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# **The Travel and Translation of Balanced Scorecards**

Koos Wagenveld

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# **The Travel and Translation of Balanced Scorecards**

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Jacobus Wagensveld  
geboren op 16 mei 1960  
te Barwoutswaarder

Promotor: Prof. dr. E.G.J. Vosselman

Manuscriptcommissie: Prof. dr. P. Leroy  
Prof. dr. M.A. Ezzamel (Cardiff University, UK)  
Prof. dr. B.H.J. Verstegen (Open Universiteit)

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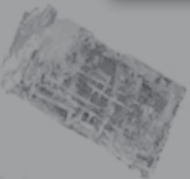
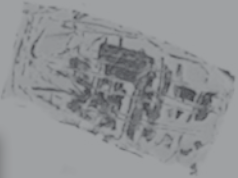
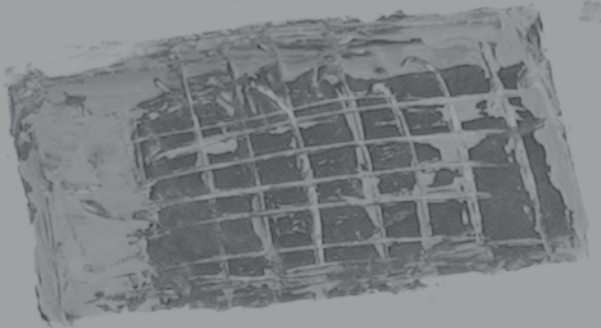
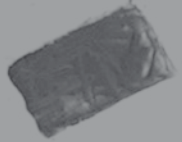
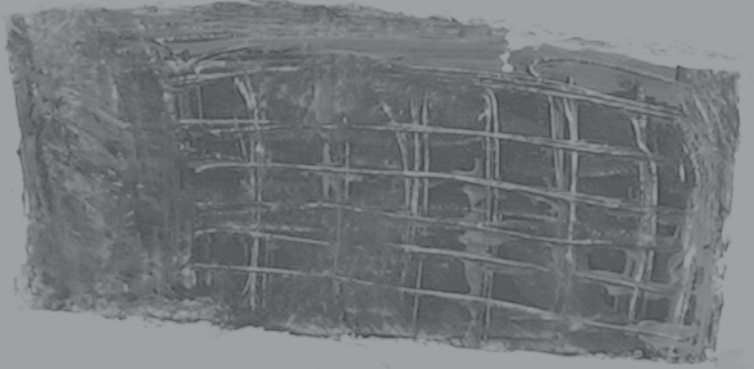
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Introduction

# Chapter 1



*"Kaplan and Norton's proposed mode is ... relevant to analyze not only because of its achieved status as a serious and interesting alternative to traditional management accounting. It is also an unusually explicit expose of a combination of two constituting ideas in the field of accounting knowledge and practice – the desire to gain true knowledge and the plight to govern by numbers. ... Accounting practices, such as written reports, pictures, numbers, charts, statistics, etc., are performative and important instances of organizing, as they create new domains of power/knowledge at the same time as they provide the means for acting upon what is constructed"* (Edenius and Hasselbladh, 2002: 253)

*"Translation is a vehicle, imitation its motor, and fashion sits at the wheel"* (Czarniawska and Sevón, 2005: 7)

*"Because theory is not about reference but about interpretation, the research process is as important as the results, in fact, there is no way of distinguishing absolutely between them. The process is part of the result; the field of study is an experiential space"* (Hastrup, 1995: 184)

## **INTRODUCTION**

The above quotes may serve as a quick introduction to both the contents and approach in this study. The study is about 'new' forms of management accounting, or, more particularly, about 'new' forms of performance management as originally introduced by Kaplan and Norton. It seeks to produce knowledge on the processing of the original ideas, and it considers 'translation' (a process in which A, a translator, transforms B, a thing to translate by defining it, or even by explaining it to itself (Latour, 1986)) to be at the heart of such processing. The process of knowledge production is one of interpretation. The researcher tries to live the 'world' he is researching (Hastrup, 1995).

The critique by Johnson and Kaplan (1987) that traditional management accounting has lost its relevance can be marked as a turning point in the management accounting and control discipline (Burns and Vaivio, 2001; Otley, 2008). As Otley (2008: 230) observes "there has been more management accounting innovation over the past two decades than in the previous fifty years". In particular, there has been a rise of multidimensional performance measurement by employing forward-looking non-financial performance measures that link operational practices with strategic intent (Ittner and Larcker, 1998; Ittner, Larcker and Randall, 2003; Neely, 1999).

The balanced scorecard (BSC) has become the most dominant performance measurement/management innovation among both academia and practitioners (Neely, 1999; Malmi, 2001; Speckbacher *et al.*, 2003). In the year 1992, it was introduced to the management accounting and control literature by Robert Kaplan and David Norton. With the BSC, in order to better be able to evaluate performance, both financial and non-financial information is generated and provided. "The balanced scorecard includes financial measures that tell the results of actions already taken. Additionally, it complements the financial measures with operational measures on customer satisfaction, internal processes, and the organization's innovation and improvement activities – operational measures that are the drivers of future financial performance." (Kaplan and Norton, 1992: 71).

The introduction of the BSC has attracted a lot of attention from the academic world (e.g. Chenhall, 2003; Hopper *et al.*, 2007; Tuomela, 2005). Substantial attention has been paid to the implementation modes, and the barriers hindering the implementation of the BSC (e.g. Kasurinen, 2002; Oriot and Misiaszek, 2004). Other research investigates the purposes for which managers use the BSC. For instance, a survey undertaken by Wiersma among individual managers (Wiersma, 2009) revealed a number of drivers for different uses of the BSC. There also are papers that discuss the effectiveness and post-implementation effects of the BSC (e.g. Ittner, Larcker and Randall, 2003; Malina and Selto, 2001).

There are also BSC studies from a critical perspective (Edenius and Hasselbladh, 2002; Lawrence and Sharma, 2002; Visscher, 2010). Nørreklit (2000) critically examines the underlying assumptions of the BSC and its claim to be a strategic control system. Moreover, because the BSC has been very well received and is used by an increasing number of organizations (Beiman and Johnson, 2007; Visscher, 2010), some studies aim to explain the popularity of the BSC and why it is nowadays taken for granted (e.g. Dechow, 2006; Nørreklit, 2003; Qu, 2004).

### **GAPS IN LITERATURE AND MAIN AIMS OF THE RESEARCH**

Prior literature contains a number of voids that need to be further researched. Evident voids are a rather simplistic conceptualization of change in performance management as a consequence of a dominant functional perspective and, second, a relatively simple view on the diffusion and development of performance management. First of all, most accounting research with regard to management accounting change adopts a rational/functionalist perspective (e.g. Wickramasinghe and Alawattage, 2007). Management accounting change is seen as unproblematic and (with the exception of contingency theory) often isolated from the organizational context. This research has severe limitations. Accounting is seen as a 'simple set of technical practices' (Cobb *et al.*, 1995: 158) and its narrow focus has led to a neglect of idiosyncratic elements and thereby failed to provide a thorough understanding of why and how management accounting change has come about within individual organizations. Although there has been an increasing number of interpretive management accounting change studies since the 1990's (see chapter 2), good interpretive BSC change studies are

still relatively scarce (notable exceptions are, for instance, Kasurinen, 2001, 2002 and Hansen and Mouritsen, 2005).

Second, most accounting research adopts the diffusion model (Latour, 1987) for understanding how an innovation like the BSC travels around the world and is subsequently adopted and constructed in local settings. These studies (e.g. Ax and Bjørnenak, 2005; Malmi, 2001; Malina and Selto, 2001) let us believe that the BSC is a fixed concept that is used similarly by different users, implicitly assuming a passive attitude on behalf of organizational change agents. As a result, the diffusion model has become the primary model for understanding top-down planned change (Czarniawska, 2008).

This study departs from a diametrically opposed model, namely the translation model (Latour, 1987). This model assumes a more active idea recipient and assumes that whenever an (administrative) innovation enters the organization, processes of translation unfold. The original idea is likely to be transformed (some elements/features are 'lost in translation' and/or the original idea is enriched by new elements/features) in order to make the innovation work in the local organizational context. The BSC innovation is studied in this study as a traveling idea: *"ideas do not diffuse, it is people who pass them on to each other, each one translating them to their own frames of reference"* (Czarniawska and Sevón, 1995:95). Traveling ideas are changed during the process of translation. As is reflected in one of the quotes at the beginning of this study, Czarniawska and Sevón (2005) argue that fashion can be the trigger for the travel of ideas. They see translation as the vehicle, imitation as the motor, and fashion as the wheel in the process of travel (Czarniawska and Sevón, 2005). Fashion causes certain management ideas to travel around the globe: however, their local translation and the resulting local realities are different in order to fit the idiosyncratic needs of the organizational actors who make sense of them and make the new idea work (or not) (Czarniawska and Sevón, 1995: 96).

Given the dominance of the diffusion model in the accounting literature, there is little understanding about why and how the (re)construction processes of the BSC unfold in individual organizations. As Otley (1999: 377) states: "The balanced scorecard literature also indicates that it is as much the process of establishing a scorecard that yields benefit as the resulting measurement schema. However, the literature is remarkably silent on this point." In addition, Chenhall (2003, 2005) argues that given the ambiguity surrounding the BSC concept, the meaning of components, attributes and its construction are likely to vary across organizations and even across departments within one organization.

Therefore, these voids lead to the following first main research objective of this study:

**The first objective of this study is to provide insights into the theoretical implications of context-specific and time-specific dynamics in the shaping of a BSC performance management system**

This study aims to generate insights into *why* and *how* the translation processes of the BSC unfold. The focus is on micro-processes on the level of individual organizations. Two case organizations in

the banking industry are selected. The why question not only refers to the reasons for change (why does the BSC idea 'land' in the two specific case organizations during its travel), it is also related to the understanding of the way in which change processes manifest themselves. As such, this study not only contains interpretations, but also explanatory elements. The how question refers to the way in which the BSC is emerging and developing within the two case organizations, thereby providing a descriptive picture of the change processes. Similar to the descriptions of Jones and Dugdale (2002), and Briers and Chua (2001) we ask questions like 'what do people have to do to be recognized as using the BSC?' and 'what else besides the organizational practices of the BSC contributes to their shaping?' These two studies were mentioned by Ahrens and Chapman (2006) as important examples of good processual analysis. Also we are concerned with the ways in which the BSC "*was assembled as a practice, socially, organizationally, and technically*" (Ahrens and Chapman, 2006). The first main research question will be the following:

**RQ1: Why and how do the translation processes of the BSC in the two case organizations unfold?**

This research question requires attention for the interconnectedness between the global and the local. Such attention has already been revealed in prior studies (e.g. Briers and Chua, 2001; Jones and Dugdale, 2002). For example, Ahrens and Chapman (2006) argue that Briers and Chua (2001) explored the relationships between the technical aspects of accounting and political processes in organizations but point to the fact that, at the same time, "*their narrative highlighted the possibilities for localising a global phenomenon*". Briers and Chua (2001) are concerned with the role of 'boundary objects' 'in management accounting change. 'Boundary objects' (Star and Griesemer, 1989) are objects that belong to different realms, while remaining intrinsically the same. The BSC can be seen as an example of such a boundary object. Jones and Dugdale (2002) are more concerned with tracing the global networks of support of ABC as an abstract expert system.

This study is particularly interested in how and why the BSC idea is born at the institutional level, how it travels and lands in two specific organizations, how it is made sense of and translated by local actors in these two specific contexts, and how certain elements are 'going back to the globe' (reborn BSC or 'other' idea at the institutional level). Our theoretical framework is based on Scandinavian institutionalism and ANT elements, combining discursive (e.g. Czarniawska and Joerges, 1996) and material (e.g. Callon, 1986) dimensions. In addition to Briers and Chua (2001) we stress the role of inscriptions (figures and numbers that become facts; see Robson, 1992) as objectification devices in the translation of abstract global techniques to concrete localities (Qu, 2006). It should be noted that the theories we use in our construction work on the empirical material ("data") could be understood as *repertoires of lenses* (Alvesson and Kärreman, 2011: 34; Deetz, 1992). In our view, theories and theoretical frameworks are instruments that provide illuminations, insight and understanding, but they cannot be fully controlled because "it is impossible to freeze-frame meaning" (Alvesson and Kärreman, 2011: 34). In that sense, our use of theory can be seen as a '*struggle*' (Alvesson and Kärreman, 2011; see chapter 4).

It is emphasized that our study not only reflects on the translation movement from the global to the local, but also on the translation movement from the local to the global. This leads to a second main research objective:

**The second objective of this study is to relate the micro translation processes to developments on organizational field level to draw inferences for theory building on performance management systems at an organizational overarching level**

In order to reach our research objectives, we try to “bring out the processual in the event of” (Ahrens and Chapman, 2006) the BSC. Any event can be broken down into an infinite number of smaller composing parts (Scapens and Yang, 2007). The translation of the BSC is not a single event, but a complicated, emerging process that “can be made sense of with reference to countless “events” that field researchers redeem as significant” (Scapens and Yang, 2007). The qualitative field research in this study uses and develops a theoretical framework that connects `constructs` (which can be events, institutions, etc.) in such a way that it brings about the emerging nature and dynamics of the translation processes of the BSC (compare Scapens and Yang, 2007: 6). The framework also helps to detach the researcher “from the contact zone” (Scapens and Yang, 2007; Ahrens and Chapman, 2006); see further chapter 4). The research strives to “look around” (Scapens and Yang, 2007) the translation processes, to seek connections between forces embedded in the field and to relate micro translation processes to developments at the organizational field level. After all, the process of institutionalization central in our theoretical framework (see chapter 3) is in fact the result of the interplay between the organizational field level and the organizational level (Zahir ul Hassan and Vosselman, 2010). The second main research question will be the following:

**RQ2: Why and how can the micro translation processes of the BSC be connected to forces on the organizational field level?**

## **RESEARCH DESIGN AND METHODOLOGY**

This study seeks to generate a more comprehensive understanding of performance management innovation, by analyzing the organizational context in which organizational actors process BSC practices through sensemaking and localized translation. Gaining a holistic understanding of these local performance management dynamics requires a comprehensive focus on many aspects and levels of the organization, i.e. the social, cultural and political interplays between individuals, groups, divisions and organizations. To disentangle these different levels and aspects of the dynamics of BSC innovation this study relies on an in-depth, qualitative approach to reveal the general stories and narratives of change used by actors in making sense of and enacting performance management practices.

### **Research approaches**

To understand how the interpretation of macro-level phenomena influences the micro-level practices of managers and other actors at the two case organizations, the following approaches were adopted:

- An *interpretive approach* in order to reveal the conceptual lenses as well as the socially and culturally embedded meanings by which actors make sense of the BSC idea. The focus is on how the actors interpret, act upon, and experience the changes connected to the BSC as an idea. To this end, the researcher has to learn the field by way of experience, by ‘leaning by doing’ (Ahrens and Chapman, 2006). Of course, the researcher cannot share the experience of others in any literally manner, but may share a communicative space that enables him, by way of imaginative investment, to comprehend at least part of other people’s motives (Hastrup, 1997: 357). Beyond the understanding of local knowledge, the field researcher should have the ambition to produce theoretical knowledge, that transcends the singular, local instances (Ahrens and Chapman, 2006; Hastrup, 1997): “*The interest is not so much an uncovering of particular images of the world as it is an understanding of their motivational force in the daily life of people*” (Hastrup, 1997: 358). To get to the theoretical comprehension of motivation and dynamics, the field researcher has to invest in the process of understanding the wholeness of the situation. “*Living another world*” (Ahrens and Chapman, 2006; Hastrup, 1997) implies a *merging of action and awareness* (Hastrup, 1997: 358). This merging of action and awareness is a theoretical point. It is derived from an experiential encounter with the reality of other people. Fieldwork literally brings us *in touch* with another reality (Hastrup, 1997: 359), ‘another’ in the sense of being viewed from our chosen theoretical suggestions.
- A *sensemaking approach* (Weick, 1995). The study of sensemaking will illuminate how actors interpret and enact the BSC idea and will further our knowledge not merely of *what* people do when they translate the idea into the local context of the organization, but *why* they do it in that specific way. Moreover, a sensemaking perspective leaves room for analyzing and understanding the tensions, dilemmas, and uncertainties in the day-to-day practice of BSC translation.

### **Case study design**

This study is based on a constructivist case study design (Stake, 1995). This design allowed me to study the interaction between the global and the local and the processes of sensemaking in a real-life context. This reveals how actors in two case organizations locally enact the BSC by interpreting characteristics of, and changes in, the context and dynamics of the organization. Through the narratives collected in this study, the interplays between the global (institutional field level) and the local (organizational level) and the experiences of the actors regarding the local translation of the BSC idea are disentangled. Flexible, manual coding enables the researcher to identify “patterns” or “themes”, thereby ordering data. When patterns observed in the case studies conflict with the theoretical framework, additional



evidence is collected to explain deviations. If necessary, the theoretical framework needs to be modified in order to encompass new findings. As such, there is an iterative, two-way relationship between theory and observations.

We also used a reflexive methodology (Alvesson and Skoldberg, 2000; Crang and Cook, 2007) rather than a fixed set of research instruments. The product of this study is an account reflecting the stories actors use for making sense of the idiosyncrasies of the organization and the practice of BSC translation, but also with the intent to relate the local translation processes to global developments.

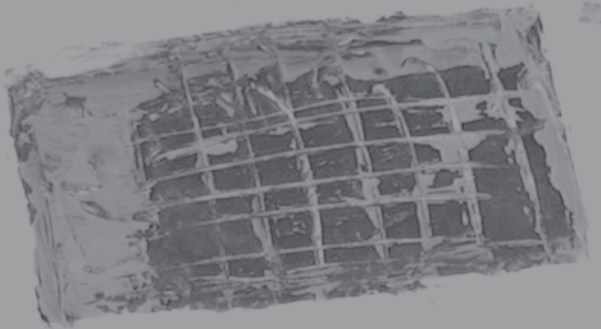
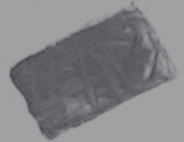
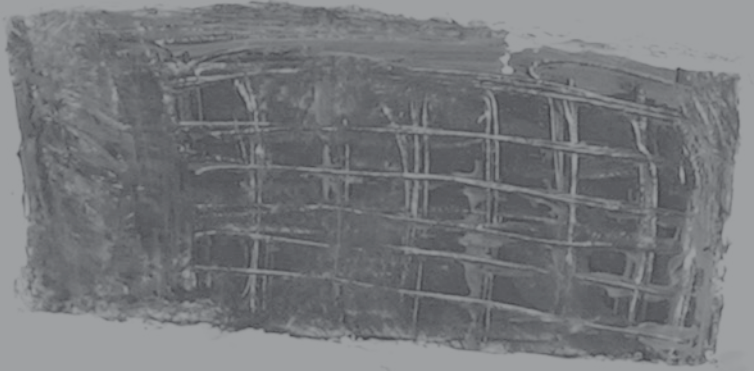
The overall goal of this approach was to provide more than a snapshot, but rather to obtain a holistic image of the dynamics of change.

### **OUTLINE OF THE STUDY**

The structure of the study is as follows. First, chapter 2 provides a mini-review of interpretive studies into management accounting change, particularly change in performance management using a BSC. Chapter 3 proceeds to sketch the outlining of a theoretical framework based on Scandinavian Institutionalism that uses elements from the Sociology of Translation. Chapter 4 focuses on the research methodology and methods used in this study. It provides arguments for the approach in this study and it presents the research design. From a global perspective, chapter 5 reflects on the circulation of the BSC idea in terms of the theoretical framework. Particularly, the chapter reflects on processes of disembedding and re-embedding. Chapter 6 does the same, but from a local perspective (that is, at the level of the two case organizations). Chapter 7 presents the conclusions and implications, and provides some suggestions for future research.

Interpretive research in performance  
management: a literature review

# Chapter 2



## INTRODUCTION

Interpretive research provides insights into how organizational reality subjectively emerges and how it is objectified in social interaction (Chua, 1986). As such, interpretive research concerns processes of becoming and enacting, or processes of change. Producing knowledge on the processes of change requires in-depth field research from an interpretive perspective (Vaivio, 1999). Longitudinal, interpretive case study research can account for the emerging nature of change (Hopwood, 1983; 1987; Quattrone and Hopper, 2001; Wickramasinghe and Alawattage, 2007). Management accounting change is then viewed as a social rather than a technical process (e.g. Ansari, 1977; Cobb *et al.*, 1995; Abernethy and Chua, 1996; Langfield-Smith, 1997; Vaivio, 1999, 2004). Interpretive research acknowledges that the specific social and organizational context actively shapes accounting and control practices and systems. Informed by new institutional sociology, some authors also emphasize the influence of external institutional pressures on management accounting change (e.g. Abernethy and Chua, 1996). The argument then is that accounting change is not only driven by functional reasons or institutional pressures originating in the internal environment of the organization, but also by institutional pressure for conformity from the external environment.

An interpretive perspective differs from a traditional rationalists (mainstream) perspective in that it problematizes the change process (see also Chua, 1986; Wickramasinghe and Alawattage, 2007; Wickramasinghe, 2011). In a rationalists perspective (drawing on both contingency theory and (organizational) economics) the main focus is on the outcomes of change. Accounting change is described as unproblematic and isolated from the specific organizational context. Research from a rationalist's perspective assumes individual rationality; change, then, is a direct and unproblematic result of rational decision making (and, thus, goal directed behavior). Contingency research and economics-based research, implicitly or explicitly, suggest that change is driven by effectiveness and/or efficiency and that it can be described as sequential with an identifiable beginning and end, preferably resulting in goal accomplishment (Quattrone and Hopper, 2001; Burns and Vaivio, 2001). The rationalists perspective has been subjected to considerable critique (e.g. Cobb *et al.*, 1995; Vaivio, 1999, 2004; Wickramasinghe and Alawattage, 2007). It is accused of being too static, too technical, too functional, and hence, too unrealistic. According to Dechow (2006), the mainstream studies into performance management establish an image of 'gaps' between performance management in principle and practice, but they show no interest in the actions that produce these gaps.

Interpretive research, on the other hand, challenges individual rationality and problematizes change. If there is rationality, it is assumed to be an effect of social interaction (an output), not an individual trait (an input) (see also van der Meer-Kooistra and Vosselman, 2012). An interpretive perspective thus demonstrates how change is relationally effectuated in specific time-spaces. Interpretive studies aim to develop an understanding of what is happening in performance management *practice*, rather than explaining certain outcomes or prescribing what ought to be. Contrary to the rational perspective, these studies adopt a contextual view: it is assumed that performance management systems and practices are shaped by the interplay with the (internal and external) organizational context (e.g. Innes and Mitchell, 1990; Cobb *et al.*, 1995; Vaivio, 1999, 2004; Kasurinen, 2002; Wickramasinghe and Alawattage, 2007). It is acknowledged that performance management change cannot a priori be equated with progress (Hopwood, 1987; Burns and Vaivio, 2001). Instead, performance management change may have both intended and unintended effects.

An interpretive perspective also differs from a critical perspective (also distinguished by Chua, 1986; Wickramasinghe and Alawattage, 2007). Whereas compared with studies that adopt a rational perspective interpretive studies put more emphasis on the internal and external organizational environment, the critical perspective examines accounting change from a wider political and social domain (Wickramasinghe and Alawattage, 2007). The intended contribution of critical studies is to challenge the status quo (Broadbent and Laughlin, 1997). From a critical perspective accounting change is embedded in struggles of power and interests. Thus, critical research goes beyond interpretive research; its ethos is the critical scrutiny of forms of social domination encouraging emancipation/resistance (Alvesson, 2008). It includes Foucauldian studies into both the 'archaeology of accounting' (Hopwood, 1987) and into the disciplinary practice of accounting (e.g. Hopper and Macintosh, 1993), as well as Habermasian studies demonstrating an undermining of communicative rationality (Townley *et al.*, 2003). In general, research from a critical perspective aims to give voices to suppressed and/or dominated groups.

In this chapter, a mini-review of interpretive research in the accounting and control discipline is given. This is done with the intention to develop and maintain an interpretive repertoire (Alvesson and Kärreman, 2011; Alvesson and Skøldberg, 2009). The interpretive repertoire indicates the 'academic' part of the researcher's pre-understanding (e.g. theories, vocabularies, knowledge) (Alvesson and Kärreman, 2011: 48). This spectrum of theoretical insights can be put to work 'ex post' when confronting the empirical material ("data") that in itself has already been produced based on the interpretive inclinations of the researcher (Alvesson and Kärreman, 2011: 48) with extant theory. The interpretive repertoire also gives 'ex ante' input to the struggles inherent in "getting control over how we see things, so that we are not simply the unknowing carriers of the conventional world's thoughts" (Becker, 1996: 8; Alvesson and Kärreman, 2011: 48). In other words: it helps in our struggle to open up our orientations. Also, as our study is an interpretive one, in subsequent chapters we will contrast insights from some studies discussed in this chapter with our case study findings.

### **INTERPRETIVE STUDIES INTO PERFORMANCE MANAGEMENT CHANGE**

Interpretive approaches to performance management change are strongly influenced by various branches of institutional theory, as well as by structuration theory and actor network theory (see also Wickramasinghe and Alawattage, 2007; Wickramasinghe, 2011). The branches of institutional theory include Old Institutional Economics (OIE) and New Institutional Sociology (NIS) (Wickramasinghe and Alawattage, 2007). The various institutional theories share their concern for institutions and institutional change. Therefore, they offer valuable insights for studying management accounting change (Burns and Scapens, 2000). Hopper *et al.* (2007: 349) point out that:

“The most important achievement of institutional research on management accounting change is its delineation of change as a continuous process rather than a series of discrete and identifiable events in organizational life.”

#### ***Old Institutional Economics and performance management change***

OIE is a response to neoclassical (mainstream) economic studies. Studies in the field of performance management that employ OIE aim to develop a better understanding of the performance management practice. According to many authors, the emphasis on (extensions of) neo-classical economics in mainstream management accounting research has led to a ‘gap’ between management accounting theory and practice. As Burns and Scapens (2000) note, neo-classical economic theory aims to predict the optimal outcomes at a certain point in time, rather than explaining the transition processes from one equilibrium state to another. In their seminal papers, Scapens (1994) and Burns and Scapens (2000) develop their institutional perspective based on OIE as well as evolutionary economics. OIE is particularly useful for studying organizational change given its focus on organizational routines and their institutionalization (Veblen, 1899/1925; Commons, 1970; Klein, 1990; Tool, 1988). Performance management systems and practices are portrayed as a set of stable rules and routines. Burns and Scapens (2000) recognize that rules and routines may change. Performance management is seen as a routine practice that is potentially institutionalized. Performance management change that is consistent with the rules and routines in place is more likely to institutionalize than change that deviates from the set of rules and routines.

A number of studies have employed Scapens’ (1994) and Burns and Scapens’ (2000) institutional framework in order to study management accounting change (e.g. Kasurinen, 2001; Lukka, 2007). Kasurinen (2001) conducted a case study in a Finnish marketing and logistics company, using the Burns and Scapens (2000) framework. He tries to explain why the BSC implementation in his case organization only had a limited influence on the management processes in the organization:

*“The reports, for example, were very soon after the introduction written in the intended form, and the data was gathered as had been instructed. On the other hand, the analyses of the business unit as a whole and unprompted discussions on the unit’s strategic situation, which can be considered important characteristics of a balanced scorecard based management*

system, did not follow. This is to say that only the implementation of the particular features which were in alignment with the institutionalized patterns of behavior in the organization seemed to have succeeded" (Kasurinen, 2001: 476/477).

Kasurinen concludes with a figure that clarifies routinization as an essential part of the management accounting change process. This process is illustrated in *figure 1*.

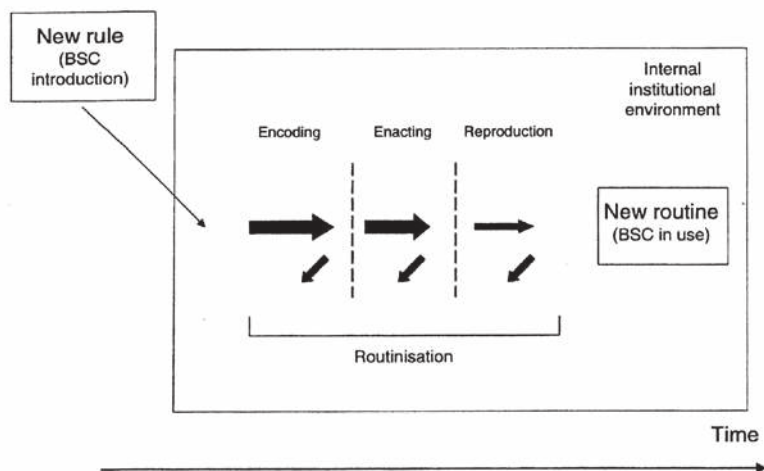


FIGURE 1: THE PROCESS OF MANAGEMENT ACCOUNTING CHANGE (KASURINEN, 2001:476)

Figure 1 expresses that during the change process only a fraction of the new rule (i.e. the BSC) survives the routinization process and leads to a new routine in the organization. The case analysis indicated that due to the implicit encoding process, which seemed to have begun immediately after the BSC introduction, business unit managers reacted to the new rule almost automatically. The encoded institutional principles emphasized, among other things, the identity of business unit management as a "doer" rather than as a "thinker". In line with this the managers focused on the renewals in the formal reporting and approval procedures. The role of the BSC in strategy work did not get very much attention, though. This led to a situation where the enactment process did not completely support the original goal of an improved understanding of the business. Furthermore, focusing on the formal requirements directed the reproducing process only towards changes in the planning system, not to the management system at large.

Kasurinen (2001) concludes that only a fraction of new performance management ideas seem to be able to "survive" the entire process of routinization. This type of "evolution" is particularly likely, since the conscious or unconscious resistance often plays a role in change projects. Furthermore, the evolutionary process easily leads to a situation where only the particular characteristics of the new tool that "suit" the organizational behavioral patterns will be implemented. Unfortunately, however, these

characteristics do not necessarily include the fundamental parts of the *new* management accounting idea, and the organizational realization of the innovation may turn out to be only a modification of an existing system.

Lukka (2007) elaborates on Burns and Scapens' institutional framework in relation to management accounting change *and* stability. His case study illustrates the simultaneous emergence of change and stability and explains it by demonstrating 'loose coupling' between the formal accounting system and informal routines. As a consequence, his study refines the relation between rules and routines. A series of informal arrangements were made to make them informal routines and these informal routines proved to have the potential, at least in the short run, to smooth the frictions of the formal rule systems related to management accounting.

### ***New Institutional Sociology and performance management change***

A NIS-approach to performance management change differs from an OIE-approach to performance management change. Whereas OIE attributes the understanding and motivation of performance management change to routines at the organizational level, NIS takes into account the institutional context within which firms operate. NIS, also called 'New Institutionalism' and 'institutional theory', emphasizes the influence of the institutional environment on organizational practices and systems including performance management practices and systems (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Zucker, 1988). The selection of control structures is not so much driven by efficiency; instead *legitimacy* is the overriding principle (Powell and DiMaggio, 1991; Wickramasinghe and Alawattage, 2007). According to new institutionalists, change in organizational design or control structure/performance management practices is a result of pressures from the external environment that determine which designs and practices are legitimate (e.g. Meyer *et al.*, 1983; Abernethy and Chua, 1996; Brignall and Modell, 2000; Lapsley and Pallot, 2000; Dillard *et al.*, 2004). Organizations are likely to select control structures from a set of legitimate alternatives in order to enhance legitimacy (Abernethy and Chua, 1996).

The institutional environment is analytically distinct from the technical environment (Meyer *et al.*, 1983; Abernethy and Chua, 1996). Whereas the technical environment refers to the market in which the firm operates, the institutional environment is characterized by "the elaboration of rules, practices, symbols, beliefs and normative requirements to which individual organizations must conform to receive support and legitimacy" (Abernethy and Chua, 1996: 574). The central concept in NIS is isomorphism, which implies the conformation to a set of institutionalized beliefs that render organizations to become similar to each other. The pressure to become isomorphic renders the tendency for organizations to conform to institutional beliefs. In their seminal work, DiMaggio and Powell (1983) distinguish between three types of isomorphism: coercive, mimetic and normative. Coercive isomorphism is the pressure exerted by organizations on other organizations that they are dependent on, as well by the cultural societal expectations. In case organizations model themselves

to other organizations, for instance by adopting management practices in order to enhance legitimacy there is mimetic isomorphism. Normative isomorphism is related to the role of professionals in organizations. Professionals are subject to pressure to conform to professional norms that are taught by training or universities.

The prevalence of the concept of isomorphism initially led neo-institutionalist studies to examine homogeneity and convergence of organizational structures and practices (Scheuer and Scheuer, 2008). Meyer and Rowan (1977) came up with the concept of rationalized myths as an expression of the function of adopted legitimized organizational structures and practices. As Scheuer and Scheuer (2008: 12) note, the rationale of adopting rationalized myths “is that the organization is perceived as legitimate by its environment, which in turn is supposed to affect the flow of resources to the organization from the environment.”

Carruthers (1995) elaborates the relationship between New Institutionalism and accounting. He argues that at that time NIS was still under construction. In addition, Carruthers refers to Meyer and Rowan’s concept of rationalized myth. This concept is important to interpretive researchers, because it challenges the rather narrow instrumental character of performance management and the instrumental rationality that is involved in choosing performance management practices and system.

Several studies (e.g. Abernethy and Chua, 1996; Lapsley and Pallot, 2000; Brignall and Modell, 2000) employ New Institutionalism to explore the emergence of new control systems in organizations in the public sector. They argue that NIS-explanations of management accounting change are appropriate given the strong pressures in the institutional environment in which public sector agencies operate. These authors take a rather broad institutional perspective by arguing that NIS should incorporate the idea that accounting change can be initiated intentionally and pro-actively by management. Institutional pressures do not exclude strategic choice made by management to initiate and create performance management change.

As a further development in the approach taken by these authors, more recently, apart from isomorphic pressures, neo-institutional studies also aim to explore the effects of local contexts for the further processing of performance management change. These studies portray heterogeneity and variation in organizational structures and practices given the idiosyncrasies of the organizational context (Scheuer and Scheuer, 2008). Scandinavian institutionalists (e.g. Czarniawska and Sevón, 1996), adopted Latour (1987) and Callon (1986)’s concept of translation given its connotation with change. The concept of translation suggests a more pro-active role of *change agents* in the institutional change process than has been considered by other new institutionalists (Scheuer and Scheuer, 2008). As such, Scandinavian Institutionalism combines the concepts of translation and organizational change with elements of New Institutionalism. Dillard *et al.* (2004) also expand the institutional theory in management accounting in order to develop a more thorough understanding of the dynamics of accounting and



control change. They employ Giddens' structuration theory by elaborating on the three structural dimensions: signification, legitimation and domination. Institutionalization, de-institutionalization or re-institutionalization processes would be generated through choosing important norms, values, beliefs (signification), through justifying the choices (legitimation), and through maintaining the same (domination) (Wickramasinghe and Alawattage, 2007). It is noted that structuration theory has the potential to expand NIS by means of the three structural concepts that relate actions both to the organizational and higher-level environments like the socio-economic and political environment. The model by Dillard *et al.* also offers a broader perspective when compared to Old Institutionalism (Wickramasinghe and Alawattage, 2007). It could also account for the adoption processes of management accounting innovations, next to the further processing/ implementation processes.

### **Actor network theory and performance management change**

Actor network theory (ANT) is another research stream in the interpretive perspective (for a recent literature review of ANT in accounting research, see Justesen and Mouritsen, 2011). This theory is based on the notion of translation as addressed by Latour (1987; 2005) and Callon and Latour (1981) (Quattrone and Hopper, 2001; Andon *et al.*, 2007; Wickramasinghe and Alawattage, 2007). What is more, interaction between human and non-human elements plays a central role in explaining the evolutionary nature of performance management change. Non-human elements refer to the systems and practices in place, like performance management systems and accounting practices. Organizations are seen as networks of human and non-human elements (Latour, 1987; Quattrone and Hopper, 2001). ANT explains how these networks come together to act as a whole. These networks are not intrinsically coherent and therefore may indeed contain conflicts. Outcomes of change are unpredictable.

An increasing body of literature in the field of management accounting and performance management change employs ANT (e.g. Quattrone and Hopper, 2001; Andon *et al.*, 2007). Quattrone and Hopper (2001) employ concepts from ANT for understanding the evolutionary nature of performance management change processes. The ties of varying strength in networks of human and non-human elements drive performance management change in unpredictable ways. Even though performance management change is initiated centrally, the unfolding process has an a-centered character given the interaction between human and non-human elements that render unpredictable outcomes. They claim that performance management change can better be portrayed as a *drift* rather than a rational and guided top down process. Drift refers to performance management change as an uncontrolled process instead of an orderly guided process with well-defined outcomes. Andon *et al.* (2007) emphasize the experimental and relational nature of accounting drift. Experimental, because the outcomes of change are unpredictable, hence a trial and error approach is required in order to improve performance management practices. Relational because "accounting change is connected to wide ranging networks of human and non-human elements, which variously informed and influenced change" (Andon *et al.*, 2007: 281). Justesen and Mouritsen (2011) describe how three

main characteristics of ANT accounting research have inspired new lines of inquiry. First, the use of the concept of translation has given a new view on accounting and performance management change. A number of studies use this inspiration to analyze what happens when accounting innovations ‘travel’ from one context to another (e.g. Briers and Chua, 2001; Preston *et al.*, 1992). Second, accounting technologies and calculative devices are given a new and important role because they are regarded as non-human actors that help constructing and often stabilize organizational activities. For instance Robson (1991, 1992) demonstrates that *inscriptions* are interesting because of the kind of action they enable, by being material, mobile and combinable. Inscription refers to a material textual translation of any setting, such as written texts, tables and charts, numbers, lists and so on, that is to be acted upon (Latour, 1987). Third, ANT accounting research rejects traditional sociological dichotomies, such as micro/macro, technical/social and structure/agency. The explanation is not reduced to one of the sides of such dualisms, but ANT focuses on the detailed description of empirical processes. Quattrone and Hopper (2005) is an example of a study that, through detailed empirical analysis, comes up with a lot of interesting and surprising candidates for explaining accounting change (Justesen and Mouritsen, 2011).

Hansen and Mouritsen (2005) studied the mobilization of the BSC in four Danish firms taking a performative perspective (Latour, 1986; Callon, 1986), seeing the BSC as a ‘boundary object’ (cf. Briers and Chua, 2001). Boundary objects are plastic enough to adapt to local needs, yet robust enough to maintain a common identity (Star and Griesemer, 1989). In an earlier publication, Mouritsen (2005) suggests that mobilization is involved in making the BSC design perform in accordance with organizational concerns. Managers mobilize the design by intervening and adding to it. They supplement the BSC with processes and procedures in order to handle unexpected effects. Thus, managers sometimes make decisions not in accordance with the original BSC design. This is not to discard the design but to renegotiate and rectify its assumptions and consequences (Mouritsen, 2005). Hansen and Mouritsen (2005) focus on the ‘problematization’ facet of the translation processes of the BSC (compare our theoretical framework in chapter 3 of this study). Organizational problems translate, and problematization “describes systems of alliances, or associations between entities, thereby defining the identity and what they ‘want’” (Callon, 1986: 206). The problems were the barrier to the development of corporate value and coherence, and were an input to staging the concerns and justifications about what the BSC was supposed to achieve for the firms. In case A the problem was ‘silo thinking’ (sub-optimization due to functional orientation). The solution was cross-functional integration and the BSC was seen as a mechanism that could give visibility to the mutual dependency between organizational entities. In case B the innovative and creative culture was a barrier for growth. There was a need for a planning culture and the BSC was seen as a mechanism to initiate individual goal setting and planning. Employees could better identify themselves with goals and measures when the terminology was a non-financial language about activities. In case C the problems were growth, heterogeneity, and a lack of structure in the sales divisions. There was a need to standardize the sales

divisions (internal benchmarking) and the BSC was seen as a mechanism to enable comparison of process and performance in different sales divisions. In case D the problem was poor performance (too high process time and costs). There was a need to reengineer certain processes within the organization and the BSC was seen as a mechanism to facilitate control of reengineered processes and the possibility to document success.

The four cases suggest that BSC's are mobilized vis-à-vis organizational problems that colour the BSC's identity. The BSC was bent around organizational problems, and the role of strategic performance management in the four firms differed considerably. In the translation processes the problems and solutions were closely related: the problems were connected to a method of their rectification. In all four cases this method of rectification involved performance (which justified the problem), delegation (that makes things happen), and coordination (how elements are related). Here the BSC came in as a mechanism to tie together performance, delegation, and coordination, and to express them coherently; it helped to create this integration and intertwined singular management areas (e.g. marketing and production) through a "representational space where 'administrative 'obligations and duties were drawn up" (Hansen and Mouritsen, 2005: 147). Hansen and Mouritsen conclude that the BSC was 'functional' as it was able to put the issues of cross-functional integration, individual goal-setting, benchmarking and process reengineering into solutions of decentralization, planning, control, performance, and change. As a boundary object, the BSC is plastic enough to stand for cross-functional integration, a planning culture, benchmarking, and BPR. It gets its 'colour' from the specific problem in the specific situation. However, it is also robust enough to keep an identity that travels between the contexts of its application (e.g. features like the four perspectives and causal relations). The practice perspective in this paper turns the relationship between strategic designs and intentions and daily action on its head (see also Ahrens and Chapman, 2005). Design and intentions are the outcomes of action. Action does not follow design. A design like a BSC is regarded as a loosely related array of activities, held together by the purposes of the practitioners (Ahrens and Chapman, 2005: 12; Hansen and Mouritsen, 2005).

Relatively recent ANT-informed contributions to our knowledge on performance management are those by Qu and Cooper (2011) and Dambrin and Robson (2011). Qu and Cooper (2011), extending Robson (1992), analyze a detailed process of inscription building where diverse actors in a consulting firm and in the client organization attempt to edit local specifics to make a balanced scorecard acceptable. Dambrin and Robson (2011) demonstrate how ambivalence, opacity, bricolage, and practical actions enabled by inscription devices strengthen networks of performance measurement.

### ***Some additional examples of BSC change studies from an interpretive perspective***

There also are a number of interesting studies that are less strictly related to a specific (social) theory. Kasurinen (2002) analyzed a BSC project in a strategic business unit of a multinational Finnish based

metals group. The paper aimed to further develop the accounting change model by Cobb *et al.* (1995) by specifying the types of barriers that may hinder, delay, or even prevent the management accounting change in practice. The study affirmed the importance of distinguishing between factors triggering and creating a potential for change. However, the study also identified a broad range of barriers to change. Kasurinen found that one of the encountered problems in the case organization was related to a fundamental characteristic of the BSC model. It is required that strategies are developed in great detail, explicitly and over a long period of time. However, it can be questioned whether it is sensible – or possible – to accomplish such a feat. Kasurinen (2002) also argued that one could place question marks with the directive that the organization should create strong and coherent BSC ‘cultures’ in all sub-units and in the individuals that form these sub-units. Not all people may be willing to invest the needed time and resources in the implementation process. The case study by Kasurinen suggests that the balanced scorecard building process, as presented by Kaplan and Norton (1996a: 300-308), does not pay enough explicit attention to the context of change implementation. The lack of this contextual analysis at an early stage of the project may be one reason why the change attempts do not always lead to a successful implementation, regardless of how skilfully they are managed in other respects (cf. Malmi, 1997). The revised accounting change model as proposed by Kasurinen (2002) offers a way to analyze the context of change. According to Kasurinen (2002), a crucial decision at the early stage of the BSC project is whether the focus of the project is on the measurement system characteristics or on the management system characteristics of the BSC (i.e. the ‘cockpit approach’ where connections between measures and strategies do not need to be very tight versus the ‘strategic approach’).

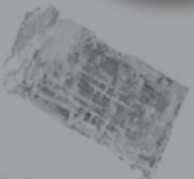
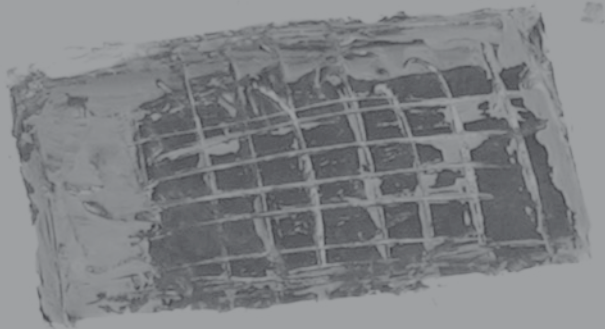
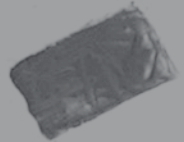
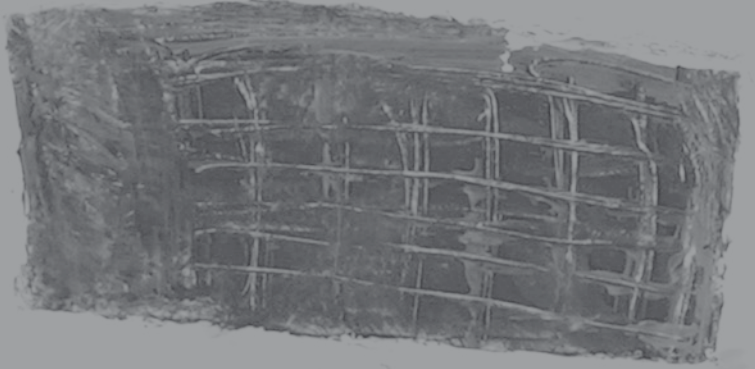
In their interpretive study, Wickramasinghe, Gooneratne and Jayakody (2008) describe the “rise and fall” of a BSC project in a Sri Lankan family firm, occupied in importing, manufacturing, and sale of electrical accessories. The “rise” of the BSC was due to continuing efforts of CIMA (Chartered Institute of Management Accountants) Sri Lanka to popularize the BSC practice among business leaders and local consultants, the wish of the owner-manager to change the organization from an informal organization into a formal and systematic organization, the intuitive appeal of the writings of Kaplan and Norton, and the one-sided (“positive”) attitude of the consultant with regard to the BSC. At the initial stage, the BSC was seen as an effective management control system by the functional managers. Managers were “disciplined” to see “different perspectives”, instead of only financial outcomes. However, this new situation did not last long (Wickramasinghe, Gooneratne and Jayakody, 2008: 241). The “fall” of the BSC was due to power struggles between the consultant and the accountants, and between engineering managers and the accountants, and due to the rise of and experimentation with other management fads (e.g. TQM, Six Sigma). Moreover, the owner-manager realized that he needed to see the “bottom-line” profits and “sales”, rather than many “perspectives”. The BSC ended up with an information-processing function: only some residuals remained alive through the Corvu system with little impact on management control (Wickramasinghe, Gooneratne and Jayakody, 2008: 265).

### **SUMMARY**

This chapter provided a mini-review of interpretive research into performance management change. As such, it was positioned against both research from a rationalists or mainstream perspective and research from a critical perspective. From a mainstream perspective research is informed by both organizational economics and contingency theory. It is acknowledged that both organizational economics and contingency approaches downplay processes of change. From an interpretive perspective, processes of change are highlighted by placing performance management in a relational perspective. The notion of translation is central in such interpretive approaches. These approaches reveal how performance management comes to be locally shaped and how it is enacted. Moreover, interpretive approaches are sensitive to developments in the institutional environment. To a lesser or higher extent there may be isomorphic pressures entailing legitimacy considerations. An interpretive approach to performance management *inter alia* differs from a critical perspective in that the latter analyses the archaeology of performance management in order to highlight its disciplinary consequences, or demonstrates how performance management systems rely on abstracted, disembodied and disembedded approaches to management and subordinates the communicative to the instrumental.

Researching change in performance  
management: a theoretical framework

# Chapter 3



## INTRODUCTION

This research aims to study the (re)construction process of the BSC at the level of the individual organization. Given the substantial degrees of freedom offered by the BSC concept as well as the relative autonomy and freedom the two case organizations have in shaping the BSC to their needs, it is meaningful to consider the (re)construction process as a translation process (e.g. Doorewaard and van Bijsterveld, 2001; Sandhu *et al.*, 2008). *Scandinavian Institutionalism* combines the concept of translation and organizational change with elements of New Institutionalism to develop a translation framework (Funck, 2007; Sahlin and Wedlin, 2008). Scandinavian Institutionalism approaches change in a pragmatic way (Czarniawska and Sevón, 1996). It goes beyond modernist dichotomies, such as social/technical, intentional/deterministic, global/local. It studies change processes from a constructivist perspective, relying on narratives. According to this perspective, preferences, norms and perceptions of reality are shaped in institutional contexts, and cannot be understood outside these (Johnson and Hagstrøm, 2005). Also, according to this perspective, something is real and in existence once it has been constructed. Another basic tenet of the constructivist perspective is that it raises awareness of the fact that constructed phenomena are not inevitable, thus demonstrating the importance of the interaction between ideas and actions (Johnson and Hagstrøm, 2005). Scandinavian Institutionalism provides an alternative conception of change; change as the travel of ideas. It shows how ideas spread from one organization to another, and how they are subsequently adopted and translated differently in different organizational contexts. The theory is meaningful for understanding how original ideas are translated within organizations to make them work, to make them practicable. In this way, it opens up what is usually regarded as the black box.

Scandinavian Institutionalism, consistent with institutional research (Hopper *et al.*, 2007), perceives change as a continuous process rather than a discrete event with an identifiable beginning and end. It complements traditional institutional theory as it considers the dialectic relationship between isomorphism and metamorphism (Becker-Ritterspach, 2006). It is meaningless to make a distinction between 'imitation' (isomorphism) and 'innovation' (metamorphism) because 'imitation' can hardly be thought of without 'translation' bearing traces of 'innovation' (Becker-Ritterspach, 2006). The other way around, innovation can hardly be imagined without reference to something existing and its 'translation' to new situations (Becker-Ritterspach, 2006; Sevón, 1996; Sahlin-Andersson,

1996). Scandinavian Institutionalism also challenges the New Institutionalists' notion of 'diffusion'. According to the diffusion model of change, movements start by some 'initial energy' (e.g. command by top management) and ideas move until they meet resistance to change ('friction'; Czarniawska, 2008). Friction in the social as well as in the technical world is seen as a negative phenomenon when movement is desired. Also, changes in the original idea must be prevented as they mean distortions (Czarniawska, 2008).

According to the translation model of change, used by Scandinavian Institutionalism, it is difficult to trace back to 'the original movement'. There is no initial energy. All ideas exist all the time and they do not 'diffuse' by themselves. The role of agency is important here. It is the people who pass the ideas on to each other, each one translating them according to their own frame of reference (Czarniawska, 2008). Encounters between frames of reference (i.e. *ideas in residence*) and *traveling ideas* can be called 'friction'. But now friction has a positive connotation. Energy *results* from friction (the clash between ideas in residence and traveling ideas), leading to the transformation of both (Czarniawska, 2008). This notion that when an idea is transferred to a new context, the idea as much as the context undergo change is called '*dialectical transformation*' by Becker-Ritterspach (2006). The translators and their context change, but also changes in the original/traveling idea are inevitable; they transform and often enrich it (Czarniawska, 2008, 2012). The translation model is interesting because translation is seen as a collective act of (re)creation and (re)construction, and not as a bothersome impediment of a swift diffusion (Czarniawska, 2008):

“...the model of diffusion offers an illusion – or is it a hope?- of control, whereas the translation model permits the unexpected and unforeseeable, thus promising ambiguity and uncertainty in the process” (Czarniawska, 2008: 88).

## THE TRAVEL OF IDEAS

### *The process of translation*

Ideas are defined as “images which become known in the form of pictures or sounds (words can be either one or another)” (Czarniawska and Joerges, 1996: 20). Those ideas can become objects by means of materialization in many ways. For instance, they can be written down in books and articles. Ideas can be turned into action as they are communicated. Ideas that are objectified become public knowledge. Subsequently, they can travel across space and time. They move because of human curiosity and interest in new things, and they move by the way of the energy produced by each translation (Czarniawska, 2008: 92): “Even ideas that have materialized will not move if no one demonstrates an interest in them and does not want to translate them to their own need” (Czarniawska, 2008: 92/93). Ideas like this can, for instance, be called old books but it is not impossible that one day somebody will come to the library or archive and dust them off.



The entire travel of ideas can be divided in two main phases: disembedding and re-embedding through the process of translation. The disembedding of ideas refers to the decontextualization of local ideas. Local ideas or innovations are objectified, theorized and given a name by consultants and academics as they are explicated into books and articles. These local ideas are translated into global theories, which can be applied in many organizations across the world. Once ideas are disembedded they are free to travel as a general concept. As the idea arrives at a local organization it is re-embedded into local practice. As such, one could argue that disembeddedness refers to a movement from the local to the global, whereas re-embeddedness is about a movement from the global to the local. Through the process of translation both phases are connected; there is a global-local interaction. Czarniawska and Joerges (1996: 21) point to the fact that local and global are not ostensive but performative properties: “people *make* something into local or global, they localize or globalize. And they do it at different time intervals, of course”. Global is not a separate entity, but a “hugely extended net work of localities” (Czarniawska and Joerges, 1996: 22). This implies taking into account both the spatial *and* time dimensions. ‘Globalized time/space’ connects a number of ‘localized time/spaces’, implying that globalized institutions are also constantly reproduced locally (Becker and Saxl, 2009). So, globalized time/space involves at the same stance a re-embedding of disembedded practices into localized time/spaces (Becker and Saxl, 2009). This is the reason why Czarniawska and Joerges speak of the global as a network of localities: “What we call a ‘global economy’ is a network of many local economies, which thus acquire an unprecedented scale and scope of action” (Czarniawska and Joerges, 1996: 22). As a rough analogy, Becker and Saxl (2009: 6) argue that globalized management accounting practices (like the BSC) may be understood as a network of many localized management accounting practices which are performed in identical or similar form across many localized time/spaces.

The travel of ideas starts at a local time/space. Local ideas are turned into objects, allowing them to travel and cross local barriers. Nowadays, communication and transportation allow ideas to travel quickly across the globe (Czarniawska, 2008). As these ideas start to travel they are no longer local. They have been theorized, named, and transformed into global concepts which can be applied in almost any context; they have become disembedded as they are decontextualized from their local roots. Travelling across the world, these so-called *translocal ideas* land in various places. They are re-embedded in local settings. This is where the theory differs from the modernist notion of diffusion, which assumes that global concepts can be imitated thereby leaving the initial idea untouched as it will be similar in every situation.

Czarniawska (2008: 93) illustrates the rationale for the translation of ideas by employing the gardening metaphor: “... everyone knows that plants that are to be moved to another place are taken from the bed where they were growing, and then, cleaned of most of the soil in which they sat, are put into a new bed. An experienced gardener knows how much or rather how little of the old soil should remain around the roots of the plant to survive, yet not clash with the soil in the new bed. The plant

growing at a new place is never identical to the one that started traveling; it has been transplanted, or translated (which literally means put in another place)". The argument is that, once adopted, an idea or innovation may well be interpreted differently by different change agents and other actors in local contexts. As a result, the idea may well be constructed and employed differently across organizations due to the idiosyncrasies of the local context. The notion of translation of Callon (1986) and Latour (1986) is employed as a way to contrast the diffusion model (Zilber, 2008).

"The model of diffusion may be contrasted with another, that of the model of translation. According to the latter, the spread in time and space of anything – claims, orders, artefacts goods – is in the hand of people; each of these people may act in many different ways, letting the token to drop, or modifying it, or deflecting it, or betraying it, or adding to it, or appropriating it" (Latour, 1986: 267).

Every time an idea is translated the translation process is influenced by the organizational context. As a result the very same idea is translated differently by different organizations and even by different actors within the same organization. The original/traveling idea is likely to be changed as organizations will transform them and, if necessary, enrich them in order to make them work (Czarniawska, 2008). Eventually, elements of the original idea will be "lost in translation" (Morris and Lancaster, 2006: 210).

### ***The rise of global ideas***

Not every idea travels across the world. For understanding why some ideas become global whereas others remain local, the phenomenon of fashion comes into play: "The image we are invoking is as follows: guided by fashion, people imitate desires or beliefs that appear as attractive at a given time and place. This leads them to translating ideas, objects, and practices, for their own use" (Czarniawska and Sevón, 2005: 10). Even though fashion seems to be contradictory to institutions, as the first is likely to challenge the latter, a more complex process seems to explain their connectedness and complementary relation. Fashions not only challenge institutions, once more and more organizations perceive the ideas as a remedy for some perceived organizational problem they can become institutions as well (Czarniawska and Joerges, 1996). "As long as the problem is the focus of attention, all the ideas which can be related to it have greater chance of being realized" (Czarniawska and Joerges, 1996: 32). Still, it is not only the properties of the idea that determine its fashionability. Instead, the attention the idea receives is key. Arguably, successful promotion plays an important role in the acceptance of ideas. A fashion arises in case of *perceptual readiness*. For some ideas their time has come. "An idea cannot catch on unless it already exists for some time in many people's minds, as a part of a master-idea in a translocal time/space" (Czarniawska and Joerges, 1996: 36). Fashion arises as it is followed. Consultants often play an important role in spreading ideas as they are the designers, distributors, wholesalers, and retailers of the idea (Czarniawska and Joerges, 1999). As more and more organizations start to translate the idea, a chain of translations is created and a kind of "*field consciousness*" (Homan, 2006:

74) arises. This collective translation process produces fashions. Organizations are part of time/space collectives, which explains why they have similar practices. Once such a collective has selected an idea, the idea can become an institution; it becomes an unquestionable, taken for granted practice. In this way fashion produces institutions, and institutions produce fashions. Change on a local level does not occur out of the blue. Instead, it is related to the institutional requirements of the environment. As Czarniawska and Joerges (1996: 16) note, “organizations introduce the same changes at about the same time.” Hence, it becomes apparent that Scandinavian Institutionalism, given its roots in New Institutionalism, recognizes the influence of the external environment of the organization for understanding change on a micro-level.

Unlike most New Institutionalists, Scandinavian Institutionalism recognizes the active role of agency (Czarniawska and Joerges, 1996; Scheuer and Scheuer, 2008). For ideas to land, change agents should adopt them. “Such an adoption is far from unconscious or passive: it activates the intentional processes of the creation of meaning” (Czarniawska and Joerges, 1996: 47). These change agents, so-called translators, make sure that words become deeds, the idea which is an object is turned into action. A local translation is made by change agents, thereby creating a new idea and a new actor (Czarniawska and Joerges, 1996; Creed *et al.*, 2002). The translation metaphor is adopted by Czarniawska and Joerges (1996:24) as it is attractive for portraying organizational change given that “it comprises what exists and what is created.” The translation process starts with an idea that exists, which is subsequently transformed into an object.

Once we arrive at a local place the journey of the idea approaches completion. “An idea has been objectified, has traveled, and has arrived at a new place ready to be translated into action” (Czarniawska and Joerges, 1996: 39). In essence, Scandinavian Institutionalism offers a tracking device, as it describes where ideas come from and where they go. Once ideas turn into fashion they are likely to land in many organizations. Focusing on the intra-organizational change processes, translocal ideas are re-embedded in the place they are landed (Czarniawska, 2008). They take root in a local time/space. They become re-embedded as local organizations materialize them in objects and actions. However, it should be noted that some of the local interpretations will alter the idea successfully, hence gives impetus for the idea to travel again creating an on-going spiral of fashion, as shown in *figure 2*. This figure illustrates how local ideas are related to the globalized time space and vice versa. In this way these local experiences are re-distributed and eventually may become global ideas as well.

“We watch ideas become quasi-objects, transgressing the barriers of local time and entering translocal paths, becoming ‘disembedded’, in Giddens’ (1990) terms. We watch them again, landing in various localities, becoming ‘re-embedded’, materialized in actions, and – when judged successful – becoming institutions only to occasion anew the generation of ideas” (Czarniawska and Joerges, 1996: 22/23).

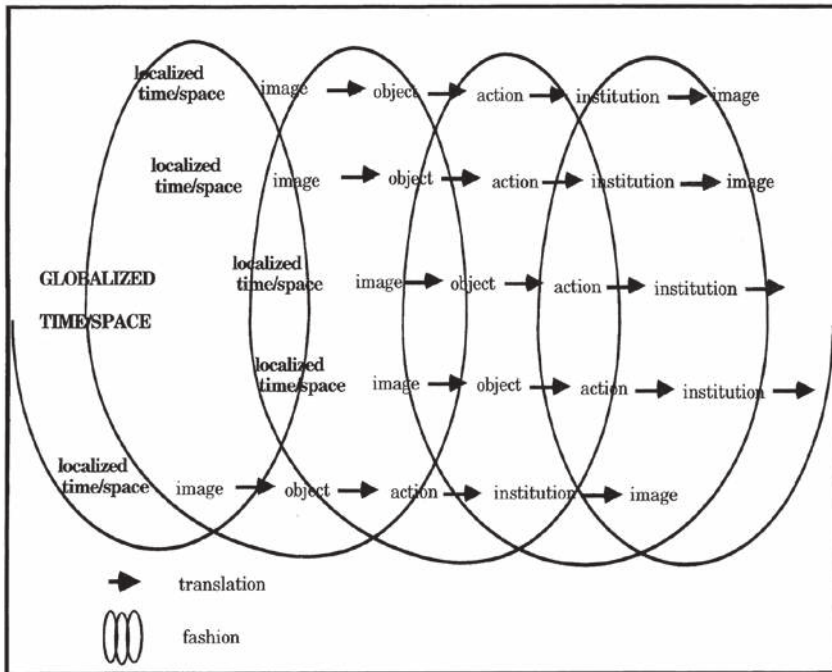


FIGURE 2: THE SPIRAL OF FASHION (CZARNIAWSKA AND JOERGES, 1996: 46).

Scandinavian Institutionalism offers a holistic perspective towards organizational change. Change cannot be captured by modernist dichotomies of change. It is not a planned event as suggested by studies that adopt a rational perspective, nor an ‘automatic’ result or the result of isomorphic pressures in the institutional environment of the organization as suggested by (neo)institutional theory and contingency theory. It is “the mixture of intentional and contingent effects that ultimately shapes change in any and all organizations” (Czarniawska and Joerges, 1996:47). Czarniawska and Joerges recognize the influence of the external environment of organizations, reflecting New Institutionalism. Simultaneously, organizational change is seen as an intentional endeavor, far from being passive or unconscious as suggested by original insights in New Institutionalism.

Scandinavian Institutionalism builds on NIS thought, but seeks to go beyond it. A major starting point of Scandinavian Institutionalism is a rejection of the NIS notion of ‘diffusion’ as well as of a one-sided focus on stability. Drawing on ANT (Callon and Latour, 1981; Callon, 1986; Latour, 1986), Scandinavian Institutionalism seeks to replace the ‘diffusion’ concept with the ‘concept of translation’ (Becker-Ritterspach, 2006; Czarniawska and Sevón, 1996). Scandinavian institutionalist researchers see this conceptual change as a cornerstone for achieving a better understanding of (de-) institutionalization processes because ‘translations’ imply changes, however minuscule they may be (Becker-Ritterspach,

2006:363). Czarniawska and Sevón (1996:5) call for a need for a paradoxical view of organizations: *“Change and stability together become an organizational norm, as the logic of appropriateness is seen as complementary to the logic of consequentiality”* (see also Magnusson and Oskarsson, 2008: 2). Scandinavian Institutionalism conceives the organizational field as a ‘field of forces’, kept together by processes of translation, where all arrangements of people and things are necessarily provisional and contingent (Lindberg *et al.*, 2007:5). Scandinavian Institutionalism explains how ideas travel in and across organizational fields, accounting for institutional stability as well as change, and offering a solution for the following problem with NIS: “New institutionalists don’t explain the role of actors and actions in the creation, diffusion, and stabilization of organizational practices” (Scheuer and Scheuer, 2008: 159). Czarniawska and Sevón (1996:5) argue that, although planned organizational change never succeeds in full, *“people do manage to convince each other – to change their opinions, beliefs, and ways of acting – and not only by mistake”*. This approach to institutional theory is complemented by a focus on organizational practice and processes of institutionalization (Boxenbaum and Strandgaard, 2007; Erlingsdottir and Lindberg, 2005). This action/practice orientation is, for instance, vividly described by Czarniawska and Joerges (1996:41): *“The magic moment when words become deeds is the one that truly deserves to be called materialization...”*. Scandinavian Institutionalism focuses on what happens in the encounter between an innovative idea and practice in organizations (Scheuer and Scheuer, 2008: 117). Scandinavian Institutionalism may be seen as an answer to Lounsbury and Ventresca’s (2003) call for new institutionalists to focus on temporal and spatial variation in order to analyze how different positions in a field, relational connections, or identities shape the decision of organizations to adopt new practices and how they implement them (Scheuer and Scheuer, 2008: 117). Finally, Scandinavian Institutionalism offers a more nuanced view of institutional isomorphism as presented by NIS (DiMaggio and Powell, 1983). The travel of ideas can result in homogeneity as well as heterogeneity among organizations and this view opens up for a broader interpretation of the spread of management ideas (Karlsson and Torgerson, 2011:14; Erlingsdottir and Lindberg, 2005). Heterogeneity may, for instance, result when a use of coercive forces produces counteractions with unexpected consequences (Lindberg *et al.*, 2007: 6). Mimetic forces become more complex when interpreted in terms of fashion (this is both the will to conform and the will to be unique). Fashions and processes of attention (‘perceptual readiness’; Czarniawska and Joerges, 1996:27) are considered very important in relation to the translation process. Normative forces exert opposing pressures to follow as well as to rebel against traditions (Lindberg *et al.*, 2007: 6). In sum, this interplay between intentional action and taken-for-granted norms makes structuring organizational fields a much more complex process than many new institutionalist researchers have suggested (Lindberg *et al.*, 2007:6).

As mentioned before, Scandinavian Institutionalism uses ANT’s translation model as its point of departure (Scheuer and Scheuer, 2008:161). According to Scheuer and Scheuer (2008) the term translation is connected with a network building activity where actors transform tokens (e.g. ideas) into something else by translating or associating them with heterogeneous elements that

might be human or non-human. The understanding of translation in Scandinavian Institutionalism is related to the definition of Callon and Latour (1981), though it minimizes the violent part which took up much space in the article on Leviathan (Robertsen, 2010:23). Scandinavian Institutionalism stresses how actors cannot only be forced but also convinced into doing what is needed for the idea to be introduced (Czarniawska and Joerges, 1996; Czarniawska and Sevón, 1996; Scheuer and Scheuer, 2008). Instead of remaining loyal to the constructionist, flat ontology of ANT, Scandinavian institutionalists integrated ANT's conceptualization of the concept of translation into their own social constructivist idea model (Scheuer and Scheuer, 2008:161). Scandinavian Institutionalism constructs the translation process as one whereby an idea is translated into an object, then into an action and, finally, if the action is repeated and stabilized there is a chance that the transference rises above a passing fashion into an enduring institution (Becker-Ritterspach, 2006; Scheuer and Scheuer, 2008). Ideas are supposed to be able to travel when they have become objectified (i.e. turned into objects that have been disembedded) (Czarniawska and Joerges, 1996). Disembedded objects may travel in time and space until they are translated by a local human actor or translator, whereby the objects become re-embedded (Czarniawska and Joerges, 1996; Scheuer and Scheuer, 2008). As mentioned before, fashions and processes of attention ('perceptual readiness') are seen as very important in the translation process. What is given attention will depend on what the actors know in advance, on cultural assumptions, on political structures, and on what institutional entrepreneurs, the market, and the general public find important at a given time and place (Scheuer and Scheuer, 2008:161). Thus, Scandinavian Institutionalism considers humans and objects' 'situatedness' in time and space as constitutive for the translation process (Scheuer, 2007:18). According to ANT however, time and space are actants as other actants that might influence the translation process (Scheuer, 2007:18). Whether it does is viewed as an empirical question. This ontology of ANT is criticized by Scandinavian institutionalists for being out of touch with the world we live in (Scheuer and Scheuer, 2008:116). ANT is accused of suggesting an ontology that is in accordance with a society where the majority of the translation processes take place in cyberspace, or through other means of communication, making it possible to ignore the 'situatedness' of and distances between the body and objects in time and space (Scheuer and Scheuer, 2008:116; Scheuer, 2007:18).

Scandinavian Institutionalism positions translation not as a result of purely flat relations between human and other-than-human actors, but as a practice (Boxenbaum and Strandgaard, 2007; Erlingsdottir and Lindberg, 2005). A practice is an organized human activity. It is an "organized, open-ended spatial-temporal manifold of actions" (Schatzki, 2005:471) in which many actors may take part. It is made up by understandings, rules and human intentions that organize chains of action or "arrays of activity" (Schatzki, 2001:2) and is inherently normative. Different from an ANT-perspective, a Scandinavian institutionalist practice perspective acknowledges that certain managerial locations may be a priori privileged; that there are managerial intentions that are not network-effects, but that are infused in the network. Specific managers may embed the practice in an intentional structure, whilst allowing for the agency of many other actors. Therefore, although it is infused with managerial intentions, the practice

might have unexpected consequences. Moreover, a Scandinavian institutionalist practice perspective is less deconstructive than an ANT-perspective; it takes an interest “in the (temporarily) assemblages of which it becomes a part” (Ahrens and Chapman, 2007:8). In such a practice perspective, the BSC is not treated as a side-effect of all kinds of associations, but is interesting in itself. It is a more or less stable institution or structure that results from the translation practice.

### **A CONCEPTUAL FRAMEWORK**

For matters of simplification the disembedding and re-embedding of ideas through the translation process can be categorized into a number of analytical stages. The translation framework is shown in *Figure 3*.

#### ***Disembedding***

The first stage of the framework refers to the disembedding of the idea from a local setting to a global setting. Ideas become disembedded once they are theorized and named and thus objectified (Qu and Cooper, 2007). *Theorization* refers to “the self-conscious development and specification of abstract categories and formulation of patterned relationships such as chains of cause and effect” (Strang and Meyer, 1993: 492). *Naming/ languaging* plays an important role in theorizing and disembedding an idea because it allows the idea to be communicated to a wider audience and to become part of the cognitive map of the field (Lawrence and Suddaby, 2006). It refers to “the power to consecrate linguistic and discursive competencies, i.e. the ability to create categorization submaps” (Oakes *et al.*, 1998: 284). When ideas are objectified then they are ready to travel. Thus, in order to make this happen, institutional entrepreneurs interpret and transform the model/idea, linking it to a more general and simpler account (Leca *et al.*, 1996; Sahlin-Andersson, 1996). Institutional entrepreneurs are conceptualized as being able to disembed themselves from existing institutional arrangements (Beckert, 1999), in order to change existing institutions or create new ones (Leca and Naccache, 2006: 628). This simplified version becomes a *translocal idea*, i.e. an idea “floating in the translocal organizational thought-worlds” (Czarniawska and Joerges, 1996: 16), until it is re-embedded in another local context (Leca *et al.*, 2006). That this decontextualization can also have a material dimension can, for instance, be illustrated by Callon (1986) who shows how scallops are brought from Japan to St. Brieuc as part of a translation project to change Japanese techniques of scallops’ raising in France (Leca *et al.*, 1996).

#### ***Re-embedding: five stages***

Then, the institutional entrepreneurs must re-embed the idea within the focal setting where they want to implement it (Leca *et al.* 1996). Czarniawska and Joerges (1996) point to the double dimension of this re-embeddedness which includes *interpretation* – i.e. aligning the new idea with words, values and symbols that already exist in the focal context, and *materialization* – i.e. the enactment of the new

idea through discursive and material arrangements (Leca *et al.*, 1996). The re-embeddedness of ideas, which refers to the intra-organizational change processes that unfold once a disembedded idea has entered the organization, involves the following five stages: problematization, interessement, idea-materialization, support of allies, and institutionalization.

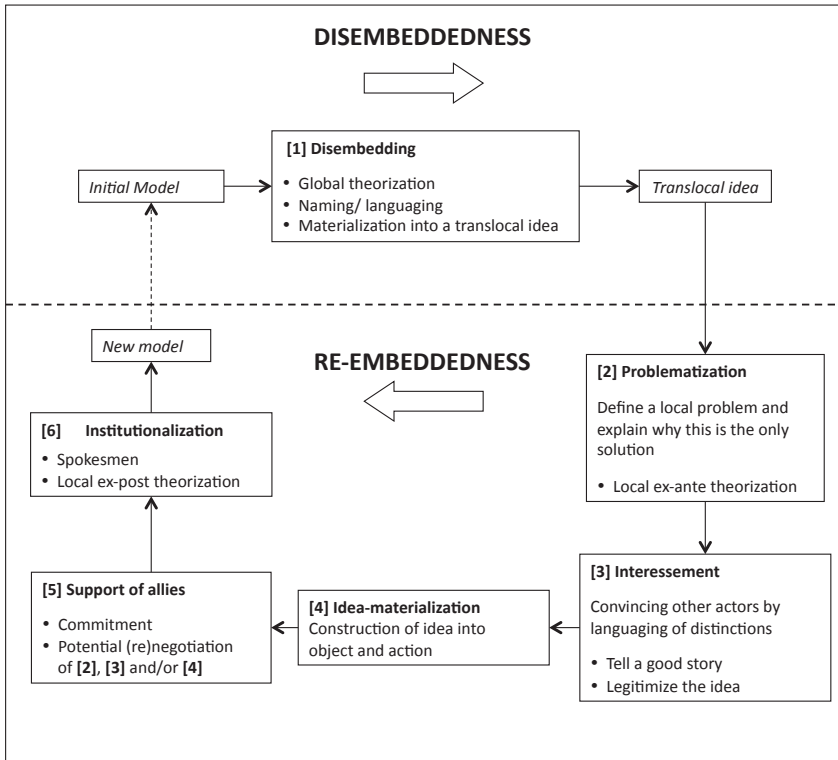


FIGURE 3: CONCEPTUAL FRAMEWORK (BASED ON LECA ET AL., 2006; CZARNIAWSKA AND JOERGES, 1996; VORONOV ET AL., 2010)

*Problematization* is about the perceived problem the idea aims to solve. An idea is more likely to become accepted when it provides an answer to a perceived problem. “Often there is an attempt to portray the process as functional: this particular idea was spotted and adopted because it served well in resolving a specific difficulty” (Czarniawska and Joerges, 1996:27). That is, the idea is of relevance to the concrete organizational problem (Frenkel, 2005; Mouritsen, 2005). The institutional entrepreneur/ local champion defines the main groups of potential allies that they want to target and elaborates the problematization accordingly (Leca, *et al.*, 2006). This implies the identification of actors whose support is likely to help the institutionalization of the project. Sahlin-Andersson (1996) suggests that entrepreneurs/champions must set a logic, linking causes to effects to present the idea: “the story”



will present the problem and the solution (Leca *et al.*, 2006). The concepts must be presented in a rational way, defining and explaining causal relations (Leca *et al.*, 2006). From a social constructivist perspective, an event such as a BSC innovation is not inherently disruptive (Ezzamel *et al.*, 2012:284). It is theorization which *makes* it disruptive (Munir, 2005:94; Ezzamel *et al.*, 2012:284). Voronov *et al.* (2010) argue that theorization is a phenomenon that has been conceptualized in prior literature as operating on both the macro-level and micro-level (see also Svejenova *et al.*, 2007). According to them *local ex-ante theorization* includes local actors' creation of an initial model, based on the identification of problems and formulation of solutions to these problems. This local ex ante theorization also informs actors about the existence of new practices and gives motivations why old practices need to be replaced (theorization specifies organizational failings!) with these new practices (Voronov *et al.*, 2010; Hinings *et al.*, 2004; Dacin *et al.*, 2002; Ezzamel *et al.*, 2012). Or as Hinings (2011: 3) puts it: "... theorization points to the necessity of establishing *why* an emergent culture or practice should be adopted...". Sahlin-Andersson (1996: 71) explains how a problem is constructed locally: "One common definition of a problem is the difference between a *desired* state and the *present* state. The perception of a problem is thus a result of comparison". Once a problem has been identified locally, organizations are inclined to search in their environments for 'success stories', to imitate (Nilsson, 2005).

*Interessement* (Akrich *et al.*, 2002a,b) refers to convincing the other organizational actors about the need for change and the role of the idea. Interessement can be defined as a matter of interesting an increasing number of allies around a potential innovation (Pohl *et al.*, 2009:53). The entrepreneur/champion must convince the actors of the focal field that the project will benefit them. The idea will be edited according to the local context's institutional arrangements (Leca *et al.*, 2006; Sahlin-Andersson, 1996). A good fit with these local institutional arrangements increases the chance of successful institutionalization (Leca *et al.*, 2006; Hargadon and Douglas, 2001). The institutional entrepreneur/champion must perform translating in the new context and editing aimed at convincing other actors to take part in the change (Leca *et al.*, 2006; Czarniawska, 1990). A discursive strategy is to formulate the concepts in the local settings so that they "*tell a good story*" (Sahlin-Andersson, 1996:87) – i.e. in such a way that they would attract attention (Leca *et al.*, 2006). In order to *legitimize the idea*, it is often presented as rationally and logically appealing, including a clear causality pattern (Nilsson, 2005; Sahlin-Andersson, 1996). Change agents that tell a good story are more likely to generate support for the idea. In order to create support the idea needs to be legitimized. Some elements can be overemphasized and dramatized to convince local actors (Leca *et al.*, 2006). By means of '*linguaging*' a bridge can be build between the *present* (state) and the future (*desired* state) of the organization. *Linguaging* (Von Krogh *et al.*, 1994; von Krogh and Roos, 1995; Wolpert, 2002) is being defined in this study as developing a common terminology by inventing, applying and/or rejecting distinctions, by means of interaction/dialogue among actors (Wolpert, 2002; Tsoukas, 2009). The goal is to exchange interpretations, get to the bottom of meanings and to develop a common definition of the situation and common action context. *Distinctions* are ideas, images and insights that are put

into words in language and are expressed in the form of opposite twin concepts (Wolpert, 2002). Through distinctions actors establish a discrepancy between the *existing* and *desired* situation. The actors try to express their own opinions by using distinctions, in order to accentuate certain aspects they consider particularly important during the interactions with other actors (creating contrast). To a certain extent the translation effort has the character of a '*language game*', in which actors try to reach consensus about the meaning of certain key concepts and possible innovations locked in these concepts (Wittgenstein, 1953; von Krogh and Roos, 1995: 99). By means of interaction, the actors try to mutually develop a common definition of the situation and a common action context. For this, a consequent management terminology, interpretation and meaning conferment to the terms and concepts that are highlighted in the interaction is necessary. Von Krogh *et al.* (1994: 62-63) describe the dynamic verb (Chua, 2007) of 'linguaging' and the role of distinctions therein as follows:

"As organizational members observe events and situations, and as they engage in *linguaging*, that is, *apply and invent distinctions*, phrases, sentences etc., they participate in developing organizational knowledge. Agreement and disagreement are apparent at many levels of the organization at all times, and as organizational members strive towards agreement (or settle for disagreement) they continue to develop organizational knowledge, enabling *finer and finer distinctions*... Sometimes organizational members invent *new fundamental distinctions* pertaining to organization vs. environment, strategic vs. operational, innovation vs. imitation etc. In other words, they scale towards the 'root' of the distinction tree. This scaling has seriously challenged existing organizational knowledge and current distinction making. The reaction of other organizational members is often apparent; they do not recognize these new distinctions as advancing the knowledge of the organization. Why? Perhaps they do not so much because they *disagree* with the new distinctions, but rather because they do not *understand* the distinctions; i.e. they lack knowledge. ... Organizational members frequently introduce new ideas, new concepts, and new experiences. *The key question is to what extent new distinctions are 'linguaged'* in the organization, and how long they are sustained. New distinctions often vanish simply because they are not understood or further debated".

So, interessement systems "aim at convincing the actors that they have an interest in cooperating to the institutionalization of the new practice" (Leca *et al.*, 2006: 7).

Once, the idea has gained legitimacy it is materialized into an *object*, so-called *idea-materialization*. The process of materialization gives rise to new meaning for ideas (Czarniawska and Joerges, 1996; Czarniawska, 2008). This embodiment of the idea is aimed at making the idea work ("materialize in *action*") for the organization. In this study we are interested in researching how the BSC is made practicable, how it is made to work. For instance, how is someone becoming capable to act as a BSC user?

It should be noted that “most ideas can be proven to fit most problems, assuming good will, creativity, and a tendency to consensus” (Czarniawska and Joerges, 1996:25). The act of translation is creating the match between the idea and the perceived problem. Therefore, idea-materialization can be seen as an act of customization as the idea is transformed by the adopting organization.

Often, the solution is embodied in *inscription devices* in which the problematization and interestment are materialized (Joerges and Czarniawska, 1998). Inscription devices influence the thoughts and actions of members of a network (Mouritsen *et al.*, 2010:312) and constrain and enable local control and action at a distance (Robson, 1992; Sundstrøm, 2011) They reduce the range of possible conversations (Latour and Woolgar, 1979). These material artifacts will stabilize the problematization and the distinctions and diffuse them (Leca *et al.*, 2006). Inscriptions that start to travel the world will “change the world as they go” (Callon and Latour, 1981; Munro, 2009: 133). Inscription devices take the form of projects, handbooks, tentative templates, memos, reports and so on. They put down what are the issues and the solutions considered (Leca *et al.*, 2006). If actors accept the device, they will agree to discuss within the limits of this artifact (Leca *et al.*, 2006). Qu and Cooper (2011) describe three features of inscriptions. First, inscription building provides local specificity. Second, inscriptions can be a means to control conceptual ambiguity. Third, inscriptions can hold together a network of support for management technologies (see Qu and Cooper, 2011 for an elaboration).

*Support of allies* indicates whether the idea is enacted by organizational actors. Is there *commitment* (Benn, 2011)? Is the newly constructed object or system employed by the targeted audience? If the champion considers that a sufficient group of actors fail to give their support (e.g. because they reject or do not understand the distinctions), he can *negotiate* with potential allies. He can (re) negotiate about the problematization or interestment (e.g. Fligstein, 1997, 2001) as well as about the inscription devices (Callon, 1986) with potential allies to ensure that the idea is enacted by more and more people within the organization (Leca *et al.*, 1996).

The final stage is *institutionalization*, which indicates whether the idea/model is institutionalized at the level of the specific organization. *Local ex-post theorization* is part of this stage. Local ex-post theorization includes post-hoc reflections on the collective translation work, whereby the reflecting actors search for evidence of the success of the translation, or lack thereof, and rationalize it (Voronov *et al.*, 2010) Thus, local ex-post theorization evaluates the outcomes of the translation work, and whether the local model still necessitates further elaboration (Voronov, *et al.*, 2010). If not, and the situation is signalled by stability, institutionalization comes into the picture. Over time the idea/object has become unquestionable and taken-for-granted. The idea/object is turned into action, and that action is repeated to the point of forming an action pattern. If this action pattern acquires a normative justification, an institution emerges (Czarniawska, 2008: 93). In addition, whether the idea has become an institutionalized action is often signalled by *spokesmanship* on behalf of one of the change agents. At this stage the new institution will either tend to become irreversible or fail (Leca *et*

*al.*, 2006). This can be measured by convergence – i.e. “the extent to which the process of translation and its circulation of intermediaries leads to agreement” (Callon, 1991:144; Leca *et al.*, 2006). The network begins to be perceived as a ‘macro actor’ (Czarniawska and Sevón, 1996: 7), meaning that the networks created by associating micro-actors acquire a relative stability.

In some cases the translated idea may go ‘back to the globe’ and become a new model, which, if successfully promoted within and outside the organization, may start to travel over the world again thereby creating an on-going spiral of fashion, hence explaining the dotted line in *figure 3*. Voronov *et al.* (2010: 42) even state that just “by choosing to adopt and develop a particular version of the global institution, local actors thereby *enter* the global field and become participants in the debate about the nature of this institution”.

It should be noted that the stages of the re-embeddedness phase are not unidirectional. It is more likely that they are interacting with each other throughout the translation process, and that several of these stages, in some cases, are taken place simultaneously and continuously (Johnson and Hagstrøm, 2005). For instance, it may well be that the materialized idea fails to gain the support of allies, hence requires additional argumentation why the idea solves the perceived problem, referring to the problematization stage. Furthermore, the idea may require additional explanation and languaging in order to become legitimate, referring to the intersement stage. Moreover, it could be that in order to gain the support of allies the materialized idea requires reconstruction. Finally, de-institutionalization and re-institutionalization may probably follow the institutionalization process (Johnson and Hagstrøm, 2005).

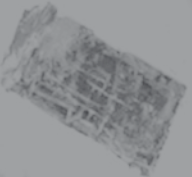
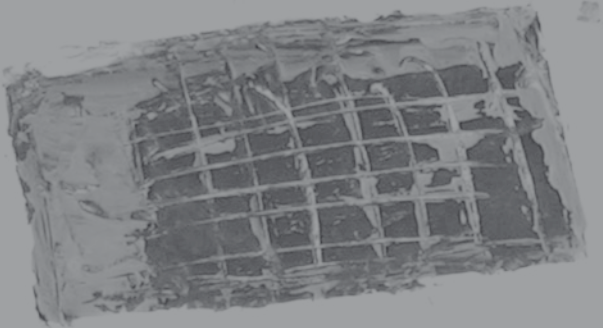
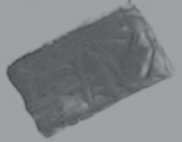
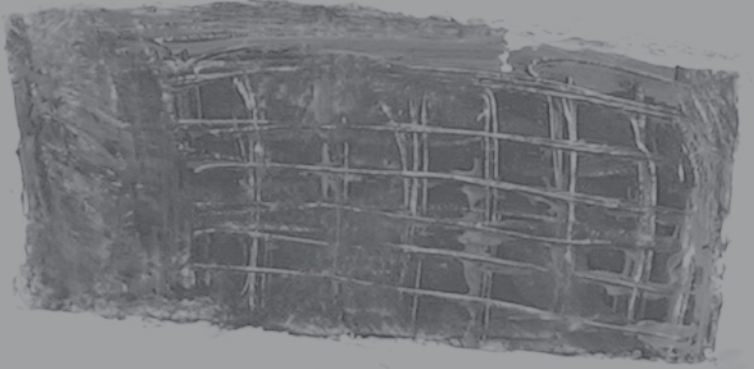
## SUMMARY

In this chapter a theoretical framework based on Scandinavian Institutionalism was sketched. At the heart of the framework is the notion of translation, a collective act of re-creation or reconstruction. Both those who translate and that which is translated are modified. Although the influence of the organizational environment on a local change in performance management is recognized, change is essentially viewed as a product of translation and not as a product of diffusion. As a consequence of disembedding a translocal idea is shaped, that, through problematization, intersement, idea-materialization, the support of allies and, ultimately, institutionalization is re-embedded in another local context. Processes of translation entail that a translocal idea never becomes a global idea that can be diffused across organizations while obtaining its original properties. The ‘global’ is no more than a network of localities.



Research methodology

# Chapter 4



## **INTRODUCTION**

In this chapter I discuss the concepts methodology, methods and field research. Then I will describe the reasons for choosing the field study methodology, followed by an explanation of how I decided and acted on the case study sites. Then I go on with a description of the processes of data collection and data analysis. Finally, I discuss some limitations of the research and end the chapter with a summary.

## **RESEARCH METHODOLOGY, METHODS AND FIELD RESEARCH**

This study adopts a constructivist-interpretive paradigm (Soekijad, 2005). This means that it adopts an ontological stance that posits that “realities are constructed from multiple, intangible mental constructions that are socially and experientially based, local and specific in nature, and dependent on their form and content on the individual persons or groups holding the constructions” (Butler, 1998: 294). The epistemology is subjectivist because the researcher and the object under investigation are interactively linked (Butler, 1998; Koro-Ljungberg, 2008; Soekijad, 2005). Together they create the findings as the research proceeds (Alvesson and Kärreman, 2011: 33 call this “co-construction” by the researcher and the interviewee). The methodology is qualitative (Ahrens and Chapman, 2006). Methodology refers to the general approach to studying research topics (Ahrens and Chapman, 2006). It “involves theorizing about how we find things out; it is about the relationship between the process and the product of research” (Mayan, 2009: 31). A method is a specific research technique (such as interviews, documentary analysis, and observations). A method exists within methodology (Mayan, 2009: 31). Qualitative methodology assumes that “social reality is emergent, subjectively created, and objectified through human interaction” (Ahrens and Chapman, 2006; Chua, 1986: 615). Qualitative field researchers seek to articulate actors’ motivations and dynamics in the field, but the field often draws them into its interactions (Ahrens and Chapman, 2006). Ahrens and Chapman (2006: 821) state “qualitative field studies collect data in the domain ‘field’ and employ ‘qualitative methodology’”. However, conducting qualitative field studies is not only empirical but a theoretical activity: the field is not just part of the empirical world but it is shaped by the “interpretive repertoire” of the researcher (Ahrens and Chapman, 2006; Alvesson and Kärreman, 2011). What is needed is a disciplined process of continuously reflecting on the plausibility of the ‘fit’ between the data, the research questions, and the theoretical lenses. The field researcher is also disciplined by working in a ‘*contact zone*’ (Hastrup, 1997) in the field

where, for instance, interviewees challenge him with their own theorizing of their practices (Ahrens and Chapman, 2006). Subsequently, the researcher is confronted with discussants, reviewers, and other critical readers of his work (Ahrens and Chapman, 2006).

### THE RESEARCHER AND FIELD STUDY METHODOLOGY

This study is concerned with ‘why’ and ‘how’ questions: why and how do translation processes unfold? The aim is to illustrate the fragile and performative character of reality and to outline “interesting” and, maybe, “surprising” translation processes (Hansen, 2005: 17; Hansen, 2011; Mouritsen *et al.*, 2010). The study investigates actual practices and complex and dynamic phenomena in which the context is crucial (Cooper and Morgan, 2008: 160). The focus is on how actors interpret, act upon, and experience the changes connected to the BSC as an idea. How do they give meanings to processes in “real life” settings? To this end, the researcher has to learn the field by way of experience, by ‘leaning by doing’ (Ahrens and Chapman, 2006). Of course, the researcher cannot share the experience of others in any literal manner, but may share a communicative space that enables him, by way of imaginative investment, to comprehend at least part of other people’s motives (Hastrup, 1997: 357). Beyond the understanding of local knowledge, the field researcher should have the ambition to produce theoretical knowledge, that transcends the singular, local instances (Ahrens and Chapman, 2006; Hastrup, 1995, 1997): “The interest is not so much an uncovering of particular images of the world as it is an understanding of their motivational force in the daily life of people” (Hastrup, 1997: 358). To get to the theoretical comprehension of motivation and dynamics, the field researcher has to invest in the process of understanding the wholeness of the situation. “Living another world” (Ahrens and Chapman, 2006; Hastrup, 1997) implies a merging of action and awareness (Hastrup, 1997: 358). This merging of action and awareness is a theoretical point. It is derived from an experiential encounter with the reality of other people. Fieldwork literally brings us in touch with another reality (Hastrup, 1997: 359), ‘another’ in the sense of being viewed from our chosen theoretical suggestions. Acts of construction become central and are always guided by theory in some form (Alvesson and Kärreman, 2011:35). The framework, the researcher, and the (inescapable constructed) social reality form an interrelated net of potential insights that can be cultivated by discipline, imagination and reflexivity (Mills, 1959; Weick, 1989; Alvesson and Skøldberg, 2009; Alvesson and Kärreman, 2011: 35). Reflexivity points to the “struggle” to acquire an awareness of how paradigms, social-political contexts, frameworks and vocabularies shape the constructions of the researcher (Alvesson and Kärreman, 2011: 35). Pillow (2010: 275) argues that, in order to become reflexive, the researcher should “read widely and deeply” (e.g. see the “interpretive repertoire” in chapter 2) and should keep a researcher log, researcher field notes, and a researcher journal. For this PhD-project my log included the details such as date, time, place of interviews and the details of the documents. The field notes provided a thick description of everything that was done during the research events. The material in the logbook and the field notes stimulated an iterative process between data collection and data analysis. Also, I regularly made notes of my thoughts, questions, frustrations, and reflections in a journal. This process of recording the



constructions of the research as best as I could provided a working history of the unfolding process of the research (Pillow, 2010: 276).

### **CASE SELECTION: A RHIZOMATIC PROCESS**

The approach I have followed is rather “rhizomatic” in nature (Nicolini, 2009; Schwartz-Shea and Yanow, 2012:66). A rhizome is a form of ‘bulb’ that “extends its roots in different directions, whereby every root extension forms a new small plant that, when matured, extends its roots in different directions” (Nicolini, 2009: 128). The term was introduced by Deleuze and Guattari (1987) and has since caught on as a way of describing a form of research process (Schwartz-Shea and Yanow, 2012:146).

Between 1999 and 2004 I was involved in research projects at three organizations: the ING Group, the Rabobank group, and another large financial institution in the Netherlands. At the ING Group I studied the BSC practice of five organizational units, at the Rabobank I studied the BSC practice (including Results Oriented Management) at headquarters (Rabobank group) and the BSC/Results Oriented Management practice at the local level in four local banks, and at the other financial institution I studied the BSC practice of four organizational units. So, there were times that I found myself handling multiple studies at the same time, each at different stages of the research (access, preliminary investigation, in-depth investigation), and with different temporalities of the phenomena (Nicolini, 2009: 133). One consequence of this rhizomatic approach is that, given the many, idiosyncratic, and parallel mini-projects, the research project was not as linear as textbooks on qualitative methods might suggest. I had to go through multiple cycles of collection, analysis, and reflection (Nicolini, 2009: 134).

IBN was selected because of its on-going efforts to translate and disseminate the BSC idea, so the case was useful for answering the research question(s) (Ahrens and Chapman, 2006). The ‘opportunity to learn’ (Stake, 1995) could be maximized here. Because of the complexity of the organization a lot of tension regarding the BSC practice could be expected. Moreover, because of the internship of one of the master students (later followed by another internship) a ‘rich’ case study could be expected (free access to documentation, inside information, etc.). So, this reflects a purposive sampling technique to gather “information- rich cases” (Patton, 1990: 169; Appleton, 2002). Initial contact with IBN was established through my supervisor. He had contacts with the BSC coordinator of the ING Group.

In accordance with the metaphor of the rhizome, the studying of the BSC practice started at one place with an in-depth study (“zooming in”) of that specific local organization and then spread following emerging connections (Nicolini, 2009: 128). These connections were interviewees at the Rabobank Group who pointed to a remarkable BSC practice at Rabobank The Hague, which in turn became a target of a new round of zooming in (Nicolini, 2009: 128). Thus, the study of BSC practice starts with a ‘zooming in’ movement to understand how the activity is accomplished in one site, proceeds with a

'zooming out' movement which exposes the relationship between practices, and continues with a new effort of 'zooming in' on the new site (Nicolini, 2009: 128).

After I had become curious when a few interviewees at the Rabobank Group told me that the local Rabobank The Hague "had a really very successful BSC implementation", I established initial contact with the Director Private Companies of this local bank. I wondered: do "successful" (whatever this may mean) translations of the BSC really exist and what do they look like? Until that time I had never come across "really successful" BSC change processes. One of these interviewees even told me that Rabobank The Hague had "some kind of dialogical approach". This in particular caught my attention because my experience with the IBN practice so far was that it was rather instrumental. Thus, I expected to be able to contrast it with the IBN case and learn a lot from doing so (Stake, 1995).

The variables/constructs on which the selection of the cases was based thus cannot be seen as unambiguous objective facts, but as constructions subject to reflection (Maseland, 2006). Some might say that they were selected on the basis of minimum variation in independent variables/constructs (e.g. similar industries), maximum variation in dependent variables/constructs (e.g. outcomes of the translation processes), and relatively unknown variation in intervening constructs (e.g. the impact of language). However, the 'opportunity to learn' was of primary importance (Stake, 1995: 6). I also believe that it is not possible to distinguish between critical, unique, and revealing cases, as suggested by Yin (1984). From a constructivist viewpoint the case should be critical, unique and revealing at the same time. Or as Hansen (2005: 17) puts it: "Each construction process is by principle unique and by revealing the surprising and overshadowed sides of reality, the case study becomes critical".

Other case selection criteria include the possibility to have complete access to all relevant interviewees and documentation, as well as the possibility to publish results openly afterwards (Soekijad, 2005).

## **DATA COLLECTION**

I use three independent sources of evidence: interview data, documents, and observations. Interviews and documents are the key empirical data sources while observation was used only for supplementary evidence.

### ***Interviews***

The project started early 1999 at the Erasmus University Rotterdam with a few brainstorm sessions about the BSC. Participating in these sessions were two master students, a colleague from the Accounting department (associate professor), my supervisor, and myself. Eventually, we came up with a lot of questions that were divided into four groups: adoption, design, implementation, and evaluation. This list was partially the result of "common sense", but it was also informed by TCE analysis constrained by institutional theory (Roberts and Greenwood, 1997). This list was used in the

first round of interviews as an 'interview guide' (Patton, 2002) to focus the semi-structured interviews (see *Appendix 1*; see also Bouwmans, Wagenveld and van Weelden, 2000). The focus in the first rounds was on the adoption and design stages and moved to the implementation and evaluation stages in the later rounds.

The interviews were conducted in four rounds (and except for two interviews at the end of the field study at IBN; see table 1) conducted by two researchers (a master student and the researcher). The advantage was increased creativity and inter-researcher comparisons. After each interview the two researchers exchanged their ideas and impressions about the interview, which was an input for the next (round of) interview(s). Sometimes new questions relevant to the overarching research question of the project emerged during the interviews, which were kept as flexible and iterative as possible. Because our aim was to thoroughly understand the case, we kept our case design (including the questions) rather flexible. This was done throughout the whole research process. Parlett and Hamilton (1976) call this *progressive focusing* (Stake, 1995: 9; Sinkovics and Alfoldi, 2012).

With the exception of two interviews (see table 1 and table 3), all interviews were recorded on tape. With regard to the two interviews that were not recorded, the researcher made notes during and immediately after the interview was taken. Almost all recorded interviews were transcribed by the master students, except for two interviews at the end of the IBN field study that were transcribed by the researcher. For all interview transcripts an extensive summary was produced and sent to the interviewees for review and feedback or remarks. They often provided us then with valuable additional information, but all the interviewees agreed with our interpretations, which is, of course, very important for the validity and plausibility of the research findings. The purpose of this member checking was to "highlight our ability to communicate with one another" by engaging in a "continual dialogue" (Koro-Ljungberg, 2008: 986). The results of the interview rounds were also reflected in the master theses of the students, of which I was the supervisor. Of course, all the master theses are available on request at the author of this study.

At IBN there were several rounds of interviews:

First round: M. van Weelden (MW); defended in May 1999 (this student also had an internship at ING Group).

Second round: S. Hicks (SH); defended in March 2001; adjusted interview guide, still theoretically informed by Roberts and Greenwood (1997).

Third round: M. Van Muyden (MM); defended in August 2002; theoretically informed by old institutional economics (Burns and Scapens, 2000).

Fourth round: K. Verberg (KV); defended in August 2004; theoretically informed by adapted Burns and Scapens (2000) model.

There was also the master thesis of J. Hoefsmit (JH), defended in December 2003. She had an internship

at IBN and focused mainly on the testing of the causal relations in the BSC's of IBN.

TABLE 1: INTERVIEWS AT IBN

	Date	Position interviewee	Master student Code	Duration (minutes)
1	March 1999	Project leader BSC	MW	90
2	April 1999	Head Research and Advice (Controller department)	MW	90
3	April 1999	Head Policies and Planning (Controller department)	MW	90
4	June 2000	Project leader BSC	SH	110
5	June 2000	Controller	SH	90
6	July 2000	Area Director Goes	SH	90
7	July 2000	Head Policies and Planning (Controller department)	SH	90
8	April 2002	Former project leader BSC/ Executive staff member Headquarters branch organization	MM	180
9	April 2002	Human Resource manager	MM	90
10	May 2002	Head Research and Advice (Controller department)	MM	90
11	July 2002	District chairman Midden-NL	MM	90
12	April 2003	Former Project leader BSC + former project team BSC member	KV	90
13	April 2003	Project leader Performance Management	KV	150
13	May 2003	Former Project leader BSC	KV	90
14	May 2003	Group controller	KV	90
15	June 2003	Former controller	KV	90
16	July 2003	Manager headquarters branch organization	KV	100
17	July 2003	Former project leader BSC + former project team BSC member	JH	60 (not recorded)
18	October 2003	Staff employee Commerce, District West- & Midden-Brabant	KV	120
19	November 2003	Former project leader BSC	-	90
20	December 2004	CFO business line Intermediary/ Board member auditing professional body	-	90

At the Rabobank we first researched the BSC at Group level (including Results Oriented Management). This was very important for the understanding of what happened at the local level. The group level research is reflected in the master thesis by M. Hoogendoorn (MH); defended in December 2002. Her starting point was the same "interview guide" as used at ING, but she adjusted it somewhat as she

was theoretically informed by the Burns and Scapens (2000) model. Then we researched the BSC at the local level (Rabobank The Hague). This is reflected in the master thesis by S. Tijssen (ST); defended in October 2004. He was also theoretically informed by the Burns and Scapens (2000) model, but in addition he was also inspired by the work of Kasurinen (2001).

The interview data at IBN consist of 20 formal, semi-structured in-depth interviews carried out in the Netherlands between 1999 and 2004 (see *table 1*).

In addition to the formal interviews, over the entire field study period the researcher also had many informal interviews and conversations, in particular with the Coordinator BSC at Group level. Some of these conversations were aimed at the writing of research papers based on the case material. Although not recorded, these interviews and conversations were very helpful in understanding the case. Also, we conducted more than 40 interviews at the other four researched organizational units of the ING Group. The opportunity of comparing sites proved valuable in checking the plausibility of our research findings.

The interview data at Rabobank Group (headquarters) consist of 7 formal, semi-structured in-depth interviews carried out in the Netherlands in 2001 and 2002 (see *table 2*). Also there was a written interview (filled in questionnaire) with the CEO of the Rabobank Group.

TABLE 2: INTERVIEWS AT RABOBANK GROUP (HEADQUARTERS)

	Date	Position interviewee	Master student code	Duration (minutes)
1	November 2001	Director Control Rabobank Group	MH	60
2	November 2001	Controller Control Rabobank Group	MH	90
3	December 2001	Team leader Control Rabobank Group	MH	90
4	January 2002	Senior advisor Strategy Rabobank Group	MH	90
5	January 2002	Program manager Results Oriented Steering Rabobank Group	MH	120
6	February 2002	Director Control Rabobank Group	MH	100
7	March 2002	Director Control Rabobank Group	MH	75
8	July 2002	CEO Rabobank Group	MH	Written interview

The interview data at the local Rabobank The Hague consist of 8 formal, semi-structured in-depth interviews carried out in the Netherlands in 2003 and 2004 (see *table 3*).

TABLE 3: INTERVIEWS AT RABOBANK THE HAGUE

	Date	Position interviewee	Master student code	Duration (minutes)
1	March 2003	Director Private Customers	ST	120
2	May 2003	Director Private Customers	ST	120
3	July 2003	Project manager BSC + Staff member Employees and Organization department	ST	150
4	July 2003	Manager Customers Advice + Manager Marketing & Communication	ST	150
5	July 2003	Consultant/ University professor	ST	90 (not recorded)
6	August 2003	Manager Business Development & Control	ST	120
7	January 2004	Consultant	ST	90
8	June 2004	Project manager BSC	ST	120

In addition to the formal interviews, the researcher also had a few informal conversations, in particular with the Director Private Customers and a consultant at the end of, and after, the field study period. Some of these conversations were aimed at the writing of research papers based on the case material. Although not recorded, these conversations were very helpful in understanding the case. Additionally, we conducted more than 30 interviews at three other researched local Rabobanks. The opportunity of comparing sites proved valuable in checking the plausibility of our research findings.

It will be clear that the IBN case study is more longitudinal than the ‘Rabobank The Hague’ case study. Of course, a longer stay in an organization offers the researcher more translations and articulations to choose from, but I agree with Hansen (2005) that it cannot be upheld to a principle that longitudinal studies are necessary in order to conduct constructivist research. What matters is that the researcher has enough resources to produce an interesting description of the studied processes (Hansen, 2005: 18).

In order to get a holistic picture of the BSC translation processes at the local organizational level we (often based on “snowball sampling”) interviewed diverse categories of actors in the case organizations (e.g. managers, project leaders, users and controllers). In order to learn more about the local / global interconnectedness we also interviewed some interviewees from group level (e.g. CEO, group controller, BSC project coordinator at group level) and from ‘outside’ (e.g. consultants, an university professor, and a member of the Board of an auditing professional body).

In terms of Flick (1997; 1999) the early interviews in each case study can be characterized as “episodic interviews”. We asked questions like: “What does the BSC mean for you?” “When you look back, what was your first experience with the BSC? Could you please tell me about that situation?”, and “Have your relations with other people changed due to the BSC? Please give me a typical situation”. Potential recall problems (Schwenk, 1985) were alleviated by interviewing more than one person of one and the same “category”. In some cases we even interviewed the same person several times. In the later interviews it was then possible to conduct more “narrative interviews” (Flick, 1997). We then asked the question: “Tell us the story of the BSC (again)” and then the interviewee started a monologue telling us all relevant events from its beginning to its end.

### **Documents**

Documents in different forms were the second source of data collected. The documents included annual reports, strategy documents and department plans, information on the intranet, publications in journals, minutes of BSC project team meetings and other internal company documents (See *appendix 2* for a listing of the most important field documents). We collected a huge amount of material because the interviewees were very willing to provide us with all the documents we needed. At IBN it also helped that the two master students that had an internship at IBN could really deliver me all the relevant material that was available.

### **Observations**

As stated, observation was only used for supplementary evidence. It included a conference day on the BSC held in February 1999 at the ING group. The goal was to exchange the BSC experiences in the Group between the participants of the different organizational units. It was organized by the Coordinator BSC - ING Group and the master student that had an internship at IBN at that time. I participated in this conference, together with my supervisor (who was also a plenary speaker). I produced notes of my observations and put them in my log. As another example I mention the extensive clarifications that we got from the interviewees during our visits. For instance, we got a detailed explanation of the workings of the dynamic intranet BSC site at IBN. Finally, the detailed notes of the two master students made during their internship at IBN were very valuable.

### **DATA ANALYSIS**

Barrett (2009) argues that the analysis of qualitative data is a “last frontier” that still has to be demystified. He warns and shows by three examples that qualitative researchers will not get much assistance from textbooks on qualitative methods. He proposes a “modest alternative” by making a distinction between large A and small a analyses. Large A analysis refers to the analysis of data at the higher analytical level of analysis that is addressed to the research project as a whole. The pure case, or exemplar of large A-analysis is the conceptual model/theoretical framework. Small a analysis

refers to analysis of the data in a project at the minimal “close to the data” level. The pure case, or exemplar of small a is the “burst of insight”. The “burst of insight” is like shouting “Eureka” when puzzling matters suddenly make sense. As a third feature of qualitative analysis, Barrett points to the importance of the writing process (see also Alasuutari, 1995:177). This is not to deny other analysis tasks. For instance, comparison with existing studies (see chapter 2 and 6 of this study) can also be relevant. However, according to Barrett (2009), three features are of central importance in qualitative analysis: the conceptual model/framework, the “burst of insight”, and the writing process (Barrett, 2009).

### ***Conceptual model/theoretical framework***

The conceptual model/theoretical framework is an elegant, concise, abstract, meaningful snapshot of the major themes, steps, arguments, patterns, “constructs”, etc. in a research project. It is a product of logic and imagination (Barrett, 2009). Imagination refers to “sociological imagination” (Mills, 1959) or “disciplined imagination” (Weick, 1989). It requires a “playful” attitude towards the empirical material to be adopted (Moisander and Vallonen, 2006; Alasuutari, 1995: 42). Playful viewpoints permit the researcher to see patterns in the data that are not readily apparent. The field (in the broad sense as described earlier in this chapter) can provide ideas that will stimulate the imagination. Imagination consists of the capacity to shift from one perspective to another (Moisander and Vallonen, 2006). For instance, in this study we shifted our orientation from a TCE-analysis, seeing institutions as constraining (Roberts and Greenwood, 1997), to a more old institutional economics theory orientation (Burns and Scapens, 2000), followed by a Scandinavian institutionalism orientation in a later stage of the research project. In this sense, our conceptual model as described in chapter 3 has evolved in a “playful” process of theorization understood as disciplined imagination. In chapter 6 it is used as a format to structure the final description of the case findings. Imagination also consists of the capacity to combine ideas that no one expects to be combinable (Moisander and Vallonen, 2006). For instance, in this study we combined the idea of “linguaging of distinctions” with the ideas of Scandinavian institutionalism.

Empirical material creates a relative boundary for imagination: some constructions make more sense than others (Alvesson and Kärreman, 2011: 17). So, empirical material not only facilitates theorization as a resource for imagination, but also as a resource for discipline. It creates an outer limit for our imagination (Alvesson and Kärreman, 2011: 61). In sum, we see theory as a vehicle for disclosure, understanding, and communication (Ahrens and Chapman, 2006; Alasuutari, 1996; Alvesson and Kärreman, 2011), relevant throughout the whole research process. We want to avoid the naive idea of being ‘non-theoretical’ as a means to being open, as suggested by some views of grounded theory (Glaser and Strauss, 1967; Alvesson and Kärreman, 2011: 36).



### ***The burst of insight***

The “burst of insight” is about penetrating into the details of people’s everyday lives. It is a product of imagination and perceptiveness (Barrett, 2009) and results in a “thick description” (Geertz, 1973; Leitch *et al.*, 2010:70). We need some “bursts of insight” during our field study in order to theorize and create the contours of a meaningful model. We aim to produce “rich accounts”, where emergent, maybe surprising empirical insights take our theorizing to new alleys (Vaivio *et al.*, 2012). My first example concerns the IBN case. The earlier interviews had revealed a contradiction/distinction between self-steering and hierarchical steering. In an interview in November 2003 a former project leader remarked: “...a piece of entrepreneurship has been pulled off the districts...”. It was then that I suddenly realized that entrepreneurship and the BSC were the key concepts by which the “linguaging” of this distinction was done. This focus on the data then stimulated an intensive, iterative back-and-forth movement between data and theory (von Krogh *et al.*, 1994; Wolpert, 2002). My second example concerns the Rabobank The Hague case. Already in the first interview in March 2003 the Director Private Customers explained to us in detail the importance of artifacts (“the cups”) in the Champions League and the importance of the inscriptions in the department plans. It was then that I realized the importance of this materialization in objects, again stimulating a move between data and theory (Latour, 1986; Czarniawska and Joerges, 1996).

In general terms our “palette” for this “zooming in” (Nicolini, 2009) on the details of the BSC practice can be described as follows. First, we approached the BSC practice as a knowledgeable accomplishment. We turned our attention to issues such as: How are the constant micro changes of the BSC practice coped with? How are the different elements realigned? What practical concerns move practitioners? Through which discursive devices do practitioners make the BSC work? Zooming in on the BSC practice requires thinking about the conflicts and problems practitioners encounter when they try to make the BSC work.

Second, we paid attention to the specific interactional order between human (and at times non-human) participants, turning our attention to issues such as: What sort of interactional order is performed by this specific BSC practice? What positions does this specific BSC practice make available? How are these positions (re)negotiated or resisted? What kind of collective interests are sustained by the specific BSC practice? How is the BSC practice transmitted? This is a way of zooming in on the inherently political nature of BSC practices. What are the interests at stake and how do institutional entrepreneurs/local champions convince other actors?

A third focus of attention for zooming in is the horizon of sense, intelligibility, and concern associated with a specific BSC practice. While all BSC work is carried out in view of a set of rules, norms, and specific local institutional conditions, these aspects are experienced by practitioners in terms of lived concerns, expectations, and desires. We focused on questions such as: How do norms and goals with

regard to the BSC practice manifest themselves in practice? What local forms of intelligibility are available to the practitioners? How do they become normatively binding? It is also necessary to study the role of local “*linguaging*” with regard to these issues.

Finally, we zoomed in on the heterogeneous and material multiple ‘entities’ that will play an active part in the accomplishment of the BSC practice. We focused on questions such as: How are artifacts and inscriptions used in practice? In which way do they contribute to giving sense to the BSC practice itself? What (visible and invisible) intermediation work do artifacts perform? Are the tools and the BSC practice aligned, or are there tensions between them?

The palette described above proved useful not only for directing our attention toward solving the practical issue of what to observe once in the field (‘small a’- analysis). It is also a toolkit for moving towards theorizing (‘large A’- analysis) or as expressed by Nicolini (2009: 127): [it is] “a tool for zooming in on details and a device for taking stock, so that patterns, regularities, and provisional ‘phenomena’ can come to light”. The palette can be extended by a palette for a horizon-widening ‘zooming out’ (Nicolini, 2009). In this study we conceptualised this ‘zooming out’ palette by searching for the global/local interconnectedness (see chapter 5) and by comparing sites (i.e. comparing the findings of the two case studies with the findings in the other organizational units in the ING group and the Rabobank group as a further “check” on the plausibility of the emerging description of the BSC translation processes).

I would like to make an additional comment. I also experienced some “bursts of insight” at the higher, more abstract level, something that is not acknowledged by Barrett (2009). For instance, when Tommi Kasurinen gave me a personal copy of his PhD-thesis on BSC change (according to me the “best” so far!), it changed my thinking about my project dramatically. Particularly, his idea that the ‘BSC rule’ consisted of different ‘features’ (see chapter 2) made me suddenly realize that I had to go beyond the Burns and Scapens (2000) model. This burst of insight sowed the seeds into the direction of Scandinavian Institutionalism. As a second example I mention the work of Jan Mouritsen. I was already influenced by his writings, but when I read the Hansen and Mouritsen (2005) paper (see chapter 2; of all the many BSC papers I have read, I personally like this paper most!) I shouted “eureka”. Relating this paper to Callon (1986) and Scandinavian Institutionalism (e.g. Czarniawska and Joerges, 1996), I suddenly realized that my theorizing should go beyond the ‘problematization’ stage. It should encompass other stages (e.g. intersement and materialization) and should even focus on interconnecting localized time/spaces by studying both disembedding and re-embedding processes.

A final remark here is about coding. Many qualitative researchers often have implicit ways of sensemaking that block them, especially in their quest for patterns in (“coding”) the data they have (Strong, 2012). This can result in coherent reductionist accounts, despite messiness or tensions in the

data (Strong, 2012; Law, 2004). I explicitly wanted to avoid “forcing” my data into particular themes. Exactly the data that do not fit the theme (the “anomalies” or “breakdowns” in terms of Alvesson and Kärreman, 2011) provide an opportunity for the researcher to newly “dialogue” with his data (Strong, 2012: 2). To me, the central goal of coding is to make it easier to return to the original texts/material in ways appropriate for building an argument and presenting it to others in as rich a form as possible (DeWalt and DeWalt, 2002: 173). I believe that the ‘process of engagement’ (Alvesson and Kärreman, 2011: 43), in which the theorizing of the researcher is activated, is central rather than the passive mirroring of reality (e.g. through coding and processing in a mechanistic way). I certainly did not strive for a strict and ambitious codification project, where “the faithful representation of data is the key virtue” (Alvesson and Kärreman, 2011:60). However, given the “playful” attitude described above, I did multiple codings. I regularly made copies of the interview transcripts, notes, and documents and, based on a re-reading of this material and a re-framing of my position, I started an iterative process of coding for themes. Next to inductive codes (emerging from the empirical material), I used deductive codes (derived from the evolving theoretical framework (Fereday and Muir-Cochrane, 2006)). It was very helpful to keep a copy of my research questions, theoretical framework, aims of the study, and other major issues *on one page* in front of me to keep me focused during my coding decisions (Saldana, 2009: 18). I asked myself during all cycles of coding: “What strikes me?” (Saldana, 2009: 18) in order to see something interesting in the data (Moisander and Vallonen, 2006: 120). Gradually (or quickly in an “eureka” moment) I began to abstract a number of ideas and words contained in a text (for instance words of a particular interviewee as reflected in the transcript) into a single concept, or small set of related concepts (DeWalt and DeWalt, 2002:173). After assigning it a tentative name, I went back to the data to see if it can be applied to, for instance, other interviewees. Then it could become a “theme” (for instance “languaging”). Then the analysis proceeded by reviewing, re-reviewing and sub-coding (e.g. different distinctions that are “languaged”) the empirical material (DeWalt and DeWalt, 2002:173). After this stage I switched from ‘small a’- analysis to ‘large A’- analysis by the in-depth interpretation of these themes through the use of theoretical lenses and by comparing with the literature and with other sites (a kind of ‘zooming out’ on the texture of BSC practice; Nicolini, 2009). Thus, I bracketed the impulse to control (through measuring, codifying, checking, etc.) and the desire to become surprised and challenged took centre stage in my research (Alvesson and Kärreman, 2011: 43). In the ‘process of engagement’ I actively employed theoretical lenses and vocabularies to open up ‘sensitive constructions’ and interpretations of the empirical material (Alvesson and Kärreman, 2011: 37 and 59). My approach could be labelled as “temperate” in terms of Vaivio *et al.* (2012): no theoretical frames were linked with the empirical observations too hastily and there was a seeking for other theoretical frames. Only after several iterative rounds between theory and the field insights, it was possible to construct an informed, meaningful but also plausible description of the emerging nature and dynamics of the translation processes of the BSC (Vaivio *et al.*, 2012).

## Writing

To a large extent writing and analysing are the same because a researcher interprets as he writes (Barrett, 2009; Moisander and Vallonen, 2006; Richardson, 2000). My experience was that I often had to go back to text and “code” during the writing process. But writing enables the discovery of new aspects and may potentially change the way to go about the research problem (Ritvala, 2007). Writing can facilitate the dialogue between the text and the researcher (Moisander and Vallonen, 2006). I experienced that the mere taking of a note could be a prod to start thinking more carefully (Mills, 1959; Moisander and Vallonen, 2006: 122). Also, writing practices can make the researcher move back-and-forth in his data. I experienced that when I wrote a draft of the entire detailed, chronological BSC translation processes of the two case organizations. This effort to figure out ‘the whole’ (Moisander and Vallonen, 2006: 123) made me produce new interpretations, in this way releasing the imagination (Mills, 1959). Therefore, throughout the PhD-project I wrote memos and notes, kept logs and journals and, from time to time, wrote ‘the whole’. I also wrote articles and papers which were presented at different international accounting conferences (e.g. European Accounting Conference Congress and Workshop on Performance Management and Management Control) and at the RACC (Research Centre for Accounting & Control Change) conferences. As an example I can mention that the most recent paper that I presented at the RACC was a previous version of my chapter 2. It discussed the relevant literature in the positivistic, interpretive, and critical paradigm, nicely illustrating my ‘interpretive repertoire’. However, critical participants insisted that I should “focus” more. The result can be seen in the mini-review in the final version of chapter 2. Compared to the earlier version it is now more focused on interpretive research. The contribution of my co-authors, colleagues, participants in conferences, and a number of conference and journal reviewers in validating and revisiting my empirical material and theory is gratefully acknowledged. They helped me in enhancing the clarity and the rigor of my research.

## LIMITATIONS

One limitation is that part of the writing-up (interview transcripts, master theses) has been done by the master students. However, I have been reading, re-reading, coding, visualising, etc., the interview transcripts myself many times during my own analyzing and theorizing (see above). The comparison with the interpretations of the master students and the subsequent discussions were very valuable (Leitch *et al.*, 2010:78). The master theses can be seen as an additional writing-up. Contrary to normal supervisor procedures, I checked (and discussed with the students) almost every sentence of a student’s master thesis. Furthermore, I took notes of the remarks made during the defence of the master theses and put them in my log. The remarks of the co-readers and exam committee members (often accounting professors, but sometimes management professors) proved very valuable and enhanced the quality of the research.

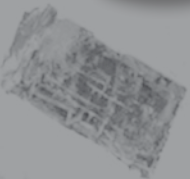
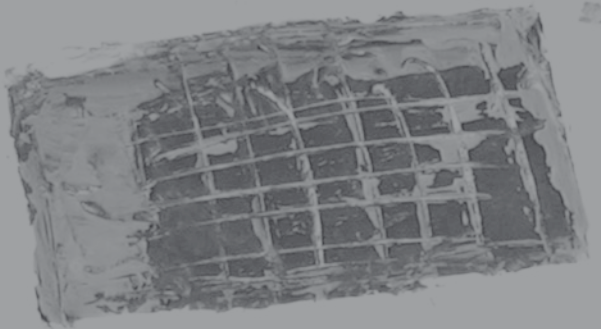
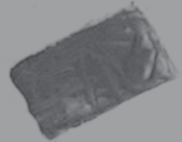
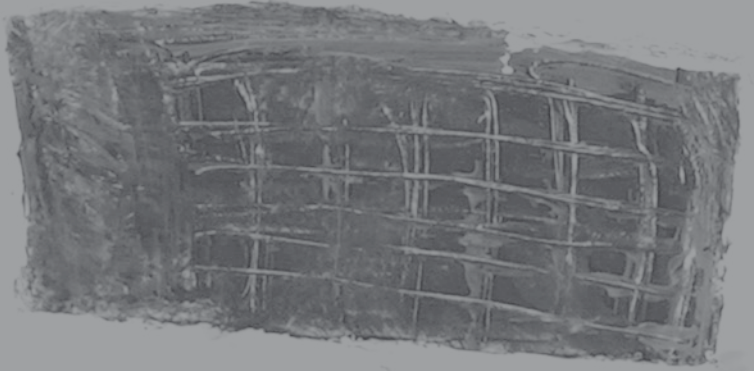
Another limitation has to do with the relatively long “throughput time” of this study. Although there were rigorous “member checking” procedures and I was lucky to keep in touch with the local champions (in both case organizations) for a long time, there was no opportunity for them anymore to assess the plausibility of the final writing-up of the ‘storylines’.

### **SUMMARY**

This study adopts a qualitative, constructivist-interpretive approach to research rooted in a relativistic ontology (multiple valid and socially constructed realities) and a subjectivist epistemology (researcher and interviewee co-create understanding). The chapter starts with explaining that this qualitative field study collects data (using methods like semi-structured interviews and documentary analysis) in the domain ‘field’ and employs ‘qualitative methodology’. It also explains *why* a qualitative field research methodology was chosen. After a description of the selection of the case organizations as a rhizomatic process it explains, in detail, how the research process developed by elaborating on the data collection and data analysis processes. The chapter ends with a concise description of the limitations of the methodology.

The travel and translation of a Balanced Scorecard: disembedding and re-embedding an administrative innovation

# Chapter 5



*"Greater than the tread of mighty armies is an idea whose time has come"*

(Victor Hugo, quoted in Kingdon, 1984: 1 and Czarniawska and Joerges, 1996: 44)

*"The idea of a multiple performance measurement system has existed for a long time. Its modern incarnation as a scorecard which combined financial and non financial measures emerged in a specific situation at Analog Devices (ADI) in the late 1980s"*

(Qu et al., 2010: 1)

## **INTRODUCTION**

In this chapter the origins and further development of performance management through a balanced scorecard (BSC) will be outlined. First, Kaplan's rather serendipitous encounter with the scorecard will be described, followed by a description and depiction of the innovation action research cycle through which Kaplan seeks to advance the performance management system that incorporates the balanced scorecard. Next, the main stages in the development of the system through the innovation action research cycle are analysed, followed by an interpretation of the development in terms of our theoretical model. Our model also constructs a basis for the study of the translation of the balanced scorecard system at the micro-level in the next chapter.

## **A FIRST ENCOUNTER WITH THE BALANCED SCORECARD**

In retrospect, Kaplan's serendipitous encounter with the scorecard of Analog Devices Inc: (a semiconductor company based in the Boston area; further ADI) gave impetus to the emergence of the BSC (Schneiderman, 2006; Kleiner, 2002). Kaplan's encounter with ADI was initially meant to support the launch of an activity-based costing program. During his visits Kaplan learned that ADI had constructed a scorecard:

*"...opportunity arose from a request from Art Schneiderman, the vice president of quality and productivity, at Analog Devices, to deliver a talk on activity-based costing. As I responded to this request, I began to realize that I had more to learn from Art than he did from me. I agreed to deliver the ABC talk, but part of the deal was for me to visit Art at an Analog plant. This visit led me to the case Analog Devices: The Half-Life Method, which documented the metric for continuous improvement*

that Schneiderman had developed for Analog. The half-life metric provided short-term feedback to employees about their rate of progress in achieving long-term goals requiring orders-of-magnitude improvement in production processes.

The visit and case-writing process, however, also documented a Corporate Scorecard that senior executives at Analog were using to evaluate the company's overall performance. The Corporate Scorecard included, in addition to several traditional financial measures, some metrics on customer performance (principally related to lead times and on-time delivery), internal processes (yield, quality, and cost), and new product development (innovation). Many of these measures were subjected to aggressive improvement targets derived from Schneiderman's continuous improvement half-life metric. The significance of Analog's Corporate Scorecard, however, did not become apparent until another project emerged.

In late 1989, the Nolan, Norton Company, an information technology consulting firm, formed a multi-client research project on performance measurement. I was invited to serve as a consultant to this effort. The project attracted about a dozen clients who met on a bimonthly basis throughout 1990. At the first meeting, I presented my newest cases – Texas Eastman and Analog Devices. Analog's Corporate Scorecard captured the interest of the participants who, throughout the year, experimented with the scorecard in their organization. The concept proved successful in many of the pilot sites and became the prime output from the year-long research project. David Norton, who had served as the project leader and facilitator, collaborated with me in writing up these experiences for a Harvard Business Review article" (Kaplan, 1994b: 179-181).

Analog's scorecard was a response to problems caused by a personal struggle between a financial-oriented Chief Operating Officer and a quality committed Chief Executive Officer (Qu and Cooper, 2007). It complemented financial measures with non-financial measures. It offered a comprehensive insight into ADI's performance elements on a single page and it was used to evaluate the company's overall performance.

### **INNOVATION ACTION RESEARCH**

As it stands today, the performance management system incorporating a balanced scorecard is a product of innovation action research, a particular form of action research (Kaplan, 1998). Innovation action research differs substantially from traditional field research in management. Traditional field research in management is generally associated with cross-sectional research, time-series research and case study research that describes existing phenomena or tests existing theories (Kaplan, 1998). Instead, the innovation action researcher operates as a change agent creating things that previously did not exist. It is an alternative approach through which the researcher is actively engaged in helping organizations to successfully implement a new idea. Such research starts with the observation that there is gap between actual practice and desired practice. Both new theory and practice are required



then (Kaplan, 1998). The scholar builds on an idea in order to close the gap, and subsequently aims to improve the idea. Given the active engagement the scholar is not only in the position to improve the idea, but also learns how it can be successfully implemented. Innovation action research is experimental. It is a result of *in vivo* experiments (Callon, 2009). The researcher acts as a change agent in organizations to test and improve the emerging idea or theory that has been proposed to enhance performance. New theory is employed to modify elements of the organization in order to assess whether it actually accounts for the limitation of extant theory. By means of experience gained in the field encounters and through publication, teaching and discussions, the scholar is able to modify and extend the theory during its journey (Kaplan, 1998).

Labro and Tuomela (2003) argue that a potential problem with innovation action research is that an immense research programme with access to a variety of leading-edge companies is needed – a challenge that most researchers are not able to meet. They also argue that Kaplan's belief in the development of 'objective' constructs with universal applicability that can be diffused all over the world, is rather naive. Moreover, this more positivistic and instrumental view contrasts with the philosophical foundation of the "constructive research approach" in management accounting (Kasanen *et al.*, 1993), which is more related to pragmatism (Labro and Tuomela, 2003). In this constructive approach, new constructs for specific organizational settings are produced *in vitro*, that is they are skillfully designed by scientists in their 'laboratories'. This is different from Kaplan's approach, which starts with a 'withdrawal' of a new construct from practice. In order to produce successful innovation dynamics, a cross-fertilization should be achieved between the *in vitro* world of the constructive research approach (more in-depth reflection on certain mechanisms) and the *in vivo* world of innovation action research (Callon, 2009; Akrich *et al.*, 2002a).

The innovation action research program encompasses a number of steps (see *Figure 4*).

A *first* step in such research implies the search for solutions for closing the gap between actual practice and best practice. This is a search for mere solutions to specific local problems. Once these local solutions are found, there has to be additional refinement in order to make them applicable to other organizations. "It may not be generalizable and applicable to many other organizations without additional refinement" (Kaplan, 1998: 100).

Kaplan, being a professor of Harvard Business School, introduced the ADI's scorecard in M.B.A. courses and executive training programs. This can be considered the *second* step in the innovation action research cycle which involves teaching and speaking about the innovative idea. By introducing the idea to an experienced audience its validity and generalizability is tested (Kaplan, 1998). The class discussions offered valuable feedback with respect to the need for such an innovative idea by practitioners. In addition, teaching classrooms of M.B.A.s and executives offers access to the experiences of a wide range and number of organizations. The experiences of ADI's scorecard as well

as the experiences discussed in the classroom gave rise to an emerging conceptual framework that was employed for informing both academics and practitioners.

The writing of articles and books is the *third* stage in the innovation action research cycle (Kaplan, 1998).

“Our explicit goal in writing these articles was to generate some excitement, enthusiasm and debate about the new ideas among a broad management audience. At this point, each concept has evolved far enough that it could be named and illustrated with experiences from the initial innovating companies” (Kaplan, 1998:101).

The implementation of the concept by a new set of organizations is the *fourth* and final step of the innovation action research cycle:

“Such new implementations are the most innovative, critical and controversial aspects of the innovation action research cycle” (Kaplan, 1998: 102).

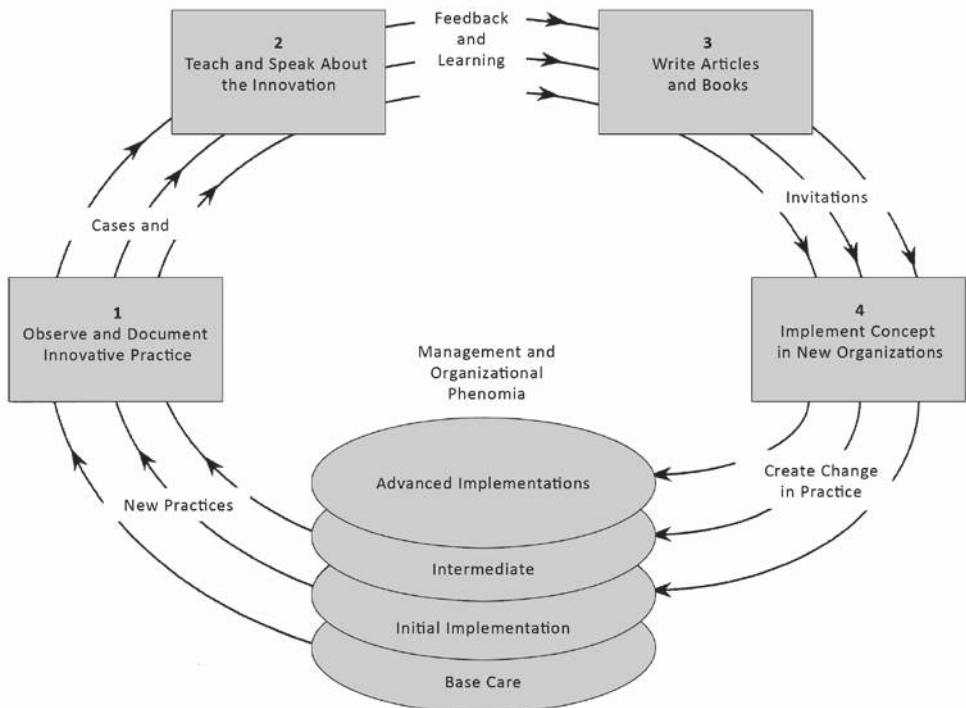


FIGURE 4: INNOVATION ACTION RESEARCH CYCLE (KAPLAN, 1998: 98)

## **THE DEVELOPMENT OF THE BSC PERFORMANCE MANAGEMENT SYSTEM: AN INNOVATION ACTION RESEARCH PERSPECTIVE**

In 1990 KPMG sponsored a research project aimed to develop a performance measurement framework for “organizations of the future” (Kaplan and Norton, 1996a). The participating organizations, which were all leading, successful, and innovative North-American organizations, served as pilot sites for experimenting with the Analog’s scorecard. Kaplan and Norton served as consultants in the research project (Kaplan, 1998). Based on the experiences in the pilot sites the scorecard concept was expanded. The original scorecard at ADI served to make operational improvements. In the pilot it became apparent that the scorecard had been transformed into a more strategic performance measurement system. By testing and experimenting with Analog’s scorecard in other organizations it shifted from a local solution to a local problem to a more generic innovative idea. Eventually, the project enabled Kaplan and Norton to translate ADI’s scorecard into a template with four generic perspectives: a financial perspective, a customer perspective, an internal business process perspective and a learning and growth perspective (Kaplan and Norton, 1996a; Kaplan, 1998).

The vagueness of the notion “organizations of the future” enabled Kaplan and Norton to link the balanced scorecard to continuously changing problems, for instance the problem of how to measure performance (Kaplan and Norton, 1992), the problem of how to implement new strategies (Kaplan and Norton, 1996), the problem of how to manage new economy firms with a preponderance of intangible assets (Kaplan and Norton, 2004), the problem of how to align all the organizational resources (executive teams, business units, support groups, information technology, and employee recruiting and training) to focus intensively on implementing strategy (Kaplan and Norton, 2006) and the problem of how to establish strong linkages from strategy to operations so that employees’ everyday operational activities will support strategic objectives (Kaplan and Norton, 2008). The influential spokesmen Kaplan and Norton even managed to link each of their successive books to one (or two) of the five principles of the framework described in their second book *The Strategy-Focused Organization* (Kaplan and Norton, 2001). These principles are:

- Mobilize* change through executive leadership
- Translate* strategy into operational terms
- Align* the organization to the strategy
- Motivate* to make strategy everyone’s job
- Govern* to make strategy a continual process

For instance, their third book (Kaplan and Norton, 2004), *Strategy Maps*, expanded on Principle 2 by introducing a general framework for translating a strategy into objectives that are linked in cause-and-effect relationships, across the four balanced scorecard perspectives (Kaplan and Norton, 2008). Their fourth book (Kaplan and Norton, 2006), *Alignment*, expanded on Principle 3 and showed how to use strategy maps and scorecards to align organizational units, both line business units and corporate staff ones, to a comprehensive corporate strategy.

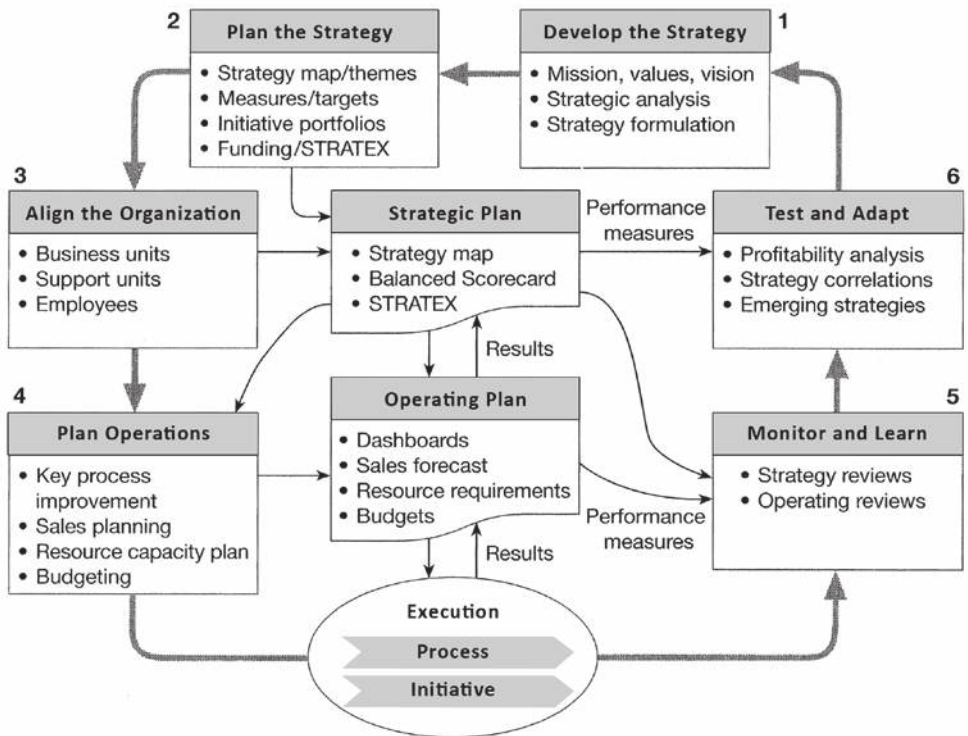


FIGURE 5: THE MANAGEMENT SYSTEM: LINKING STRATEGY TO OPERATIONS (KAPLAN AND NORTON, 2008:8)

The last chapter in *Alignment* described the application of Principle 4, communicating the strategy and aligning individuals’ goals and incentives to business unit and corporate objectives (Kaplan and Norton, 2008, preface). Their fifth book (Kaplan and Norton, 2008), *The Executive Premium*, described all the key processes required to implement Principle 5, ‘Make strategy a continual process’. In this book, Kaplan and Norton describe how companies can establish strong linkages from strategy to operations so that employees’ everyday operational activities will support strategic objectives. They introduce a new framework for management review meetings that clearly separates the operational review meetings, which solve short-term problems and monitor the improvement of key operational processes, from the meetings that review and improve strategy execution (Kaplan and Norton, 2008, preface). Kaplan and Norton (2008, preface p. ix) reflect on this process:

“While we set out, in writing this book, to document the best practices for SFO Principle 5, we ended up with a self-contained and comprehensive management system that links strategy and operations”.

According to Kaplan and Norton, this system (see *Figure 5*) integrates the contributions from their four earlier books and those of many other recent management innovations (including activity-based costing). They conclude (Kaplan and Norton, 2008, preface p. ix):

“The closed-loop management system described in this book represents the “end-state” that enterprises can aspire to reach for connecting excellence in operational execution to strategic priorities and vision”.

So, the balanced scorecard developed into a very broad performance measurement/ management system, moulded and marketed around ever changing problems.

### **DEVELOPING THE PERFORMANCE MANAGEMENT SYSTEM: A PROCESS OF DISEMBEDDING AND RE-EMBEDDING**

The development of the BSC performance management system can be understood as a series of translations that take place through processes of disembedding and re-embedding (Giddens, 1990,1991; Qu *et al.*, 2009).

#### ***Disembedding***

ADI's scorecard has been translated into a generic solution by disembodimenting it from its local idiosyncratic setting (Qu and Cooper, 2007). In terms of Scandinavian Institutionalism, the scorecard has become disembedded by means of decontextualization (Czarniawska and Joerges, 1996). ADI's scorecard is disembodied into a translocal or global idea; an idea that is ready to travel. The disembedding of the scorecard is characterized by theorizing (Strang and Meyer, 1993; Greenwood *et al.*, 2002) and naming (Qu and Cooper, 2007; Oakes *et al.*, 1998; Lawrence and Suddaby, 2006).

By *theorization* Strang and Meyer (1993:492) mean “the self-conscious development and specification of abstract categories and the formulation of patterned relationships such as chains of cause and effect”. It should be noted that ADI's scorecard was not very theorized as it did not encompass generic features. Kaplan and Norton theorized the scorecard by detaching it from the details of the local setting by means of defining generic features that could apply to all organizations (Qu and Cooper, 2007; Hughes *et al.*, 2002:235). For instance, the Nolan-Norton study specified four categories of performance: financial perspective, customer satisfaction, internal processes and organizational learning (Qu and Cooper, 2007). Specification of abstract categories rather than specific measures is key to the success of promoting the BSC idea (Qu and Cooper, 2007). The BSC is further theorized by introducing the concept in M.B.A. courses and executive training programs, as well as by writing articles and books. In this way, the BSC transformed into a global theory that provided the solution for the drawbacks of pervasive financial performance measures in traditional control systems (Kaplan,

1998). A generic template consisting of four perspectives was created. These perspectives were very broad, hence enabled application by a wide audience. In addition, these dimensions provided substantial degrees of freedom for including company specific measures and goals thereby facilitating customization (Qu, 2004; Qu and Cooper, 2007).

ADI's scorecard gave emergence to a multidimensional scorecard which was renamed as the balanced scorecard. *Naming* refers to "the power to consecrate linguistic and discursive competencies, i.e. the ability to create categorization submaps" (Oakes *et al.*, 1998: 284). Naming is more than just sensemaking because it directs actions toward the object or experience that is named (Lissack and Roos, 1997). Or as argued by Srivasta and Barrett (1988), naming implies anticipations, expectations, and evaluations toward the named. Naming plays an important role in theorizing and disembedding the BSC from a local practice to a global concept as it allows the concept to be communicated to a wider audience and to become part of the cognitive map of the field (Lawrence and Suddaby, 2006). The name "balanced scorecard" created a 'solution' in terms of measuring non-financial performance, and provided hope and space for managers to improve performance (Qu and Cooper, 2007; Sturdy, 1997). This idea with an identified name was later experimented on by the participant companies in the research project in their own organizations and 'this initial set of adopters thrived and prospered by using the balanced scorecard' (Kaplan and Norton, 2001; Qu and Cooper, 2007). The balanced scorecard provides a language for many different people from many different social worlds (Qu *et al.*, 2009; Star and Griesemer, 1989). Such a language not only allows them to share concerns about management control, performance measurement and strategy, but also to impose a specific way of understanding the world (e.g. rationalistic top down control, performativity, entrepreneurship), or what Bourdieu (1991) refers to as *symbolic violence* (Qu and Cooper, 2007; Oakes *et al.*, 1998). The 'linguaging' of Kaplan and Norton was not only based on the distinction financial – non-financial, but also on the distinctions short-term – long-term, internal – external and cause – effect. This is reflected in the fourfold notion of 'balance' (note that ADI's scorecard was more or less silent on the notion of 'balance!') in the balanced scorecard: there should be a balance between financial and non-financial measures, between short-term and long-term performance, between internal and external perspectives and between driver and outcome measures.

The main findings of the KPMG sponsored research project were, in terms of Czarniawska and Joerges (1996) objectified in the 1992 article "*The Balanced Scorecard – Measures That Drive Performance*" (Kaplan and Norton, 1992). In this way, the innovative, translocal idea was spread to a wider audience or as Qu and Cooper (2007: 12) put it:

"As management ideas travel as models of alleged 'success', they become disconnected from any specific contexts and take on objectified forms, which are conveyed in texts, presentations or other media and are easily transferred to new settings".

### ***The travel of the Balanced Scorecard (= re-embedding on a global level)***

The communication of the BSC by means of articles and books enabled the researchers to reach an audience that has no direct experience with the innovative idea. According to Kaplan, this step is vital as it allows the scholars to become advocates of the new idea. In this way valuable feedback and comments could be obtained from both practitioners and academics (Kaplan, 1998). If communicated successfully the scholars are likely to be invited to implement the idea in a new set of organizations.

#### ***Problematization***

The communication step turned out to be successful. The BSC has become a fast-moving recipe for success that has gained global appeal. According to Qu *et al.* (2009) this is partly the result of the attention to 'success stories' and partly due to the complexity that the BSC introduces. The BSC proposes *ever-changing problems* to be attended to, from multiple performance measurement, to strategic management, to mapping and aligning strategy. According to Scandinavian Institutionalism ideas are more likely to catch on when they are a solution to a perceived widespread, global problem (e.g. the inadequacy of managing by financial numbers alone and the difficulty of implementing strategy). In the latter case, there is *perceptual readiness*, as the audience is waiting for the solution to arise. For such ideas, their time/space has come (Czarniawska and Joerges, 1996; see the first quote at the beginning of this chapter). Arguably, by means of a research article in the prestigious *Harvard Business Review* this idea was presented at the right time (Nørreklit, 2003; Qu, 2004). Right from the start, the BSC has gained enormous attention and has attracted considerable interest among academia and practitioners. The scorecard convincingly explains how it provides an answer for the perceived problems associated with traditional performance measurement systems. A "stubborn fact" was the catalyst for searching for new knowledge, knowledge that could not be found in the textbooks or teaching cases (Lindsay, 2004). Most managers were obviously frustrated with traditional accounting-based performance measurement practices. Therefore, they were receptive to this new concept. Kleiner (2002) describes the 10-year 'feud' between Kaplan (drive your business with numerical targets and performance measures) and Johnson (management through measurement is fundamentally dangerous). He argues that Kaplan is the more successful of the two feuders because at that time measurement and rankings seem like the natural way to drive people to improve:

"Most managers intuitively believe that they can get better results only by setting goals and targets, especially the sophisticated 'process drivers' of the Balanced scorecard and similar methods" (Kleiner, 2002: 20).

Moreover, the simplicity of the BSC is certainly appealing, as a BSC provides management with a concise summary of the key success factors to monitor and improve performance (Mooraj *et al.*, 1999).

### **Interessement**

Czarniawska and Joerges (1996) note that the popularity of ideas is not only related to the properties of the idea. The rise of the BSC from a local practice and its future as a global theory was dependent on others having an interest in applying this idea to their own environment (Qu *et al.*, 2009). The process of capturing the interest of others required the attention of other managers who might have similar problems (Czarniawska and Joerges, 1996; Qu *et al.*, 2009). Here is where translation takes place through ‘*linguaging*’ of distinctions where varied concerns and interests commingle through the expression of a shared common understanding (Qu *et al.*, 2009; von Krogh *et al.*, 1994) in order to move from an *existing* to a *perceived desirable* situation, for instance more non-financial steering and more attention for the long-term and for drivers (‘*causes*’) of success. The BSC certainly generated attention among practitioners, and even academics. The successful promotion and its subsequent rapid and easy acceptance can be attributed to the vast number of credible sources associated with the BSC (Nørreklit, 2003; Qu and Cooper, 2007).

First, the participants in the original research project were some of the most prestigious North-American organizations, like Shell Canada, Apple Computers, General Electric Company (GE) and Hewlett-Packard (HP). Their success stories of the BSC illustrated the general applicability of the concept. As such, these initial success stories paved the way for the rapid adoption of the BSC by organizations all over the world. This initial network not only provided legitimacy for the BSC, but also supported the simultaneous creation of BSC experts (Qu *et al.*, 2009). Those involved in the research project became pioneering firms, and those who were in charge, authorities on the BSC. A series of professional service firms (for example the BSCCol, later the Palladium Group) arose, often created and staffed by these pioneers and experts. Qu *et al.* (2009) extensively describe how the BSCCol uses several strategies to enroll and control networks of actors, such as forming partnerships, introducing a BSC certification program to involve leading software providers, and awarding BSC Hall of Fame status to exemplar adopting organizations.

Second, there was widespread confidence of the academic and business audience in the Harvard Business School, its professor Kaplan, as well as the business consultant Norton. The reputational effect encouraged the audience’s faith in the concept. Consulting firms soon embraced the BSC. As Czarniawska and Joerges (1996) note, consultants often play an important role in spreading ideas as they are designers, distributors, wholesalers and retailers of the idea. As expressed by Kaplan (1998: 109) himself:

“I believe the reason for the more rapid [than ABC, KW] advance of knowledge was the leverage from Norton’s consulting company, for which the balanced scorecard represented a major deliverable (and differentiator). Therefore, we had the advantage of a dedicated cadre of trained, skilled and highly motivated consultants working and innovating with companies in



North America and Europe. And we could directly access these experiences for presentations, articles, cases and a book”.

The global presence of consultants has led to a rapid spread of the BSC in organizations as the decontextualized idea turned out to be a generic concept capable of coping with similar local problems that were perceived by organizations across the globe. The BSC has become best practice in the field of performance management.

### ***Idea-materialization***

In the academic world the scorecard has gained popularity as well, as is signalled by the growing body of literature devoted to the BSC in academic journals (Qu, 2004). The BSC idea has been objectified through the emergence of books, research articles and (software) reports and soon became a hot topic among management accounting academia. The BSC is not a pre-existing empirical, observable entity. Rather, it relies on specific knowledge production and inscribing practices which objectify it as things-like and thereby render it usable, manipulable and reportable (Qu, 2006; Bloomfield and Vurdubakis, 1994). Paperwork such as articles, diagrams, graphs, and (flip)charts are also argued to possess many rhetorical advantages (Qu, 2006). For example, the success of the BSC is due in part to the extensive use of graphical representations to illustrate its key ideas (Qu *et al.*, 2009; Nørreklit, 2003). An example of a key idea of the BSC is the notion of cause- and-effect relationships between measures and strategic goals. Graphics are powerful in showing patterns and introducing causal relationships and contribute to the generalization of claims (Qu *et al.*, 2009). The “elimination of gratuitous details is part of the move from the particularity of one observation to the generality of a scientific claim” (Myers, 1988: 239; Qu *et al.* 2009). Removing local categories (for example those in the ADI scorecard!), and replacing them with abstract categories (for example the four perspectives!) is very persuasive when this is achieved through colorful figures (Qu *et al.*, 2009). ‘Strategy maps’ are proposed as a visualization of the cause-and-effect links between specific improvements and desired outcomes (Kaplan and Norton, 2000; Qu *et al.*, 2009). The ‘strategy map’ is a “dynamic visual tool to describe and communicate strategy through a visual display of an organization’s perspectives, objectives, measures, and the causal linkages between them” (Qu *et al.*, 2009; Kaplan and Norton, 2004: 54). Qu *et al.* (2009: 42) conclude that the strategy maps “are inevitably subjective and based on the imagination of its authors, but their fixity hides the possibility of resistance and that the underlying objectives and strategies can be contested”.

### ***Support of allies***

Kaplan and Norton continuously checked whether enough actors gave their support to the BSC. As argued, they regularly renegotiated the *problematization*: from performance measurement (1992) to linking strategy to operations (2008) with many in-betweens. Kaplan (2009) gives another

example. Although the subtitle of the first Kaplan and Norton article (1992) was ‘Measures that Drive Performance’, the authors soon found out that they should not focus on the measures in the first place, but on the strategic objectives:

“It turned out that the selection of measures was much simpler after company executives described their strategies through the multiple strategic objectives in the four BSC perspectives” (Kaplan, 2009: 1262).

And from this problematization it soon “became natural” to describe the cause-and-effect relationships between strategic objectives (Kaplan, 2009) and so on.

Kaplan and Norton also renegotiated the *interessement* from time to time. The emphasis on non-financial measures allowed the BSC to be allied to a range of practices associated with non-financial measurement, for instance in human resource management (Qu *et al.* 2009; Townley, 1995). For many years, the weakest link in the BSC was the learning and growth perspective (Kaplan, 2009). While companies had some generic measures for employees (such as employee satisfaction and absenteeism), none had metrics that linked their employees’ capabilities to the strategy (Kaplan, 2009). The discourse around this “black hole of the balanced scorecard” (Kaplan, 2009) linked HR professionals to the BSC network. The following quotation elaborates on this issue. It also illustrates that the renegotiations regarding *interessement* and problematization (and even materialization: article and book) are intertwined:

“Dave Norton led a research project in 2002 and 2003 with senior HR professionals to explore how to better link the measurement of human resources to strategic objectives. From this work came the concepts of strategic human capital readiness and strategic job families and, by extension, the linkages to information capital and organizational capital. These important extensions to embed the capabilities of a company’s most important intangible assets were described in a Harvard Business Review article and a book (Kaplan and Norton, 2004a,b)” (Kaplan, 2009: 1262).

Another example concerns the extension of the BSC to Non-profit and Public Sector Enterprises (NPSE’s), as described in Kaplan (2009). Managers of NPSE’s were linked to the BSC network as they started to realize that focusing only on financial measures, such as budgets, donations and funds appropriated, is not enough. The success of NPSE’s has to be measured by their effectiveness in providing benefits to constituents (Kaplan, 2009). The Kaplan and Norton literature convincingly shows how the BSC helps NPSE’s select a coherent use of non financial measures to assess their performance with constituents. A final example concerns the development of the BSCCol (later Palladium) Hall of Fame award system. This system shows how local BSC initiatives, not only get reproduced as global successes, but enable the BSCCol to stay at the centre and to constantly change and enhance the idea of the BSC (Qu *et al.*, 2009). The Hall of Fame award honors organizations that have achieved an “execution premium” (extraordinary performance results) through the use of the BSC (Palladium,

2010). Founded in 2000, the Palladium BSC Hall of Fame program today has 133 honorees that span the private and public sectors in more than 20 countries. Winners are selected based on the quality of their BSC implementation and the results they demonstrate over a period of at least two years (Palladium, 2010). Each year, new members are accepted in the Hall of Fame at a well-publicized conference, profiled in the bimonthly “Balanced Scorecard Report” (see later on). They are often used as examples in later publications of the institutional entrepreneurs Kaplan and Norton (Qu et al. 2009). They may also be used in training material of the BSCCol (later Palladium). This adds allies to the BSC network and provides exposure that organizations believe enhances their reputation (Qu et al., 2009). See, for instance, the “success stories” in the document entitled “Sample Testimonials from BSC Hall of Fame Winners 2000-2006”, available on the Palladium website.

Finally, Kaplan and Norton renegotiated the *inscription devices* several times. Kaplan and Norton understood very well, that one way to make sense of complex ideas like the BSC is to turn them into concrete images, templates and pictures, or give them physical properties as objects (Qu et al., 2009). For instance, they introduced the ‘strategy map’ and made use of many graphical representations in their successive books and articles. Another important example is the bimonthly *Balanced Scorecard Report* (BSR). This is a 16-page newsletter published by the BSCCol. since September 1999. It claims to provide “insight, experience, and ideas” for executing strategy (at first) and for strategy-focused organizations (later on) through exclusive field reports, case studies, example templates and figures, and analysis that show how to ‘improve performance’. (BSR’s; Qu et al., 2009). As the official publication of Kaplan and Norton’s Balanced Scorecard Collaborative, the BSR offers “exclusive real-time delivery of the latest insights and ideas by Kaplan and Norton, as well as new research, emerging trends, and practical lessons drawn from on-going Balanced Scorecard implementations worldwide” (Qu et al, 2009: 59). These help objectify local experiences offering success stories and best practices which can make the claims of the BSC convincing. As Qu et al., (2009: 59) put it:

“Success stories produce a self reinforcing dynamic among adopters of management ideas (Sturdy et al., 2006) and are a key element for an idea to gain management recognition and adoption. Best practices profile ‘top-performing’ organizations by interviewing their senior executives about their achievement with the BSC implementation.”

### ***Institutionalization***

During the past 20 years the BSC has been kept alive as Kaplan and Norton translated the experiences of organizations that embraced the BSC. Although the BSC changed continuously (e.g. Larsson, 2010, describes seven ‘versions’ in the evolution of the BSC), it became a source of common identity. The alliances around the BSCCol. (now Palladium) and Kaplan and Norton provide a sense of a ‘global expert support community’ (Qu et al., 2009: 48). Of course, the BSC was conceptualized and promoted by powerful, global experts/spokespersons like Kaplan and Norton, but it was *local* managers and management consultants who made the ‘allegedly great idea’ work (or not) in organizations (Qu et al., 2009). These local actors became local experts/spokespersons (e.g. they train and provide advice to

others), who use the original BSC concept in innovative ways. As such, these local interpretations have altered the idea, hence gave impetus for the BSC idea to travel again creating an on-going spiral of fashion (Czarniawska and Joerges, 1996). Kaplan and Norton (1996, Kaplan, 1998, 2009) re-distributed these practices which subsequently became global ideas as well.

## **SUMMARY**

In this chapter the origins and further development of performance management through a BSC is outlined. Kaplan's serendipitous encounter with the scorecard is described, followed by a description and depiction of the innovation action research cycle through which Kaplan seeks to advance the performance management system that incorporates the BSC. It is shown that Kaplan believes in the development of objective constructs with more or less universal applicability – a view that is close to positivistic science ideals. Kaplan believes that academics pick up ideas from practice that can be *diffused* all over the world.

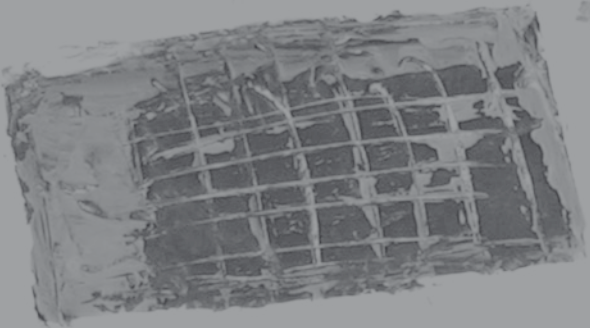
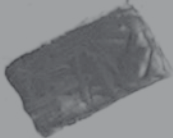
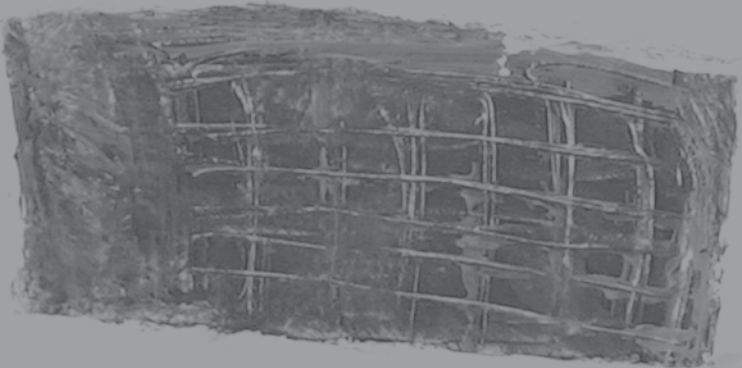
This chapter also demonstrated a translocal perspective on the development of the idea of the balanced scorecard. It took a 'Scandinavian Institutionalism'- perspective on the instrumental innovation action approach as proclaimed by Kaplan and Norton. The idea and concept of a balanced scorecard is processed and institutionalized through networks of localities. It proves to be the local managers and consultants who make the idea work in organizations and who advise it to others. During the traveling process an on-going spiral of fashion is kept active. Authors such as Kaplan and Norton further contributed to the 'globalization' of the idea. The analysis further revealed that the success of an idea is not only depending on the properties of the idea, but also on the extent to which it copes with perceived problems and the extent to which it attracts the interest of actors.

In the next chapter, we will study two local re-embedding processes.



Local translations of the Balanced Scorecard

# Chapter 9



*"In the global world, ideas travel around the planet, but are then locally translated. The result may be that the same idea differs every place it lands; that different ideas may lead to similar practices; and that the final combination of global ideas and local practices is almost inevitable difficult to foresee, but fascinating to study"*

(Czarniawska, 2012: 27)

In this chapter, the translation of a balanced scorecard as practiced in two banks (Rabobank The Hague and IBN) is described. For each bank, the process of re-embedding the balanced scorecard is presented by focusing on both interpretations through which the idea of the balanced scorecard is aligned with words, values and symbols that already exist in the organization, and through the social-material enactment of the new idea. There is an interplay between taken-for-granted norms and intentional action. The translations are described by drawing on the five analytical stages that were distinguished in the conceptual framework (chapter 3) and that are in accordance with Scandinavian Institutionalism: problematization, interessement, idea-materialization, support of allies and institutionalization. A special focus is on (ex ante and ex post) theorization.

## **CASE STUDY RABOBANK THE HAGUE**

### **INTRODUCTION**

Rabobank The Hague is one of the local Rabobanks of the Rabobank Group. Rabobank The Hague consists of two different (key) segments: 'Private Customers' and 'Companies'. There are 18 departments that together make up the two segments and a number of staff departments.

The executive team consists of a Director Companies, a Director Private Customers (the initiator and 'champion' of the BSC program of change) and a General Director. In *Appendix 3* a chart of the organization is attached.

The mission of the Rabobank The Hague, as formulated in 1996:

*"Rabobank The Hague aims at gaining a sustainable and prominent position in the hearts and minds of people in its operating area as a broad, cooperative financial services provider by demonstrating its ties with the local community and stimulating the related economic activities"* (Medium term plan 2003-2005, p.5).

More specifically, the Rabobank Group aims at value creation for customers by:

*“offering the best possible financial services that are of relevance to the customer;  
ensuring the continuity of the services in line with the customer’s long-term interests;  
fulfilling the bank’s commitment to the customer (and the community), in order to help the  
customer realize his or her ambition”* (Medium term plan 2003-2005).

Thus, the key objective of the Rabobank Group is the creation and increase of customer value, the value conferred to the offered services by the customer. The customer value is defined as “the best possible products and services at the best possible price”.

Moreover, generating value for the employees is seen as a critical success factor. Precondition to the value creation to both customers and employees is financial stability. The bank aims at a steady development of three financial ratios: the tier 1 ratio, the ROA and the net profit growth.

The primary strategic ambition of Rabobank The Hague concerns the bank’s financial performance: *substantially improving the profitability*. The reason why Rabobank The Hague focuses on the financial objectives is that its financial ratios structurally lag behind both the profitability requirements by Rabobank Netherlands and the ratios of other large city banks. The improvement of the profitability is a necessary precondition for reaching a sustainable and leading position in its operating area (as stated in the mission statement). In March 2003, the Director Private Customers states:

*“Customer value means nothing to me. The only thing that does mean something is that I want to increase the profitability of my current portfolio. We are particularly investing in the ‘wealthy’ segment because this is where you can get something”.*

In addition to an improvement of its profitability, Rabobank The Hague aims at a profitable growth of market penetration in specific markets – those markets that will lead the bank towards substantial improvement of its profitability in both the short and the long term.

In order to reach its key objective the bank cooperates with Rabobank Netherlands and other local banks.

For the 2003-2005 period, the most important objectives of Rabobank The Hague are specified as follows (source: Medium term plan 2003-2005 “Profitable growth”):

- . Direct improvement of the results;
- . Focused growth in selected markets;
- . Cross-selling and deep-selling in the current portfolio;
- . Professionalizing sales management and further building a sales organization;
- . Focus on efficiency by controlling direct and indirect costs;
- . Professionalizing management control.



In sum: the bank seeks for 'profitable growth'.

In 2002, the Cohen Brown cultural change program was initiated. Due to the disappointing revenues and profits there was a felt need to develop a methodology to increase the sales of the company in a structured way. The so-called 'big five' was a part of this methodology. This concerns five focal areas (main objectives) in a particular period; a particular week, month or year. The logic behind this is that one cannot focus on more than a few things at a time. Therefore, it was considered adequate to make explicit the five most important focal areas.

In August 2003, the Manager Business Management and Control was commenting on the prevailing business culture:

*"It seems quite contractual to me, quite open. A company where it used to be difficult to join in with each other and to make it clear that one works for the same customer. I really think that our work is [primary] about customers, everybody understands this but we designed the company in such a way that one risks losing this ultimate objective out of the view. You see it getting much better now, so that you say: there's more focus now"... "by 'contractual' I mean that if we agree to sell this week, say five All-in-One insurance packages, then everyone goes for it and nobody should find excuses for having sold just four because... an agreement is an agreement and this is well understood now".*

The Medium term plan 2003-2005 ('Profitable growth') states the following regarding the (development of) the culture (p. 19/20): "The culture of the bank develops from a reactive (Rabo) culture towards a proactive customer and sales oriented culture. This is exemplified not just by the developments related to Cohen Brown/Champions League in 2002, but also by the development of the Customer Contact Center and by growing cooperation among the segments. In this planning period, the trajectory initiated in 2002 will be strongly pushed forward. The desires for winning together, for excelling in the own profession, for giving others a chance and for having good sales managers are the essentials of this culture".

### **TRANSLATING THE BSC IN RABOBANK THE HAGUE**

In accordance with Scandinavian Institutionalism, there clearly was no diffusion of a 'State of the art' balanced scorecard, but translation. Some features (elements) of the general BSC idea got 'lost in translation', some elements were slightly changed, and some features were added ('enrichments'). This translation process was bolstered by willing political agents, but it was also "shaped by contingent events and little controlled processes such as fashion" (Czarniawska and Joerges, 1996: 44).

### **Problematization**

Before 1986, the 'The Hague'- market was explored by two competing cooperative banks: the Boerenleenbank and the Raiffeisenbank. The two banks were operating from the periphery of the city with little or no (policy driven) interest in the city as a whole, nor in the specific market opportunities in the city. In 1986, the two banks finally merged. The period before 1995 was characterized by 'cleaning-off' the offices of fellow Rabobanks, bringing the offices' network into shape and preparing the merger with the Scheveningen and Rijswijk Rabobanks. This merger completed January 1, 1995. In 1996, a thorough change trajectory was initiated, focusing on building a professional Rabobank in the city and aiming at substantial relevant and healthy market shares that could guarantee a sustainable development of the bank. With this purpose, large investments in people and resources were made. The efforts resulted in market growth and a considerable improvement of the image of the bank in its operating area. The Director Private Customers recalls March 2003:

*"In a killing speed the bank released 100 people then and grew to 380 people. In a short period, hundreds of people came in. In a very short time, the company went through a number of life-phases, much too fast, with too much pressure. At a certain moment we became one of the big city banks, one of the biggest banks in the country. Financially spoken we were a poorly to moderately performing bank, this is also due to our position in a big city."*

When, in 2001, the Director Private Customers had taken office with Rabobank The Hague, the bank was rather messy. Every department pursued its own results and only the Directors took care of the whole; there was hardly any mutual cooperation. The Director Private Customers reflects on the *ex-ante theorization* indicating the failings of the old practices (March, 2003) and relating them to a 'solution' of the balanced scorecard:

*"I work here for two years now. When I arrived it was a messy bank. The top was very noisy, a lot of money. Each department focused on its own results and only the directors on the whole [bank]. However, there was no mutual co-operation. And then one needs a driver for change and that driver has been found in the Balanced Scorecard (BSC)".*

The *ex-ante theorization* was not limited to a lack of mutual co-operation. It also concerned a *performance gap*. For many years, Rabobank Netherlands was disappointed by the financial results of Rabobank The Hague. To change this, the executive board of Rabobank The Hague decided to adopt the idea of a Balanced Scorecard. Both the Director Companies and the Director Private Customers were already familiar with the BSC. The Director Companies himself had developed a scorecard for the ABN AMRO bank in his former job. Apparently, there was *perceptual readiness* (Czarniawska and Joerges, 1996) for the balanced scorecard. The Balanced Scorecard was given attention to because the BSC was 'fashionable' (Czarniawska and Joerges, 1996:45) at that time and because of this prior experience of the directors.

Our interviews revealed that the most important argument in favor of the Balanced Scorecard was the opportunity to focus on (just) four perspectives. It was theorized that in order to increase the profitability, the most significant 'profitability generators' had to be controlled. Thus, the scorecard was reasoned to be a solution not just for a lack of co-operation, but also for a lack of focus.

An alternative to the BSC was the Rabobank Steering Model (Results Oriented Management), also called Compass Model, developed by the Rabobank Group. The Compass model was mandatory for the external reporting to Rabobank headquarters. For the governance, management and control of their own organizations, the local banks were formally free to use this model or any other model. However, in practice executive management had to explain a deviation of the Compass model for internal purposes to headquarters. Moreover, the controller in Rabobank The Hague opposed to the adoption of two distinct 'models'. Therefore, the (potential) use of a balanced scorecard was not without problems.

Yet, according to the Director Private Customers, when it came to management purposes, the Compass Model had a number of deficiencies. For example, the local bank must deliver the results for evaluation purposes to headquarters on a monthly basis, and for (own) management purposes this was considered to be too long a period. At headquarters, the results were then benchmarked against those of other local banks, operating in different situations. However, a large city bank such as Rabobank The Hague differs considerably from the 'average' local bank. Therefore, this led to misleading interpretations. In addition, there was the 'customer value' aspect. Although this was an important factor in the Compass Model, it was not measured because headquarters considered return on assets and solvency to be much more important.

The Project manager reflects on the *ex-ante theorization* and explains the reasons behind the adoption of the BSC:

*"A cry for help, as we wanted to know where we are and how we can measure this. To get an idea whether you are in control, you obviously need management information and you should know where you aim at. This should be stated clearly, because this bank was aiming at everything (and, thus, at nothing). There was too little structured vision behind this all and this was the main reason, I think, why we have employed the BSC, because this was a means to structure our vision and to held each other accountable for it. There was simply no structure prior to it".*

The Project Manager confirms that the Director "Private Customers" was the initiator of the scorecard. He was the institutional entrepreneur/change agent of the BSC project. The General Director always externally promoted the (importance of) the BSC and the related cultural change program (employees' newsletters, the presentation of the Champions League cups, etc.), but according to the Director Private Customers, he *"never really embraced [the BSC], but rather tolerated it"*.

The following quote of the Project manager illustrates the logic set by the change agent, linking the main local problems to the BSC idea:

*“Simply for being able to structure the management information and to focus. Focus is a key word here. There was a focus deficit so far, what do we want? The BSC pushes you to think in a structured way and to measure accordingly”.*

Asked about the reason behind control based on non-financials, the Project manager states the following:

*“We realize how important the role of other categories for our profits is. For instance, looking at HRM, you see learning and growing people, the people that determine the success. This is the motivator behind the learning and growth perspective. This leads to financials in the end”.*

### **Interessement**

After the end of the Cohen Brown trainings, the BSC trajectory was initiated (February– March 2002). The report ‘Profitable growth’ was identified as the basis for plans in the planning period 2003-2005. In a bottom-up process, the management team and the heads of the departments consequently formulated plans for meeting the objectives stated in the report.

First, two “strategy maps” were developed; one for Private Customers and one for Companies (see Appendix 4). For the development of the strategy maps external consultants were engaged. The consultants introduced the BSC theory by giving presentations to the directors and the management team. There also was a two days *meeting* of about 30 people (most of them were company managers). The nature of the conversations during that meeting was one of “debate” (Yankelovich, 1999), in which the Director Private Customers made it very clear that he demanded full commitment of all managers to the BSC change trajectory. A number of managers left their positions shortly afterwards. The Director Private Customers comments on this:

*“...those people found it unacceptable. It was particularly due to the higher transparency the new system would bring”.*

The Project manager comments on the later developments:

*“We started by stating clearly to both, companies and private customers, what our strategic objectives were from all four perspectives. This was the focus of our discussions with that external consultancy. What did not go well was that the discussions were held only with a part of management, just managers of six line departments, but we now have eighteen departments in total. The other twelve followed at a distance. To determine the critical success factors we simply had meetings together: real discussions like, well, what is financially important to us, and so on...”*

Finally, the two strategy maps were developed based on a background story (the documents '*The story behind the Strategy Map*' of Rabobank The Hague, Private Customers respectively Companies'). The philosophy of the dominant scorecard thinking was expressed through these texts. New features like the 'Confrontation matrix', 'Overview Damage Risks' and "Strategic Contribution of the Department' were emerging from the discussions between directors and consultants. Subsequently, for each department a strategic map (18 "department scorecards") and a *department plan* (see for an example *Appendix 5*) were developed. According to the Project manager, the strategy maps and the background stories were only sent to the management of the departments. The other employees were marginally involved in the process: "I don't think this is good either, but the process was going too fast for it".

A consultant involved in the project:

*"We firstly communicated the strategy card and subsequently made changes according to the suggestions received. Then sitting on the Large Companies: well, on that chart (strategy map Companies) what are the disruptors? What can you do about it? How could we [the directors] help on this? Then we descend from Companies' objectives to Large Companies' objectives. What's it called then?, etc..."*

Similar formulations were used by the Manager Marketing & Communication:

*"At a certain moment we got some homework. Now try to fill in on that strategy map what are the CSF's [critical success factors] and what is your contribution to this".*

During the process of producing department plans, the important issues were focus, cooperation and delivering strategic contributions. This can be traced also in the following statement by the Private Customers Director:

*"...P&O [Employees and Organization department] for instance was very disappointed about the demands by the managers for services with regard to the development of employees. Then they wanted to develop themselves their own P&O plan. No, no, you go and talk as long as needed to those managers so that one of these objectives in the learning & growth perspective ends in the big five. And if someone has zero [employees] turnover rate, zero sick leave and everybody has a training plan, then you have to acknowledge that one cannot do better, nothing to improve. For the staff people this is incredibly difficult to realize, because in banks you see the staff people feeling extremely important so that the 'commercials' have to adapt themselves".*

On April 3, 2003, a *policy day* was organized on the topic 'From BSC-project to continuous process'. During this day in Noordwijk, a manager of a certain department presented the scorecard of *another* department. In the afternoon an 'information market' was organized (also called 'reflection market').

The participants examined certain issues from multiple points of view, without pushing forward their own opinion. The aim was to reach a consensus. Armed with stickers printed with question marks, exclamation marks and flash signs, the departments went shopping at other departments. Each department had its own 'market stall' containing the strategy maps and the objectives, hanging as posters. A consultant recalls:

*"Everybody had received all the information from the others beforehand. Subsequently, you could go shopping to your internal clients and suppliers. If one wants to meet its own objectives, than one needs an internal supplier. However, does your internal supplier know what your objectives are? Could I help you on this?... Due to this focus on coordination many suggestions for improvement have been formulated".*

In a positive atmosphere, during the course of this day the colleague-departments' plans and strategy maps became better and more focused. All 18 departments were involved in these conversations. However, there was one exception. The Marketing & Communication Manager comments that the Planning and Control department had been skeptical about the BSC for a long period of time:

*"It has to do with the fact that this model diverges considerably from the models employed at Rabobank Netherlands. So how can one find a connection with it? Some information has to be delivered monthly according to the Compass Model".*

The language represents a big problem here! In a letter addressed to the directors and the management team (May 20, 2003), the Head Planning & Control asked whether the project manager of the BSC "[could] translate the set of concepts of the Compasses to 'Balanced Scorecard' concepts and sales objectives".

Eventually, the bank succeeded in meeting the information requests by Rabobank Netherlands (external reporting), while at the same time continuing the balanced scorecard project for internal purposes, along with the related cultural change program.

The Director Private Customers and his Project Manager used a discursive editing strategy with the aim of 'telling a good story'. In accordance with Scandinavian Institutionalism, they had to put a lot of effort in convincing ('interessement') other organizational actors into doing what is needed for the idea-materialization. In so doing, they gained *legitimacy* for the BSC idea. Through *language of distinctions* it proved to be possible to distinguish 'what-is' situations from 'what-is-not' situations (and, respectively, 'what-still-has-to-be-done' situations). According to Von Krogh *et al.* (1994), the key question is how and why new distinctions are introduced, and to what extent they are entrenched and are conferred meaning to. Von Krogh *et al.* (1994) suggest that sometimes the break line separating the present from the past is so strong that it results in a "*rescaling* of the knowledge tree of the

organization". This, indeed, proved to be the case at Rabobank The Hague. The desired fundamental change as portrayed above showed through several (key) concepts as utterances of the distinctions. These distinctions gain a central place in the management terminology and form the basis for decisions and concrete actions (the action context; Wolpert, 2002).

In the Rabobank The Hague, the following distinctions and corresponding (key) concepts played a role in the change processes (see *Table 4*).

TABLE 4: DISTINCTIONS AND CORRESPONDING (KEY) CONCEPTS

Distinctions	(Key) concepts
(1) financial ↔ non-financial effect ↔ cause	Balanced Scorecard strategy map 'The story behind the Strategy Map'
(2) 'going for everything' ↔ focusing	'big five' confrontation matrix
(3) 'free – merry' culture ↔ 'accountability' culture	sales-meeting briefing/debriefing week reports
(4) 'everyone for himself' ↔ cooperation	overview 'damage risks' 'market stall' plan of presentations by colleagues
(5) 'simply do your work' (incl. own hobby's) ↔ delivering <i>strategic</i> contributions, willing to become <i>the best</i>	strategic contribution by the department (= orange in strategy map) Champions League (cups, bank hall meetings, etc.)

### **Idea-materialization**

Concepts and ideas corresponding to four of the five distinctions ((1), (2), (4) and (5)) were materialized in the departments' plans (for the coming three years). The *strategy maps/Balanced Scorecards* (both Private Customers and Companies) state the departments' overall objectives (their intended 'strategic contribution'). These overall objectives are colored in orange and indicate the departments' key concerns in the implementation of the local bank. In the 'Departments' Objectives Overview', the five most important objectives ('*big five*') are indicated at the top. Subsequently, the 'Key Performance Indicators' (KPI's) are presented. For each departments' objective, one or more KPI's are described. Then, 'initiatives' for meeting the objectives are described in a *confrontation matrix*, relating them to the departments' objectives. Finally, departments' dependence upon other parties is traced in the 'Overview Damage Risks'. This overview presents in the strategy map some objectives on which the department has no direct influence, but that are nevertheless important for the performance of the department. As an example, a part of the departments' plan of the Large Companies department (Wholesale) is attached as *Appendix 5*.

The idea of ‘competition’ as it is reflected in distinction 5 is materialized through the artifact ‘trophy’ (‘cup’). In accordance with the Cohen Brown philosophy, in June 2002 Rabobank The Hague implemented a *‘Champions League’*. Based on the scores on the BSC performance indicators, every second Monday of the month the Champions League awards the best performing departments. In the evening, the entire local bank gathers in the bank hall (the so called *‘bank hall meetings’*) to witness how the General Director awards the trophies. In 2004 there were three competitions, one for the six line departments and three product departments, one ‘staff cup’ for the nine staff departments, and one for the banks’ offices.

For example, as utterances of distinction the concepts corresponding with the third distinction are materialized in the inscription *‘week reports’*. These reports are directly related to the Cohen Brown philosophy. The weekly *briefing and debriefing* is an important part of this philosophy and illustrates the instant *materialization in action*. Every Monday morning a ‘Directors meeting’ takes place. There, among other things, the *week reports* are discussed. All the heads of departments have to send their reports, accompanied by brief policy texts, to the Project Manager before 10.30<sup>1</sup>. He condenses the reports to two A4 pages. Each department has its own color, and the most important results are marked with red and green. Targets and the actual results are presented for comparison, and the Directors assess the reports. An example is given in *Appendix 6*.

Moreover, on Monday each sales department starts with a *sales meeting*. At this meeting, the focus is on sales targets for the coming week. On Friday afternoon an evaluation meeting is organized. The objective is to evaluate the achievements against the targets. This is seen as a beginning of a culture of factually addressing the problems and making people responsible.

The Director Private Customers comments (Heuvelmans, 2003):

*“The sales department was divided into small units with considerable social control. The sales people evaluate themselves on a weekly basis and then tell me how it went. At the end of every week, they send me a report with details about what they have sold and why they think it is good or bad. By measuring achievements over very small periods, not only does management realize in time whether things are going well or not but this also applies to the employees themselves. If there is a crisis, then employees see much earlier that a crisis exists and they are more motivated to help solving it.”*

A consultant adds to this, and clarifies the ‘agency’ of the inscription ‘week report’ (Heuvelmans, 2003):

*“It starts with raising awareness, people on the work floor signaling that things are not going well. As they write it down themselves, something happens to them mentally. They will be more motivated because they have an obligation with regard to what they have written.”*

<sup>1</sup> Starting 2004 this function has been assigned to somebody from the Marketing & Communication department.



### **From the local to the global**

As a consequence of a local translation some features of the general idea and concept of the BSC may get “lost in translation”, some features may (slightly or more fundamentally) change and some features may be added (“enrichments”). A number of features of the global ‘State of the Art’ BSC can be defined (based on Speckbacher *et al.*, 2003; Kasurinen, 2001). The balanced scorecard:

- (i) Contains financial and non-financial strategic measures/objectives
- (ii) That are grouped into perspectives
- (iii) Employs cause-and-effect chains
- (iv) Contains action plans/targets
- (v) That are linked to incentives
- (vi) Involves strategic discussion intended to help ‘refine the vision and strategy’.

Clearly, the first two features are present in the local Balanced Scorecard (=Strategy Map<sup>2</sup>).

The employment of cause-and-effect chains (feature (iii)) is clearly recognizable in the translation of the Balanced Scorecard, but is apparently lost in translation. The project manager:

*“... when reporting, we did not implement it [employing cause-and-effect chains] yet. But I think both the management and the directors have the issue on their minds I think. You can see it back in the strategy map, because those lines have been traced. If you read the background story [he means the enrichment in the form of the document ‘The story behind the Strategy Map’ KW] than you also see it is there.”*

Feature iv (action plans and targets) can be traced in the initiatives overview. The initiatives are even related to the departments’ objectives in a confrontation matrix, which can be seen as an enrichment of the BSC as developed by Kaplan and Norton. The departments’ managers also define targets themselves, which are only marginally assessed by the directors. The Customers Advice Manager states:

*“The best part of it is that if you’re allowed to define the target than you often set e it higher than the directors would have done”.*

The managers also have to make a week report detailing whether they did or did not meet the targets.

Feature v (linking plans and targets to incentives), was lost in translation. However, in the interview (June 2004) the project manager states that there are plans to start using the variable ‘incentives’ shortly.

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<sup>2</sup> The strategy maps have also been called ‘Balanced Scorecards’ at Rabobank The Hague. In the ‘State of the art’ BSC the feature ‘grouped into perspectives’ is particularly emphasized in the Balanced Scorecard and the feature ‘employs cause-and-effect chains’ in the strategy map. At Rabobank The Hague, both features are emphasized in the strategy map (= Balanced Scorecard).

*“...we will trace it from the objectives stated in the Balanced Scorecard to the employees’ level”.*

The following statement by the project manager (June 2004) indicates that the strategic discussion/dialogue (feature (vi)) did not work out very well so far:

*“This talking to each other happens particularly within the Management Team, plus the week reports to the directors containing the most important indicators. Of course we talk to each other, but at this point still [particularly] on policy issues, just under the strategic level. Hence, we talk too much on department’s level and too little on bank wide level”.*

He also indicates that this is a consequence of a lack of a strategic scorecard for the bank as a whole:

*“...you have a card for companies, one for private customers and a story on the top from the strategy map, this is where one should pick up 10-15 most important indicators from, at the moment they are fragmented. We do have them [indicators], but we get them fragmentally”.*

Another possible explanation is that the General Director frustrates a real strategic dialogue based on a BSC. As argued earlier, the General Director promoted the BSC to the outside world, but never really pro-actively embraced it nor insisted on an internal strategic dialogue based on the BSC.

The following “enrichments” (additions to the ‘State of the Art’ BSC) may be identified. They went “back to the globe” through other client firms of the consultants firm:

- . ‘The Story behind the Strategy Map’;
- . The ‘Confrontation Matrix’;
- . ‘Overview Damage Risks’;
- . Strategic Contribution of the Department.

The introduction of internal competition by relating a Champions League (cups) to the BSC may also be seen as enrichment. This would then be the only enrichment that played a crucial role in the change process. It appears from the interviews that the other enrichments were not responsible for the ‘rescaling’ that took place at Rabobank The Hague.

### **Support of allies**

In the summer of 2003, the policy planning for 2004 started. It departed from *“the learning moments we had on the policy day in April”* (internal memo ‘Policy Planning 2004’, August 13, 2003). For example, in July 2003 the project manager states the following:

*“Now we talk at the team-leaders’ level about the objectives. Hence, the lower levels are also involved now. Everyone has the opportunity, if one has the ambition, to say something about it”.*

Specific evenings were organized for the employees with the purpose of communicating to the work floor. For example, the Marketing & Communication department organized a *special evening* for the department 'Customers Advice'. A movie was presented at the gathering and Mr. Cohen (from America) was a distinguished guest. The 'Customers Advice Manager' presented the BSC to his department. Communicating openly to people was seen as very important. The manager also produced a present for every department employee: a 'puzzle' of the strategy map for Private Customers. On the issue of communication, the Project manager state:

*"We communicate, so to speak, 'on the minute' about the status of the policy planning. So, within the segments the objectives are now discussed collectively. It is much more bottom up at the moment. During the 'bank hall meetings' they tell a monthly story. There are 200 people there, and they are being told at what point we are, where the things are balanced, and where they are not. Furthermore, relevant information is published in the employees' newsletter... I think that the largest communication efforts should be focused on the daily work floor and this is the case now".*

The search for support of allies is a continuous process, as is reflected in a statement by the Director Private Customers:

*"...the whole strategy map exercise is a continuous process...continuously we discuss scorecards and KPI's with people".*

He also points to the importance of passion in getting support and commitment of allies (Heuvelmans, 2003):

*"In the Private Customers segment, everything that emerged from the various strategic discussions filtered down to the lower levels and was re-examined with much enthusiasm. At a given moment, I came into contact with a customer who complimented the company on its no-nonsense attitude. This was exactly what we had discussed in the sessions a few months before. It is great if you see that a particular strategic decision is spot on and due to the enthusiasm and commitment of staff filters down to all employees. In the Companies segment, there was no filtering down to the lower levels and therefore no lasting power. In this segment, managers were so honored that they were allowed to participate in the discussions and felt therefore so exclusive that they did not want to share information with the lower orders."*

In December 2003, another policy day was organized. The conclusions were summarized in a policy magazine (February 2004). Here is a fragment from that policy magazine:

*"The morning was dominated by presentations. Each manager was asked to present a plan for another department. In this way, the 'tone' for the day was set: it is important to look beyond*

*the borders of your own department. In the afternoon, there was room for discussions. The discussions were organized in four groups. In each group the plans of the managers involved were discussed one by one. A good preparation for the day was essential. During the group discussions the plans were assessed against consistency (vertically and horizontally), the relation to bank wide objectives. The positive and negative points of the plans were discussed. After the group discussions, a plenary session was organized for presenting the gathered inputs. Prof. Dr. Cees van Halem was invited to chair the plenary meeting. The final objective was to gather all the critical notes and to work them out in the various departments' plans".*

Executive management had the formal power to enforce fundamental BSC change. In a dialectic conversation at the beginning of the change trajectory, they made this clear to the managers. The Director Private Customers comments (Heuvelmans, 2003):

*"In order to create a shock effect, I opted for the Balanced Scorecard. Some people could not accept this change and left the company. Others were pleased that finally something was going to be changed. In this way, I lost a third of my managers and yet I know there was no other way forward".*

However, in the subsequent trajectory, executive management was eager to facilitate participation and promote dialogue (Franco, 2006; Yankelovich, 1999). The dialogue proved to be a suitable conversation form to get the support of allies. It was characterized by the readiness of the human actors to examine certain issues from multiple points of view, without pushing forward one's own opinion. The goal of the dialogue was to make the points of view in the group more explicit and to bring about a shared perception of reality ('communicatively acting'). That is, the goal was to objectify through social interaction.

This seems to be an explanation for the relatively fast entrenchment of the Balanced Scorecard in this organization. It is not a "Herrschaftsfreier Dialog" (Habermas, 1981) or an idealized, fully open thoughts exchange (Senge, 1995). Rather, it is an example of business political 'stage direction', when the directors launch certain key concepts (e.g. balanced scorecard, big five and champions league) as 'beacons'. Given these 'beacons' the further processing could take place. Definitional boundaries were traced around the meaning of the concepts. However, the directors made sure that there was enough discretionary space (or room for agency) within the boundaries of these definitions.

Despite this room for agency, however, the Director Private Customers continuously needed to (re) negotiate. The (re)negotiations concerned the problematization (for instance with the controller), the distinctions (for instance with the non-sales departments about distinction 3 (the issue of accountability), and the inscription devices (for instance the different cups and regarding the contents (texts, etc.) in the departmental plans).

In June 2004, two *strategy days* were organized for the staff and the management team. The project manager recalls:

*“We organized two strategy days and I took part in both of them. We discussed in a very conscientious way about the relevant variables [in the strategy map]. Almost all of them are relevant, but we better framed and focused them. I underline the importance of focusing, because you can see a year later that you slightly miss the focus you expected. And also the process, it becomes increasingly focused... we also talked one more time about the level at which the targets are raised... ”.*

In the summer of 2004 the work on the policy plan 2005 started. The learning points from the previous policy planning were taken into consideration in order to achieve a more focused process.

### ***Institutionalization***

At the end of 2004, in the interaction among actors (mainly managers) a number of distinctions were recognized and gained greater significance. They even surpassed the ‘official doctrine’ (‘rescaling’). The changed organizational principles concern the following aspects: more attention to the *generators* of profitability, more focus and the shared desire to excel (being ‘*the best*’). From the interviews, it can be concluded that the other two intended changes of the organizational principles were not realized yet. Creating a culture of *accountability* succeeded for the sales departments, but is still a difficult process for many other departments. The coordination of the objectives and the *cooperation* among departments also are still in need of improvement. The ongoing discussion on the exact definition of ‘lead’, is an illustrative example of this<sup>3</sup>.

Reflecting *ex-post* on the entrenchment of the new BSC control system, the Director Private Customers states (May, 2003):

*“The entire company talks about this, is busy with it, has an opinion about it”.*

Even the departure of the initiator and champion of the BSC (Director Private Customers) in October 2003 did not decrease the focus on the balanced scorecard. The project manager reflecting on this (June 2004):

*“It seems now that the persons he gathered around him [the management team, KW] are strong enough to preserve it. You can see that as the time passes it has broadened continuously, so people will not simply throw it away”.*

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<sup>3</sup> However, the fact that this discussion started anyway, is seen as a great benefit of the Balanced Scorecard by the project manager.

On the other hand, during the first years of the BSC change trajectory there were enough financial resources available. For example, it was not a problem to make extensive use of external consultants. However, due to initiated cost cutting efforts and probably also due to the departure of the Director Private Customers in October 2003, there were no additional resources available for adapting the BSC related IT infrastructure. In June 2004, the project leader states the following:

*"I would like to expand it [the IT infrastructure KW] at the level above the departments, bank wide, because now the system is rather fragmented. There is already a proposal for doing this, the so called 'plateau planning'. But due to cost-cutting it's currently on-stop".*

With regard to the effects of the new control system's working the Manager Marketing & Communication theorizes the following:

*"As I see that we earn monthly more than previous year, I don't know whether this is the reason, because I see it as a combination of Cohen Brown, Scorecard, and the company. If I take a look how much an individual earns, then we even earn more than we budgeted altogether. My feeling is that this was a good investment".*

The Project manager also thinks that the cost-benefit analysis of the BSC-application turns out positively:

*"I am convinced that it pays back. It does already. And those several hundred thousand that were paid to external consultants have been earned back easily."*

In an internal presentation (July, 2003), the effects of the BSC trajectory and the related cultural change program were summarized as follows:

- "- Durable results above target*
- More than 30% decrease in sick leave*
- High employees' satisfaction*
- Insight into the costs and readiness to manage costs*
- More effective and efficiency cooperation between segments and departments*
- Collective objectives".*

From the very beginning of the adoption of the idea of a BSC, the first two distinctions (on cause and effect relationships between non-financials and financials and on focus, see *table 4*) seem to have played a substantial role. It was about bringing about more structure and focus to the organization. From the beginning, a competition element (see the fifth distinction) had been introduced (Champions League). The competition element was strengthened continuously (less cups and hence a higher prestige, more transparency, etc.). We conclude from the interviews that particularly these three distinctions and the

corresponding key concepts (Balanced Scorecard (balanced structure), big five (focus) and Champions League (competition element)) are responsible for the 'rescaling' that took place at Rabobank The Hague. The anchoring of these three concepts in the organization is very strong. Even today (2012), at Rabobank The Hague everyone still talks about the BSC, the cup awards and the big five. Referring to this last point, the Director Private Customers states already in May 2003:

*"We initiated a management language spoken from high to low. Everybody has a big five".*

The third and fourth distinctions, focusing on creating a culture of 'accountability' and on cooperation, were also important in the translation process, but were of a different order. They were not responsible for the 'hard break line' with the past. The concepts corresponding with these two distinctions (sales-meetings, an overview of the 'damage risks') were not institutionalized. The same counts for the 'Confrontation Matrix' (distinction 2) and the text on the intended strategic contributions of the departments (distinction 5). In July 2003, the project manager formulates it as follows:

*"the confrontation matrix is important... but well, it was somehow pale in the process, but this is because of the speed we pushed the things..."*

The Director Private Customers (and to a lesser extent the project manager) may be seen as a *spokesman* of the BSC, speaking on behalf of the other actors related to the actor-network of the BSC. In collaboration with scholars from Belgian universities (e.g. Heuvelmans, 2003) the Director Private Customers was "selling" his particular translation of the BSC through journal articles, book chapters, and so on. In this way the translated idea went 'back to the globe' and travels over the world. Other evidence for this "spiral of fashion" is in the dispersing of many features (especially the enrichments) of the Rabobank The Hague BSC to other client firms by the consulting firm.

## **CASE STUDY ING BANK NEDERLAND**

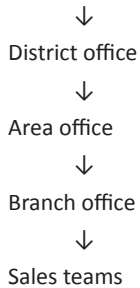
### **INTRODUCTION**

ING Bank Nederland (IBN) is a Dutch bank with a network of about 380 offices divided into districts and areas. The company offers a full package of financial services to business (financing, transfers and insurances) and private customers (mortgages, loans, savings, payments, insurances and transfers). Besides services to private customers provided by the account managers in local offices, in the last years the bank employs other distribution methods as well, such as direct marketing, and the Internet.

The bank provides its services to a saturated market. Increasing the market share is a difficult task, achievable only at the cost of competitors and vice versa. Until recently, the market was divided among five major players. In the last years though, new, mainly international, banks have entered the Dutch market. In order to preserve the market share IBN has decided to focus on the wishes of

the individual private as well as business client (segments). By doing so, the bank confers value to the (long-term) relationship with the client rather than to the closing of lucrative deals. The bank went through a large reorganization and restructuring (Segmentation Project) that started in 1996, and that was formally completed in the second part of 1997. Client groups were added to the existing product groups, which resulted in a matrix organization. The segments are steered by managers with market responsibility. The most obvious change in Headquarters (HQ) is the division in five dimensions, being market management (the segments), product management, channel management, operations and staff services. The major change for the sales organization is the geographic division of regions into 24 districts. There are districts, areas and branches. In addition to district offices, there are about 150 area offices and about 200 branch offices. The hierarchical line is as follows.

HQ Branch Organization



Each segment is served by a sales team linked up with a particular type of office. The segments *Private Banking* and *Companies & Institutions* are served by the district offices, the segments *Private* and *Medium-Sized & Small Companies (MSC)* by the area offices as well as the branch offices. Furthermore, each district office has a team of specialists on Paying Abroad, Paying in the Netherlands, Assurances, Stocks and Mortgages and a department of Risk Management. HQ serves the fifth segment, *Corporate Clients*, since these are the big corporations that will not step into a bank office to do business. They require special attention. The sixth segment *Paying* is represented at every office.

In the new relatively complex organization, communication between segments, product groups and the sales organization is of particular importance. See *Appendix 7* for an organizational chart of the new structure.

In order to increase, or at least maintain, the current market share, IBN has implemented value based management. Its management is strongly convinced that IBN can only be successful if it is able to create value for her most important stakeholders: the shareholders (economic value), the customers (customer value) and the employees (employee value). The main logic is that satisfied employees will lead to satisfied customers, and therefore to satisfied shareholders.



### Shareholders

For the shareholders, value creation implies guaranteeing the long-term profitability of the bank. For IBN this means that she has to meet the following objectives:

- . maintaining leadership in the integrated financial service industry;
- . a focus on Europe;
- . increasing the quality of the organization;
- . increasing profit growth with 12% annually.

### Customers

With respect to the customers, value creation depends on the degree to which IBN is able to *delight* the customer rather than to *satisfy* the customer. Essentially, IBN has chosen a *customer intimacy* approach (Treacy and Wiersema, 1993), supported by a strong brand and by good products. This means that she will strive to be a *solution provider* for her customers. She wants to offer her customers 'total solutions', while making use of all the knowledge, products and services that are available within the whole ING Group. Still, for a part of the mass market she has developed a strategy of *operational excellence* (Treacy and Wiersema, 1993) so that low priced services can be offered.

IBN positions itself as the entrepreneurial bank for entrepreneurial people, to emphasize that she is dynamic, innovative, ambitious, and an initiator (see also the mission statement of IBN in *Appendix 8*). Important elements of the customer intimacy approach are: personal advice, tailor made (standard) service, maintaining a continuous relationship with the client, (concentrated on the life-time-value-concept), and direct marketing as a facilitating function. In short, the bank wants to be a problem solver for the customer.

### Employees

With respect to the employees, the development towards a customer intimacy approach requires a shift from reactive to proactive behaviour. IBN realizes that it can no longer take a reactive approach. In the early days, the bank did not have to worry about customers, since they simply came to the bank. Nowadays, it is necessary to actively approach the customer and offer services according to his/her specifications.

The employees who are in contact with the customers will get more responsibilities and freedom. The working methods have changed from procedure-oriented towards business-oriented: the customer and the creation of value have become central focus points. Mutual work relations are directed towards continuous innovation, are focused on self-discipline (self-managing and self-control), on mutual support (coaching), on mutual trust (relying on each other's judgement and commitment), and on ambitious goals.

## TRANSLATING THE BSC IN IBN

In accordance with Scandinavian Institutionalism, there was no ‘diffusion’ of a ‘State of the art’ scorecard, but there was translation. The initial translations of IBN’s BSC were shaped by a network of possibilities influenced by external factors such as technological developments, calls for increased professional standards and transparency for customers. Within IBN, desires for more entrepreneurship and self-steering, and for an improved performance management system based on non-financials, also shaped translations of the BSC.

### **Problematization**

Up to the mid-1970s, the Dutch banking environment was characterized by stability and certainty (Dijksterhuis *et al.*, 2003). Bankers were powerful in the sense that they decided who to serve and what to offer. For example, ABN and AMRO, traditionally aiming for the higher end of the wholesale market, were reluctant to provide financial services to retailers. The financial services revolution that started in the 1970 made bank managers realize that they needed to alter their conceptualization of the business and adjust strategies and structures accordingly. Dutch banks started to enter each other’s core domains, which led to an upswing in competitiveness. Awareness of the importance of a strong client focus grew and triggered restructurings. In the late 1980’s, the Project ‘Organization Branches’ had been implemented within IBN’s predecessor NMB, to improve customer focus in the branch network. In addition to general environmental development, a downswing in performance as well as the announcement by a leading strategy consultancy firm that the future winners in financial services would be the firms *without* a branch network, triggered strategic change. Within NMB discussions emerged about customer loyalty and cross-selling. Technological developments were transforming the way business was done in banking, offering new delivery mechanisms and increasing transparency for customers (Dijksterhuis *et al.*, 2003:112). The branch network, for a long time a bank’s most precious asset, suddenly seemed a heavy burden (Dijksterhuis *et al.*, 2003:112). The allocation of revenues and costs to clients and products (what was earned on different clients and products?) became important issues. How complicated these issues were, and how radical the departure from existing practices and ways of thinking was, is demonstrated by a recollection of one of the project managers of the Segmentation project (Dijksterhuis *et al.*, 2003: 113; The project Segmentation at IBN has its roots in the Project Organization Branches at NMB):

*“This is a terrible process, a terrible process. To find out how much is earned with particular products and why. Because we were doing things that made us no money at all and we were doing other things which made us a lot of money...We had a branch which delivered a bag of money. We did not know the various parts, we did not know the costs related to a cash transfer. The process is very complicated. All kinds of discussions about accountability emerged...”*

The reorganization in 1996 and the new way of working and thinking within the bank (market and product oriented activity) entailed new information requirements (segmentation information). The previous information facilities (product oriented) could not satisfy this need. The IBN Board decided to implement the balanced scorecard in order to satisfy the new information needs. The comments of the project manager in March 1999:

*“The Balanced Scorecard has two bases it has been built upon. The first one: when the reorganization started we thought that diverse clients should be approached through diverse mechanisms, eventually diverse products, etc. Therefore, diverse clients, diverse ways of approaching, and if you do this you have to shape your organization accordingly, and if you change the organization you have to reshape the information provision channels. The second, more referring to the ‘balance’ in the balanced scorecard, was that we asked ourselves if we want to be a solution provider, a clients’ partner that focuses on the relationship and not the one single deal, than how should we manage this and how should we build the reciprocal communication? We see the balanced scorecard mainly as a communication tool, as a self-steering tool; it is not that the boss should punish the employee but the employee should bring his department on a higher level, this is the philosophy that guides us when implementing and shaping the balanced scorecard. Therefore, if one focuses on the relationship with the client, you look beyond the one single deal. The question is how can you manage this? There are not so many solutions available, actually just one: the balanced scorecard. It looks not just at the individual deals that you completed or not, but it looks at the whole picture, how one treats the employees, how one treats the clients, how one shapes the processes and what is the added value of all this. Those are the two backgrounds, the segmentation and the reshaping of the information provision channels, combined with, translating the strategy into steering.”*

The interpretation by the project manager that there were no available alternatives points to the fact that the balanced scorecard had momentum. Apparently, the time for the innovative idea had come. The BSC was ‘in the spotlight’, it was fashionable, and got a lot of attention in the ‘market for management control tools’. In sum, there was *perceptual readiness* (Czarniawska and Joerges, 1996).

That there were also some ‘coercive isomorphism’ forces (DiMaggio & Powell, 1983) such as pressure from the Board of ING Group, can be traced in the following statement of the Head Research & Advice within the Contoller department in April 1999:

*“In the Strategy Department one looked at the scorecard some five years ago. The first time when the Head of the Strategy department made a presentation for the executives (IBN Board) about the balanced scorecard, their reaction was that ‘all that theoretical stuff is really unnecessary’. At a certain point however, the executives understood that this was important. Because the Executive Board of the ING Group paid attention to the scorecard, the processes*

*went a bit faster. The Segmentation project was the final drive in favor of the balanced scorecard. The organization is reorganized but the information provision failed to change. Then a steering committee was involved to decide about the needed management information for successfully implementing the segmentation. One talked a lot about the 'what'-question, what kind of information do we need? This was the context the balanced scorecard made its way through. Then one has to raise the 'how'-question, how are we going to do this? Because we failed to arrive to a conclusion – we were ending up with political issues – we involved Nolan Norton to help us with the trajectory. They worked for a half year with us and wrote a report. Then we called in an interim manager as project leader till 1<sup>st</sup> of January 1999. Since then we have a new project manager."*

The idea for a balanced scorecard also caught on because the balanced scorecard already played a role as part of a master idea in another organizational unit of the ING Group (RVS). This explains the interest the Executive Board of the ING Group had in the balanced scorecard. It becomes apparent that the balanced scorecard is travelling inside the ING Group as it is spreading from company unit to company unit within the Group. Somewhat later the Executive Board of the ING group issued a letter to all organizational units in which they "advised" the units to adopt the BSC. Some units (including IBN) felt some coercion here, others (e.g. Postbank) did not. Thus, the coercion of the Executive Board produced different counteractions by different organizational units with unexpected consequences (Lindberg *et al.*, 2007).

Asked about his involvement in the adoption of the balanced scorecard, the Head Controller/ Policies and Planning stated the following back in April 1999:

*"I was an initiator on the background. There was a group led by the Head of Strategy, Mister X, and I was a part of it. That group said that it was the time to introduce the balanced scorecard. Mister X announced the executives about it. So I cannot say I was the initiator, the group was the initiator and I was part of it. Concerning the decision making process, the executives asked the advice of one and another, and finally decided to call in Nolan Norton to start up the trajectory. Just thereafter, they decided that there is something to do about it. Implement!"*

The Head of Strategy is the institutional entrepreneur/local champion of the balanced scorecard project. Later on in the process his role was increasingly taken over by the project group and project team members.

The two most important local problems to be solved are being summarized in the internal document 'BSC Development' ('Ontwikkeling BSC (Masterplan)') dating back to 28 July 2000. This document describes the *ex-ante theorization*, and illustrates the logic set by the champion, linking the problem to the balanced scorecard idea:

*“There were two primary reasons to implement the BSC. One was the necessity of management information, especially the operational and tactical information about the non-financial performance. Secondly, working with a BSC is a way to translate strategy into action and to help the employee in self-steering [of his activities] instead of using hierarchical steering. It is important that the employees behave entrepreneurially, because otherwise we cannot serve the client accordingly and cannot go for ‘customer intimacy’.”*

Later on in the (reform) trajectory, a third goal emerged, creating a more results oriented and less ‘libertarian’ culture in line with the project “Performance Management”. Specific ‘results agreements’ (‘resultaatafspraken’) should have been made within IBN, based on both financial and non-financial scores. This finally led to the goal of integrating the various balanced scorecards into the MTP cycle. The scorecard changed from a ‘self-management instrument’ into an ‘accountability instrument’.

### **Interessement**

In 1997 the Strategy Department stressed the importance of a well-functioning management information system and consequently started the project Bestuurlijke Informatie Voorziening (BIV; Management Information Supply). Several project groups were created in the name of BIV, amongst these was the Management Besturings Systeem (MBS; Management Steering System). The project group MBS started working on the new steering model and the related needs in terms of managerial information. The Balanced scorecard served as a reference model. The steering model represents the basis for re-evaluating the existing managerial information at various local management levels in the organization. A segment-driven approach was chosen because every market-segment had its own market plan containing its strategic objectives and policies. The project group was composed of employees of the IT/BIV, Marketing Facilities, Controller and Strategy departments, and the employees of the respective market segments. The group started with the Private Banking market segment due to the high motivation and engagement of the Head Planning and Control of this segment. For one and a half months, the project group met weekly. Prior to the first meeting, a brainstorm session was organized aimed at constructing a concept of the four perspectives in the Balanced Scorecard. This resulted in a number of relatively ‘unrelated’ performance indicators. The segment’s employees in the group started categorizing the objectives and the critical success factors stated in the market plan according to the four perspectives in the Balanced Scorecard, and relating the performance indicators to them. This document served as a reference for the first meeting. During the first meeting all the perspectives were discussed and tested by all the disciplines that were present. Private Banking was representing the segment at large, Controlling focused on the financial perspective, Marketing Facilities on the client perspective, IT/BIV took care of detailing the definitions and configuring the system and Strategy looked at the strategic basis, and facilitated the process. The group chose *not* to select indicators based on the availability of the data, the main concern being the realization of strategic objectives.

In 1998, the Executive Board decided to outsource the management of the BIV project to an external consultant (Nolan & Norton). After conducting some interviews, the consultant re-affirmed the decision to take the segment-driven approach and to choose the Balanced Scorecard as the 'theoretical framework'. Besides the consultants of Nolan & Norton (temporarily), the new project group 'Bestuurlijke Sturingsinformatie' (Management Steering Information) contains people from Marketing Facilities, Controller and Strategy departments' employees and market managers of Private Banking, Companies & Institutions and MSC. In addition, a steering committee composed of representatives of the first and second echelons was created. In order to avoid redundant discussions and obtain fast results, the entire project and the project organization were positioned right under the executive IBN Board.

The group started with communicating with the market managers of all the segments involved in order to motivate them to formulate strategic objectives and critical success factors. Each market segment had a market plan that stated their vision and strategy, and that was used as a starting point. Subsequently, in co-operation with market managers, the group started categorizing the objectives and critical success factors in the four perspectives of the Balanced Scorecard. Based on this, adequate indicators were selected. The Strategy Department created Balanced Scorecards on the basis of the market plans that served as a reference framework for the project group discussions.

In order to 'interesse' the subsequent organization levels, the objectives and success factors were translated and then used for interviews/meetings with the district directors. It was remarkable that not all the directors were aware of the market managements' strategies. They were asked about the relevant management information, partially related to their claimed objectives. The relevant information was translated into performance indicators and these were categorized in the Balanced Scorecard perspectives. The account managers were asked the same question, which also resulted in translating the outcomes into indicators. After each of the involved market segments had set up a 'general' Balanced Scorecard, the group could pursue to the next phase. In order to reach a suitable set of generic indicators the group compared all the existing Balanced Scorecards. During a project group meeting, after long deliberations, a *generic* Balanced Scorecard was developed for all the levels and segments, which could eventually be enriched with specific segment dependent indicators. The idea was to have some 80% generic and 20% segment dependent indicators.

There is an important point to make regarding the (change in) hopes, aspirations and attitudes of some of the important human actors. The *project group* saw the BSC as a means for *bottom-up* searching for patterns in the relationship between operational processes, customer needs and 'financials'. They wanted to "play" with the indicators in order to be able to create predictive ability *in the long run*. In the long run, the project group hoped to enable what is expressed in the following quote:

*"You are located in this district with these characteristics (local conditions) and that is why your targets are like this".*

In 2000, this ambition was not reached yet, as is demonstrated by the following quote from a member of the project group:

*“At this moment still too many things are connected that have not yet been captured in causal relationships”.*

For the time being, the project group wanted to *explain* why and in which way certain indicators are connected. The project group saw the BSC as a performance management system in support of the local managers and did not want to settle scores with managers on the basis of the BSC. *Staff Department Controller* however, approached the BSC *top down*. Controller was searching for a logic to deploy *targets* in the perspectives downwards. Controller did not want to explain, but wanted to *predict*. While considering the business plans of the segments, in a top-down way Staff Department Controller wanted to determine differentiated goals. Each district/branch office should receive different goals and targets, based on local circumstances and performance compared with the average. After the goals were *differentiated*, they would have to be *integrated* at the level of the organizational unit. It was hoped that the Balanced Scorecard would create this integration of financial and non-financial targets. This integration means that all goals and targets are linked to each other, so that the BSC provides a sense of wholeness and unity (Edinius and Hasselbladh, 2002). Each target has to be part of a chain of cause-and-effect relationships. In this way the policy of IBN is a coherent whole instead of a set of isolated or even contradictory goals. This integration would underline the strategy of *customer partnership*: providing total solutions to the customers.

In the beginning, the majority of the *market managers* were extremely suspicious about the BIV project. They wanted more management information, but because of the fear of losing their autonomy they were not really co-operative. However, after talks with the members of the project group, they became more motivated to co-operate. The more they got involved with the project, the better they saw the positive aspects of it.

The dominant atmosphere among the market managers could be labeled as strongly competitive, not just among the managers themselves, but also between the managers and the Strategy Department. Therefore, there was a danger that each segment would aim at its own objectives, this resulting in suboptimal outcomes. The project group tried to solve this interaction problem by including a specific indicator in the generic Balanced Scorecard: the number of references made to other market segments. The group believed that this would stimulate co-operation.

In the discussions, the *district directors* clearly indicated the need for more management information. Generally, their cooperativeness was quite high. The district directors were particularly interested in the functioning of the account teams. During the meetings, the problem was raised of different systems used by the offices to monitor the performance of account managers. Those systems were often designed ‘of the cuff’ by the directors and were not administrated centrally. The district directors

realized that there was a great danger of inconsistency and manipulation, but following the logic of 'better something than nothing', they were nevertheless making use of them. From the discussions it appeared that the district directors were often not aware of the market segment strategy. This is problematic, because if at the lower levels the strategy is not known, there is the chance that, for example, the account managers spend too much time on unprofitable clients, or that they focus just upon the revenues of particular products for particular customers without investing in good relationship management. Therefore, in the discussions the group concluded that much priority had to be given to translating the strategy at the lower levels.

In the discussions, it turned out that the *account managers* also were in need of more information and supporting systems. They were particularly interested in databases that would store the client data. Due to the high turnover of account management staff, much uncodified information was lost. Furthermore, the account managers expressed dissatisfaction concerning the support from head office. According to them the internal communication could be substantially improved. In the beginning, the account managers reacted rather suspiciously to the non-financial perspectives in the Balanced Scorecard and the performance indicators they contained. So far they had been completely free in their actions, but they also had no insights in the clients' behavior, or into their own performance. Later on, when the idea of non-financial steering was materialized in the dynamic scorecard (with its extensive database function) they became more satisfied.

In sum, the BSC promised to be many things: from a top down logic to deploy targets downwards (Staff Department Controller) to becoming a learning organization (human resource department and strategy department). Project group members saw the BSC as a means for bottom-up searching for causal patterns from processes to customer needs to financials and district directors associated the BSC with more management information regarding the functioning of the account teams. However, account managers associated the BSC with more management information regarding the client. In short, rather than being one thing to all, the BSC proved to have the potential to be many things to many different actors (see also Sandhu *et al.*, 2008).

Then the preliminary results of the project group were discussed with a reference group consisting of seven Private Banking account managers. In the beginning of the meeting, some of them were rather skeptical. In the *discussions* account managers repeatedly insisted that the data was to be used for *steering* and not *checking*. It appeared that the account managers wanted to have their say in defining the focus; they wanted to get convinced that the *right* direction was taken. They claimed that they were knowledgeable of the client and thus that they had much insight regarding the necessary focus. They explicitly argued against a top-down set focus they did not back.



According to the account managers, in order to avoid internal competition within an account team, the account team, rather than the individual account manager was to be the lowest level in the 'BSC-game'. They thought that it should be avoided that within a team disputes would arise over issues like who should pick up the phone and who could write provisions. The account managers furthermore agreed that all the teams should get the same targets/norms. They advocated that the account teams should define their own targets/norms. According to the account managers, the targets/norms had to be realistic, representing a challenge for the given team.

In the discussion between the project group and the reference group it was concluded that the intention was not to decide everything in a top-down way, but that account managers were to be involved in defining the focus and the setting of the targets/norms.

Subsequently, the indicators developed for the generic Balanced Scorecard were discussed. Thereafter, the account managers were asked to set up a list of indicators they would find adequate. It transpired that account managers had a particular problem with one of the indicators in the generic BSC: the ratio 'offers generation' (the number of offers divided by the number of visits). The reason behind this is that within the Private Banking segment one does not pay visits solely for selling products. Particularly in this segment it is important to build a trusting relationship with the client. The account managers perceived a danger that the indicator might be wrongly used, which might imply that one would only pay visits that had a high probability to result in selling a product. Increasing the customer loyalty and improving the trusting relationship might suffer from this. Because of these counterarguments, it was decided to eliminate this indicator from all the levels of the Private Banking segment.

It transpired that the more the account managers (also from the other segments!) were getting used to the BSC, the more their enthusiasm rose. They came to perceive the BSC as an information-generating tool, a tool that allowed them to operate in self-steering teams.

A project leader, reflecting on the outcomes of all these conversations (June, 2000), states that the 'product' of these conversations, the generic Balanced Scorecard, in itself has to be considered as language:

*"In the middle of 1998 the generic Balanced Scorecard has been developed consisting of performance indicators. Those were just terms, just very global descriptions. There were 22 terms made up by those in charge of the segments and channels, the branch organization and their directors, the controllers in addition. And we thought that it could be something. Subsequently, that message has been communicated country-wide and one had to simply build it up. Loose terms say nothing. You need a concrete, well fitting definition and you have to link it to the systems and also develop the reporting forms. It started at the end of 1998 and we firstly reported about it in May 1999. Partially the process indicators, a number of client*

*indicators, those were the first to be opened up. You could say that we went into hiding for some four, five months to work hard for making the definitions and harmonize them with the rest: is this what we mean by the terms? So, the whole definition-phase took some half a year altogether, prior to the beginning of reporting”.*

In sum, the conversations during the first two years of the BSC project mainly focused on ‘chewing out the reorganization’, exploring the information needs, a feasibility study of the project (by an external consultant), and on setting up the generic Balanced Scorecard. This was followed by a period of contemplation, of about half a year. This period of contemplation was necessary for making the definitions in the generic Balanced Scorecard more specific. It was also necessary because during the year 1999 a number of steering decisions had to be made. In 1999, the Steering Committee BSC asked for more clarity on the IBN steering procedures based on the BSC methodology. These questions were put on the table particularly because of the fact that the technical architecture and infrastructure “*has to facilitate the suspension of other distribution channels [than the offices network]*” (minutes of the Steering Committee BSC meeting, 27 May 1999). Among other things, the following steering questions influenced the further translation of the BSC (memo ‘Steering philosophy and the Balanced Scorecard, 12 August, 1999):

#### *Strategic objectives and CSF’s*

What are the (segment specific) strategic objectives stated by IBN?

Which (segment specific) Critical Success Factors can be formulated organization-wide based on the strategic objectives?

What (segment specific) Value Drivers can be identified?

Which cause-and-effect relationships can be formulated organization-wide, given the determined CSF’s?

Which (department-specific) indicators can be formulated given the determined CSF’s?

#### *Managing the sales channels (Multi-channeling)*

How should the various direct channels be managed [for example call center and internet], as a cost center or profit center?

#### *Managing the employees (stimulating and ‘rewarding’)*

How can the employees be motivated to make optimal use of the chosen segment groupings, sales channels and the knowledge and skills of other departments?

How does the employee get an insight in the added value of his or her efforts?

The project group used a discursive editing strategy with the aim of ‘telling a good story’. In accordance with Scandinavian Institutionalism, the project group had to put a lot of effort in convincing (‘interessement’) other organizational actors into doing what is needed for the idea-materialization.

In so doing, they gained legitimacy for the BSC. With the help of *distinctions* it is possible to distinguish “what-is” situations and “what-is-not” situations (hence “what-still-has-to-be-done” situations). According to Von Krogh *et al.* (1994) the key question is to what extent new distinctions are “languaged” in the organization, and how long they are sustained. Or are they rejected? New distinctions often vanish simply because they are not understood or further discussed. In the IBN case the following distinctions and belonging (key) concepts played a role in the change processes (see *Table 5*).

TABLE 5: DISTINCTIONS AND RELATED (KEY) CONCEPTS

Distinctions	(Key) concepts /utterances of distinctions
checking ↔ steering	Management Information Supply (BIV)
hierarchical steering ↔ self-steering	Entrepreneurship self-steering teams generic BSC
financial ↔ non-financial	generic BSC strategy communicating scorecard timetable
effect ↔ cause	strategy differentiating scorecard Strategy map dynamic BSC (‘top-sheet and time-sheet’)
fixed rewarding ↔ variable rewarding	Performance Management results agreements
operational ↔ strategic	strategic scorecard
self-steering ↔ hierarchical steering	‘Salesforce’ (instead of entrepreneurship)

In the conversations between the human actors three BSC concepts, as utterances of distinctions, were used in order to move from the existing to the desired situation in the future. Through distinctions, one consciously tried to establish a discrepancy between the existing and desired organizational situation. In conversations, through distinctions opportunities for initiating organizational renewal were created. From the memo “BSC Development (Masterplan)” the following distinctions can be drawn:

“- Strategy defining (strategic scorecard): this card is especially of a qualitative nature, it states what the future direction is the unit moves to and what are the strategic choices and programs, that are going to be emphasized in the organization. **[distinction: operational ↔ strategic]**

Strategy communicating (balanced scorecard): this card tries to translate the strategic choices into actions, qualifying the quantitative. The translation into actions will be evaluated systematically; the action related norms will be evaluated in particular. **[distinction: financial ↔ non-financial]**

- Strategy differentiating (scorecard): this card is mainly of a quantitative nature, the actions are translated to subsequent lower levels. The actions indicate what is there that requires particular attention and how various efforts relate to each other: cause-and-effect relationships. The strategy translation can be found in the ‘individual targets’ setting”. **[ distinction: effect ↔ cause]**

Back in April 2002, a project leader states the following:

*“So there are several levels and sorts [of cards], which we defined as a strategic card, a balanced scorecard and finally a scorecard of an individual employee. I simply call it a HEMA [popular Dutch retailer] exercise book. It [exercise book] contains your own objectives or performance agreements. We tried to strip off those concepts but I notice that not everybody gets it yet. But this is going to happen soon because the variable rewarding and the performance agreements are recently introduced (in conformity with the CAO [collective labor agreements]).”*

Furthermore, the memo describes that in the future situation three management levels should be distinguished. Each level has its own type of scorecard (‘BSC Development (Masterplan)’, 28 July 2000):

- At the executives’ level the Strategy Defining Scorecard (strategic scorecard) will be applicable. The executive managers mainly cope with strategic portfolio management. The strategic scorecard should state the strategic choices and related programs in a structured way. This card should also play a role in reciprocal harmonization of various cards.
- At the market management/segment level, the Strategy Communicating Scorecard (balanced scorecard) is useful for translating the strategic direction into actions for meeting the objectives of the segment. Because the segments are steered from the executives’ level, various balanced scorecards will be complementary to each other (also Channel and Product management and Support).
- Within a segment column (or channel/product/support column) the balanced scorecard (Strategy Differentiating Scorecard) will be connected to units and departments that will work towards meeting the objectives. The BSC will be important to these departments, not as much as a tool for translating strategic choices (the choice will not often change), but more as a steering tool. A steering tool clearly describes the relation between the activities and the ways of harmonizing them in the best way in order to achieve the desired results. The cause-and-effect relationships are of key importance here and those have to be quantitatively supported. This card will also be introduced at the lowest possible level so that it can be used as a framework for “Performance Management” (that is, as a basis for variable rewarding and performance agreements on an individual level).

### **Idea-materialization**

In May 1999, the (static) publication of the first scorecards for a part of the offices started. Those BSC’s were composed of a set of 19 indicators. The cards for the various segments were almost identical. The consequence was that all the subsequent discussions based on the BSC were performed within the limits of the standardized, generic, static tool. The users at various levels of the offices-organization were able to look at the indicators from two dimension-perspectives, segmented and hierarchical

(country-wide, district, area, office and sales team levels). *Appendix 9* exemplifies the *static site*. The project team was responsible for gathering the information. Partially, the information had to be obtained (per fax) from the local offices. Partially it was obtained from departments and systems at the head office. The project team filled in the information manually and the scorecards were published on the Intranet. At the time the first data were published, not all of the 19 indicators were fully processed. The publication was intentionally issued before all the cards could have been filled in completely and before cards were available for all the offices. A member of the project team clarifies:

*"The data was ready in proportion of 70%-80%, some indicators were not filled in yet. We wanted to publish it at an early stage, in order to show: this is what we have, it's being published monthly, delivered monthly, so that you get used to it, you look over it for yourself".*

About one year after the first publication, the implementation of the scorecard in the local offices (branch organization) was almost concluded. At that time just two or three indicators were not publically accessible.

IBN adjusted and changed both the methodology and the presentation style of its BSC data several times. An important example of an improvement in this inscription device (Latour and Woolgar, 1979; Latour, 1987) is that in the first quarter of 2001 the *dynamic website* (BSC-tool) was introduced. From then on, the figures published on the website were obtained directly from various source-systems and the site was more interactive. An important source was the decentralized management information system used by the offices to record their commercial data (e.g. customer visits, hit-ratios, cross-selling). The dynamic website provides the possibility to see, for instance, the scores for the variables making up the indicators on the scorecard (top-sheet). Specific documentation on the balanced scorecard (e.g. procedures, templates, definitions) was also published on the website (see *appendix 10*).

The Goes area director clarifies how the inscription device 'charts' enables the BSC to be customized (Qu, 2006) during the discussions in working meetings (July, 2000):

*"We also tried to visualize the balanced scorecard during our working meetings. We have a number of objectives, part of our market plan as well, that we translated into charts, for the MSC's' and the Individuals' markets, that we keep up to date. Hence, a somehow semi-balanced scorecard, but you can visualize your scores. Such a system is in your PC as well, but in this case you have to look at it, extract it and print it each time, this is how it works. If you transpose it autonomously into your working meetings, commercial meetings, it has a more intensive life".*

Almost all (21) HQ departments, assisted by the project team, developed a *strategy map* in 2001 (Kaplan and Norton, 2001). A member of the project team, illustrating how the inscription device

'flipchart' (Qu, 2006) is used to 'capture' key information from participants, states:

*"...and those MT sessions, you would stay there for the whole morning and talk about how it goes. ...you would write down that 'according to me cross-selling is important in your unit but, this and that...' We had a big **flipchart** divided in four and one would place things on it. One would of course think prior to this where one was moving to. And one could say at a certain moment that 'ok, but you have a big hole in here'. 'Yes, actually we do... but this is not important, I think this is important!' Then we would come to a consensus and would say 'this is what you define as important. This is what you have to manage. What then is the content? What people from the departments you think can contribute best in putting this into operation?' And this works of course only if you are covered by an executive member. Surely in the type of organization like IBN. And even then it is difficult [to realize] because this is a very entrepreneurial organization, especially when elaborating one's own ideas. Something like 'yeah, I think it is this way or that way'."*

The design of these maps resulted in valuable discussions. A BSC project leader states: *"This (designing the strategic maps) led to discussions between certain clubs, among product departments or product departments and channels (segments), like 'hey, how is that, (...) what is your focus'. There was a source for asking questions to each other and people made an intensive use of it"<sup>4</sup>.*

Another remarkable inscription (based on the distinction financial  $\leftrightarrow$  non-financial) used for moving from the actual to the desired situation was the 'spoorboekje' (a kind of *timetable*). This 'spoorboekje' reveals the development of the change-process and was set up according to the four perspectives of the Balanced Scorecard. The 'timetable' revealed that in the change-process, four elements were particularly emphasized. In 2000 it was 'the learning organization' and 'the human', in 2001 'the processes', in 2002 'the client' and in 2003 'the results'. The Goes area director:

*"We surveyed the employees' satisfaction. So you start from the bottom side. First the people satisfied, then concluding clear agreements. When I came to the office this was not optimally organized. Now, I dare say this is the case. It means that we made good agreements, good career agreements with people. Therefore, we worked hard to reach this, reach employees' satisfaction. We are now in the next phase, now we have to follow the commercial processes*

<sup>4</sup> Finally one third of these cards have been fully put into operation (quarterly reports on the dynamic website). In the second part of 2001 the cards used by the local offices and the ones from the HQ departments have been for the first time integrated in the planning and control cycle. The MTP plans for 2002 were written in BSC-format (financial and non-financial indicators divided in 4 perspectives) and ninety percent of the yearly plans were elaborated according to the strategic maps (planning). However, there was no further supervision over the realization of those plans (control) based on the scorecard. By 31 December 2001 the project organization was dismissed and the ownership of the balanced scorecard was moved to the standing organization. The CPP department maintained the responsibility over the BSC-tool and the project leader and a few members of the project team remained partly available for scorecard support. In 2002, about two thirds of district chairmen and area directors were actively using the scorecard. The (active) use has not augmented ever since.

*according to agreements, this is the second phase and it should lead to a satisfied client and finally to results. I myself work very explicitly with those swinging moves in the balanced scorecard; as you progress through the phases, the things will surely overlap and mix with each other, because you have to cope with all the fields at a time”.*

However, a project leader states (2002):

*“In fact the change-process is set up a little bit too instrumentally, but it does facilitate communication; you have the year of culture and humans, you have the year of process, the year of client in order to finally become a business partner, because this is the financial objective of one’s results’ fields. This is how he [Mister X, former Head of Strategy, currently head of Controller and inventor of the ‘timetable’] sold it and this is how he still does it, ok, we get a clearer picture about it. But what happens if you get behind schedule... and you have to go back from time to time to the year of the process if you want to set up certain things with the client. The basis should be of such nature that some flexibility is built-in, actually this also sounds instrumentally. If you look at how things work in practice, then this is hard indeed. It needs more time than one assumed, surely because of the fact that you have to go into the smallest details”.*

### **From the local to the global**

The following *features* of the ‘State of the Art’ BSC can be defined (based on Speckbacher et al., 2003 and Kasurinen, 2001). The balanced scorecard:

- (i) Contains financial and non-financial strategic measures/objectives
- (ii) that are grouped into perspectives
- (iii) Employs cause-and-effect chains
- (iv) Contains action plans/targets
- (v) That are linked to incentives
- (vi) Involves strategic discussion intended to help ‘refine the vision and strategy’.

The features (i), (ii), and (iv) are materialized in the BSC’s as designed and in use. However, the notion of balance between short term and long term into a single scorecard is translated in three different management level scorecards. Not all BSC’s contain cause-and-effect chains (feature iii). With regard to the fifth feature IBN employed a “wait while we learn” approach (Speckbacher et al., 2003) where no incentives are employed until the company understands BSC better. At the time that variable rewarding and “Performance Management” (enforced by the Group) became a serious matter, IBN was disbanded. The BSC’s at IBN were never meant to be strategic *management* systems: reformulating the strategy, for instance, was never the goal (feature vi).

In the context of a Branch Organization, the creation of the dynamic site ('top-sheet and 'time-sheet') may be seen as enrichment to the BSC as defined by Kaplan and Norton. These ideas went "back to the globe" through presentations during conferences by the institutional entrepreneurs.

### **Support of allies**

Preceding the introduction and during the implementation of the scorecard, the project group spent much time on informing and training the employees that had to work with the card. In this way one wanted to create a (legitimate) basis for the balanced scorecard. A project leader states:

*"If you ask me which aspect we emphasize the most, I'd tell you this is playing on the organization in order to assure the project performs as it has to perform. This implies deliberations, 'massage', prepare explanatory notes and advertising, bringing the message to everybody."*

As an example of the efforts of gaining commitment, it can be mentioned that the project team visited all the district chairmen to elucidate the new instrument at an early stage (1998). A communication plan had been set up for the implementation. It stated what instruments should be used at what stage. The spreading, recognition and acceptance of the scorecard was achieved (besides the circulating memos) through internal newsletters, intranet and particularly various meetings. The project group started with the local executive teams, subsequently the various sales teams and other employees. The meetings with the local executives were organized by the project team. Those for the sales teams and the local employees were organized by the executives themselves, assisted by members of the central project team. At these meetings much attention was paid to the ways of using the BSC. The organizers used the existing generic indicators for providing an insight in their composition and the ways to use them. Moreover, the further enlargement of the BSC and the interconnection of the indicators were discussed. Because these meetings paid much attention to the logic behind the BSC and its use, as well as to the employees' objections to the card, the opposition to the BSC has softened somehow. The objections targeted the 'checking' function, the accountability according to results, the 'big brother' phenomenon and the comparison of the results. Much time was also spent on a clarification of the definitions of the indicators.

From the interviews it can be concluded that the local champions (most of the time project group/project team members) continuously needed to (re)negotiate the problematization (for example when the focus of the project shifted into the direction of 'Performance Management'), the distinctions (for example regarding the role and function of different scorecards materializing different distinctions) and the inscription devices (for example regarding the (dis)advantages of the dynamic site versus the static site).



### **Institutionalization**

For example, in June 2000<sup>5</sup>, one of the project leaders was *ex-post* reflecting on the static scorecards:

*“It is enormously appreciated. One sees that this is nice and that this is a good way to discuss the business as it is. Are all the indicators right, are they per segment..., this is being changing and the indicators are being slightly modified, or one more is added. You cannot do this too fast, you need some time to build up some history, but this is going to change and the related discussions get increasingly better as more people get involved into it and they see the scorecard as a helpful instrument for deliberating on business. It is almost done now as the critical mass is being achieved and it means you’ll get even more input. Than you dare to use the scorecard as a key instrument, because you also need a commercial system underneath it comprising your clients, that states what you did with your clients... on our process side there are a number of percentages, but you need in fact the absolutes [figures], especially if you want to check if certain things go wrong. However, it is also important for accepting it from the very beginning, because this is what you fear about. The links have not been proved yet as we were assuming. If I see that an activity is going very well and my financials do not change, than it might be that I focus on the wrong clients. You need data on this which can help you to work out your commercial steering. You need a commercial steering system underneath the process side of your balanced scorecard. This whole philosophy is now much clearer. This is the nice part of commercial steering and managerial steering, that they interlock here.”*

At the same time, and as another example, the Goes area director was reflecting on the situation in his area (July 2000):

*“The situation is now that we are very disciplined at counting in fives. People see the need of the balanced scorecard, so this is explicitly not a checking instrument [for us]. This is the way we presented it. It [the scorecard] is for themselves, for measuring their own effectiveness, assessing how good one is as part of a team or compared to other teams. We explicitly stated this, and here in Zeeland we do it explicitly, that we look at the teams that do it well and we contact them to find out how do they manage to?”*

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<sup>5</sup> In the middle of 2000, the status-quo regarding the BSC has been mapped in a memo at the headquarters. In that memo, “BSC Development (Masterplan)”, dating to 28<sup>th</sup> of July, 2000, the situation is presented in bullet points as following:

“The BSC is for the sales organization and provides the data according to segments  
There is no card yet for the market managers.  
There is no card yet for the executives (IBN Board).  
The indicators on the scorecard are similar for all the segments.  
Besides the segments, a number of other headquarters’ departments are in process of defining a BSC.  
The four perspectives represent a template for writing the central MTP plans by the departments (has not lived up to its promise).  
The BSC instrument is the end-point of the decentralized planning and budgeting.”

*Actually, in order to complete the implementation we are trying to build a discipline of refreshing [the BSC] on a monthly basis. In the beginning this discipline was not really well entrenched in the organization”.*

The BSC coordinator ING Group acted as a *spokesman* for the BSC. He gave lectures and presentations at universities (for instance the Erasmus University Rotterdam) and conferences (for instance the popular conference series “Op kop met de Balanced Scorecard” organized by Alex van Groningen) about the IBN scorecard. He also published an article (together with a student and the author of this thesis) in a Dutch professional journal (*Tijdschrift Financieel Management*, July/August, 2000) about the BSC experiences of some organizational units within the ING Group (including IBN). This article was even re-published in a series called “Checklisten Financieel Management” (Kluwer, 2001) often used by practitioners/ potential adopters of the BSC. Therefore, elements of the IBN scorecard went “back to the globe”.

A potential important event for the future institutionalization of the BSC happened in 2001: the new CFO ordered the design of balanced scorecards also for the HQ departments. These cards subsequently had to be integrated in the planning and control cycle (MTP) of IBN. The new CFO was willing to ‘embrace Performance Management on the basis of a balanced scorecard’. The motivation for this decision was also due to a steering issue the organization had to deal with (after having restructured the segments, the creation of the business lines Wholesale, Retail and Intermediary). An executive staff member comments in 2002:

*“As we talked to the directors of the offices-channel, then we would ask them what their position as channel is. That much you should sell, and in a highly efficient way. And how do you monitor this, and what do you do about it then? That type of bitter discussions still prevails and they emanate from the past, as they say ‘I have 24 district chairmen and it’s their affair. They get a financial budget and they’re free to go’. This is until the point when many people say ‘hey, this is not the way to do it.’ Definitely now, when the business lines argue they have different channels: telephone channel, internet channel, and offices channel.*

*And the offices channel is still the most expensive one and one must know what to do with it. So you see that the talks become more straightforward and clear, we ask ourselves what we need from each other. Myself, in my naivety, I realize we did it for ten years on, but apparently not so tight. Now one talks explicitly about this... you can say this is the today’s spirit, it can be the bad weather or the way we want to go about with each other now. It is a bit of everything. Formerly one had much independence [at the offices], there was a bank director and you wouldn’t dare to ask him how he did the business.”*

In the middle of 2002, the executives of IBN, assisted by the former BSC project leader, designed a *strategic scorecard* for the first time. The rising attentiveness to Performance Management at Group

level has definitely played a role in the adoption of the strategic card. However, a few months later it became obvious that IBN would be disbanded, due to the Group's reorganization. The strategic card was not further produced. Meanwhile, due to worsening economic results, the pressure on the sales within IBN increased significantly. A recently appointed executive member got a well-defined mission from the Group: 'sales, sales, sales'. The commercial steering became increasingly important within the organization (see also 'Sales Force': het Jaarplan 2004 van de Verkooporganisatie Kantoren Centraal (the 2004 year plan of the Sales Organization Central Offices). In November 2003 a former project leader states:

*"You can say that a piece of entrepreneurship has been pulled off the districts by simply saying that 'you have the people, you're not a district chairman anymore but a super sales leader in the field, so you are responsible for your people to act accordingly and this is how we are going to asses you, based on this we are going to steer you'... in fact we became with the whole balanced scorecard story less balanced but tighter, more directive".*

In conclusion, the 'linguaging' in the beginning of the BSC trajectory (distinction: from hierarchical steering to self-steering) with corresponding concepts of entrepreneurship and a (generic) BSC completely turned the other way around at the end of the BSC trajectory (distinction: from self-steering to hierarchical steering), as "sales force" becomes the key word. The legitimate basis for the BSC is then almost gone. With regard to the other distinctions, we can conclude from the interviews that:

- There is a strong awareness in the organization that steering is more important than checking;
- There is an awareness that steering should take place based on both financials and non-financials;
- There is awareness that the cause (the performance driver) also has to be integrated in the steering process. However, the awareness was apparently not strong enough to resist the "sales force" power.
- The shift to more results orientation (Performance Management/ results agreements) only happened after the business lines reorganization (2003 and later);
- The shift from more operational control to strategic control did not occur. The strategic scorecard was designed, but not brought into production any further because of the business lines reorganization.

In 2003, there is no longer budget allocated for keeping the balanced scorecard indicators up to date. More and more issues that are not directly related to the balanced scorecard (top-sheet) are published on the BSC website (the feedback from sales promotions, peer-groups benchmarks, sales numbers analyses). The 'hot' items are not included in the scorecard (top-sheet) any longer. Separate (commercial) lists emerge on the website. The decentralized (local) MIS acquires a more important role in the overall steering. The balanced scorecard is no longer in the minds of the managers. The sales organization is being steered based on a combination of financial and commercial information. In

the middle of 2003 the BSC-website turned into a handy ‘portal’ used at both central and local levels. A former member of the project team says:

*“The districts still use it, they get some things out of it. It is still a nice MIS”.*

This end of the ‘storyline’ (increasing focus on ‘sales’ and the BSC ending up with an information-processing function with little impact on management control) is almost identical to the end of the ‘storyline’ described in the case study of Wickramasinghe, Gooneratne and Jayakody (2008; see chapter 2).

### RABOBANK AND IBN: A COMPARISON AND REFLECTION

The following table summarizes the main differences in local theorization:

TABLE 6: COMPARISON BETWEEN RABOBANK AND IBN

	Institutional entrepreneur	Ex ante theorization	Ex post theorization
Rabobank	Director Private Customers	<ul style="list-style-type: none"> <li>• Lack of mutual cooperation</li> <li>• Lack of focus</li> <li>• Performance gap perceived by Headquarters</li> </ul>	<ul style="list-style-type: none"> <li>• BSC became a relatively stable actor-network</li> <li>• More focus (big five), but not more co-operation</li> <li>• More ‘playing’ (competition)</li> <li>• Strong ‘anchoring’ of the BSC</li> </ul>
IBN	Head of Strategy, (embedded in a group), later coordinator BSC ING Group and project group/ project team members	<ul style="list-style-type: none"> <li>• Call for management information</li> <li>• Call for entrepreneurship and self-steering instead of hierarchical steering</li> <li>• Call for a more results-oriented culture (later)</li> </ul>	<ul style="list-style-type: none"> <li>• The translation has led to a greater awareness of the importance of future oriented management</li> <li>• The translation has brought more discipline</li> <li>• BSC did not survive because of the strengthening of hierarchy (as opposed to entrepreneurship). It just collapsed</li> </ul>

Compared to the Rabobank The Hague, the translation at IBN proved to be more of a controlled affair. The project team put a lot of design effort into the construction of the balanced scorecard. At Rabobank The Hague, however, the translation of the BSC was more connected to intra-action, to action nets consisting of humans and non-humans. In a way, the controlled and comparatively instrumental character of the translation of the BSC at IBN is consistent with the observation that the balanced scorecard meant different things for different actors. Still, the BSC might have multiple identities within an organization but still be collectively recognized as a BSC. Yet, at IBN the focus is on the individual rather than the relational. The interviews indicated that there was a tendency for actors to put greater emphasis on BSC measures that were closely related to their functional responsibilities. For example, controllers mainly focused on the financial perspective of the BSC. Compared to

Rabobank The Hague, at IBN it was therefore less the construction of a relatively stable actor-network and more the construction of instruments in the hands of individuals. The balanced scorecard at IBN easily collapsed when 'entrepreneurship' turned into hierarchy. However, at Rabobank The Hague the balanced scorecard is still waiting for future resolution. Human actors within Rabobank The Hague were enthusiastic about translating the BSC because its 'messiness' enabled actors to connect with each other (Law and Singleton, 2005). This messiness provided the 'glue' connecting this network of human and non-human actors, mobilizing and keeping alive the idea of a BSC within Rabobank The Hague (Sandhu *et al.*, 2008).

Particularly (but not exclusively) at Rabobank The Hague, the translation of the idea of the balanced scorecard at these local settings proves to be a social-material practice in which the social and the material are strongly intermingled. In the practice of objectifying and institutionalizing the balanced scorecard, human and non-human actors co-produced an actor-network of the balanced scorecard. Both human actors and non-human actors (inscriptions) proved to have agency. *Non-human actors* provided more than a contextual backdrop to the translation process; they had a capacity to shape the BSC's possibilities and serving to enable and constrain a range of human actors (sales managers, HR manager, marketing manager, customers advice manager, controller, project manager, etc.) involved in initiating and further translating the BSC (Sandhu *et al.*, 2008). At Rabobank, the *human actors* found their agency embedded in some definitional boundaries and (at the start) experienced some domination and institutional pressure exercised by top management that thus embedded the practice in a 'structure of intentionality' (Ahrens and Chapman, 2007). In accordance with Scandinavian Institutionalism, there was no 'diffusion' but 'translation' of the BSC. The translation by no means was a straightforward implementation of a 'State of the Art' scorecard available in a global space. Moreover, top management did not a priori design a balanced scorecard that was then top-down enrolled in the local bank through a process in which resistance to the balanced scorecard was to be fought. This does not imply, however, that there was no power or domination involved at all; particularly at the beginning of the translation process top management made it clear that it expected commitment from the managers. Thus, there was agency and contingency. In a similar vein, the more top-down character of the translation of the balanced scorecard at IBN does not mean that there was no agency. There was, but it was less connected to an interactive (or intra-active) affair. In a way, it was the agency of Homo Economicus.

At Rabobank The Hague, the balanced scorecard proves to be a relatively stable institution resulting from the translation practice. However, the definite form was not found yet; the resolution is in the future. The balanced scorecard may be impacted by all kinds of actors, both human and non-human, some of who are already known and others have yet to emerge in the future. Translation is a continuously ambiguous and uncertain process.

Both cases revealed that the stages distinguished in our model (chapter 3) are only of descriptive importance. They offered a format to the researcher to structure the presentation of the findings in the study. In accordance with Scandinavian Institutionalism, the change agents had to put a lot of effort in convincing other actors into doing what is needed for the materialization in object and action. Particularly (but not exclusively) the translation in Rabobank The Hague gave evidence that in the practice of translation the discursive is truly intermingled with the material. Convincing other actors of the adequacy of the balanced scorecard and interactively objectifying the balanced scorecard occurred through an entanglement of the discursive and the material; through an entanglement of discussions, a champions league 'cup', week reports, a confrontation matrix, etc.

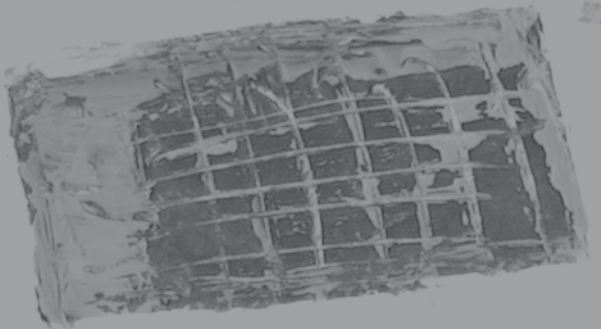
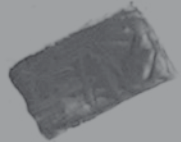
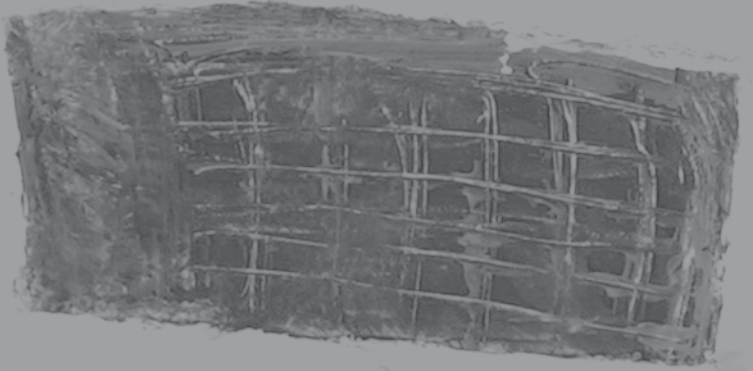
Both cases also revealed that the practice of translation involved theorization by the practitioners. The theory was not an input to the practice, but was a part of it. The theorization was a network thing that helped in institutionalizing the Rabobank scorecard.

Finally, consistent with Scandinavian Institutionalism, the translations at both Rabobank The Hague and IBN resulted in a travel-movement from the local to the global.



Conclusions

# Chapter 7





## RESEARCH OVERVIEW

This study sought to provide insights into the theoretical implications of context-specific and time-specific dynamics in the shaping of a BSC performance management system. It therefore sought to investigate *why and how* the translation processes of the BSC in the two case organizations unfold. This research question requires consideration of the interconnectedness between the global and the local. This study therefore also sought to investigate *why and how* the micro translation processes of the BSC can be connected to forces on the organizational field level in order to draw inferences for theory building on performance management systems at an organizational overarching level.

To answer these questions, this study adopted a qualitative methodological approach. The researcher of this study conducted case studies at two Dutch banks that incorporated (some) observations, extensive documentary analyses and 35 semi-structured interviews. In order to get a holistic picture of the BSC translation processes at the local organizational level we interviewed diverse categories of actors in the case organizations (e.g. managers, project leaders, users, and controllers). In order to learn more about the local / global interconnectedness we also interviewed some interviewees from group level (e.g. CEO, group controller, BSC project coordinator at group level) and from 'outside' (e.g. consultants, an university professor, and a member of the Board of an auditing professional body). The case material was interpreted through a 'Scandinavian institutionalist' lens, in order to 'illustrate' the fragile and performative character of reality and to 'illuminate' the emergence of interesting BSC translation processes.

Thus, we particularly aimed to theorize at the local level, but we also touched upon a possible movement from the local to the global. That is, we aimed to theorize 'dialectical transformation' (Becker-Ritterspach, 2006). We aimed to theorize how both the translator and that which is translated in the local setting (e.g. the BSC as an idea and as an inscription, the content and the form) undergo change. From a local stance, we sought to produce knowledge on why and how performance management with a BSC emerges and changes, and on the organizational consequences of such change. Moreover, we studied if and how the translated BSC may be decontextualized again and go 'back to the globe', and how it becomes a modified idea or concept, that, if successfully promoted, may start to travel across the world again, thereby creating an on-going spiral of fashion. We perceived the global to be a 'hugely extended network of

localities' (Czarniawska and Joerges, 1996: 22) and *not* as a separate centre that governs the local settings in a controlled way. Our perception of the global implies taking into account both spatial and time dimensions. 'Globalized time/space' connects a number of 'localized time/spaces', implying that globalized institutions are also constantly reproduced locally (Becker and Saxl, 2009). So, globalized time/space involves at the same stance a re-embedding of disembedded practices into localized time/spaces (Becker and Saxl, 2009). In sum, globalized management accounting practices (such as the BSC) may be understood as a network of many localized management accounting practices which are performed in a similar form across many localized time/spaces.

### THEORETICAL CONTRIBUTIONS

The BSC is a product of innovation action research. Innovation action research (Kaplan, 1998) aims at testing and extending the emerging concepts of performance management within specific organizational contexts and at learning about their limitations and barriers. Moreover, it aims at gaining knowledge about organizational conditions that lead to either successful or unsuccessful implementation of the concepts. It requires active cooperation between practitioners, consultants and scholars (Kaplan, 1998: 115). Essentially, the innovation action research program suggests that by successive reflecting on the design characteristics, conditions and consequences of performance management, and measurement tools in specific individual organizations, a more or less general organizations-overarching theory on innovative performance management systems is generated. The theory assumes that performance as a phenomenon, as an achievement, can be separated from the performance management system. The performance management system is viewed as a means in a means-end relationship, the end being a desired level of performance. The design characteristics of the performance management system are assumed to be contingent upon factors in the organizational context. Therefore, the theory delivers conditional-normative guidelines that should enable specific local settings to perform better. The consultancy products and the products of the innovation action research program should lead to a body of knowledge, concerned with what performance measurement (and management) *should be*. This knowledge not only draws on 'best practices', but also on notions of rational decision making and control. To an individual organization, the adoption and implementation of performance measurement (and management) innovations is an attempt to "improve accounting in the name of what it should be, rather than what it is" (Hopwood, 1987:210). Performance management then is "seen as being able to be mobilized and changed in the name of an abstract image of its real potential" (Hopwood, 1987: 210). The innovation research program implicitly assumes that organizations are more or less automatically mobilized to adopt a performance measurement (and management) system by the perception of a gap between the characteristics of its present system and its potential as it is proclaimed in external discourses. It furthermore assumes that there is an invariant relationship between the conditional-normative guidelines resulting from innovation action research and the program of intervention in a particular organization. The role of agency is under-emphasized. Although the knowledge is generated by reflecting on the implementation of performance management in real

life local settings (or, in terms of Callon, by reflecting on the results of *in vivo* experiments (Callon, 2009)), the theoretical domain is in itself considered to be a global space, separated from local settings. In this global theoretical domain the idea of a BSC is developed, and from this domain the developed idea is diffused across local settings. Innovation action research is thus consistent with a diffusion-model of change. Apparently, the diffusion of the BSC started with some 'initial energy' (the discovery of Analog's scorecard) followed by a 'global' development of the idea into a concept that can be implemented by specific organizations. In the process of implementation, resistance is seen as a threat. Resistance to change implies friction that threatens the knowledge and concepts resulting from the innovation action research.

In this study, we take a different perspective. As Ahrens and Chapman note, the tales that "appeal to readily articulated, distinct practices 'out there in the field'" (Ahrens and Chapman, 2007: 23) are misleading, because there are blurring boundaries of innovative practices (Ahrens and Chapman, 2007). In a similar vein, we claim in this study that there are blurring boundaries between the theoretical domain and the practical domain as well. We do not consider the theoretical domain as a central space in which the products of innovation action research are produced and stored, and from which they are diffused across organizations. Instead, we consider the theoretical domain as consisting of practices that are part of a network that also contains many localized performance management practices. Moreover, we do not consider change to be a well-organized global endeavor with a clear-cut beginning and an end, where local settings in a guided and unambiguous way adopt a well-defined and materialized idea from a central theoretical space. Instead, we take the position that ideas travel. Travelling across the world, these so-called *translocal ideas* may land in various places. When they land, they are re-embedded in local settings. When they continue traveling, they are disembedded from that very local setting. At the local, the idea is translated. The role of agency is important here. It is the people who pass the ideas on to each other, each one translating them according to his or her own frame of reference (Czarniawska, 2008). Encounters between frames of reference (i.e. ideas in residence) and traveling ideas can be called 'friction', a clash between ideas in residence and traveling ideas, leading to the transformation of both (Czarniawska, 2008). But now friction has a positive connotation; it results in energy. Friction will cause both a change in the local settings and in the idea or concept; there is 'dialectical transformation' (Becker-Ritterspach, 2006). Not only do the translators and their context change, but changes in the traveling idea are also inevitable; translators transform and often enrich it (Czarniawska, 2008). Change, then, is not a centrally controlled affair. Although we do not intend to contribute to global theorizing that does not go beyond the dichotomy between the global and the local and that takes a diffusion perspective, we do not deny that there is global theorizing, *inter alia* on the basis of an innovation action research program. We see such programs as actors in a macro-kosmos (Callon *et al.*, 2011), as part of the 'hugely extended network of localities' (Czarniawska and Joerges, 1996: 22). The innovation action research program is materialized in a 'laboratory' that produces translations resulting in 'objectifications' that may enter the translocal

organizational networks (the networks of localities). Rather than assuming that, in a centrally controlled way, the concepts are implemented in specific local settings it is argued in this study that they enter translocal spaces where they may have unexpected consequences.

In sum, our study gives evidence that the practicing of performance management is *not* the mere application of the knowledge produced in an innovation action research program; *not* an implementation of good (or even best) practices guided by conditional-normative guidelines produced by researchers. Although there is contingency involved (for example by drawing on work by Kaplan and Norton and through hiring consultants), it is through entangled agency of both humans and non-humans that a BSC comes into shape and develops into an actor-network (Law and Singleton, 2005). Such agency does not a priori reject the knowledge that is produced in the innovation action program; it is connected to such knowledge in a loose way. Local human actors draw on the categories and causal relationships provided by Kaplan and Norton, but in a disconnected way. Apparently, practices in the innovation action program offer knowledge as an input for the theorization taking place at the local; as such these practices are actors in the process of translation. The local human actors do not acquire the knowledge and then apply it. Instead, the knowledge is embedded in situated practices. Within situated practices ‘knowers’ and ‘knowns’ co-emerge and define each other (Keevers *et al.*, 2012: 100). Thus, practice is relationally constituted rather than individually constituted (Sandberg and Dall’Alba, 2009). This also has *practical implications* in the sense that change projects could better be managed relationally (instead of focusing on the actions of individuals). Our study illustrates that knowing-in-practice may be viewed as a situated, mediated, provisional, contested and pragmatic activity (Gherardi, 2000; Keevers *et al.*, 2012: 100). There are no prescriptions for ‘successful’ translation. The process of BSC translation involves many interconnected actors and events that can disrupt the process (Pipan and Czarniawska, 2010: 250). A detailed description of translation processes and network construction “could be of more help to practitioners than a linear ideal of planned change” (Pipan and Czarniawska, 2010: 250).

Our relational and performative perspective on performance management research adds to studies that demonstrate that accounting or measurement is not a positive representation of economic reality, but an “uncertain faith, fostered by expert-generated inscriptions and rhetorical strategies”, a faith that is able to “tie together shifting interests in an actor network” (Chua, 1995: 111); studies that perceive accounting technologies as boundary objects (Star and Griesemer, 1989) that are able to stabilize and mediate diverse interests (Briers and Chua, 2001; Hansen and Mouritsen, 2005) and that analyze what happens when accounting innovations ‘travel’ from one context to another (e.g. Briers and Chua, 2001; Preston *et al.*, 1992); studies that demonstrate how the ties of varying strength in networks of human and non-human actors drive performance measurement change in unpredictable ways (Quatrone and Hopper, 2001; Andon *et al.*, 2007); studies that regard a BSC as a loosely related array of activities, held together by the purposes of the practitioners (Ahrens and Chapman, 2004, 2007;

Hansen and Mouritsen, 2005); a study that analyzes a detailed process of inscription building where diverse actors in a consulting firm and in the client organization attempt to edit local specifics (Qu and Cooper, 2011), also illustrating how inscriptions might fail (see also Ezzamel *et al.*, 2004); and a study that demonstrates how ambivalence, opacity, bricolage, and practical actions enabled by inscription devices strengthen networks of performance measurement to make a BSC acceptable (Dambrin and Robson, 2011). These studies acknowledge that although performance management change may be centrally initiated, the unfolding process has an a-centered character and produces unpredictable outcomes. Quattrone and Hopper (2001) therefore claim that performance management change may better be portrayed as a drift rather than a rational and guided top down process. Our study confirms that BSC change resembles such an uncontrolled process more than an orderly guided process with well-defined outcomes. If organizations are in constant flux and drift rather than change in a linear way, change agents have to cope with that: experimentation, improvisation and bricolage are then more important than the mere implementation of grand new accounting instruments (Messner and Becker, 2006).

In particular, our interpretive study contributes by demonstrating how a BSC gets re-embedded in a specific local context (e.g. a bank), how the translation of a BSC is an expression of agency of many actors (human as well as non-human), and how translators and the translated (the BSC) are *dialectically transformed*. In the discursive-material translation process the idea of the BSC as it is loosely connected to the innovation action research program was locally shaped and enacted. Both the translators and that was translated changed. Ex-post theorization at the local was communicated to the global; the disembodied local translation of the BSC was thus brought 'back to the globe' by spokesmen of the BSC through speeches and (co-authored) papers. The identities of the translators changed through the actor network that was formed. The actor-network (the BSC) never reached the position of a macro actor-network that counted as one; it was never fully institutionalized or closed. Thus, our study specifically portrays the act of translating the BSC as a social-material practice, and it reveals how discursive elements and materializations are intermingled in translating performance management. The discursive elements prove to be particularly important in theorizing the 'solution' of a BSC in the context of local problems and in convincing others of the necessity of developing such a scorecard. However, throughout the process discursive elements continue to be important in an attempt to institutionalize the idea in a specific form and to create a relatively stable actor-network (e.g. a balanced scorecard-network). Materializations occur through the use of inscriptions that serve as a base for negotiation during the translation processes of the BSC (see also Qu and Cooper, 2011), and that prove to be helpful in getting support of other actors or allies. At Rabobank The Hague, for instance, the Champions League contest, the nomination and the award, the trophy (cup), the publicity, the documents produced for the contest and after the award, etc. objectified the BSC, and were important in getting the support of the employees (compare Isacsson, 2007:30).

Our study shows that the translation of the BSC proves to be a practice of *intra-action*, a practice through which humans and non-humans (e.g. inscriptions like a trophy or a dynamic website) are entangled in translating the BSC. According to Barad (2001: 93), holding the category “human” fixed excludes many possibilities in advance, and freezes out important aspects of the analysis of the workings of power. Barad (2007) substitutes the notion of ‘inter-action’ with ‘intra-action’ in order to stress that in a performative relationship the human and other-than-human actors should not be seen as distinct entities, acting upon each other from ‘outside’, but as entangled agencies that establish each other as well as being created themselves (Keevers *et al.*, 2012: 102; Rouse, 2002). Intra-action signifies the inseparability of ‘objects’ and ‘agencies of observation’ (Barad, 2001: 102; Keevers *et al.*, 2012: 102) and, thus, the inseparability of the BSC as an object and the agencies that produce the BSC and draw on it to get informed about what there is to be informed about. The notion of intra-action opens up a space for material-discursive forms of agency. Agency is a matter of intra-acting; it is an enactment, not something that someone or something has (Barad, 2001: 93). It is a matter of iterative changes to particular practices through the dynamics of intra-activity and enfolding (Barad, 2001: 93). Intra-action implies togetherness and entanglement. Matters of being, knowing, doing, and valuing are intermingled. As an effect of intra-actions the BSC develops as an actor-network, one that is continuously in the making. The definite form is not yet found; the resolution is in the future. In the future, the BSC may be impacted by all kinds of actors, both human and non-human, some of whom are already known and others have yet to emerge in the future. Translation is a continuously ambiguous and uncertain process. Theorizing is part of the translation process; theory is not only an input (‘state of the art’-theory), but also an outcome (ex-ante and ex-post theorizing). Human actors within Rabobank The Hague were enthusiastic about translating the BSC because its ‘messiness’ enabled actors to connect with each other. This messiness provided the ‘glue’ connecting human and non-human actors, keeping alive the BSC idea within this organization (Sandhu *et al.*, 2008). Therefore, the translation of the idea of the BSC at this local setting indeed proves to be a social-material practice. Convincing other actors of the adequacy of the BSC and interactively objectifying the BSC and what it seeks to refer to, occurred through an entanglement of the discursive and the material; through an entanglement of discussions, languaging, a champions league ‘cup’, week reports, a confrontation matrix, etc.

In conclusion, our study portrays performance management through a BSC *not* as separate from performance, *not* as a means in a means-end relationship, *not* as an instrument in the hands of an individual manager, but as a situated and material-discursive practice. BSC practices are “materially and discursively constructed networks of intra-active performances that constitute something at issue and at stake ‘whose definitive resolution is always prospective’ (Rouse, 2007: 51” (Keevers *et al.*, 2012: 101). The intra-actions within practices produce actors and categories (Nyberg, 2009). The intra-actions (or intra-active performances) are situated and embodied ways of humans and other-than-humans ‘doing’ things together. Such performances (see our model in chapter 3) may exist of

ex-ante theorization to match problems with the solution of a BSC, convincing people that it is in their interests to be part of such practices (particularly through naming and the languaging of distinctions), materializing the balanced scorecards in the form of inscriptions, searching for allies and ex-post theorization about its institutionalization. Thus, the practice of translating the BSC proves *not* to be a centrally controlled affair. However, it is also not a completely *uncontrolled* affair. The translation of a BSC may be viewed as intentionally initiated (and supported) by management, it is an intentional structure (Ahrens and Chapman, 2007). To a certain extent the change is guided by a change agent. Yet, the translation of the BSC has unexpected effects. These effects depend on what other actors (human and other-than-human) do with the BSC. It can be a different thing in the hands of different people. Moreover, the translation process is often an open-ended, 'meaning-sensitive', unfinished process where the BSC idea is continuously interpreted and re-interpreted (Johnson and Hagstrøm, 2005: 372). However, this does not mean that translation processes always are open-ended and creative: uniformity, traditions and social control may also characterize them (Johnson and Hagstrøm, 2005: 372; Sahlin-Andersson, 1996).

#### **RESEARCH LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH**

In addition to the limitations regarding methodology (as discussed in chapter 4), we can wonder what the significance of the reflexive practice of a researcher in a search for meaning grounded in interviewees' experiences is (Leitch *et al.*, 2010:70). There are limitations because practices are never fully articulated (Ahrens and Chapman, 2007). Moreover, the outcome of our methodology is time-specific knowledge in particular local settings for a particular BSC study (Leitch *et al.*, 2010:70). However, we agree with Leitch *et al.* (2010) that "there are only specific and enacted overlaps between provisionally congealed realities that have to be crafted in a way that responds to and produces [the] particular...we are left with situated enactments and sets of partial connections, and it is to those that we owe our heterogeneous responsibilities (Law, 2004: 155)". Or as Koro-Ljungberg (2008:988) puts it: "researchers can only hope 'for temporary alliance and agreements, and truths that satisfy our corrigible standards' (Thayer-Bacon, 2003:71)".

There are a number of interesting avenues for further research. First, translation processes generally operate simultaneously at several levels: in the interaction between individuals at micro level; within the framework of individual organizations and in the interaction at meso level; and under the influence of various economic, political and socio-cultural factors at macro level (Johnson and Hagstrøm, 2005:385). This study only focused on the level of individual organizations (two banks) and touched upon the interconnectedness between the global and the local. The task of generating an all-embracing theoretical framework, which will help us understand the interplay between all these levels, is an exciting challenge for future research. Such future research might include other industries than banking.

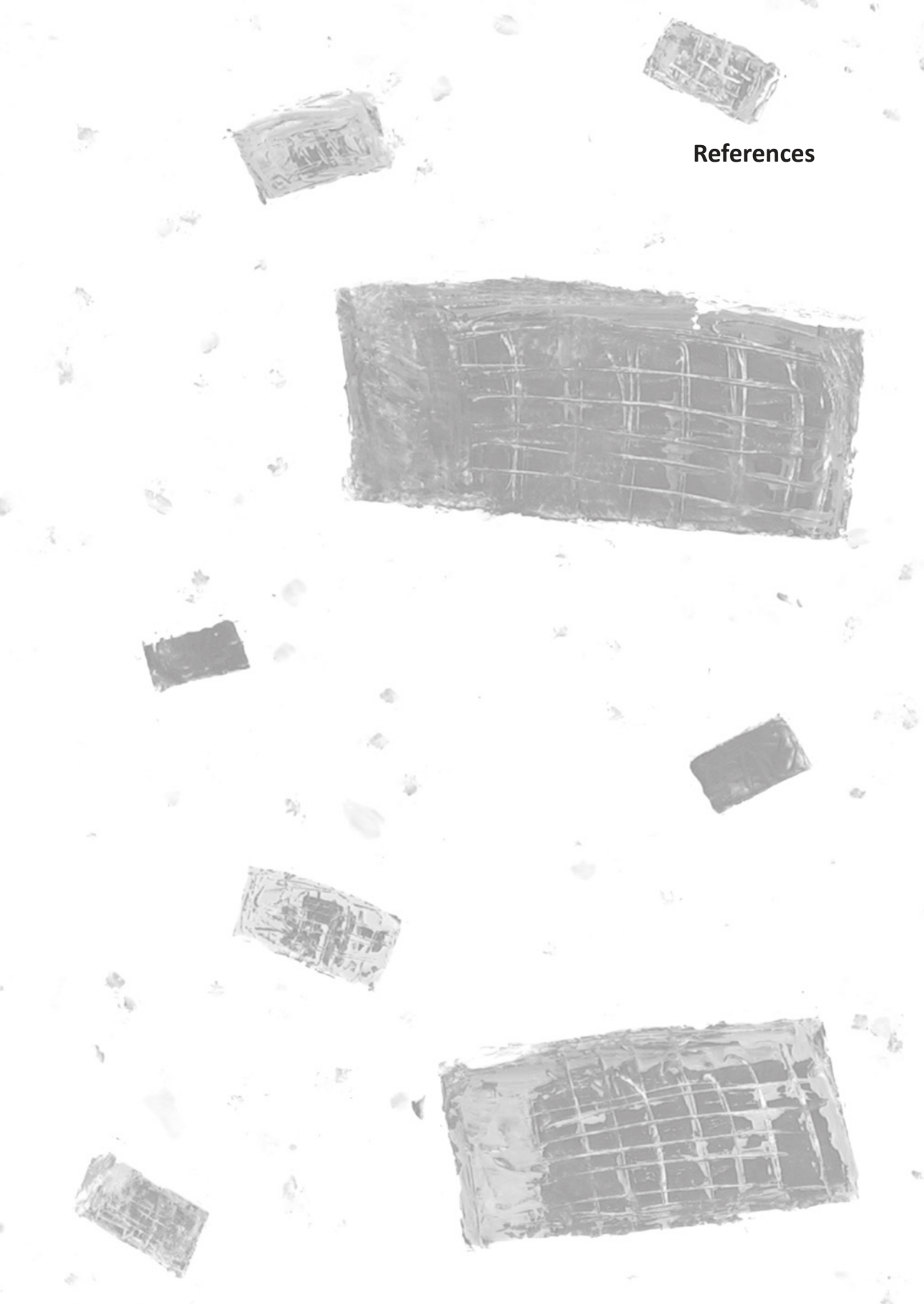
Second, we touched upon the notion of ‘intra-action’ (Barad, 2001, 2007). Future research could examine if and how the “agential realism” proposed by Barad can be incorporated in constructivist-interpretive management accounting research (e.g. ontological and epistemological concerns). According to Barad (2001) agency is an enactment and intra-action produces constraints on what is produced and produces particular exclusions. But must intra-actions always be generative (Herzig, 2004:138)? Herzig (2004: 138) even argues that we are presuming a kind of functionalism now: “in the end, all activity serves to produce something”. Additional theorization of the *unproductive* might better attune us to the myriad mechanisms by which performances are rendered (Herzig, 2004: 141).

Finally, our interpretive study focuses on what happens to the BSC idea as it travels through organizations, and what happens to organizations when they are putting the landed BSC idea in practice (Johnson and Hagstrøm, 2005: 370). Future research from a more distinctly ‘critical’ perspective (Cooper *et al.*, 2008) could investigate “which groups benefit and lose out respectively” (Johnson and Hagstrøm, 2005: 370) from adopting the BSC idea (as in Lawrence and Sharma, 2002).





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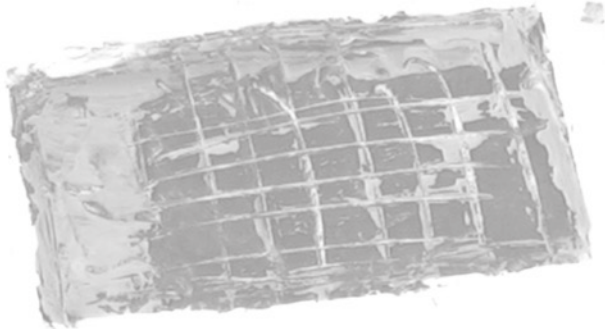
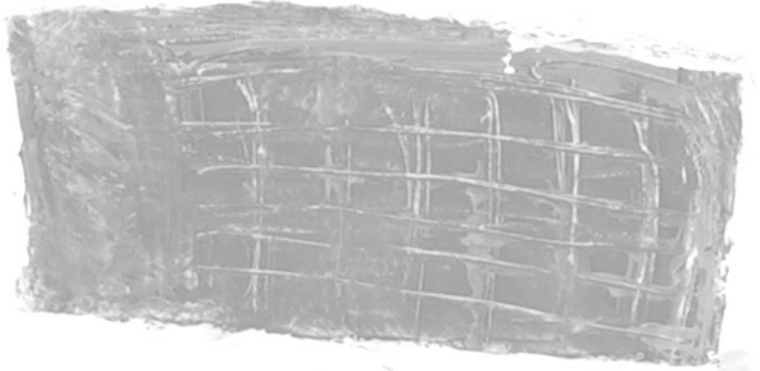
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## Appendices



## **APPENDIX 1: INTERVIEW GUIDE (FIRST ROUNDS OF INTERVIEWS)**

### **Adoption**

- Can you describe the process preceding the implementation of the BSC?
- What does the BSC mean to you?
- Why is there a need for the BSC?
- Could you tell us about your first experience with the BSC?
- What are the underlying reasons for choosing the BSC?
- Are you dissatisfied with your current performance management system?
- Have alternatives to the BSC (other tools) been considered? Which one?
- Are there cost-benefit calculations of alternatives?
- Who were involved in the adoption of the BSC, what is their position and what role did they play in the adoption process?
- Who were involved in the decision-making process?
- How important is strategy for the organization and is the strategy important for the employees?
- What are the goals and expected outcomes with regard to the introduction of the BSC?
- Is the BSC in your organization seen as an instrument to implement the strategy (diagnostic) or as an instrument to (re)formulate the strategy (interactive)?
- What influence did political factors have in the adoption process (technical efficiency vs. political factors)?
- Who takes the final adoption decision?
- What is the role of the controller?
- How long does the adoption process last?
- What is the influence of other parties on the adoption process (e.g. consultants, conferences, books, articles, clients, suppliers, competitors, professional organizations, employees, scholars)?
- Which conditions are ex-ante considered to be important for an effective use of the BSC?

### **Design**

- How did the design process take place? Which stages? Who was involved?
- Level of introduction: is there a start level and end level?
- Way of introduction: top down vs. bottom-up?
- Do you make use of the experiences of others?
- What is the composition of the project group?
- What is the role of the project group?
- What is the role of the project leader?
- What is the role of the controller?
- Is there a "champion" for the BSC?
- What is the role of the external consultant?

- Was there already consensus about the strategy? If not, how was it reached?
- Has there been a strategic discussion by the higher management? If no: why not?
- Planning vs. realization in design phase?
- What are the causes of deviations from the planning?
- Any obstacles/problems during the design process?
- Are there causal relations between the goals/measures of the different perspectives of the BSC?
- Are there causal relations within a perspective (lead-lag)?
- How does the BSC look like? Example?
- How are the norms/targets determined and who decides on them?

### **Implementation**

- How did the implementation process take place? Which stages? Who was involved?
- What is the role of the project group and the project leader?
- What is the role of the controller?
- What is the role of consultants?
- Planning vs. realization in the implementation phase?
- What were the causes for delays?
- What is the role of existing systems/instruments/reporting?
- Training/communication/feedback(intranet?)/understanding?
- Has the management information system changed?
- Has there been a pilot? If yes: why this unit? Results?

### **Evaluation**

- What is the vision of the organization with regard to strategic policy?
- What is the role of existing systems after the implementation?
- Are the goals set out when adopting/designing the BSC fulfilled?
- How is the BSC used? As a steering tool? Or for measurement (checking)? Strategy (re) formulation?
- Is the BSC involved in incentives-systems? How? To managers? Teams? Employees?
- What is your perception of the importance of the BSC at this moment?
- Is the BSC accepted by the whole organization? Why?
- Who keeps score of the BSC? Who maintains the BSC? Who is responsible for collecting the data?
- What is the role of the controller?
- How is the BSC connected to the management information system?
- To what frequency and in what form is the BSC reported? Has the BSC led to clear and useful reports?



*Appendices*

- What pitfalls have been detected?
- What actions have been undertaken and what decisions have been made as a result of the BSC?  
Examples?
- Have your relations with other people changed because of the BSC? Examples?
- Have the activities of employees (all employees?) changed as a result of the BSC? Examples?
- Are the results of the organization improved? According to the managers?
- Any follow up plans?

## APPENDIX 2: OVERVIEW OF THE MOST IMPORTANT DOCUMENT SOURCES OF FIELD DATA

### Rabobank The Hague

- Medium term plan Rabobank The Hague 2003-2005 'Profitable growth'
- RaboLife magazine: special issue on the BSC and Cohen Brown/Champions League, May 2003
- De Beleidskrant (policy magazine) 2004: special issue on the BSC and CohenBrown/Champions League, February 2004
- In Balans Medewerkers Tevredenheid Onderzoek (Employee Satisfaction Research in format of the BSC), June 2003
- The story behind the strategy map of Rabobank The Hague, internal document, 2002
- Departmental plan Large companies, January 2003
- Departmental plan Customer Contact Center, January 2003
- Internal memos about the BSC and about policy planning
- Managementhandboek Resultaatgericht Sturen (Management handbook Results Oriented Management), 2001
- Heuvelmans, H. (2003), "Strategy? Shouldn't you be asking top management about this?", article from the book "*In management – The art and science of management*" published because of the 50<sup>th</sup> anniversary of the autonomous Management School of Ghent University and Katholieke Universiteit Leuven. Also available on [www.mercatorma.nl](http://www.mercatorma.nl).

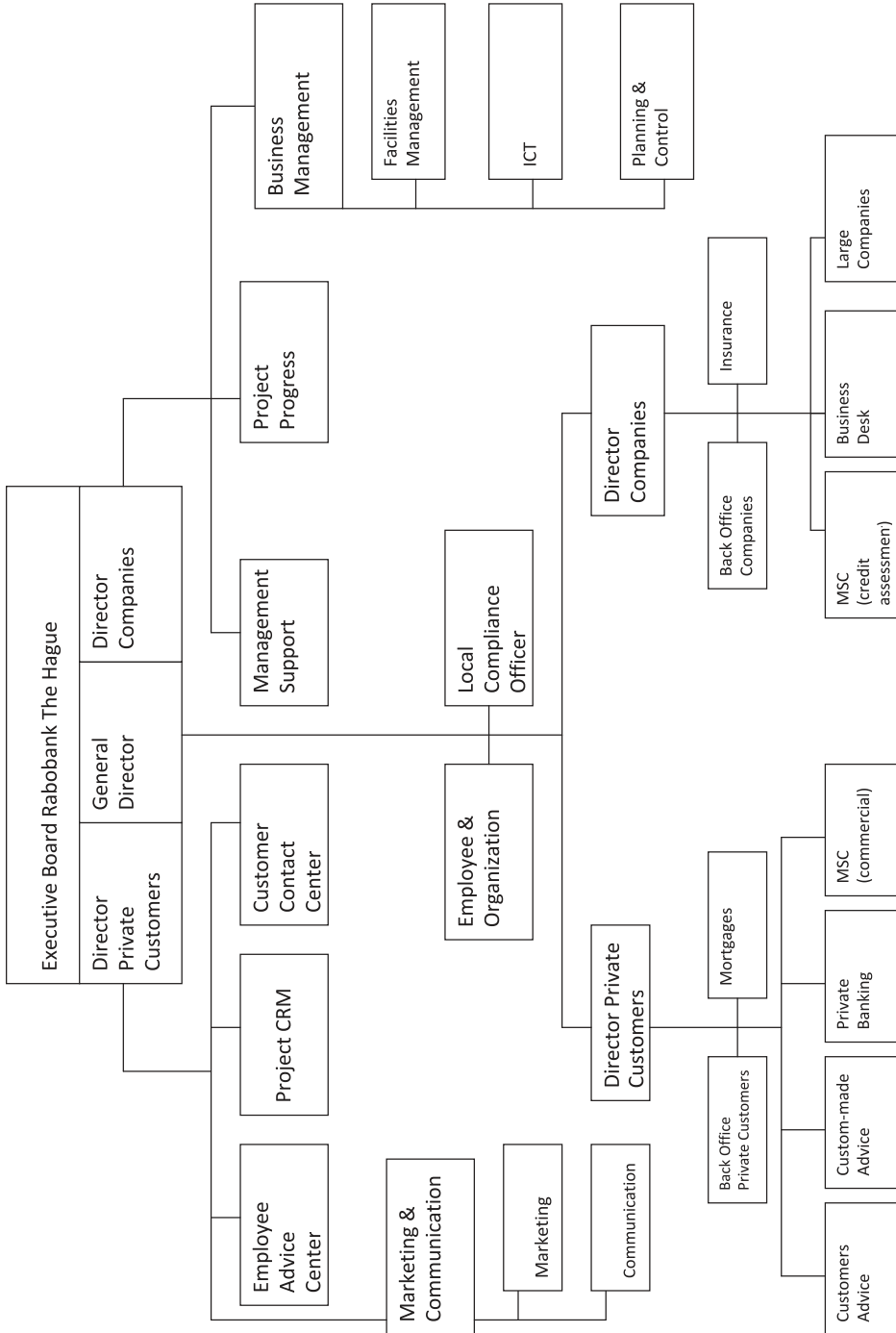
### IBN

- Diemen, M.P.W. van, Informatievoorziening in de financiële dienstverlening (Information provision in financial services), Report about the development of a MIS for IBN, February 1998
- Memo Steering philosophy and the Balanced Scorecard, 12 August 1999
- Memo BSC Development (Masterplan), 28 July 2000
- Memo Communication plan Project BSC definitive site, 5 October 2000
- BSC Defining document (about the defining trajectory), March 2001
- Minutes of the BSC project team meetings and Steering Committee BSC meetings 1999-2000
- Memo Communication plan BSC, 15 June 2001
- Moolenaar, C., Balanced Scorecard: an overview for the ING Bank Nederland, November 2001
- Moolenaar, C., Rollen, taken, bevoegdheden en verantwoordelijkheden in het BSC proces (Roles, tasks, authorizations, and responsibilities in the BSC process), November 2001
- Moolenaar, C., Balanced Scorecard: Samenhang in operationaliseren, planning en budgetteren (Balanced Scorecard: Coherence in operationalizing, planning, and budgeting), January 2002
- 'Sales Force': Jaarplan 2004 Verkooporganisatie Kantoren Centraal ('Sales Force': the 2004 year plan of the Sales Organization Central Offices), October 2003
- Other internal memos about the BSC, information on the BSC intranet and hand-outs of presentations about the BSC and about the BSC intranet

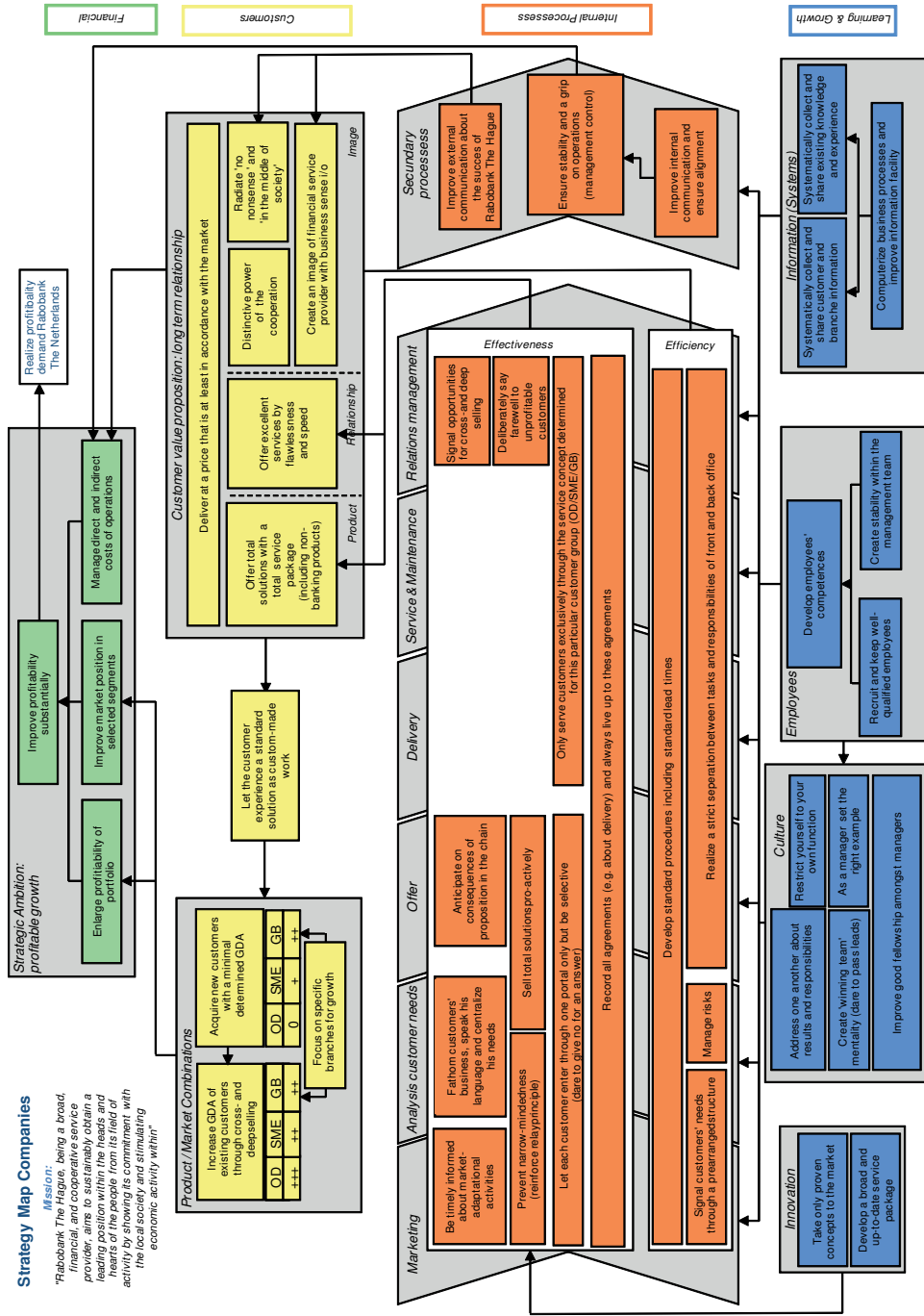
*Appendices*

- Boot, D.P., Extern en intern ondernemerschap bij de ING Bank (External and internal entrepreneurship at the ING bank), *De Accountant* 104:576-579, May 1998
- Dijksterhuis, M., Bosch, F.A.J. van den and Volberda, H.W. (2003), "A cognitive perspective on strategizing/organizing", Ch. 5 in Pettigrew, A.M., Whittington, R., Melin, L., Sanchez-Runde, C., Van den Bosch, F.A.J., Ruigrok, W., Numagami, T. (eds.) *Innovative forms of organizing* (pp.95-122), SAGE, London.

**APPENDIX 3: ORGANIZATION CHART RABOBANK THE HAGUE (2003)**



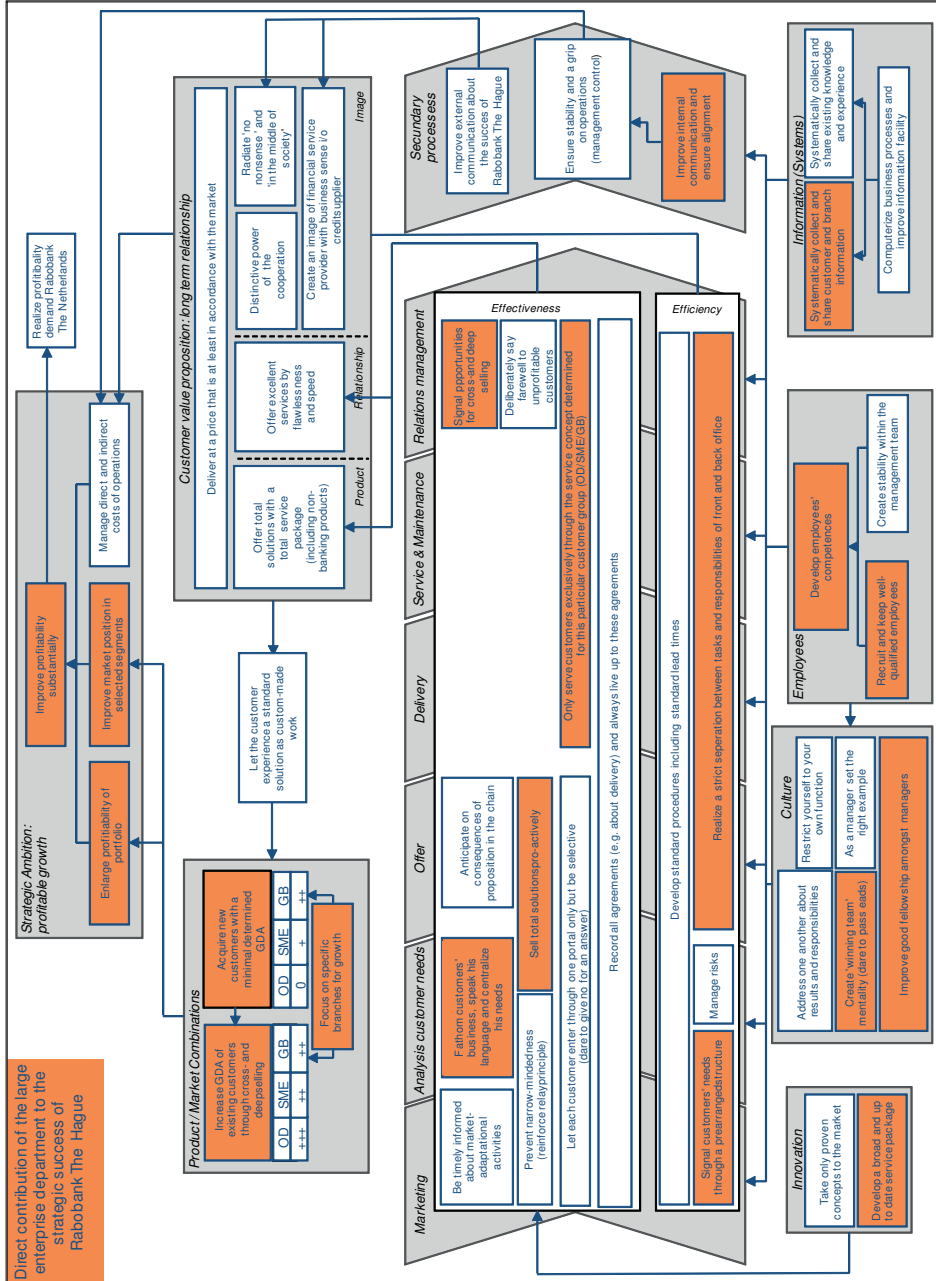
APPENDIX 4: STRATEGY MAP COMPANIES



## APPENDIX 5: DEPARTMENT PLAN

### Strategic contribution

For Rabobank The Hague companies (RTH-B) objectives are formulated in the context of drawing up a Business Balanced Scorecard. Figure 1 shows the strategy map RTH-B. Company objectives to which wholesale directly contributes are coloured in orange. These orange coloured objectives graphically show wholesale's contribution to the strategic success of RTH-B. Wholesale contributes to almost all the other objectives too, but then indirectly.



## Appendix 5.2: Departmental goals



### Wholesale Departmental goals

Big Five

1. Generate a new gross contribution of € 1,2 million  
*Improve profitability substantially*

---

2. Acquire 12 new customers (6 PS en 6 HID)  
*Acquire new customers*

---

3. Develop an account plan for all 81 existing customers  
*Signal customers' needs through a prearranged structure*  
*Systematically collect and share customer and branch information*

---

4. Deliver for 100 prospected customers a fully filled in prospect form  
*Sell total solutions pro-actively*

---

5. Realize 100% occupation of defined permanent positions  
*Recruit and keep well-qualified employees*

---

6. Enlarge the 'share of wallet' in The Hague's wholesale market  
*Improve market position in selected segments*

---

7. Improve mixture of interest- and commission income on newly generated gross contribution

---

8. Enlarge average gross contribution per customer  
*Enlarge profitability of portfolio*

---

9. Enlarge GDA of existing customers to 3,5

---

10. Enlarge GPA of existing customers to 8

---

11. Preserve the 81 existing customers (49 PS en 32 HID)  
*Enlarge GDA of existing customers through cross- and deep selling*

---

12. Acquire new and keep existing customers in the following sectors: Charity Institutions, Local & Decentralized Authorities, Commodity Boards, Pension Funds and Construction  
*Focus on specific branches for growth*

---

13. Generate leads for product-responsible departments (Treasury, Private Banking, Rabo Securities, Rabo NL Insurance, Robeco, Schretlen)  
*Signal opportunities for cross- and deep selling*  
*Create 'winning-team' mentality (dare to pass on leads)*

---

14. Only serve customers who meet the GB-criteria for 100%  
*Only serve customers exclusively through the service concept determined for this particular customer group (OD/SME/GB)*

---

15. Create a cross functional team of product specialists for all 81 existing customers  
*Fathom customers' business, speak his language and centralize his needs*  
*Improve internal communication and ensure alignment*

---

16. Reduce administrative activities of assistant-accountmanagers  
*Realize a strict separation between tasks and responsibilities of front and back office*

---

17. Improve unlocking of product suppliers  
*Develop a broad and up-to-date service package*

---

18. Reduce turnover of (assistant-) account managers  
*Recruit and keep well-qualified employees*

---

19. Realize an exhaustive PDP for all employees  
*Develop employees' competences*

---



## Wholesale Key Performance indicators

<i>Departmental goal</i>	<i>KPI</i>	<i>Definition</i>	<i>Norm 2003</i>	<i>Remarks</i>
1. Generate a new gross contribution of € 1,2 million	<b>New gross contribution</b>	Gross contribution aggregated over number of new customers in month t and number of new sales to existing customers in month t	€ 1,2 million	
2. Acquire 12 new customers (6 PS en 6 HID)	<b>Number of new customers</b>	Number of new customer contracts in month t	12	
3. Develop an account plan for all 81 existing customers	<b>Percentage existing customers with account plan</b>	Number of existing customers with an account plan in month t, divided by total number of existing customers in month t, times 100%	100%	
4. Deliver for 100 prospected customers a fully filled in prospect form	<b>Percentage prospects with a prospect form</b>	Number of prospected customers with completed prospect form in month t, divided by total number of prospected customers in month t, times 100%	100%	
5. Realize 100% occupation of defined permanent positions	<b>Staff occupation</b>	Number of occupied permanent formations in month t, divided by total number of defined permanent formations in month t, times 100%	100%	
6. Enlarge the 'share of wallet' in The Hague's wholesale market	<b>Share of wallet</b>	Total gross contribution in month t, divided by total potential of gross contribution of current customer file in month t, times 100%	To be developed	Hard to measure
7. Improve mixture of interest- and commission income on newly generated gross contribution	<b>Percentage commission in new gross contribution</b>	New commission income in month t, divided by new gross contribution in month t, times 100%	35%	
8. Enlarge average gross contribution per customer	<b>Average gross contribution per customer</b>	Total gross contribution in month t, divided by total number of customers in month t	50.000 EURO	
...	...	...	...	...

The original document consists of 19 KPI's. As an example, only the top eight is given.



## Appendix 5.4: Initiatives and confrontation matrix



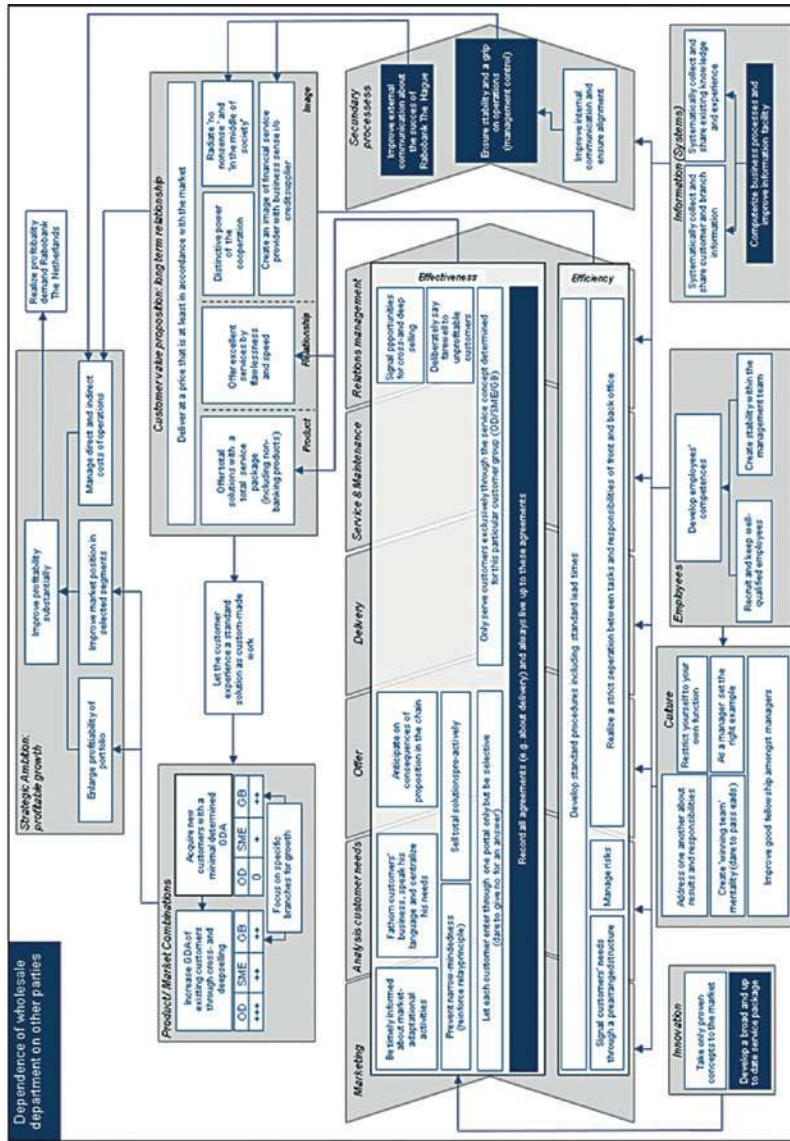
1. Recruit 1 accountmanager
2. Co-signing accountplans by productspecialists
3. Annually cleaning of customerfile
4. Making account plans for existing customers
5. Filling in prospect forms for selected prospects
6. Executing market analysis for Public segment (with aid of Marketing & Communication department)
7. Executing market analysis for HID segment (with aid of Marketing & Communication department)
8. Arranging and recording appointments with aquisition teams SME (to avoid double approach prospects)
9. Selecting appropriate events together with Marketing & Communication department
10. Commitment of contacts with other parts of the group (De Lage Landen, Interpolis, Schretlen, Stroeve, Robeco, Rabobank Securities, Sector teams RNCC, Rof / Rapar / Gilde)



### Confrontation matrix

	1. Generate a new gross contribution of € 1,2 million	2. Acquire 12 new customers(6 PS en 6 HID)	3. Develop an account plan for all 81 existing customers	4. Deliver for 100 prospected customers a fully filled in prospect form	5. Realize 100% occupation of defined permanent positions	6. Enlarge the 'share of wallet' in The Hague's wholesale market	7. Improve mixture of interest- and commission income on newly generated gross contribution	8. Enlarge average gross contribution per customer	9. Enlarge GDA of existing customers to 3,5	10. Enlarge GPA of existing customers to 8	11. Preserve the 81 existing customers (49 PS en 32 HID)	12. Acquire new and keep existing customers in the selected sectors	13. Generate leads for product-responsible departments	14. Only serve customers who meet the GB-criteria for 100%	15. Create a cross functional team of product specialists for all 81 existing customers	16. Reduce administrative activities of assistant-accountmanagers	17. Improve unlocking of product suppliers	18. Reduce turnover of (assistant-) account managers	19. Realize an exhaustive PDP for all employees
1. Recruit 1 accountmanager	√	√			√	√					√	√	√						
2. Co-signing accountplans by productspecialists	√		√			√	√	√	√	√	√	√	√		√		√		
3. Annually cleaning of customerfile												√		√					
4. Making accountplans for existing customers	√		√			√	√	√	√	√			√	√			√		
5. Filling in prospect forms for selected prospects	√	√				√	√					√	√						
6. Executing market analysis for Public segment	√	√				√	√	√				√							
7. Executing market analysis for HID segment	√	√				√	√	√				√							
8. Arranging and recording appointments with aquisition teams SME (to avoid double approach prospects)	√	√				√	√	√	√	√	√	√	√						
9. Selecting appropriate events together with M& C department	√	√				√	√	√	√	√	√	√							
10. Realize POP for all employees																			√
11. Commitment of contacts with other parts of the group	√	√	√			√	√	√	√	√	√	√	√	√	√	√	√		

Appendix 5.5 Damage Risks



Goal	Depending on...
1. Record all agreements (e.g. about delivery) and always live up to these agreements	Other segments in the chain
2. Improve external communication about the success of Rabobank The Hague	M&C
3. Ensure stability and a grip on operations (management control)	P&C
4. Develop a broad and up-to-date service package	RN
5. Computerize business processes and improve information facility	P&C, SalesDrive tool

## APPENDIX 6: WEEK REPORT

Offices	Productgoal		All-in-one policy insurance		Year goal all-in-one policy: 5229 non negotiable: 4321		
	target	result	target	result	cumulative result	% accomplished of yeartarget	%accomplished of non negotiable
Week 27	128	168	100	174	3857	73,76%	89,26%
Week 28			100			0,00%	0,00%
Week 29			100			0,00%	0,00%
Week 30			100			0,00%	0,00%

Offices	Productgoal		Year goal all-in-one policy insurance		
	target	result	target	cumulative result	% accomplished of yeartarget
1. Laan van Meerdervoort	10	19	500	278	55,60%
3. Leyweg	15	21	706	448	63,46%
4. Kempstraat	15	18	540	301	55,74%
5. Zoutmanstraat	10	13	335	270	80,60%
6. Loosduinse Hoofdplein	8	8	223	216	96,86%
8. Sav. Lohmanplein	7	8	253	270	106,72%
11. Theresiastraat	6	2	307	236	76,87%
13. Nieuwe Hout	4	2	928	632	68,10%
15. Benoordenhout	12	26	93	119	127,96%
18. Ypenburg	5	6	127	143	112,60%
28. Keizerstraat	8	12	310	279	90,00%
29. Kerklaan	10	18	219	299	136,53%
30. In de Bogaard	10	7	317	141	44,48%
33. Frederik Hendriklaan	8	8	317	225	70,98%
<b>totaal:</b>	<b>128</b>	<b>168</b>	<b>5175</b>	<b>3857</b>	<b>73,76%</b>

KPI	total sales		sales per banker per day (40 fte/5 dagen)		number of IAG's		Total/Packages	
	target	result	target	result	target	result	target	result
Week 27	845	1206	4	6	150	191	68	90
Week 28	845		4		150		68	
Week 29	845		4		150		68	
Week 30	845		4		150		68	

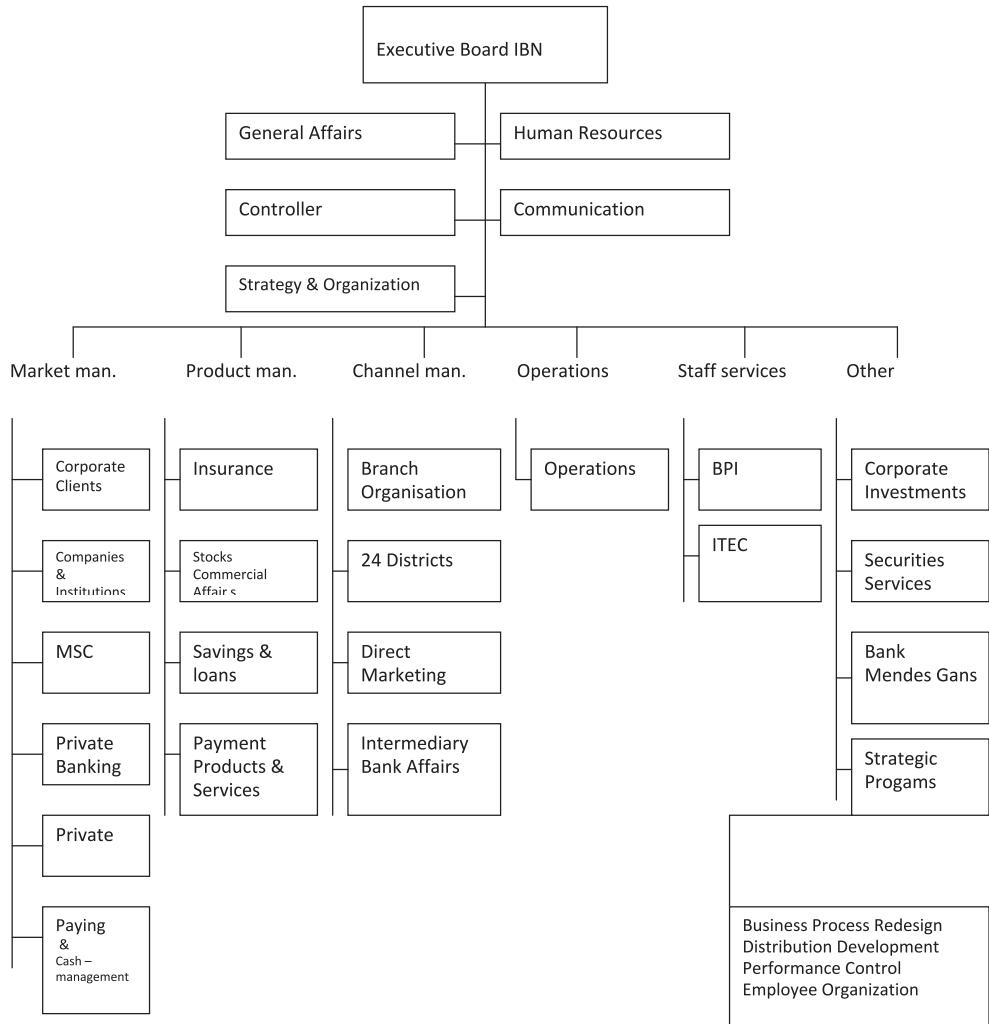
KPI	leads to		week 7	leads specified	
	target	result		target	result
Week 27	30	NNTM	MA	15	NNTM
Week 28	30	NNTM	FA	2	NNTM
Week 29	30	NNTM	H&H	7	NNTM
Week 30	30	NNTM	OD	6	NNTM

Note:  
 Payment: 57%  
 Loans: 6%  
 Membership: 4%  
 Savings/Investments: 11%  
 Insurance: 22%

### Summary weekly report department Customer Advice for Board of Directors

CA:	target	result	Remarks
product goal: Rabox	128	168	
All-in-one policy	100	174	73,76% of year target
total sales	845	1206	
SPBPD	4	6	
generated leads	30	i.o.	
number of IAG's	150	191	
TotalPackages	68	90	

**APPENDIX 7: ORGANIZATION CHART IBN (2001)**



## **APPENDIX 8: THE MISSION STATEMENT OF IBN**

### **ING BANK IS THE ENTREPRENEURIAL BANK FOR ENTREPRENEURIAL PEOPLE**

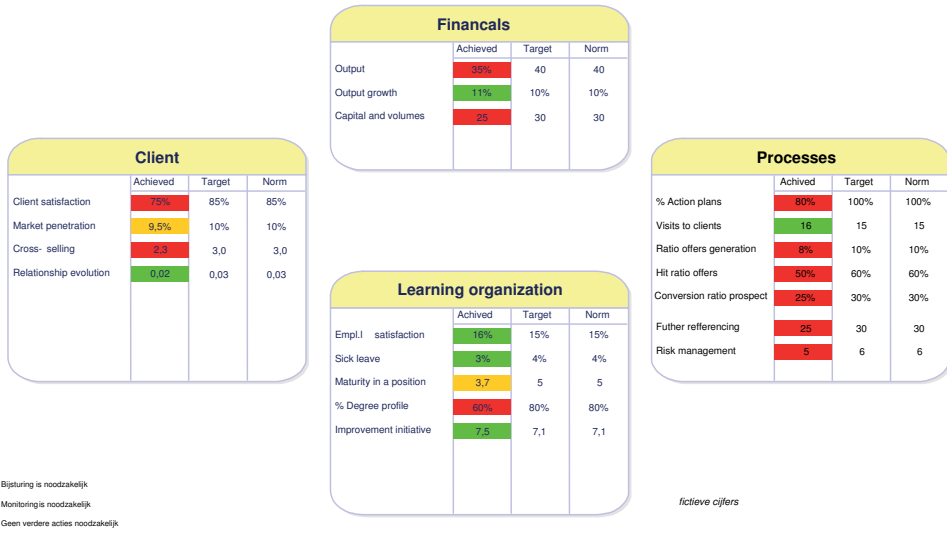
We, ING Bank, offer a broad scale of bank, insurance and other services, to six segmented client groups: Corporate Clients, Companies & Institutions, Midsize and Small Business, Private Banking, Private and Paying.

Via an extensive distribution network of offices, direct channels and channels of third parties, we anticipate actively to the demands of our customers.

We offer (tailor-made) services within the Netherlands, Europe and out there, in which creativity and high quality are emphasized. Reliability, expertise and commitment are key words. We do this in good consideration of entrepreneurship and safe risk policy. We prove what we promise.

The administrative processing takes place in a professional and efficient back-office. Information technology will increasingly support our service externally and internally. We combine individual actions with teamwork and collegiality. And we like to go one step further in thinking, daring and doing.

**APPENDIX 9: THE STATIC SITE**



The static site. Source: Balanced Scorecard: an overview for the ING Bank Nederland

## APPENDIX 10: THE DYNAMIC SITE

The users log in with their personal number provided with an authorization. The user can select through the portal menu various reporting pages. By indicating a personal preference in the menu, the user can always log in at a certain organization level. The portal also offers extensive information about the BSC, the methodology, the definitions, the intranet site and other relevant information.

The top-sheet provides an overview of the various indicators with the actual figures, a performance indication, the target and the norm. The performance indication makes it clear immediately what actions have to be taken based on the performance. No action is needed when the level of target meeting is higher than the target itself. The performance has to be monitored when the realization level is equal or lower than the target. Finally, action is needed when the performance is more than 10 percent lower than the target. By selecting an indicator one can get detailed information about it. The time-sheet, for instance, provides the actual figures with the performance indications for the last thirteen months. In addition, the indicators' page provides information about the sub-indicators. By providing these numbers that determine the indicator, one can manage more precisely when trying to meet the target. Examples of the top-sheet and time-sheet are provided in the following figure.

Example of top-sheet BSC.

Indicator	Moment	Realisatie	Target	Norm
Kapitaal	nov00	1.386.241	-	-
Cumulatieve Daten	nov00	19.970	-	-

Perspectief-2. Klant				
Indicator	Moment	Realisatie	Target	Norm
Marktpenetratie	dec00	20,22	f	20,72
Cross-selling	dec00	1,54	f	1,61
Relatieve verloop	dec00	0,10	x	3,70
Klanttevredenheid top	2000	66,43	.	-

Perspectief-3. Processen				
Indicator	Moment	Realisatie	Target	Norm
% Relatie actieplannen	jan01	37,57	x	60,00
Klantbezoeken	jan01	15,47	x	25,00
Ratio offerte-generatie	jan01	100,07	✓	70,00
Hitratio offertes	jan01	70,57	f	70,00
Commerciële ratio prospects	jan01	58,82	✓	50,00
Doovereenkomsten	jan01	0,00	x	2,00
Risicobeheer		5,16	-	-

Perspectief-4. Lerende organisatie				
Indicator	Moment	Realisatie	Target	Norm
Medewerkerstevredenheid	2000	94,59	✓	80,00

Source: Balanced Scorecard: an overview for ING Bank Nederland

	Jan '02	Dec '01	Nov '01	Oct '01	Etc.
<b>Sick leave</b>	4,8 !	5,5 *	5,5 *	4,2 ✓	6,8 *

Example timesheet BSC. Source: *Balanced Scorecard: Samenhang in operationaliseren, planning en budgettering.*

Finally the analysis page allows you to make analyses on your own. Through this page one can compare the performance of various districts, areas or sales teams. The analysis page is composed of three selection boxes. On the x-axis and the y-axis one selects the class variable, while in the third box the analysis variable can be chosen. Examples of class variable are time and organization unit. The analysis variables are variables with respect to content.

X-axis		Y-axis		Variable	
Month/year	▼	Month/year	▼	Sick leave	▼
Location	▲	Location	▲	External sick leave	
				Short sick leave	
				Medium sick leave	
				Long sick leave	▲

Analysis page - selectionboxes. Source: *Balanced Scorecard: Samenhang in operationaliseren, planning en budgettering*

Short leave	jan	dec	nov	oct	sep	aug	jul	jun	may	apr	etc
Total	43%	39%	38%	32%	51%	etc.	etc.	etc.	etc.	etc.	etc.
Arnhem	23%	27%	25%	31%	10%	etc.	etc.	etc.	etc.	etc.	etc.
Groningen	31%	45%	41%	5%	65	etc.	etc.	etc.	etc.	etc.	etc.
A'dam	etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.
Etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.

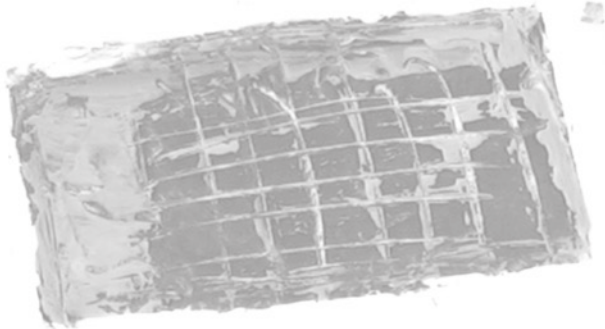
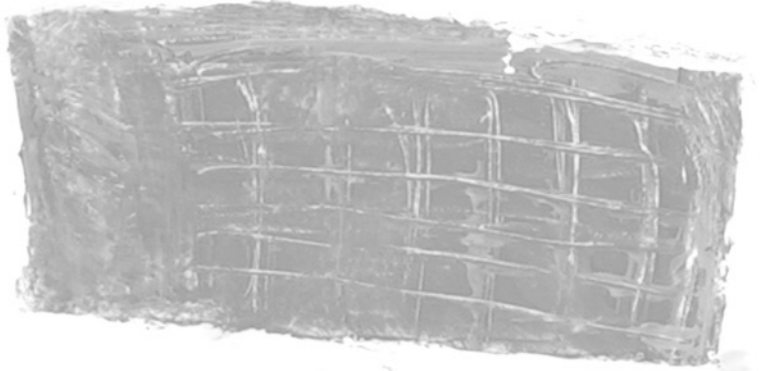
Analysis page - table. Source: *Balanced Scorecard: Samenhang in operationaliseren, planning en budgettering*

By putting the BSC on the intranet, the ING Bank makes working with a BSC more accessible for the user. One knows better what one is evaluated upon and can see how this evaluation is done. In addition, the users can compare their performance with that of other districts or areas, which can have a motivating effect. By discussing quarterly the achievement of certain targets, both quantitative as qualitative, directed actions can be undertaken.





## Summary



## Summary

The purpose of this study is to portray performance management through a Balanced scorecard as a social-material practice. The dissertation demonstrates that such a practice is related to theorization in a complex way. The idea of a Balanced scorecard is developed in a macro-kosmos and is translated in a micro-kosmos, thus causing performance management change. However, current approaches of performance management change (e.g. diffusion theory, planned change theory) are hardly interested in micro phenomena and processes and their relation with the macro-kosmos. Moreover, these approaches mainly depart from a design perspective (innovation action research) instead of taking an interpretive translation perspective. Departing from this gap in the extant literature, *Chapter 1* poses the following research questions:

1. Why and how do the translation processes of the Balanced scorecard in two case organizations unfold?
2. Why and how can the micro translation processes of the Balanced scorecard be connected to forces on the organizational field level?

As this study is an interpretive one, *Chapter 2* provides a mini-review of interpretive research into performance management change. As such, it is positioned against both research from a rationalists or mainstream perspective and research from a critical perspective. From a mainstream perspective research is informed by both organizational economics and contingency theory. It is acknowledged that both organizational economics and contingency approaches downplay processes of change. From an interpretive perspective, processes of change are highlighted by placing performance management in a relational perspective. The notion of translation is central in such interpretive approaches. These approaches reveal how performance management comes to be locally shaped and how it is enacted. Moreover, interpretive approaches are sensitive to developments in the institutional environment. To a lesser or higher extent there may be isomorphic pressures entailing legitimacy considerations. An interpretive approach to performance management *inter alia* differs from a critical perspective in that the latter analyses the archaeology of performance management in order to highlight its disciplinary consequences, or demonstrates how performance management systems rely on abstracted, disembodied and disembedded approaches to management and subordinates the communicative to the instrumental. In general, research from a critical perspective aims to give voices to suppressed and/or dominated groups, while interpretive research takes a more neutral stance.

In *Chapter 3* a theoretical framework for this interpretive study based on Scandinavian Institutionalism is sketched. At the heart of the framework is the notion of translation, a collective act of re-creation or re-construction. Both those who translate and that which is translated are modified. Although the influence of the organizational environment on a local change in performance management is recognized, change is essentially viewed as a product of translation and not as a product of diffusion. As a consequence of disembedding a translocal idea is shaped, that, through problematization, interessement, idea-materialization, the support of allies and, ultimately, institutionalization is

re-embedded in another local context. Processes of translation entail that a translocal idea never becomes a global idea that can be diffused across organizations while obtaining its original properties. The 'global' is no more than a network of localities.

*Chapter 4* presents the methodological building blocks of this study. This study adopts a qualitative, constructivist-interpretive approach to research on performance management change, rooted in a relativistic ontology (multiple valid and socially constructed realities) and a subjectivist epistemology (researcher and interviewee co-create understanding). The chapter starts with explaining that this qualitative field study collects data (using methods like semi-structured interviews and documentary analysis) in the domain 'field' and employs 'qualitative methodology'. It also explains *why* a qualitative field research methodology was chosen. After a description of the selection of the case organizations in terms of a rhizomatic process it explains, in detail, how the research process developed by elaborating on the data collection and data analysis processes. The chapter ends with a concise description of the limitations of the methodology.

In *Chapter 5* the origins and further development by the originators of performance management through a Balanced scorecard is outlined. Kaplan's serendipitous encounter with the scorecard is described, followed by a description and depiction of the innovation action research cycle through which Kaplan seeks to advance the performance management system that incorporates the Balanced scorecard. This chapter shows that Kaplan believes in the development of objective constructs with more or less universal applicability – a view that is close to positivistic science ideals. Kaplan believes that academics pick up ideas from practice that can be *diffused* all over the world. However, this chapter demonstrates a translocal perspective on the development of the idea of the Balanced scorecard. It takes a 'Scandinavian Institutionalism'- view on the instrumental innovation action approach as proclaimed by Kaplan and Norton. The idea and concept of a balanced scorecard is processed and institutionalized through networks of localities. It proves to be the local managers and consultants who make the idea work in organizations and who advise it to others. During the traveling process an on-going spiral of fashion is kept active. Authors as Kaplan and Norton further contribute to the 'globalization' of the idea, e.g. by continuously changing the problematization. The analysis in this chapter further reveals that the success of an idea is not only depending on the properties of the idea, but also on the extent to which it copes with perceived problems and the extent to which it attracts the interest of actors.

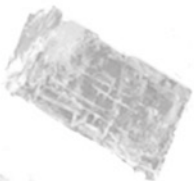
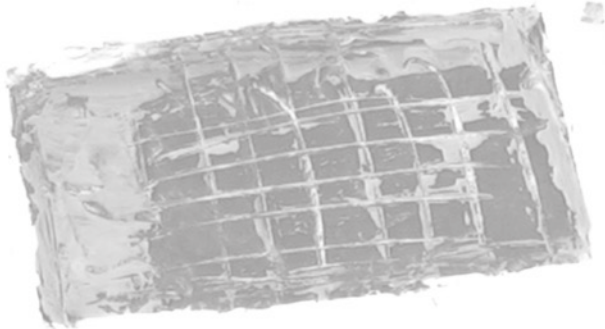
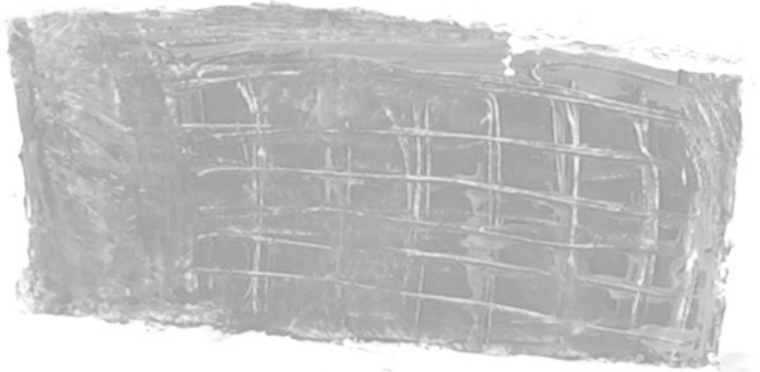
In *Chapter 6* the translation of a Balanced scorecard as practiced in two Dutch banks is described. For each bank, the process of re-embedding the Balanced scorecard is described by drawing on the five analytical stages that were distinguished in the conceptual framework (Chapter 3): problematization, interessement, idea-materialization, support of allies, and institutionalization. A special focus is on (ex ante and ex post) theorization. The chapter demonstrates, among other things, how (ex ante and

## Summary

ex post) theorization at the local is loosely coupled with the ‘theories’ resulting from the innovation action research program as initiated and developed by Kaplan and Norton.

Finally, *Chapter 7* discusses the theoretical implications of previous chapters. This study portrays the act of translating the Balanced scorecard as a social-material practice, and it reveals how discursive elements and materializations are intermingled in translating performance management. A theoretical implication from our field studies is that the local practice of performance management may be a practice of intra-action, a practice in which humans and other-than-humans (inscriptions, Champions League cups) are entangled. This social-material practice is embedded in an intentional structure in a relational network. This differs from a regular conception of performance management (and management control) as a *system* that incentivizes and constrains the behavior of individuals. From the perspective that the idea of a Balanced scorecard travels through and changes a network of localities, this dissertation demonstrates that the local practice of translation also produces ideas and objects that are ready to travel; there is dialectical transformation of the object of a Balanced scorecard.

**Samenvatting  
(Dutch summary)**



Het doel van deze studie is om prestatie management door middel van een balanced scorecard te portretteren als een sociaal-materiële praktijk. De dissertatie laat op basis van interpretatief casuonderzoek bij twee Nederlandse banken zien dat een dergelijke praktijk op een complexe wijze gerelateerd is aan theoretisering. Het gangbare perspectief op prestatie management met een balanced scorecard is een ontwerpperspectief. De scorecard is ontworpen op een organisatieoverstijgend niveau (een macro-kosmos) en wordt vervolgens verspreid over organisaties (waarbij elke organisatie als een micro-kosmos kan worden beschouwd). Dit onderzoek vertrekt vanuit een ander perspectief. Het neemt als uitgangspunt dat de vormgeving van prestatie management op het niveau van een specifieke organisatie het resultaat is van interpretatie en translatie en dat de verandering in prestatie management het resultaat is van een dialectiek tussen micro-kosmos en macro-kosmos. In *Hoofdstuk 1* worden de volgende onderzoeksvragen geformuleerd:

1. Waarom en hoe ontvouwen de translatieprocessen van de balanced scorecard zich in twee casus organisaties?
2. Waarom en hoe kunnen de micro translatieprocessen van de balanced scorecard verbonden worden met krachten op organisatie-overstijgend niveau?

Omdat dit onderzoek getypeerd kan worden als interpretatief onderzoek op het gebied van veranderingen in prestatie management, geeft *Hoofdstuk 2* een beknopt overzicht van dit onderzoek zoals het tot nu toe heeft plaatsgevonden. Als zodanig wordt dit interpretatief onderzoek gepositioneerd tegenover onderzoek vanuit het rationele of mainstream perspectief en onderzoek vanuit het kritische perspectief. Onderzoek vanuit het mainstream perspectief wordt geïnformeerd door de organisatie-economie en de contingentietheorie. Dit hoofdstuk laat zien dat zowel de organisatie-economie als contingentie benaderingen te weinig oog hebben voor veranderingsprocessen. Het in deze dissertatie gevolgde interpretatieve perspectief daarentegen, benadrukt juist processen van verandering door prestatie management in een relationeel perspectief te plaatsen. De notie van translatie staat centraal in een dergelijke interpretatieve benadering. Een interpretatieve benadering onthult hoe prestatie management lokaal wordt vormgegeven en omgezet in actie. Bovendien is een interpretatieve benadering gevoelig voor ontwikkelingen in de institutionele omgeving. In meer of mindere mate kan, vanuit legitimiteitoverwegingen, druk naar gelijkvormigheid een rol spelen.

Het interpretatieve perspectief verschilt ook van het kritische perspectief. Het kritische perspectief analyseert de 'archeologie' van prestatie management teneinde haar disciplinaire consequenties te benadrukken of demonstreert hoe prestatie management systemen communicatieve rationaliteit ondermijnen. In het algemeen wil onderzoek vanuit een kritisch perspectief de status-quo veranderen (emancipatie van de onderdrukten), terwijl interpretatief onderzoek een meer neutraal standpunt inneemt.

In *Hoofdstuk 3* wordt het theoretische raamwerk dat aan deze studie ten grondslag ligt geschetst. Dit raamwerk is gebaseerd op het Scandinavisch Institutionalisme. De kern van dit raamwerk wordt gevormd door de notie van translatie, een collectieve daad van herscheppen en reconstrueren. Zowel degene die vertaalt als hetgeen dat vertaald wordt veranderen. Ofschoon de invloed van de organisatie-omgeving op een lokale verandering in prestatie management wordt onderkend, wordt verandering toch vooral gezien als een product van translatie en niet als een product van diffusie. Als gevolg van processen van 'onttrekken' ('disembedding') uit een lokale context wordt een 'translokaal' idee gevormd dat na een (al dan niet lange) reis via processen van problematiseren, interesseren, idee-materialiseren en het verkrijgen van steun van 'bondgenoten' in het netwerk door (her)onderhandelen opnieuw 'herplaatst' ('re-embedded') wordt in een (andere) lokale context. Translatieprocessen impliceren dat een 'translokaal' idee nooit een wereldwijd ('global') idee kan worden dat over organisaties verspreid ('diffused') wordt, terwijl het haar originele eigenschappen behoudt. Het 'wereldwijde' ('the global') is niets anders dan een netwerk van lokaliteiten.

*Hoofdstuk 4* presenteert de methodologische bouwstenen van deze studie. Het onderzoek is een constructivistisch-interpretatieve benadering van prestatie management verandering. Het hoofdstuk begint met uit te leggen dat het veldonderzoek in dit proefschrift (gebruikmakend van methoden als semi-gestructureerde interviews en documenten-analyse) data verzamelt in het domein "veld" en een 'kwalitatieve methodologie' hanteert. Het licht ook toe *waarom* een kwalitatieve veldonderzoek methodologie is gekozen. Na een motivering van de casuselectie, gebruikmakend van de metafoor van het rizoom (wortelstelsel), volgt een gedetailleerde beschrijving van de dataverzameling- processen en dataverwerking- processen. Het hoofdstuk eindigt met een korte beschrijving van de beperkingen van de gekozen methodologie.

In *Hoofdstuk 5* wordt de oorsprong en verdere ontwikkeling door de 'originators' van prestatie management middels een balanced scorecard besproken. Robert Kaplan's toevallige ontmoeting met de scorecard wordt beschreven, gevolgd door een beschrijving en weergave van de 'innovation action research' cyclus waarmee Kaplan e.a. kennis omtrent prestatie management systemen tracht te genereren. Dit hoofdstuk laat zien dat Kaplan gelooft in de ontwikkeling van objectieve constructen met min of meer universele toepasbaarheid – een nogal naïeve zienswijze die dicht tegen positivistische wetenschapsidealën aanligt. Kaplan gelooft dat wetenschappers ideeën uit de praktijk oppikken, die vervolgens over de gehele wereld verspreid ('diffused') kunnen worden. Dit hoofdstuk demonstreert echter een 'translokaal' perspectief op de ontwikkeling van het idee van een balanced scorecard. Het kijkt met een 'Scandinavisch institutionele' blik naar de instrumentele 'innovation action research' benadering, zoals voorgestaan door Kaplan en Norton. Het idee en concept van een balanced scorecard wordt vormgegeven en (eventueel) geïnstitutionaliseerd via een netwerk van lokaliteiten. Het blijkt dat het lokale managers en consultants zijn, die het idee van de balanced scorecard laten werken in organisaties en die het aan anderen adviseren. Gedurende de

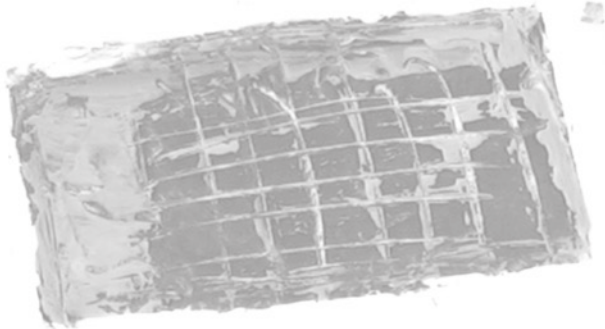
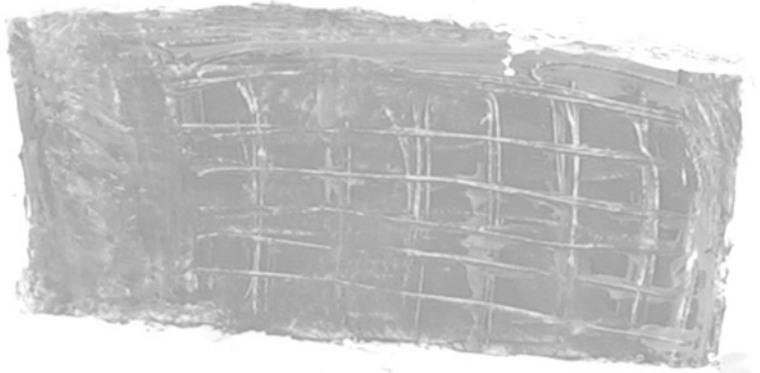


reis wordt een voortdurende modespiraal in gang gehouden. Auteurs als Kaplan en Norton blijven voortdurend bijdragen aan de 'globalisering' van het idee, onder andere door de problematisering continu te veranderen. De analyse in dit hoofdstuk laat zien, dat het succes van een idee niet alleen afhankelijk is van de eigenschappen van het idee, maar ook van de mate waarin het een oplossing biedt voor gepercipieerde problemen en de mate waarin het de interesse van actoren weet te wekken.

In *Hoofdstuk 6* worden de translatieprocessen van de balanced scorecard bij twee Nederlandse banken beschreven. Voor beide banken wordt het proces van 'herplaatsen' ('re-embedding') van de balanced scorecard beschreven, daarbij gebruikmakend van de vijf analytische fasen uit het conceptuele model (Hoofdstuk 3): problematiseren, interesseren, idee-materialiseren, steun van 'bondgenoten' in het netwerk (her)onderhandelen en institutionaliseren. Daarbij wordt bijzondere aandacht geschonken aan (ex-ante en ex-post) processen van theoretisering. Het hoofdstuk demonstreert onder andere hoe (ex-ante en ex-post) theoretisering op lokaal niveau min of meer 'losgekoppeld' ('loosely coupled') is van de 'theorieën' resulterende uit het 'innovation action research' programma, zoals geïnitieerd en ontwikkeld door Kaplan en Norton.

Ten slotte bespreekt *Hoofdstuk 7* wat in meer algemene zin de theoretische implicaties zijn van de voorafgaande hoofdstukken. Dit proefschrift portretteert het vertalen van de balanced scorecard als een sociaal-materiële praktijk en laat zien hoe discursieve elementen en materialisering vermengd zijn in de translatieprocessen. Een theoretische implicatie van onze veldstudies is dat de lokale praktijk van prestatie management mogelijk een praktijk van 'intra-acties' is; een praktijk waarin menselijke en anders-dan-menselijke (inscripties, Champions League cups) actoren in elkaar vervlochten zijn. Deze sociaal-materiële praktijk is ingebed in een intentionele structuur in een relationeel netwerk. Dit wijkt af van de gangbare opvatting van prestatie management (en management control) als een *systeem* dat prikkels oplevert voor en beperkingen oplegt aan het gedrag van individuen. Vanuit het perspectief dat het idee van de balanced scorecard door een 'netwerk van lokaliteiten' reist, laat de dissertatie zien dat de lokale praktijk van translatie ook ideeën en objecten oplevert die (opnieuw) gereed zijn om te reizen; er is sprake van 'dialectische transformatie' van het object van een balanced scorecard.

Thank you



*Thank you*

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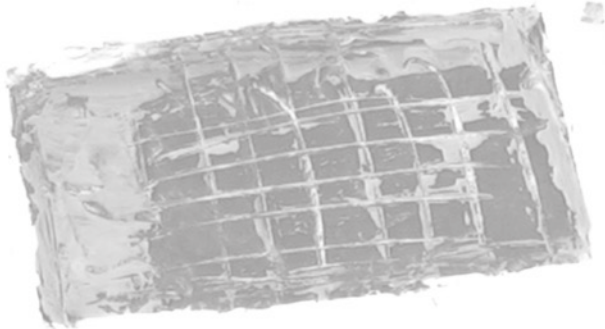
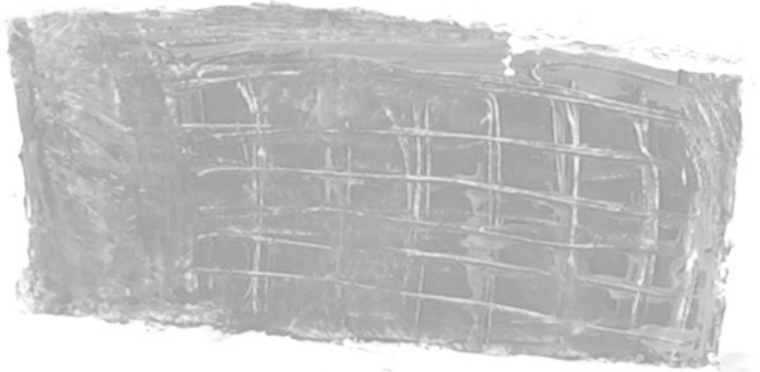
Thank you Marianne and Anita, for your sister love. Thank you Elbert for your intelligent creativity. I really run the risk that people are talking more about the cover than the contents of this book.

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# Curriculum Vitae



## *Curriculum Vitae*

Koos was born May 16<sup>th</sup>, 1960, in Barwoutswaarder (a small village, nowadays a district of Woerden). After finishing high school in Woerden, he went to study business economics at the Erasmus University Rotterdam, graduating in 1986. After that he worked as an auditor at one of the “big four” auditing firms for six years and obtained his “RA” title (Certified Public Accountant) from Tilburg University in 1991. In 1992 Koos started working as an assistant professor of accounting at the Faculty of Economics of the Erasmus University Rotterdam. At Erasmus University he also was a member of the Board of the Faculty of Economics and chairman of the Budget Committee for a number of years. In 2006 he followed his supervisor to the Radboud University Nijmegen. At present he is still working as an assistant professor of accounting at the Faculty of Management of the Radboud University Nijmegen.

In his spare time, Koos, among other things, functions as a member of the Supervisory Board and chairman of the Auditing Committee of a housing association and likes to spend ‘quality time’ with his wife Yvonne and his four wonderful sons.