
EQ	1.000						
FP	0.229	1.000					
CUS	0.756**	0.273*	1.000				
IBP	-0.609**	-0.231	-0.694**	1.000			
SP	0.670**	0.113	0.898**	-0.655**	1.000		
LG	0.631**	0.072	0.868**	-0.650**	0.832**	1.000	
FS	0.781**	0.259	0.968**	-0.660**	0.892**	0.844**	1.000

* Correlation is significant at the 0.05 level.

** Correlation is significant at the 0.01 level.

The results of Pearson Correlation Matrix in the table above show high significant positive correlations between Customer perspective and Social perspective, Firm size, and Learning & Growth perspective with values ranged between 0.868 and 0.968. Also, there is significant positive correlation between Customer perspective and the Financial perspective, and there is significant negative correlation between Customer perspective and Internal Business Process perspective which itself is highly negatively correlated with Social perspective, Firm size, and Learning & Growth perspective. The results also show high significant positive correlations between Social perspective and the Firm size and Learning & Growth perspective at the values 0.832 and 0.892, and between the Firm size and

Learning & Growth perspective at the value 0.844. These high correlations between the explanatory variables isolate the unique contribution of the individual predictor on the dependent variable variation. This may also lead to the existence of the problem of Multicollinearity. The other method used for Multicollinearity diagnostics is to compute Variance Inflation Factors (VIF) for the study model based on the method of Panel Least Squares. The problem of Multicollinearity assumed to be severe when having VIF values greater than 10, Gujarati & Porter (2009). The results of VIF are as follows:

Table 7 : Variance Inflation Factors (VIF) results

Explanatory Variables	VIF
FP	1.337
CUS	21.366
IBP	2.026
SP	6.211
LG	4.811
FS	16.568

The results of the table above show values of VIF exceeds 10 with values 21.366 and 16.568, these values which are not far too much from 10 indicate mild Multicollinearity Problem. Gujarati & Porter (2009) recommended applying variable centering approach to eliminate the problem of severe Multicollinearity between explanatory. Variable centering approach transforms the series variable by subtracting the sample mean. Since we do not have severe Multicollinearity, we will not use any transformation method.

4.10 Serial Correlation(Autocorrelation) and Heteroskedasticity Tests

The problem of serial correlation or autocorrelation means that error terms in the model are correlated. The presence of this problem gives inaccurate results for model estimation and hypothesis testing ,Baltagi(2005, Ch5). Testing for autocorrelation can be involved by Durbin-Watson test. The Null Hypothesis for this test stated that there is no autocorrelation. The results of this test are shown in the following table:

Table 8: Durbin-Watson Auto-Correlation Test results

Model	D-statistic	Critical value	Decision for Null Hypothesis
Panel Model	1.9145	1.814	Acceptance

The results of Durbin-Watson Auto-Correlation Test indicate acceptance of the null hypothesis stated that there is no autocorrelation at 0.05 level since the D-statistic=1.9145 >1.814(Critical value), so the conclusion is that the problem of serial correlation does not exist.

On the other hand, the problem of Heteroscedasticity means that the error terms of the model do not have the same variance. To test whether this problem is existed, the White's General Heteroscedasticity Test will be used, Gujarati & Porter (2009, Ch11). This test depends on computing the product of the sample size by the coefficient of determination (R^2). This value theoretically assumed to follow chi square distribution with (p) degrees of freedom, where (p) is the number of regressors or independent variables(excluding the constant term), the results of the white's test are as followed:

Table 9: White's General Heteroscedasticity Test results

Model	White's test statistic($n \cdot R^2$)	Degrees of Freedom	Tabulated Chi-Square
Panel Model	34.398	4	12.592

The results of White's General Heteroscedasticity Test results indicate rejection of null hypothesis stated that there is no heteroscedasticity at 0.05 level since the value of White's test statistic($n \cdot R^2 = 54 \cdot 0.637 = 34.398$) is higher than the corresponding Tabulated Chi-Square values=12.592, so the conclusion is that the problem of heteroscedasticity is existed.

To solve the problem of heteroskedasticity or autocorrelation problems (if exist), the study followed Hsiao (2014) recommendation of applying special techniques of model estimation called Estimated Generalized Least Squares (EGLS) which allows estimation of panel data models when having both heteroskedasticity and autocorrelation.

4.11 The Test for Fixed Effects Model Estimation

To decide if the fixed effect model (FEM) is appropriate model for this study, the Redundant Fixed Effects Test was used, the Null Hypothesis for this test states that the cross-section effects are redundant which means that the fixed effect model is not appropriate. The results of this test are shown in the following table:

Table 10: Redundant Fixed Effects Test

Model	Test Summary	F- Statistic	Prob.
Panel Model	Cross-section Fixed effect	3.4087	0.0113

The Results of Redundant Fixed Effects Test shown by Table (9) indicate that the null hypothesis is rejected at 0.05 significant level since the P-value was statistically significant, so the conclusion is that the fixed effect model (FEM) is appropriate.

4.12 Panel Model Regression Results

After conducting the necessary diagnostic tests of the panel data model, and taking necessarily remedial actions to correct any violation of the cardinal OLS requirement identified, the study undertook panel regression analysis as discussed in this section. The study overall objective was to study the impact of implementing the BSC on the earnings quality in banking sector in Palestine. This was achieved by estimating the panel equation under fixed effects as guided by Redundant Fixed Effects Test results.

In order to solve heteroscedasticity and/or serial correlation detected in the model, an Estimated Generalized Least Squares (EGLS) technique was employed instead of Ordinary Least Squares (OLS) due to its provision of consistent estimators Hsiao(2014, Ch3, P64). The problem of Multicollinearity among the explanatory variables was not severe, so it will be ignored following Gujarati & Porter (2009) and Das(2019) recommendations.

Ha1: There is application of BSC in banking sector in Palestine.

To test this hypothesis, the one sample T test will be used to compare the averages of BSC components for the 6 banks among the years

of the study.

The maximum value of each component of BSC has taken and assumed as base to compute the test value(cut point) by dividing each value for each component in each year on the maximum, then the values transformed to be percentages. After that, the cut point of 0.6 or 60% assumed to be test value of application for each component. If the value of the average is significantly lower than 60%, it will be assumed that there is no application for the component. The following table shows the results of the one sample T test for each component and for the total of BSC:

Table 11: One-Sample T Test for BSC components with Test Value = 60%

Component	N	Mean	Std. Deviation	t	Sig.
Financial Perspective	54	43.484	36.786	-3.299	0.002
Customer Perspective	54	22.913	21.236	-12.834	0.000
Internal Business Process Perspective	54	29.095	22.055	-10.297	0.000
Learning And Growth Perspective	54	13.004	17.687	-19.525	0.000
Social Perspective	54	18.233	26.155	-11.735	0.000
Total BSC	54	25.346	14.806	-17.199	0.000

The results of the one sample T test for application of BSC in the table above show that there are differences between the averages of BSC components with the cut point (test value) of 60%. All averages are

significantly lower than 60%, indicating that there is no application of BSC in banking sector in Palestine, so we reject **Ha1** stated that there is application of BSC in banking sector in Palestine at 0.05 level since the significance levels of the test are lower than 0.05.

Table 12: summarizes the panel Fixed-Effect regression results of the estimated study panel equation.

Dependent Variable: LEQ				
Method: Panel EGLS (Cross-section weights)				
White cross-section standard errors & covariance				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.589020	1.426171	-3.217721	0.0025*
FP	-0.005651	0.010574	-0.534455	0.5958
LCUS	-0.844202	0.165084	-5.113788	0.0000*
LIBP	0.329340	0.029391	11.20560	0.0000*
LSP	-0.034614	0.132976	-0.260299	0.7959
LLG	-0.105986	0.077145	-1.373854	0.1768
LFS	1.789647	0.118148	15.14749	0.0000*
Weighted Statistics				
R-squared	0.964711	Mean dependent var	52.18918	
Adjusted R-squared	0.955469	S.D. dependent var	82.82263	
S.E. of regression	0.724680	Sum squared resid	22.05678	
F-statistic	104.3808	Durbin-Watson stat	2.171529	
Prob(F-statistic)	0.000000	Jarque-Bera test P-value	0.832995	

The asterisk * represent significance at 5% level

The results of Table (3-22) indicate that the coefficient of determination ($R^2=0.965$) indicates that approximately 96.5% of the variation in the earning quality can be explained by the variation in the studied explanatory variables entered to the regression model shown in the table. Also the F-statistic of model estimation was significant ($\text{Prob}(F\text{-statistic})=0.00000$), this insures appropriateness of regression model used for panel data.

The results in table (3 -21) exhibit that there is statistically significant negative effect for Customer perspective (CUS) on the Earnings Quality (EQ). The corresponding P-value (0.0000) is less than 0.05, and its coefficient (-0.844202) is negative which indicates that for every 10% increase in Customer perspective (CUS), the Earnings Quality (EQ) decreases by about 8.4%, so the hypothesis **Ha3** is accepted.

Also, the results exhibit that there is statistically significant positive effect for the Internal Business Process perspective (IBP) on the Earnings Quality (EQ). The corresponding P-value (0.0000) is less than 0.05, and its coefficient (0.329340) is positive which indicates that for every 10% increase in the Internal Business Process perspective (IBP), the Earnings Quality (EQ) increases by about 3.3%, so the hypothesis **Ha4** is accepted.

The results also show that there is statistically significant positive effect for the Firm Size (FS) on the Earnings Quality (EQ). The corresponding P-value (0.0000) is less than 0.05, and its coefficient (1.789647) is positive which indicates that for every 10% increase in the Firm Size (FS), the Earnings Quality (EQ) increases by about 18%, so the

hypothesis **Ha7** is accepted.

On the other hand, the results in table (11) demonstrate that there is no statistically significant effect for Financial perspective (FP), Social perspective (SP), and Learning and Growth perspective (LG) on the Earnings Quality (EQ), the corresponding P-values (0.5958, 0.7959, and 0.1768) are less than 0.05, so the corresponding hypotheses **Ha2**, **Ha5**, and **Ha6** will be rejected.

Ha8: There is high level of Earnings Quality in banking sector in Palestine.

This hypothesis will be tested based on profits' equation:

$$NOI_{i,t+1}/Tas_{i,t+1} = \beta_0 + \beta_1 CNOI_{i,t}/Tas_{i,t} + \beta_2 TACC_{i,t}/Tas_{i,t} + e_{it}$$

The results of profits' equation estimation are shown in the following table:

Table 13: The results of profits' equation estimation

Dependent Variable: $NOI_{i,t+1}/Tas_{i,t+1}$				
Method: Panel EGLS (Cross-section weights)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.032158	0.001431	22.46765	0.0000
CNOI_{i,t}/Tas_{i,t}	0.345854	0.041818	8.270524	0.0000
TACC_{i,t}/Tas_{i,t}	0.345954	0.041966	8.243703	0.0000
R-squared	0.855376	F-statistic		33.79691
Adjusted R-squared	0.830066	Prob(F-statistic)		0.000000

The asterisk * represent significance at 5% level

The results of Table (13) show that the difference between the estimated coefficients β_1 and β_2 ($\beta_1 - \beta_2 = 0.345854 - 0.345954 = 0.000100$), this value will be assumed as a cut point or test value to test levels of Earnings Quality in banking sector. The estimation of profits' equation was repeated for each one of the 6 banks (cross-sections), the results are shown in the following table:

Table 14: The results of measurement of Earning Quality for the sampled Banks

Bank	B1	B2	B1-B2	Level of Earning Quality
1	0.312329	0.310234	0.002095	High
2	0.493369	0.511235	-0.017866	Low
3	0.265203	0.265262	-0.000059	Low
4	1.136701	1.136819	-0.000118	Low
5	- 0.060180	- 0.045081	-0.015099	Low
6	0.361297	0.356099	0.005198	High
All	0.345854	0.345954	-0.000100	Low

The results in table (14) exhibit that all banks in the sample have low Earning Quality except two banks.

To test the hypothesis, the one sample T test will be used to compare the averages of Earning Quality Levels(B1-B2) for the 6 banks with the cut point (test value) of 0.0001, the following table shows the results of this test:

Table 15: One-Sample T Test with Test Value = 0.0001

	N	Mean	Std. Deviation	t	Sig.
B1-B2	6	-0.00430817	0.009666826	-1.117	0.315

The results of the one sample T test in the table above show that there is no difference between the averages of Earning Quality Levels(B1-B2) for the 6 banks with the cut point (test value) of 0.0001. Therefore, we reject **Ha8** stated that there is high level of Earnings Quality in banking sector in Palestine at 0.05 level since the significance level of the test is higher than 0.05.

4.13 Summary

The study objective was to examine effects of Balanced Score Card components (BSC) on Earnings quality controlled by the Firm(Bank) Size in banks listed on Palestine Exchange. To achieve this objective, a Panel model relating the dependent (Earnings quality) and independent variables (BSC components) with the control variable (Firm Size) was estimated. The study results revealed that there is statistically significant negative effect for Customer perspective (CUS) on the Earnings Quality (EQ), Also, the results exhibited that there is statistically significant positive effect for the Internal Business Process perspective (IBP) on the Earnings Quality (EQ), the results also exhibited that there is statistically significant positive effect for the Firm Size (FS) on the Earnings Quality (EQ). On the other hand, the results exhibited that there is no statistically significant effect for Financial perspective (FP), Social perspective (SP), and Learning and

Growth perspective (LG) on the Earnings Quality. Furthermore, the results demonstrated that there is no high level of Earnings Quality in banks listed on Palestine Exchange and there is no application of BSC in banks listed on Palestine Exchange.

Chapter Five

Conclusions and Recommendations

5.1 Introduction

5.2 Conclusions

5.3 Recommendations

Chapter Five

Conclusions and Recommendations

5.1 Introduction

After running the data with variety of tests the result and evidence to approve the hypotheses whether significant or not are already being answered. Chapter five of this research aims to summarize the most important conclusions reached by the research in addition to present a set of recommendations based on them.

5.2 Conclusions

This study raised a number of questions, and developed hypotheses related to the study variables. The study results answered the study questions and came up with the following conclusions:

- 1- There is no existence of high quality level in the profits in banks listed on Palestine Exchange. This result was not consistent with the findings of Abdul Zahra (2016), Al-Maeeni's study (2011).

From the researcher point of view, based on the study that she did, the rejection of the hypothesis is attributed to the fact that the administration of the banks listed on the Palestine Exchange resorted to practice the earning management that is considered a form of accounting manipulation in the financial data and statements without going beyond the accounting standards. Another factor may lead to practice earning management is the need to develop the financial situation of the company to gain the necessary financing from lending

institutions. Some companies work to improve the image of the company by the executive management to obtain more incentives and compensation, as well as the practice of earning management with the aim of raising the value of the share.

The rejection of the hypothesis is attributed to the banks' unawareness of the BSC as a performance tool. In addition, bank's Administrations do not realize the importance of this tool as a strategic and valuable performance management system. It is important to assure that the successful application of the BSC does not happen randomly; rather top management of the bank should demonstrate its commitment to the adoption of the BSC. It also should focus on studying the contingent factors that facilitate or impede the implementation of the BSC such as: organizational culture, organizational structure, private vs. public organizations, environment, cost, employee training and technology

- 2- There is no implementation and application of BSC in banks listed on Palestine Exchange. This result was consistent with the findings of (Agyeman, Bonn & Osei, 2017) study.
- 3- There is no statistically significant effect **of implementation financial perspective of the BSC in the Banks listed on Palestine Exchange on earnings quality**, this finding didn't consist with Malagueño, et al., (2018), Llach et al., (2017), Jabeen et al., (2017) studies .
- 4- There is statistically significant negative effect for Customer perspective (CUS) **of the BSC in the Banks listed on Palestine**

Exchange on earnings quality). This result came compatible with Tarurhor & Osazevbaru study (2019).

From the researcher point of view, based on the study that she did,

- 5- There is statistically significant positive effect for the Internal Business Process perspective (IBP) on the Earnings Quality (EQ) in the banks listed on Palestine exchange . This result was supported by the findings of Fikriani (2019) .
- 6- There is no statistically significant effect for Learning and Growth perspective (LG) on the Earnings Quality (EQ). This result didn't agree with Babar (2016).
- 7- There is no statistically significant effect for Financial perspective (FP), Social perspective (SP), and Learning and Growth perspective (LG) on the Earnings Quality (EQ). this result was incompatible with García-Sánchez et. al. (2017).
- 8- There is statistically significant positive effect for the Firm Size (FS) on the Earnings Quality (EQ). this result is not consistent with Hamdan, Mushtaha, and Awwad (2012) and it was consistent with Fitriana & Islami (2018).

To conclude about the relationships found from the analyses, Table (26) summarizes the results of previous model.

Table 16: Summary of the relationships from the research findings

Dependent variable:	Earning Quality (EQ)	Conclusi on
Variables		
Financial Perspective (FP)		Negative
Customer Perspective	–	Negative
Internal Business Process Perspective (IBP)	+	Positive
Learning and Growth Perspective (LG)		Negative
Social perspective (SP),		Negative
Firm Size (FS)	+	Positive
Only significant results are presented in this table. All insignificant results are left empty.		

5.3 Recommendations

Based on the results of the study, the researcher suggests the following recommendations:

1. To activate the role played by the Securities Commission in the field of organizing accounting policies and increasing the requirements of accounting measurement and disclosure and decisions that support and try to explain investment and credit decisions.
2. The earning quality is of informational content that enhances the capabilities of stakeholders, investors, and users of financial reports in making rational financial decisions. and directing their investments towards the appropriate economic environment, in order to ensure the

highest return that can be obtained from this investment

3. To work on educating users of financial reports in general, and investors in particular which affect implications of earnings management practices on their investment decisions.
4. The need for the company to rely on the consistency of balanced scorecard in its five dimensions and not be limited to financial indicators
5. The need to spread awareness among users of the financial statements of Palestinian companies not to depend on the amount of net profit in the financial statements itself. Rather, we must focus on knowing the sources and components of net income, and looking at the dimensions of this figure, including the actual flows and receivables it contains. And that can be obtained from recurring operations and not from infrequent or exceptional operations.
6. To conduct similar studies on the rest of the other sectors in the Palestine Stock Exchange, especially the banking sector, as it is the backbone of the economy in any country and try to study more relevant variables.
7. Top Management should improve storing knowledge in comprehensive database.
8. The banks should overcome the difficulties that stand in the way of implementing the Balanced Scorecard system through the following procedures:

- a) Allocate sufficient allowances in the banks 'budget for the purpose of developing and approving Balanced scorecard system.
 - b) Engage the relevant specialized employees in training workshops in the banks that implement Balanced Scorecard system and train them on how to design and operate the system and link it to the rest of the bank's work systems.
 - c) Hold courses and preparing programs by specialized individuals targeted the bank's employees to train them on how to design and operate the BSC and make them aware of the advantages of implementing it.
 - d) Determine a time plan that aims to schedule the tasks and activities that will be performed for the purpose of implementing BSC .
9. Adopt a single and specific measurement method based on the Palestine Stock Exchange as an indicator of the quality of profits that all companies apply to ensure the quality of their profits, in order to facilitate comparison among companies listed in the same market or among financial markets in more than one country. The the researcher recommends using the operating cash flow ratios analysis method since it depends on actual receipts and not accruals which reflect the real situation of the companies.

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Appendixes

Appendix (1): The websites that have been used to select the historical data of the study

Appendix (2): Balanced scorecard perspectives measures

Appendix (3): Earnings quality measures

Appendix 1: The websites that have been used to select the historical data of the study

Palestine Exchange, available at:

Appendix 2: Indicators that measure the financial perspective:

Index number	The name of the indicator	Formula
1	Percentage of cash that the company owns from total assets	= cash / total assets
2	The Company's Capacity to Collect Accounts Receivable	= Revenue / Average Accounts Receivable
3	Percentage of the company's dependence on creditors in financing	= total liabilities / total equity
4	Rate of Return on Equity	= Net Profit after Tax / Average Equity
5	Rate of return on assets	= Net Profit / Average Total Assets
6	Revenue from services other than interest	= total revenue - interest revenue

Appendix 3: Indicators that measure the customer perspective

Index number	The name of the indicator	Formula
1	Loyal customers measured by Growth in Sales	$= (\text{The size of the bank's revenues this year} / \text{The bank's revenues last year}) * 100\%$
2	The contribution of marketing expenses that the company spends in achieving customer satisfaction	$= \text{Marketing expenses} / \text{revenues}$
3	Contribution of the quality of services provided by employees to customers in achieving operational profit	$= \text{operational profit} / \text{number of employees}$
4	The number of employees who contributed to providing services with the highest possible quality that enables the company to obtain the current assets needed to cover its short-term liabilities	$= \text{current assets} / \text{number of employees}$
5	Management's efficiency in utilizing its resources sufficient to achieve customer satisfaction	$= \text{total revenues} / \text{costs}$
6	The effect of customer satisfaction and loyalty to the company on reducing the volume of assets that have been financed by liabilities	$= \text{assets} / \text{total liabilities}$

Appendix 4: Indicators that measure the perspective of operational processes

Index number	The name of the indicator	Formula
1	Contribution of communication and communication expenses that the company spends in order to provide the product to the customer with the highest possible quality	$= \frac{\text{communication expenses}}{\text{administrative expenses}}$
2	The Contribution of Employee Efficiency Productivity in Achieving Operating Profit	$= \frac{\text{Operating Cash Flow}}{\text{Total Profits}}$
3	Contribution of bonuses that the company spends on employees in achieving their satisfaction	$= \frac{\text{bonuses}}{\text{administrative expenses}}$
4	Labor productivity in the bank	$= \frac{\text{total assets}}{\text{number of employees}}$

Appendix 5: Indicators that measure the learning and growth perspective

Index number	The name of the indicator	Formula
1	The impact of the bank's interest in developing employees' capabilities on customer satisfaction	= net profit after tax
2	The impact of the bank's interest in the quality of audit offices and spending on their skills in obtaining sales	= professional fees / sales revenues
3	Efficiency of utilization of operational resources by employees in obtaining operating profit	= Total Operating Costs / Operating Profit
4	The costs of the training programs through which the capacity of the bank's employees is determined by Staff Training Costs	= Training Cost / Total Operating Cost * 100%
5	The growth in the number of new branches	number of new branches

Appendix 6: Indicators that measure the social perspective

Index number	The name of the indicator	Formula
1	Resources allocated by the company to spend on the environment and society	= the value of spending in the form of donations
2	Growth in the percentage that the company allocates from the administrative expenses in spending on the environment and society	= donations / general and administrative expenses
3	Growth in the percentage allocated by the company and administrative expenses to spend on the environment and society through achieving employee satisfaction	= employee expenses / general and administrative expenses

Appendix 7: Measures of earnings quality

Index number	The name of the indicator	Formula
1	continuity of cash flows and continuity of receivables measure	$NOI_{i,t+1} = \beta_0 + \beta_1 (NOI_{i,t} - TACCI_{i,t}) + \beta_2 TACCI_{i,t} + e_{it}$
2	Profits free from profit management practices:	$TACCI_{i,t} = NACCI_{i,t} + ANACCI_{i,t}$

Appendix 8: Company size

Index number	The name of the indicator	Formula
1	Company size	Total assets

Appendix 9: The results of Principle Component Data Reduction

Method for BSC components

Main Original variables	Extracted Variables	Component (Latent) Variable	Total Variance Explained by the Extracted Variables
1. Cash/Total Assets 2. Revenue / Avag Ar 3. Total Liabilities / Total Equity 4. Net Profit After Tax / Average Equity 5. Net Profit / Average Total Assets 6. Total Revenue - Interest Revenue	• FP2= Revenue / Avag Ar • FP3=Total Liabilities / Total Equity • FP4=Net Profit After Tax / Average Equity	FP= Financial perspective	77.5 %
1. Growth In Sales 2. Marketing Expenses / Revenues 3. Operational Profit / Number Of Employees 4. Current Assets / Number Of Employees 5. Total Revenues / Costs 6. Assets / Total Liabilities	• CUS3=Operational Profit / Number Of Employees • CUS4=Current Assets / Number Of Employees • CUS5=Total Revenues / Costs	CUS= Customer perspective	84.5 %
1. Communication Expenses / Administrative Expenses 2. Operating Cash Flow / Total Profits 3. Bonuses / Administrative Expenses 4. Total Assets / Number Of Employees	• IBP1=Communication Expenses / Administrative Expenses • IBP3=Bonuses / Administrative Expenses	IBP= Internal Business Process perspective	91.4 %
1. Donations 2. Donations / General And Administrative Expenses 3. Employee Expenses / General And Administrative Expenses	• SP1=Donations • SP2=Donations / General And Administrative Expenses	SP= Social perspective	74%
1. Npt After Tax 2. Professional Fees / Sales Revenues 3. Total Operating Costs / Operating Profit 4. Training Cost / Total Operating Cost * 100% 5. Number Of New Branches	• LG1=Npt After Tax • LG4=Training Cost / Total Operating Cost * 100%	LG= Learning & Growth perspective	93.3 %

Appendix 10: Panel Variables Summary Statistics by Years

Years	EQ	FP	CUS	IBP	SP	LG	FS
2011	20345882.50	-4.90	20501912.50	25.32	166708.44	6681979.23	550879936.17
2012	26106822.33	-2.41	21804411.50	27.15	344904.36	7446495.11	648664723.67
2013	22360298.97	-1.97	24743345.67	26.55	529156.29	8712126.65	778075429.67
2014	25260594.50	-3.91	25831290.50	29.56	651356.17	9518770.75	875304221.00
2015	26890560.33	-3.33	28954784.00	32.46	702535.26	10550166.43	1010534433.17
2016	47089888.17	-1.93	38392406.67	36.42	792473.51	13694319.58	1319917963.83
2017	60180276.00	-2.17	48131138.33	24.93	843247.57	14229602.87	1589102661.83
2018	53727324.00	-1.06	48538259.00	18.63	814934.00	31376297.70	1782157602.00
2019	58204591.67	-1.91	53404559.83	18.73	660879.28	13820445.00	2018256225.33
Total	37796248.72	-2.62	34478012.00	26.64	611799.43	12892244.81	1174765910.74

Appendix 11: Panel Variables Summary Statistics by Banks(Cross-Sections)

Bank	EQ	FP	CUS	IBP	SP	LG	FS
1	131983870.67	8.16	94314112.00	0.65	2316233.20	37881636.22	3349416777.00
2	19064722.44	7.86	29273975.11	39.57	312007.06	6912158.78	837042411.33
3	10186788.31	2.88	11880873.33	19.50	56879.55	2581349.77	354653740.56
4	24289024.33	7.78	26363797.56	31.74	249360.52	6620970.86	1024085803.44
5	23148119.78	-21.71	28099753.89	16.34	586023.24	8674074.56	758781946.89
6	18104966.78	-20.69	16935560.11	52.04	150293.02	14683278.70	724614785.22
Total	37796248.72	-2.62	34478012.00	26.64	611799.43	12892244.81	1174765910.74

Appendix 12: Balanced scorecard perspectives measures

		Financial Perspective		Customer perspective										Operational Process Perspective										Learning and Growth Perspective		Social perspective	control variable		
Bank name	years	cash/total assets	Revenue / Avg AR	total liabilities / total equity	Net Profit after Tax / Average Equity	Net Profit / Average Total Assets	total revenue - interest revenue	growth in sales	Marketing expenses / revenues	operational profit / number of employees	current assets / number of employees	total revenues / costs	assets / total liabilities	communicatio n expenses / administrative expenses	Operating Cash Flow / Total Profits	bonuses / administrative expenses	total assets / number of employees	NPI after Tax	professional fee / sales revenues	Total Operating Costs / Operating Profit	Training Cost / Total Operating Cost * 100%	number of new branches	donations	donations / general and administrative expenses	employee expenses / general and administrative expenses	size(total assets)			
فلسطين	2011	2.567180717	0.437642872	7.508038873	0.205145264	0.021244568	12808246	112.3344734	0.04013915	65474.91517	1506748.34	69468885	1.133190573	0.076024193	1.479122512	0.054850851	1558869.681	33980673	0.002975602	0.278132577	0.015685017	4	779150	1.380717622	45.26425285	1653960732	21.22644		
فلسطين	2012	2.467029119	0.313825678	8.07117996	0.18464048	0.020963712	39261691	114.617342	0.039287733	67165.66637	1708830.353	76501694	1.123897622	0.592854615	0.751717198	0.798736514	1759871.556	38347397	0.003870993	0.33028751	0.014894635	2	1890532	2.715563702	41.36627386	2004493702	21.41866		
فلسطين	2013	2.373790112	0.282930973	8.316941124	0.170991287	0.018579155	36771363	110.7346052	0.032792184	67402.98515	1886023.587	81692418	1.120236513	0.054331493	0.724906216	0.726668384	1937331.636	40438831	0.003602258	0.379488792	0.013277677	2	2536692	3.767187187	49.06085407	2348045943	21.57685		
فلسطين	2014	2.612956665	0.382373247	7.656611988	0.151176751	0.016854818	44818024	106.739398	0.031196167	61149.02656	1839986.057	78270754	1.13060607	0.04120089	0.650691062	0.579584421	1894354.657	40222506	0.005302869	0.536827625	0.006772922	6	2290919	3.10009283	47.14426429	2424773961	21.609		
فلسطين	2015	2.77394018	0.518106417	8.109225889	0.147363604	0.016571064	48899302	113.7158211	0.032762823	58956.58363	1919594.228	82834000	1.123316333	0.038444554	0.605568207	0.493341196	1982351.06	43167433	0.006238214	0.651341647	0.011940804	3	3118544	3.886656065	50.90260503	2785203240	21.74759		
فلسطين	2016	22.19560509	0.587468219	9.212042418	0.149594399	0.015364013	149431651	129.752324	0.02953225	73914.85351	2387878.346	122107338	0.110855343	0.061006322	0.687988297	0.633415236	2494747.546	53055980	0.008126637	0.453513097	0.013404487	10	3474588	4.643494995	70.45706496	4121322946	22.13944		
فلسطين	2017	3.434648494	0.640857472	9.856086178	0.126553297	0.011993794	181478023	124.4809906	0.026624733	96927.45806	2742844.083	165261316	1.101460152	0.096342912	0.748010093	0.787755946	2864998.74	54008928	0.008545651	0.336880356	0.012129712	4	2960925	3.587821455	80.73685614	4884822851	22.3094		
فلسطين	2018	3.219527466	0.579358283	10.18491966	0.124916207	0.011461567	105493061	100.308795	0.020219235	72170.37442	2582417.697	124710407	1.098184378	0.059228007	0.562729826	0.489661445	2695129.038	54110093	0.009985279	0.77705171	0.006782852	3	2605436	3.076725778	93.03189694	4657182978	22.26168		
فلسطين	2019	2.996392783	0.576331533	11.22517387	0.092058235	0.007938957	113905326	104.2032749	0.022081586	73494.36395	2909710.963	127218744	1.08908548	0.055844217	0.550892644	0.466145849	3041562.473	38988722	0.015425389	0.815235709	0.007969318	0	1928878	2.252535869	85.69270618	5264944640	22.38434		
القدس	2011	0.299757176	0.322809366	7.568906603	0.087262342	0.01019825	73128794	134.9258859	0.0336587	44471.96429	973368.9754	19923440	1.132119479	0.096342912	0.748010093	0.787755946	2864998.74	54008928	0.008545651	0.336880356	0.012129712	4	69389	0.269768328	34.95824148	467680177	19.9633		
القدس	2012	0.299029076	0.406232109	7.29354322	0.05806319	0.00689009	85596707	100.1335276	0.02542936	42602.26444	987740.6733	19171019	1.137107572	0.326622256	0.759242775	32.38571126	1068681.762	3267925	0.020512208	0.317101767	0.017538596	4	21843	0.090829705	42.85082521	480906793	19.99118		
القدس	2013	0.344324481	0.783797586	7.183684295	0.077081497	0.00935968	94106770	107.4127859	0.02471506	45439	1050158.081	21220013	1.139204336	4.303138484	0.782393322	37.41473172	1138915.107	4739649	0.006788862	0.278129519	0.012020681	1	72508	0.350747857	49.55580871	531873355	20.09192		
القدس	2014	0.373755961	0.909308638	8.488135383	0.106727852	0.012042441	98527892	124.8893506	0.020411429	46052.65586	1113831.281	25559224	1.117811505	5.683657676	0.754573842	48.52191874	1206057.968	7232904	0.003684475	0.325251346	0.008542347	5	237276	1.350153636	615.7264595	669362172	20.32184		
القدس	2015	0.362490455	0.898794778	9.450091252	0.108728969	0.010883781	111365728	116.1012554	0.02366077	46981.30648	1191905.057	29739167	1.105819084	5.552157187	0.756216181	48.29198968	1270395.158	8018747	0.004212451	0.322373186	0.019490649	1	23393	0.113912154	63.12220978	804160135	20.50531		
القدس	2016	0.264293118	0.745251492	9.7791803	0.12613806	0.011869982	147049368	111.4346547	0.023901412	49326.3635	1325700.772	33245969	1.102258059	6.058400019	0.758640266	54.8921052	1424439.714	10470704	0.008870664	0.318147803	0.015516399	3	290283	1.386823687	71.52479755	960072367	20.68252		
القدس	2017	0.2603296217	0.690728481	9.470383305	0.116585826	0.01098438	176255354	122.488817	0.0107786	52465.29962	1281113.898	40975399	1.105592347	3.465969574	0.763349886	32.83210028	1377246.522	11180462	0.007692051	0.310015261	0.026200427	3	1155754	2.796160993	43.10640738	1075629534	20.79617		
القدس	2018	0.340429957	0.714752832	9.884702867	0.108284411	0.010133325	172866294	106.5396642	0.012425146	57163.75591	1491330.343	43558782	1.10116642	2.804328094	0.761666505	24.78070752	1591896.493	11595841	0.012498814	0.312910563	0.025119217	0	799414	1.371685167	35.44984103	1213025128	20.91638		
القدس	2019	0.326215347	0.737209592	10.322383	0.098070139	0.008827706	168788700	108.6634504	0.005830555	66442.74629	1696931.628	49234075	1.096876855	3.291331309	0.792266736	29.78392262	1795778.733	11227506	0.009631769	0.262201169	0.019241346	2	237822	0.47041766	42.12866454	1330672041	21.00895		
الاستثمار الفلسطيني	2011	0.504896703	0.392529114	2.780374526	0.040794338	0.011024836	17451644	105.8834086	0.005362239	44059.83691	958289.3991	10265942	1.359663776	2.993472514	0.796360675	22.86640233	1044957.644	2552984	0.00901531	0.255712432	0.003877524	2	27925	0.188305821	31.29799185	243475131	19.31053		
الاستثمار الفلسطيني	2012	0.451158232	0.481521676	2.923434	0.028023373	0.007273615	17504667	97.81941314	0.00431484	41236.45763	1059101.076	9731804	1.342063477	2.974895234	0.771754731	20.07872578	1096143.072	1826277	0.012334129	0.295748455	0.004822863	0	26237	0.146015015	26.09893314	258689765	19.37114		
الاستثمار الفلسطيني	2013	0.503930564	0.560394685	3.244946432	0.02925916	0.007159777	17993841	113.1007687	0.007615075	48516.45133	1196492.664	10964718	1.308171497	4.078984547	0.7688079														

Appendix 13: Earnings quality measures

		measure 1	mesure1	mesure1	measure 1	measure 1	measure 1	measure 1	mesure2	mesure2	measure3	measure3	measure3	measure3	measure3	mesure4
Bank name	years	NOI _{i,t} TACCI,T	Tasi,t	TACCI,t	N profit/Tasi,t	CNOI _{i,t} /Tasi,t	TACCI _{i,t} / Tasi,t	TACC	ΔWC	Cash Approach Criterion	TACCI _{i,t}	A i, t-1	ΔREV	ΔREC	PPE	dividend distribution
فلسطين	2011	1707061	1653960732	74390857	0.02839625	0.001032105	0.044977402	74390857	63024777	0.99858226	66586	1545038022	6629033	63476260	38926059	1
فلسطين	2012	-69080379	2004493702	156077634	0.05077055	-0.034462757	0.077863868	156077634	493828679	0.494768911	51416988	1653960732	16845331	179328908	38827061	1
فلسطين	2013	533046353	2348045943	-435690674	0.047994706	0.227017003	-0.185554578	435690674	-1123812554	0.530699446	52887251	2004493702	16092227	-31284001	39587275	1
فلسطين	2014	-5372582	2424773961	83643336	0.049608194	-0.002215704	0.034495313	83643336	413847791	0.48857354	61518802	2348045943	-8068379	-136163950	47981522	1
فلسطين	2015	119472267	2785203240	-36638267	0.049112119	0.04289535	-0.013154612	36638267	-54359696	0.473506409	72017602	2424773961	16498577	35022720	50059029	1
فلسطين	2016	-833339467	4121322946	955446805	0.043064962	-0.202201933	0.231830123	955446805	884033600	0.459630718	95907234	2785203240	40697381	41185349	69320409	1
فلسطين	2017	1346684100	4884822851	-1181422784	0.045228786	0.275687398	-0.241855809	1181422784	-1215133635	0.4340144	125045806	4121322946	43449992	44075879	84460662	1
فلسطين	2018	221270789	4657182978	-96560382	0.047586029	0.047511723	-0.020733646	96560382	-79373855	0.445105481	122973971	4884822851	682235	31469719	86043108	1
فلسطين	2019	405193854	5264944640	-277975110	0.043862191	0.076960706	-0.052797347	277975110	-312512541	0.458766632	124988108	4657182978	9315165	4873810	1.24E+08	1
القدس	2011	-22830627	467680177	42754067	0.053918283	-0.048816752	0.091417317	42754067	47996799	1.552840932	-13940720	426533834	6527354	24264363	19250122	0
القدس	2012	18211724	480906793	959295	0.052505357	0.03786955	0.001994763	959295	-2684815	0.548252145	11406716	467680177	33671	-56181896	19320344	0
القدس	2013	51356488	531873355	-30136475	0.050993201	0.096557738	-0.056660998	30136475	-17243612	2.451899082	-39378298	480906793	1871742	1074280	18927250	0
القدس	2014	86626284	669362172	-61067060	0.050603989	0.129416163	-0.091231717	61067060	-88327097	1.321038317	-10874337	531873355	6750471	4220696	22515085	0
القدس	2015	61803274	804160135	-32064107	0.04890354	0.076854436	-0.039872789	32064107	-29719614	1.02776454	-1091876	669362172	5453881	8786789	22267051	0
القدس	2016	-29052536	960072367	62298505	0.045645623	-0.030260777	0.064889385	62298505	46279158	1.164531008	-7210259	804160135	4496824	21310506	26852823	0
القدس	2017	98576454	1075629534	-57601055	0.049904169	0.091645358	-0.053551017	57601055	-66081103	0.836403408	8781603	960072367	9855297	16508752	30278332	0
القدس	2018	139328477	1213025128	-95769695	0.04714559	0.114860339	-0.078951122	95769695	-98783499	1	0	1075629534	3510387	-11910270	30225404	0
القدس	2019	46457697	1330672041	2776378	0.046700693	0.034912958	0.002086448	2776378	7573599	1	0	1213025128	4954522	20476931	25568216	0
الاستثمار الفلسطيني	2011	-8165090	243475131	18431032	0.052946151	-0.033535622	0.075699855	18431032	13809593	0.146906956	10997283	264544839	716292	-11074188	5368856	1
الاستثمار الفلسطيني	2012	264110	258689765	9467694	0.048745531	0.001020953	0.036598642	9467694	16128576	0.220411468	9830588	243475131	-281101	-2232423	5451446	1
الاستثمار الفلسطيني	2013	2024076953	288414977	-2013112235	0.049449488	7.01793289	-6.979915731	2013112235	-2012203456	1.417656239	-5956602	258689765	1652003	756664	5331299	1
الاستثمار الفلسطيني	2014	-1942581336	320813772	1952816823	0.044798267	-6.055168155	6.087072917	1952816823	1957092673	1.295543436	-4247521	288414977	108928	-1482291	9981012	1
الاستثمار الفلسطيني	2015	-40339763	327770241	50498775	0.043626526	-0.123073293	0.154067602	50498775	-49289484	2.273444546	-18209591	320813772	-71424	4744824	16313406	1
الاستثمار الفلسطيني	2016	-12037975	352712692	23764234	0.046932428	-0.03412969	0.067375613	23764234	109496237	0.475670793	8679569	327770241	2254186	5445591	20512879	1
الاستثمار الفلسطيني	2017	62381390	443291111	-48648332	0.043434092	0.140723305	-0.109743531	48648332	-51113802	1.242776559	-4674407	352712692	2700284	14918825	21855386	1
الاستثمار الفلسطيني	2018	-446625	454812026	15066315	0.046379655	-0.000981999	0.033126466	15066315	10883730	2.115319907	-23526586	443291111	1840078	-5059111	24997359	1
الاستثمار الفلسطيني	2019	31085700	501903950	-15314788	0.047156216	0.061935556	-0.030513384	15314788	-22684461	2.322799526	-31307875	454812026	2573866	-5775487	26847421	1
الوطني	2011	42411002	247399123	-37151025	0.027762196	0.171427455	-0.150166357	37151025	-44138865	0.359898013	4396440	158139737	1414988	493761	7257183	1
الوطني	2012	15041629	350890034	-6458957	0.031028271	0.042867074	-0.018407354	6458957	-26088600	0.429097798	6215704	247399123	4019168	11211400	7601176	1
الوطني	2013	81976248	529598977	-69849515	0.029182511	0.154789287	-0.131891333	69849515	-72827035	0.672704055	5058368	350890034	4567517	18979609	8280606	0
الوطني	2014	62158718	679707444	-47226927	0.029390564	0.091449224	-0.069481256	47226927	-72491818	2.609635038	-32155655	529598977	4521957	-147284	8821633	0
الوطني	2015	9428028	820268531	9066887	0.031296551	0.011493831	0.011053559	9066887	-1375735	0.996604065	87179	679707444	5694591	13634083	11109869	1
الوطني	2016	-40976924	884875048	65362856	0.03720892	-0.046308147	0.073866764	65362856	61789213	0.381672756	20358576	820268531	7253669	14222847	10545904	1
الوطني	2017	-818911294	1079399362	847919153	0.036738188	-0.758673131	0.785547206	847919153	835608825	0.13922911	34134022	884875048	6729932	8984493	14250140	1
الوطني	2018	1166371104	2202958693	-1105144421	0.037949715	0.529456638	-0.501663706	1105144421	-1235869248	0.662902224	28181932	1079399362	43946478	43148158	43243046	1
الوطني	2019	151696055	2421675019	-79159746	0.040168822	0.062640963	-0.032688014	79159746	-80760755	1.455569977	-44315949	2202958693	13674178	2765405	43568981	1
الاسلامي الفلسطيني	2011	-4170939	392675894	19712190	0.04784516	-0.010621836	0.050199644	19712190	-7436974	0.010137622	18597179	337351081	3424993	-101091	3947498	0
الاسلامي الفلسطيني	2012	-2927067	423109279	18587123	0.046182353	-0.006917993	0.04392984	18587123	21915784	1.040140363	-784350	392675894	752541	443087	8496768	0
الاسلامي الفلسطيني	2013	-26096133	502251830	44772185	0.047322685	-0.051958264	0.089142901	44772185	38237912	1.043239318	-1027708	423109279	4227723	-171824	9838013	0
الاسلامي الفلسطيني	2014	-17545511	595259913	38939607	0.048335477	-0.029475378	0.065416142	38939607	33553177	0.986324703	393468	502251830	5004267	202808	14400143	0
الاسلامي الفلسطيني	2015	-47289836	675211338	75326844	0.052854207	-0.070037088	0.111560396	75326844	67600401	1.534110378	-19061203	595259913	6915588	430261	17379295	0
الاسلامي الفلسطيني	2016	-37488347	809082569	74408711	0.057378606	-0.04633439	0.091966771	74408711	62945894	0.569382774	19990987	675211338	10736270	2398953	20665494	0
الاسلامي الفلسطيني	2017	25592441	1010369417	13917980	0.050955176	0.025329786	0.01377514	13917980	-279715570	0.444029006	28623361	809082569	5059521	-674131	24615614	0
الاسلامي الفلسطيني	2018	-46592958	1102663960	94014682	0.054772997	-0.042254902	0.085261408	94014682	276678148	1.076548893	-4623263	1010369417	8912659	1959161	24615614	0
الاسلامي الفلسطيني	2019	68790532	1318413322	-22390673	0.044998674	0.052176757	-0.016983045	22390673	59299951	0.454693946	32351291	1102663960	-1069359	981319	28840990	0
الاسلامي العربي	2011	35830280	300088560	-26103061	0.044530548	0.11939902	-0.086984526	26103061	-10552168	4.282603044	-43865779	289645317	1708184	199642	7789896	0
الاسلامي العربي	2012	25134731	373898769	-16710775	0.038405002	0.067223359	-0.044693314	16710775	-20223695	1.927316552	-13315879	300088560	996475	924597	7222117	0
الاسلامي العربي	2013	74800556	468267496	-62718749	0.035218731	0.159738945	-0.133937866	62718749	-78372248	0.936562909	1046191	373898769	2132204	-693484	6470776	0
الاسلامي العربي	2014	-1440635	561908064	14971555	0.035540168	-0.002563827	0.026644136	14971555	14858094	0.854225075	2911170	468267496	3478520	13555	7122567	0
الاسلامي العربي	2015	-37108090	650593114	52633961	0.034351653	-0.057037324	0.080901503	52633961	50531954	0.819170288	4041354	561908064	2378642	-11496	8081492	0
الاسلامي العربي	2016	-57385438	791442161	76237909	0.033823542	-0.072507431	0.096327834	76237909	45470050	0.580448959	11231120	650593114	4420428	-140899	13680343	0
الاسلامي العربي	2017	-36515823	1041103696	59465740	0.032566972	-0.035074146	0.05711798	59465740	38148327	0.714607486	9676403	791442161	7136218	148502	17977747	0
الاسلامي العربي	2018	-126142627	1062302827	147041986	0.02636027	-0.118744508	0.138418144	147041986	178388344	0.819737096	5047828	1041103696	-5903006	-137835	18727642	0
الاسلامي العربي	2019	3554480	1271928380	28839787	0.036077961	0.00279456	0.022674065	28839787	25301180	0.795801147	9370396	1062302827	17885994	417617	20772355	0

جامعة النجاح الوطنية
كلية الدراسات العليا

تأثير تطبيق بطاقة الأداء المتوازن على جودة الأرباح (دراسة تطبيقية على البنوك المدرجة في بورصة فلسطين)

اعداد

ليان وحيد عبد العزيز العملة

اشراف

أ. د عبد الناصر نور

د. سامح العطوط

قدمت هذه الأطروحة استكمالاً لمتطلبات الحصول على درجة الماجستير في المحاسبة بكلية
الدراسات العليا في جامعة النجاح الوطنية في نابلس، فلسطين.

2021

ب

تأثير تطبيق بطاقة الأداء المتوازن على جودة الأرباح (دراسة تطبيقية على البنوك المدرجة في بورصة فلسطين)

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الملخص

تهدف هذه الدراسة إلى التحقق من أثر تطبيق بطاقة الأداء المتوازن على جودة الأرباح على البنوك المدرجة في بورصة فلسطين خلال الفترة (2011-2019). لتحقيق هذا الهدف، تم عمل نموذج للدراسة يربط المتغير التابع (جودة الأرباح) والمتغيرات المستقلة (مكونات بطاقة الأداء المتوازن) مع متغير التحكم (حجم الشركة).

استخدم الباحثة التقارير المالية والإفصاحات الخاصة بالبنوك المدرجة في بورصة فلسطين كأداة لجمع البيانات بالإضافة إلى الكتب والمقالات والدراسات السابقة. استخدمت هذه الدراسة التصميم الوصفي الكمي للبحث.. تم استخدام البرنامج الإحصائي Eviews الإصدار 7 لتقدير العلاقة بين المتغيرات المستقلة والمتغير التابع ومتغير التحكم.

كشفت نتائج الدراسة عن وجود تأثير سلبي ذي دلالة إحصائية لمنظور العملاء على جودة الأرباح، كما أظهرت النتائج وجود تأثير إيجابي ذي دلالة إحصائية لمنظور عمليات الأعمال الداخلية على جودة الأرباح. أظهرت النتائج أيضاً وجود تأثير إيجابي ذي دلالة إحصائية لحجم الشركة على جودة الأرباح. من ناحية أخرى، أظهرت النتائج عدم وجود تأثير ذي دلالة إحصائية للمنظور المالي والمنظور الاجتماعي ومنظور التعلم والنمو على جودة الأرباح .

علاوة على ذلك، أظهرت النتائج عدم وجود مستوى عالٍ من جودة الأرباح في البنوك المدرجة في بورصة فلسطين، ولا يوجد تطبيق لبطاقة الأداء المتوازن في البنوك المدرجة في بورصة فلسطين.

ت

وأوصت الباحثة بضرورة أن تعتمد البنوك على استخدام بطاقة الأداء المتوازن في منظوراتها الخمسة ولا تقتصر على المؤشرات المالية، وضرورة نشر الوعي بين مستخدمي القوائم المالية للبنوك الفلسطينية وعدم الاعتماد على المبلغ من صافي الربح في البيانات المالية نفسها. بدلاً من ذلك، يجب التركيز على معرفة مصادر ومكونات صافي الدخل، والنظر في أبعاد هذا الرقم، بما في ذلك التدفقات الفعلية والمبالغ المستحقة القبض التي يحتوي عليها.