The Downside of the Balanced Scorecard: A Case study from Norway

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Abstract: This article examines how the use of the Balanced Scorecard influences the reflective learning and commitment of line-managers and employees in organisations. The Balanced Scorecard is widely used in organisations to implement and measure strategy. Qualitative and quantitative data from a case study of a banking organisation were categorised using grounded theory. This study adds to the critique of the Balanced Scorecard because the findings reveal how the system strengthens the senior management's formal control thereby contradicting theories about promoting reflective learning and commitment in organisations. The Balanced Scorecard becomes a tool for information and unreflective measurement in daily work that reduces the commitment and time for reflective learning of line-managers and advisors and undermines the potential for organisational learning.

Key Words: Balanced Scorecard, Reflective learning, Organisational learning, Commitment, Case study.

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Introduction

Learning among employees is recognized as giving a pivotal competitive advantage for organisations that want to have long term success in more complex and competitive environments (O'Reilly & Chatman 1996). The assumption that all employees contribute to quality assurance and development of products contributes to both survival and profit, especially among customer-oriented businesses. Organisations that emphasize empowerment, new ways of thinking and critical reflection in daily work also create a more stimulating and interesting work environment for their employees (Elmholdt & Brinkmann 2006). As a result many organisations use the concept of learning in their vision statements and strategies. However senior strategic and operational managers in headquarters of large organisations also follow management trends that lead them to use systems and routines thought to be effective for influencing employees' problem-solving and performance (Neely 2008).

One such performance measurement system is the Balanced Scorecard (BSC). used in at least 60% of major organisations in US and Europe with the intention of making them more effective (Neely 2008). Such systems are based on formal management control. Employees are encouraged to cooperate by means of incentives of pay and bonuses and by the allocation of material resources, (O'Reilly & Chatman 1996)." *Control comes from the knowledge that someone who matters to us is paying close attention to what we are doing and will tell us if our behaviour is appropriate or inappropriate"* (O'Reilly & Chatman 1996, p. 161). The BSC is constructed so that a pre-defined top-down strategic plan directly influences how work tasks, both simple and complex, are performed and rewarded (Kaplan & Norton 1996). Detailed targets and measures are broken down by senior management and distributed to teams and individuals (Nørreklit 2003). The system uses new technology to help senior management implement and monitor the organisational strategy (Nielsen & Andersen 2004). Employees are supposed to register all sales and detailed work processes on the basis of senior management's chosen indicators (Nørreklit 2003). Internal comparisons then give the results of the best teams which are rewarded with bonuses.

In the absence of studies that show its benefits, there is a need for in-depth case studies about the operational impact of a long term use of the BSC on the work of line-managers and employees (Neely 2008). Critics view the BSC as a tool for strengthening formal control since a few players decide the strategies and a lot of respondents implement them (Nilsen 2007; Nørreklit 2003). By converting the organisation's strategic plan directly into work tasks, the BSC creates rules, procedures, and rigidity in how the organisation operates (Voelpel, Leibold & Eckhoff 2006). When work processes are standardized, constrained, individualised and controlled, team leaders and employees can do little to promote team effectiveness (Argyris & Schön 1996). Tightening senior management control of work routines may also reduce sub-ordinates' options for participating in decisions concerning their own work. This creates the risk of weakening their relationship and commitment to the organisation as well as diminishing the opportunity for reflective learning and thus the potential for organisational learning. In sum, it seems paradoxical that the BSC focuses exclusively on material resources and extrinsic motivation as means of enhancing employees' learning and commitment. In the light of this seeming contradiction, this study examines how the use of the BSC influences the reflective learning of line-managers and advisors and also their commitment to the organisation.

The case study outlined in this article is part of a four-year research project on reflective learning in a traditional bank with more than 700 employees in more than 70 departments of varying size. Qualitative data from one Norwegian banking organisation were analysed and categorized using methods from grounded theory. Additionally we also used quantitative data from the bank's own BSC recordings. Despite the breakdown in other parts of the banking world 2008, the bank featured in the case study continues to perform well, with very high profits and a top international 'A' Fitch Rating.

Reflective learning and commitment in organisations

Advocates of constructivist learning claim that interaction and reflection between managers and employees enhances the quality of performance at work (Ellström 2001). Knowledge that group members bring to work tasks, and their different strategies for solving problems, give a potential to increase new thinking and solutions in organisations. As such, reflective learning is promoted when employees can control their own decisions and job assignments, and are able to receive feedback (Elmholdt & Brinkmann 2006). Reflection is in Dewey's (1991, p. 57) words: *"turning a topic over in various aspects and in various lights so that nothing significant about it shall be overlooked"*. Reflective learning is processes that involves critical thought and detailed attention to a topic in order to examine, ponder and weigh all relevant factors and relationships (Dewey 1991). Reflection is about trying to understand the connection between individual actions and their consequences.

Organisational learning is about exploration and critical review of work activities and performance levels in order to develop and change behaviour, systems, technologies and routines in an organisation (Argyris & Schön 1996). *"Organisations are seen as learning by encoding inferences from history into routines that guide behaviour.... Routines are independent of the individual actors who execute them and are capable of surviving considerable turnover in individual actors"* (Levitt & March 1988, p. 320). Argyris and Schön (1996) distinguish between simple adjustments of routines without thorough analysis ('single-loop learning') and fundamental adjustments based on assessment of strategies and values ('double-loop learning').

Vince (2002) argues that organisations with less hierarchy and a horizontal relationship between managers and employees will promote more creative and democratic ideas than those

with hierarchic influence and formal control. Flynn and Chatman (2001) claims that organisations that want to promote employees' reflective learning and organisational learning should emphasize group norms and values that encourage new ways of doing things. They propose that norms that promote shared divergent thinking between management and employees will create more ideas. Organisational cultures where discussions and questioning decisions and routines are valued, may promote reflective learning. People can agree to disagree (Flynn & Chatman 2001).

Contradictory may employees' ideas and creativity be constrained in the absence of the approval of super-ordinates (Vince 2002). Strong external institutional forces in the form of legal regulations also restrict employees' opportunities for innovative action. However, strong top-down management in combination with strict hierarchic processes may be positive in implementation of routines based on organisational learning (Flynn & Chatman 2001). In a controlling environment, new routines will be introduced more smoothly into the organisation with less criticism and reluctance from the members.

Commitment can be understood as "the amount and type of energy that individuals will devote to tasks" (Argyris & Kaplan 1994, p. 90). Employee commitment to organisations can be promoted by such factors as the incentive of material resources or social identity, or both (Tyler 1999). The BSC assumes that employees will follow rules, demands and do their best for the success of the organisation. It is based on the assumption that behaviour and learning will be affected by the size of material outcome from the organisation (Tyler 1999). However, theorists question management's use of extrinsic motivation because it hinders employees in finding meaning in their work and thereby weakens their commitment (Podolny, R. & Hill-Popper 2005). It seems difficult to find a way of using a formal control system for developing advanced work tasks. Theorists also argue that, in general, employees desire to control their own work behaviour and may behave subversively if they feel under heavy control, constraints and command (O'Reilly & Chatman 1996).

Extrinsic commitment is regarded as insufficient to promote reflective learning among active and creative problem-solving employees (Argyris & Kaplan 1994). Social identity theories argue that employees are motivated by interaction with others because interaction defines their social identity (Tyler 1999). Employees' contact and relations with customers appear to be crucial in promoting a sense of internal commitment and mastery of their work

4

(Hochschild 2003). Positive customer relations may enhance the employee's social identity status and the status of the organisation. This engenders a wish to participate in enhancing the status of their organisation and they will do this voluntarily in order to enhance their own status (Tyler 1999). This may contribute to both reflective learning from the experience of customer relations and uniform behaviours inside an organisation. It may become a form of social control that is more effective and cheaper for organizations than formal control (O'Reilly & Chatman 1996). In social control systems employees share the core norms and values and will sanction any employees violating these norms. These shared norms and values also create meaning in the work. Such social control mechanisms improve organisational stability and performance, whereas formal control can do the opposite (Flynn & Chatman 2001). Nevertheless, similarity and conformity among employees may contribute to stagnation and a decline in productivity. Organisational stability in a changing world may only have short-term benefits (March 1991). The challenge is to promote reflective learning in a stable organisation. Research reveals that the practices of senior management, more than other factors, have a direct and concrete influence on organisational learning, (Podolny, R. & Hill-Popper 2005).

As many employees are dependent on both material rewards and social identity O'Reilly and Chatman (1996) suggest that if employees can influence decisions concerned their own work tasks, this will strengthen their commitment. Management should therefore emphasize the intrinsic value of employees' work through symbolic action. A comprehensive reward system which highlights intrinsic motivation will also strengthen the feeling of commitment, while too much focus on extrinsic motivation may decrease commitment (O'Reilly & Chatman 1996).

The BSC

Research on performance management systems has shown how an exclusive focus on financial success may hinder organisational growth (Kaplan & Norton 1996). The BSC is constructed to balance long and short term objectives, financial and non-financial measures and internal and external factors that contribute to enhanced performance (Kaplan & Norton 1996). Managers regard various measurements as especially helpful in revealing factors that relate to cause-effect relationships in the organisation (Neely 2008; Paranjape, Rossiter & Pantano 2006). The strength of the BSC is that senior management get data on working

5

processes in the organisation to use as diagnostic information to change those processes which not contribute to long term financial success (single-loop learning) (Kaplan & Norton 1996). The focuses on a wide range of work processes is seen as strength and less limiting than focus on a single financial measurement of performance.

The BSC is criticised for making organisations less dynamic because employees respond by serving only the hierarchic implemented indicators (Nørreklit 2003; Voelpel, Leibold & Eckhoff 2006). Employees will not change practices before new instructions with new indicators and target figures are provided (Nilsen 2007). Kaplan and Norton (1996) claim that using the BSC can encourage double-loop learning. Nørreklit (2003) argues that double-loop learning demands employees' participation and more bottom-up communication to change indicators, but how this is to be realised using the BSC is unclear. In fact, the BSC does not include the perspectives of employees, customers and competitors. It primarily promotes top-down command and control (Nørreklit 2003; Paranjape, Rossiter & Pantano 2006). Elg's study (2009) concludes that using technology and concentrating on tangible numerical scores in the BSC system influences organisational culture through action, meetings and reflection; meanwhile, intangible unmeasured factors are easily overlooked in the organisation. Also, as the BSC measures cause and effect simultaneously, it fails to measure development over time (Nilsen 2007). Work process indicators need to be applied over considerable time before they reveal economical benefits. A short-term focus on cause-effect restricts the BSC to being a tool for managing the daily work, rather than the longer-term development of employees.

Research method

The study adopts an abductive research design, combining induction and deduction (Suddaby 2006). Empirical data from one case study are analysed using grounded theory to develop a general theory or analytical generalisations (Yin 2009) that address interpretative realities perceived by actors in social settings (Suddaby 2006). The data were collected and analysed over a 3 year period. Three researchers collected data from different levels of the organisation and two researchers categorized the data. This allowed researcher triangulation which strengthened the analysis.

Focus groups: The study started with three researchers facilitating eight two-day focus groups sessions (Wilkinson 2004), in which an average of thirteen line-managers and one

senior manager openly discussed reflective learning in the bank and the management opportunities and challenges. The researchers presented theories about reflective learning that afterwards were discussed critically with the participants. Theory presentations extended participants' knowledge and may have influenced their statements and analyses of the bank. The researchers also discussed their emerging theoretical ideas and analyses with the informants to validate the data. The focus groups met at the University to give line-managers distance from the organisation. The data from the sessions took the form of hand-written notes and extensive summaries written on the computer. Four sessions were tape-recorded and then transcribed.

Observation: I observed 13 team meetings in one department in the spring 2008 and two meetings in 2009. During the observations I sometimes asked questions to clarify my understanding of the discussions or about the work in the bank. Each meeting lasted 90 minutes and I wrote notes and reflections by hand, as well as written subsequent summaries and memos interpreting the sessions. Sensitive information about customers was revealed during the meetings making it impossible to tape the sessions. In addition I and two other researchers, both together and singly, attended, observed and also participated in 20 different meetings in six departments over a two-year period. The meetings were either learning activities or had the banks' work or learning challenges on the agenda. In these meetings we also took field notes and wrote subsequent summaries and memos.

Interviews: In 2008 we interviewed 32 advisors and eight line-managers of various ages, length of service and both genders. All informants were randomly selected from five different branches of the bank and nine of the interviews were with participants from the observed team. In these 30-60 minute interviews, two researchers each used an open-ended semi-structured guide in order to investigate individual and organisational learning. The interviews clarified and verified findings and theoretical ideas from the focus groups and observations and were recorded and transcribed. One weakness with our data collection is that not all meetings and focus groups were transcribed which is a general challenge in the analysis of case studies (Yin 2009).

Analysis: The data analysis software NVivo 8 helped us to organize and code the data while we focused on reading and interpreting the data (Suddaby 2006). From a variety of material, we first sorted all similar statements together with broad-brush or bucket coding (Bazeley

2007) using the informants' own concepts and statements. We coded whole sentences and sequences looking for overarching themes. To qualify as a code the statements had to be used frequently and to explain actions and processes that the informants found important (Charmaz 2006). After this initial process we used field notes, memos and researcher reflections to generate ideas in the process of categorising and comparing the codes and finding abstract theoretical patterns in the grounded data (Suddaby 2006). We 'played' with the codes with the purpose of finding a explanatory matrix of categories (Yin 2009) using a big whiteboard as a creative visual tool for interpreting the relation between the categories. Afterwards we sorted categories at greater levels of abstraction to reveal relations between the categories in NVivo8. The sorting showed that the use of the BSC played a significant role in the work day of line-managers and advisors. This was also supported in the first literature review to capture ideas about the effect on reflective learning and commitment of using the BSC. To develop a deeper and more nuanced understanding of how this system influenced learning in the organisation, I recoded incident to incident and sequences in all the existing categories that captured the BSC by building a new coding structure in NVivo 8 to conceptualize how the new categories related to each other (Charmaz 2006). The theoretical coding combined analysing the data and reading literature until an explanation emerged that best suited all the data about the use of the BSC. Five 'theoretically saturated' categories emerged that subsumed the topics from the informants (Charmaz 2006):

- The BSC strengthening of formal control
- High workload in serving customers
- Frequently unreflective measurement,
- Incorrect measurement and lost recordings
- Formal control and negative feedback reducing commitment.

Additionally, quantitative data was used from the self-reported recordings by line-managers and advisors in the BSC indicator 'Learning Activities'. In order to gain a bonus, advisors had to record three hours of learning activities carried out each month. Because the departments' monthly review of the BSC results often was recorded as learning activities these data give insight into the use of the BSC in the bank. Two researchers read the recordings carefully at five different times during a one year period. In total we categorized and summed up all the 2284 quantitative recorded learning activities between 01.01.2008 to

31.06.2009. The recorded entries include short and possibly imprecise descriptions that might produce a potential self-reporting bias; employees may even have copied each other's entries; the recordings lack a precise timetable; and finally, there may have been unrecorded learning activities. Seven percent of the original material lacked descriptions and was taken out of the analysis. Also different content was often summed up in one learning activity. For this reason we categorized 1/3 of the learning activities in two or more categories in order to capture nuances.

The bank and its context

Banks are traditionally viewed as hierarchical top-down organisations. Norwegian banks are international leaders in using internet technology and internet banking to serve their customers. This has led to downsizing of staff and a change in handling customers in which making sales of products has become the major work task. The level of educational qualifications has increased among these employees. Research suggests that empowerment through more autonomy in decision-making offers an advantage in service quality and profit orientation (Flohr Nielsen & Preuthun Pedersen 2003). Ideas about democracy and competence development in the workplace are also strongly valued in Norway. In contrast, however, external and internal demands are increasing that regulate how advisors should perform their work tasks in financial organisations. International and national laws now specify routines to prevent fraud and criminality.

The BSC was implemented in 2002 and bonuses in 2003. The introduction of the BSC highlights an ambition to connect and measure the quality of management, work environment, customer satisfaction and financial results. However Nilsen (2007) revealed that the bank overlooked opportunities for critical reflection about how the new system and its tools would influence behaviour in the organisation. Critical questions about how the BSC would influence advisors' work tasks, routines, learning, commitment and other consequences were never discussed.

The bank's advisors work both in both business and personal banking and are responsible for simultaneously serving customers and increasing sales. Advisors sell all kind of loans, insurance, deposits, pension, credit cards and unit trusts to their customers. The vision of the case study bank from 2007 was that the advisors should be 'close to and competent for all

customers' and thus to provide the best possible locally accessible advice based on relations with, and knowledge of, the customers. In promoting this the bank introduced a 'Best Customer Practice' about how advisors should prepare, conduct and review their customer meetings. The indicator has two purposes: to help advisors organize their time more appropriate and to increase the sales of products to each customer based on the customers' needs.

Senior management's use of the BSC to strengthen formal control

Our qualitative analysis of the records in the bank's BSC indicates that recorded learning activities are team meetings where line-managers provide information about job descriptions and skills to advisors. Occasionally, employees had this task of distributing information. Themes and discussions of these learning activities are strongly influenced by a top-down pattern of guidance from senior management. However, different information is often presented at the same learning activity.

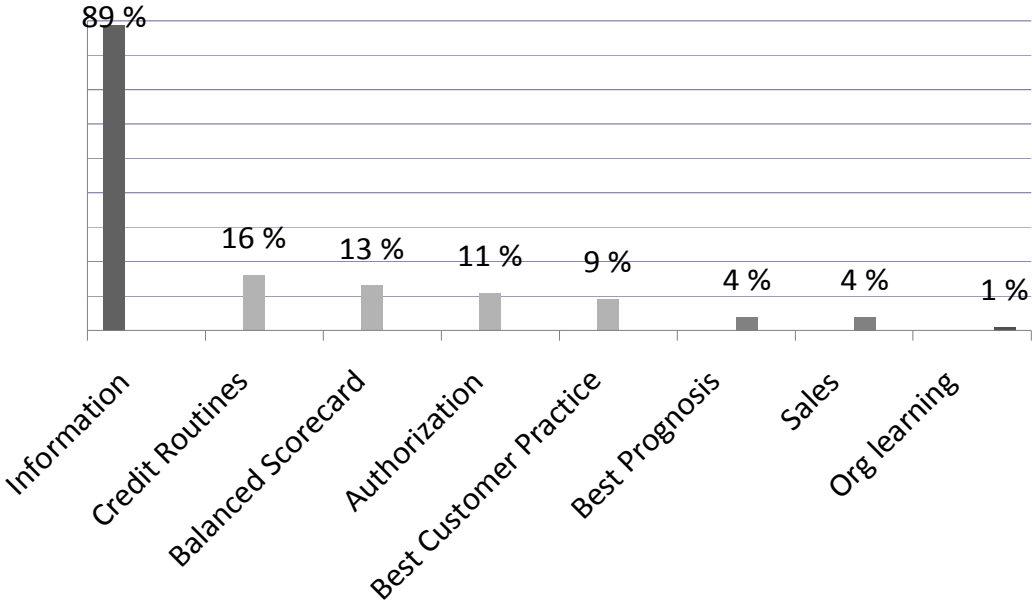**Table 1: Analysis of learning activities:**

Table 1 nuances this varied information characterized as Credit Routines, Balanced Scorecard, Authorization and 'Best Customer Practice'. The use of the BSC seems however insufficiently recorded as a learning activity. The BSC is updated every month and every line-

manager and team is obliged to review the new data in team meetings. Advisors themselves use Best Prognosis and Sales to set their own new sales targets based on previous sales and measurement in the BSC. Organizational learning is hardly ever recorded and then only by staff departments and senior management. New changes in work manuals, demands or campaigns are communicated from staff departments and senior management to line-managers. External and internal demands are increasing, requiring constant up-dating about new instructions, credit manuals, authorization requirements and product information. However the evidence of strong formal control in the organisation is also confirmed in the qualitative material:

Table 2: Formal control

Focus group	Interviews	Observation	Meetings
The senior management have to secure that the organisations live up to the strategic decisions. Yesterday in a meeting with the employee representatives, they expressed surprise that they were controlled. Because I do that. Here is the difference. Why is it so? The representatives argues that this break with the culture (senior manager).	It is hard to be heard by the senior management, but I don't know if it is good or bad. I have incredible respect for senior management and so on. It is perhaps this way it has to be (advisor).	A need for increased sales about one particular product had been given a high priority by the bank HQ. However the product lacked the inclusion of a credit card as part of the product to exclusive customers. The need was constantly followed up and discussed during fifteen subsequent team meetings over a five-month period without any communication with HQ! The lack of improvement from the HQ made the product hard to sell.	We are intensifying the management communication; some think this is good, others will feel that they lose all power (senior manager).

The qualitative data reveal that the top-down communication, in addition to the use of measurement, in the organisation is intensified. Stronger remote management of detail makes it difficult for advisors and line-managers 'to be heard by HQ'. However our data did reveal the availability of 'slack' time in departments for advisors to explore new ways of doing things if the line-managers were in favour. Local innovations to increase sales or give better information or customer service do actually exist, but advisors' ideas are seldom forwarded up in the hierarchy and they rarely contribute to organisational change.

High workload in serving customers

Because of high demands from senior management for customer meetings and increased sales of products, line-managers and advisors in the bank are contributing to a high level of efficiency. Advisors did see their relations with customers and colleagues as most important for their well-being and they distance themselves from the demands for constant measuring made by senior management. Giving customers fast and high quality service seems more important for generating employees' commitment than does the desire for bonuses. This is also in line with the bank's strategy of giving each customer local and competent advice based on their different needs.

Table 3: High workload in serving customers

Observation	Focus Groups/meetings	Interviews	Interviews
When you know something the customer doesn't - a product he does not know that he needs - it is then you get the feeling of being a capable advisor (advisor).	In periods it is very hectic, lots of phones from customers and few possibilities for breaks (advisor).	I had the time to meet the customer in his business and felt "close to" and "competent". The customer holds his loans and insurance in a competing bank. I know we could just pick him up because I gave a good impression. But it is five weeks ago and I did not have time to make the offer. It is frustrating (advisor).	You should be a salesperson, a counsellor and organiser and a controller at the same time. Being an advisor is a complicated role.

The data emphasise that advisors have a high workload focused on urgent tasks. Overtime work is either used for writing regular customer cases that advisors see as their most important work task, or for providing different information. Both line-managers and advisors testify that this creates a stressful and hectic work day with little time for reflection. Lack of time is exacerbated because of information overload through extensive use of both the BSC and e-mails from the senior management. Later in our fieldwork, senior management ordered the staff departments in HQ to reduce the amount of e-mails significantly. However, the advisors paradoxically preferred the passive role of being informed in the team meetings. They hesitate to use their own valuable work time to prepare and lead learning activities in front of their colleagues. During a hectic workday when the pressure for efficiency is increasing, advisors take the opportunity to relax when line-managers present information, the compilation of which is often responsible for stress.

The analysis also shows that the bank has problems with the implementation of the work routines. Newcomers implement the specified 'Best Customer Practice', whereas experienced advisors retain their old habits in the sales process. The fact that advisors inside the organisation are equivocal about the use of strategic work routines also indicates that increasing the formal control of senior management does not automatically influence the hectic work of advisors. Customers vary a lot. Some require a lot of contact and need a lot of follow up, whereas others are not seen by the advisors. This variety in customer demand creates difficulties in using both the 'Best Customer Practice' and the BSC.

Frequent unreflective measurement

Our analysis reveals that, with the introduction of the BSC, the measurement for the purpose accountability in the bank increased. Measurement gives line-managers solid data about each advisor's activity and allows new individual sales targets to be set and followed up. Line-managers present to the rest of the team the results of all indicators from each month such as 'economy', 'sales' and 'learning'. These presentations often simply involve reviews of which score is up and which is down, and which dots are green, yellow or red. Discussions in teams are principally about understanding why the score ended up as it did last month and how the team might eventually close the gap between the targets and the results. With only a few exceptions, advisors were so habituated to this constant measurement that they actually did not care or think about it. Elg´s (2009) study likens the value of such frequent measurement with the measuring of the outside temperature. It rises or decreases without you being able to influence it:

Table 4: Frequently unreflective measurement

Focus group	Interview	Meeting	Interview
We know we are not so creative and innovative; we have it on top of our list but it is very hard to actually improve the standards of how we work and how we deal with different working processes in the bank. So to some extent it seems we are actually killing creativity. But I think it is because we are actually trying to make good framework and inside this framework try to be creative concerning the customers' needs and generating business (senior management).	Not all indicators are beneficial, but they are our targets so we should focus on them. When we go through the BSC we not only focus on the green dots where we succeed, but also on the things where we do not succeed and need to improve. We are however probably not good enough at making priorities afterwards because we just review the measurement results of the BSC (advisor).	As line-managers we know all about the operational work in the bank, but we are controlled in detail about the wrong priorities. We want constructive criticism from senior management. They should ask "do you need help about something" (line-manager).	During the implementation of the BSC we were clear that we only wanted departments and not individuals to be measured. But now it is clear we are measured individually all day long. I just don't think about it anymore (advisor).

In the presentation of results reflections were almost absent despite the fact that team meetings were the most suitable arenas in the bank for advisors to share their experiences and to review and reflect critically about their own work. The self reported records of line managers and advisors reveal that the quantitative measures in the BSC are used in only 4 percent of the departments' learning activities to review and reflect critically upon advisors' sales prognoses. Such sales meetings allow brainstorming and discussion by advisors to set new sales targets based on their experiences. Line-managers revealed however, that the use of the BSC cultivated a new trend of individualism among employees in the organisation. The individual measurement and individual routines created a type of self-interested individual thinking that line-managers had not noticed among advisors before the use of the BSC. However line-managers as well as advisors find it important to have a system like the BSC which records all the data on all sales results and processes in the organisation. One advisor said that the employees needed more information about why they were measured on the specific indicators and that such clarification would enhance the benefits of using the BSC.

Incorrect measurement and lost recordings

The analysis of the qualitative material revealed that advisors in some departments used the last five days in a month to smarten up their actions in an effort to get their green BSC dots.

In addition to essential work, time was also used to make the BSC results look nice, instead of focusing on work tasks which would increase sales and customer satisfaction. Advisors referred to a dilemma: the choice between, on one hand, trying new ways to enhance customer sales, or on the other hand, doing the things that they were measured on and told to do by senior management. A few advisors felt they were not measured enough on their most important work - loans and deposits for customers. For this reason advisors used the economic results in their own customer portfolio to keep track on their own progress. Since the results in the BSC were not always correct, it could create situations where senior management was too confident about their knowledge of work processes in the organisation.

Table 5: Incorrect measurement and lost recordings

Focus group	Interview	Interview	Observation
The BSC: We all have different challenges, but 14 similar indicators are used for 80 departments. All these departments are different. The BSC and its colours, green, yellow or red have a big impact on the organisation. If Alf forgets to register sales, he gets, for instance, 33% on that indicator. Senior management may see this and contact him. But he did just forget it and how can you base the measurement of quality on that? (line-manager)	It is important for superiors to know what is going on, but I do not believe in controlling people by using only financial criteria. You need control of the underlying factors that create financial results. Personally, I feel that keeping records of measurements is not a natural part of my everyday work. It is more like a last minute rush to reach the finishing post (advisor).	We should use more time on the work practices, how it is smart to work, because the BSC is a result of our work practices. It is not about focusing on getting green indicators the last two days of the month (advisor).	A lot of time and energy in the department team meetings were used in trying to control and explain why incorrect measures occurred.

When the departments have recorded all sales or work processes in the indicators that meet the demands set by senior management, this is indicated by green dots in the BSC. Failed indicator targets become visible in the system as yellow or red dots. Advisors in the department get a bonus if all indicators are met. Interviews and observation revealed that senior management changed bonus requirements and indicators at short notice, and these sudden changes created uncertainty among advisors about which results and work processes qualified for bonuses. Line-managers in the focus groups also criticised these random changes in the BSC and the new sales campaigns from HQ. These line-managers felt that they were being controlled in relation to inappropriate details.

As the data underlines, line-managers criticised the making of comparisons between departments that had different conditions, frameworks and histories. If advisors forgot to register their work processes or sales in the BSC, these missing results turned into yellow or red dots in the system. Advisors also had the experience that the records that they registered disappeared in the results due to technical problems. The department bonus was out of each advisor's control and dependent on other employees, or sometimes also other departments. As a consequence, advisors were less inclined to work hard for an uncertain and small bonus payment. The senior management abandoned the use of bonus in 2009 with reference to the economic crisis from 2008.

However the use of formal control does have benefits. The employees are also loyal to and adapt to the senior management's demands. When a campaign is launched the results for that particular product tend to rise. Some departments used bonuses to reward enhanced sales. Line-managers used frequent measuring to increase efficiency and to make advisors phone new customers in an attempt to increase sales during campaigns, even if such one product sale strategy contradicted the bank's broad sales strategy of giving the customer the best advice.

Commitment reduced by formal control and negative feedback

A positive outcome of using the BSC is that all employees are informed about all work processes and results in the organisation. It motivates them to know that their contribution matters and that they are part of something bigger than themselves. The measuring also has the effect that management may notice the good work done by advisors. When the work gives positive results, both senior management and line managers recognise the hard work from advisors. However line-managers in the focus groups had the experience that focusing on indicators with red dots and the use of formal control in the BSC did not motivate either themselves or the advisors.

Table 6: Formal control and negative feedback reducing commitment

Focus groups	Interviews	Interviews	Observation
It is horrible when new demands are knocked into your head from above. When we are not capable of reaching the target today and senior management is demanding an increase in the target, then it is 'mission impossible'. And why should I write down the new target just to please the senior management when it is indefensible (line-manager).	If we have to have 20 customer meetings, you have to try to reach that limit and sell more products, the things you can measure. But I want to be more involved in deciding the targets. How legitimate is the demand to have 20 customer meetings if the result is that a lot of meetings just are booked to get the green dots? And how is this controlled? This is part of the system I do not like (advisor).	No it is not especially pleasant with red dots; this applies to all employees (advisor).	I have one big bad customer in my portfolio. I have to sell in quantity to become green (advisor).

To repeat continuously negative feedback about failed sales targets and work processes did not produce better results. One advisor who was interviewed supported these findings and told us that going to work should always be about providing a meaningful experience. The line-managers in focus groups argued that it is easier to just present and review the results in the scorecard than developing committed employees. Line-managers in focus groups said they had more committed and more reflective advisors if they limited the time used on presenting results in the BSC. Such action freed time for reflection and also for essential knowledge updating about products and routines. Another strategy was to highlight the advisors' positive results both connected to the BSC and customer sales and to limit the time used on negative results. This included seeing as a success almost, but not fully, achieving the very high demands from the senior management. Line-managers tried to increase the focus of advisors on being team members in order to prevent the trend towards individualism.

Discussion

The way the BSC is used, and the norms and values in the organisation featured in this case study do not promote reflection among employees and senior management. The short-term focus promoted by instant measurement inhibits important critical reflection that may be beneficial in the long term development in the bank. Important new knowledge about customer trends and work processes from advisors is rarely passed to the senior management and this diminishes the potential for organisational learning. Measurement can either be a

means of control by super-ordinates or it can provide 'objective' data for reflection and learning about one's own performance. It can be used as 'food for reflection' - measurement that contributes to making 'tacit' understanding more 'explicit'. However, the type of measurement frequently featured in the BSC during this study did not serve this purpose. Line-managers in focus groups wanted to reduce the time spent on quantitative feedback that was frequently not reflected upon. Time saved in this way would allow more time to use for deeper qualitative reflection. As such, the use of the different measurement indicators needs a critical review in the organisation.

The senior management's use of formal control and emphasis on information combined with advisors' commitment to serve their customers, seem to contribute to high financial results for the bank. However, the workload required of advisors in order to satisfy their customers and senior managers also relates to the low level of organisational learning. This reduces time to focus on individual and organisational learning (double-loop) which could potentially relieve the workload without reducing productivity, because new solutions generated by the learning processes could enhance the efficiency in the organisation. It even seems that the time advisors spend on using the BSC may actually increase their problems of coping with work and stress and may become counterproductive. Other studies conclude that high stress levels among employees in the long run have a negative effect on customer satisfaction (Voelpel, Leibold & Eckhoff 2006).

This study confirms the view of Paranjape, Rossiter & Pantano (2006) and Voelpel, Leibold & Eckhoff (2006) that the BSC sees organisational development as an internal process controlled by HQ. Our study also confirms the findings of Nielsen and Andersen (2004) that performance measurement gives senior managers stronger formal control in the organisation. The greater the formal control, the less the decision-making by advisors and, as a consequence, the less their reflective learning is promoted. These findings are supported by Nilsen's (2007) argument that the use of the BSC in organisations divides senior managers into strategic 'thinkers' and line-managers and employees into the practical 'doers' unable to influence strategic thinking in the organisation. The learning activities in this case aim to make employees adapt to senior management strategies as Antonsen, Thunberg & Tiller (2010) observed. If such a trend is to be ameliorated, our analysis reveals that good people-management skills are needed among all leaders for leading and facilitating reflective learning processes based on performance measurement. When all members contribute to development,

the capacity for solving both minor procedural problems and major systemic problems through organisational learning is increased.

The analysis indicates that the senior management plays a pivotal role in increasing the level of communication, participation, reflection and learning among employees in the organisation that could contribute to organisational learning and commitment. Such processes involve social control in the organisation. Nilsen (2007) argues that communication between senior management and employees promotes possibilities for reflection and abstraction in the organisation about how the BSC influences strategy and work processes. Our study also reveals that employees need information about both the BSC strategy and the purpose of the indicators in order to understand such a system. If employees had influence on how the BSC is used this would probably encourage them to use it systematically and thereby reduce some of the incorrect measurement. Motivated employees want to produce good results and have their efforts recognised. The advisors' problem with negative results signalled as red and yellow dots represents a challenge for senior managements using the BSC. Reducing the time used on measurement and focusing on experience and reflection arising from customer relations may be fruitful, not only for individual and organisational learning, but also for employee's commitment to the organisation.

Conclusion

The research question of how the use of the BSC influences the reflective learning and commitment of line-managers and advisors to the organisation has been investigated. Theories about reflective learning and commitment argue that, in general, employees wish to take greater responsibility for tasks and learning, and that management should facilitate this for the benefit of the organization. However it is argued that the BSCs reduces employees reflective learning and commitment because top-down formal control, performance measurement and extrinsic motivation of employees direct the implementation of work processes and leave employees without much room for influence.

The key findings in this case study add weight to the downside of using the BSC:

- The use of the BSC strengthens formal control and information flow from senior management to line-managers and advisors. The top-down control and monitoring reduces the focus of line-managers and advisors on reflective learning and inhibits the communication of new ideas to senior management.

- Advisors have a high work load in serving their customers. Varied customer demands and complex work tasks in a hectic bank environment make it difficult to use the BSC in practice. This finding supports the fact that the BSC seems inappropriate for measuring complex work tasks.

- The BSC becomes a tool for unreflective measurement in team meetings. Instant measurement is no guarantee of reflective learning and has the opposite effect of absorbing valuable slack time in team meetings that could be used for reflection about improving work practices.

- The BSC results are filled with incorrect measurement because of missing or wrong recorded entries from employees, as well as lost records in the system. Incorrect measurement reduces line-managers' and advisors' trust and commitment to using the BSC in practice.

- The BSC strengthens formal control and continuously presents negative results in the form of yellow and red dots that motivate neither line-managers nor advisors to make greater effort or engage in new thinking.

The top-down use of the BSC combined with a commitment to serve customers decreases advisors' ability to cope with their workload and also decreases opportunities for individual reflection and organisational learning. This case study confirms that the implementation and use of the BSC strengthens formal control in organisations at a time when workers are becoming more educated, competent and skilled (Elg 2009; Nilsen 2007; Nørreklit 2003; Paranjape, Rossiter & Pantano 2006). More research about the effect of using the Balanced Scorecard on learning and commitment among employees in organisations is certainly needed. Green, yellow and red dots represent and symbolise formal control and such control diminishes individual reflection and organisational learning and obstructs the development of committed employees.

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