

The Impact of the Balanced Scorecard (BSC) Non-Financial Perspectives on the Financial Performance of Private Universities

Abstract

There are numerous attributed performance measures and investments to Balanced Scorecard (BSC) but empirical research and literature still lacks sufficient evidence of the effectiveness and improvement of organizational financial performance with respect to its multiple perspectives. BSC model perspectives are four in number, namely learning and growth, internal process, customers and financial perspective. In this paper, the impact of non-financial BSC perspectives on the financial performance of Private Universities (PUs) in Yemen is empirically examined. The study used Partial Least Square-Structural Equation Modeling (PLS-SEM) on data culled from 136 faculties, to determine the impact of three non-financial BSC perspectives on the financial performance of the institutions. The results showed that there were statistically significant positive correlations between Customer Perspective, Internal Process, and Learning and Growth, and Financial Performance. There was a positive correlation between an increase of 0.221 in Customer Perspective and a 2.341 rise in financial efficiency. In similar vein, a 3.827 improvement in Financial Performance was the consequence of a 0.346 improvement in Internal Process, while a 2.028 improvement in Financial Performance was the outcome of a 0.198 improvement in Learning and Growth. © 2023 NSP Natural Sciences Publishing Cor.

Keywords

and Structural Equation Modeling (SEM); Balanced scorecard; financial performance; higher education institutions; non-financial BSC perspectives; private universities