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

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Abstract:

The Balanced Scorecard is widely used in organisations to implement and measure strategic top-down work processes. This article examines how using the Balanced Scorecard influences the individual and interactive reflective learning and commitment of line managers and employees in a financial organisation. Qualitative data from a case study were categorised using the coding tool NVivo 8. This study explains how senior managements' use of the Balanced Scorecard combined with a commitment to serve customers may decrease line managers and employees' ability to cope with their workload. Increased formal control and performance measurement reduce the commitment to and time for individual and interactive reflective learning among line managers and employees, and reduce organisational learning.

Keywords: The Balanced Scorecard, organisation, senior management, reflective learning, organisational learning, employees' commitment, case study

Introduction

Learning among employees is recognized as giving a pivotal competitive advantage to organisations in complex and competitive environments (O'Reilly & Chatman 1996). Employees that contribute to quality assurance and development of products contribute to both survival and profit. Organisations that emphasize empowerment, new ways of thinking, and reflection in daily work create a more stimulating and interesting work environment for their employees (Elmholdt & Brinkmann 2006). Individual reflection involves thinking critically to examine, ponder, and weigh all relevant factors and relationships about a topic (Dewey 1991). Having studied reflection empirically, van Woerkom (2004, p. 186) conceptualised ‘critically reflective work behaviour’, defined as: ‘a set of connected activities carried out individually or in interaction with others, aimed at optimizing individual or collective practices, or critically analysing and trying to change organisational or individual values’. Critically reflective work behaviour involves examining the connection between actions and their consequences. Interaction and reflection between managers and employees are especially vital because such communication may increase the quality of performance at work (Ellström 2001; van Woerkom 2004). The focus on employees’ learning and, in particular, the concept and use of reflection to promote organisational learning are, however, blurred by multiple objectives (Fenwick 2010). Van Woerkom (2004) claims that an economic-rationalist orientation may ignore how critically reflective work behaviour may contribute to individual and organisational learning for the benefit of the organisation.

Given these concerns, this article discusses how a performance measurement system used by many organisations – the Balanced Scorecard (BSC) – may influence employees’ critically reflective work behaviour. Neely (2008) points to the lack of in-depth case studies about the operational impact of the long term use of the BSC on the work of line managers and employees. The BSC was developed by Kaplan and Norton (1996) to balance the financial and non-financial measures in assessing employees’ performance in organisations. The designers clearly saw the BSC as an instrument to connect organisational strategy with the specific work tasks of organizations’ employees. It is constructed so that a pre-defined top-down strategic plan directly influences how work tasks, both simple and complex, are performed and rewarded (Kaplan & Norton 1996). Detailed targets and measures are broken down by senior management and distributed to teams and individuals as performance indicator targets (Nørreklit 2003).

Voelpel, Leibold, and Eckhoff (2006) argue that by converting the organisation’s strategic plan directly into work tasks, the BSC creates rules, procedures, and rigidity in how the organisation operates. In an empirical study of teamwork, Hackman and Wageman (2005) demonstrate that when work processes are standardized, constrained, individualised, and controlled, team leaders and employees can do little to promote team effectiveness. They also conclude that tightening senior management control of work routines may also reduce subordinates’ options for participating in decisions concerning their own work. In addition, O’Reilly and Chatman (1996) point out that non-participation in decision-making weakens employees’ relationship with, and commitment to the organisation. If these arguments are valid, it seems paradoxical that the BSC focuses on top-down management control and on the use of material incentives to enhance development and commitment among employees because, as van Woerkom (2004) claims, to promote organisational development, both individual and collective reflection in the organisation are necessary. Even Marr and Adams (2004) criticise Kaplan and Norton, creators of the BSC, for missing the value of ‘relationship capital’ as an intangible asset in organisations. Communication between employees and external customers, as well as internal relationships and communication between employees and senior management, creates a basis for critically reflective work behaviour and organisational learning that the BSC do not fully capture. There seems to be an implicit contradiction between the BSC’s two purposes:

To measure how employees work in accordance with the strategic top-down work processes.

To promote new learning among individuals that will benefit the organisation.

The central research questions in this paper is how using the BSC influences employees’ scope for contributing new ideas with critically reflective work behaviour, and how using the BSC influences employees’ commitment to the organisation.

The qualitative case study outlined in this article is part of a four-year research project on learning and reflection at a Norwegian bank with more than 700 employees located in more than 70 local departments of varying size. Despite the breakdown in other parts of the banking world in 2008, the bank featured in the case study continues to perform well, in both business and personal banking, with very high profits and a top international ‘A’ Fitch Rating.

The structure of the article is as follows: In the first section, I critically discuss literature about learning, reflection, and commitment in organisations as well as the learning challenges of using the BSC. In the second section, I present the method and analysis. In the third section, I present the empirical findings from the case. Finally, I elaborate critically on the findings in the discussion and conclusion sections.

Learning, reflection, and commitment in organisations

Ellström (2001) distinguishes between adaptive and developmental learning. Adaptive learning describes learning in which individuals acquire predefined knowledge and skills in order to perform given work tasks and methods. Ellström sees such reproductive learning as vital for expertise in achieving standards efficiently in routine predefined work tasks. For example, mastery of legal regulations and financial laws promotes employees' adaptive learning, but this type of learning may restrict opportunities for new innovative action (Hackman & Wageman 2005). Developmental learning describes learning where the employees themselves evaluate their work by asking important 'Why?' questions about tasks, methods, and results. March (1991), Ellström (2001), and van Woerkom (2004) argue that most organisations must balance adaptive learning for efficiency by developmental learning for innovation. A focus on short-term efficiency, controlled only by performance management and adaptive learning, may damage an organisation's potential for long-term success in a complex world where improvement is necessary, whereas excessive focus on developmental learning may negatively affect efficiency.

To promote developmental learning in organisations, it is important that employees have influence on and reflect creatively and critically about existing problems, objectives, routines, and practices (Ellström 2001). Knowledge that group members bring to work tasks, and their different strategies for solving problems, have potential for increasing and spreading new thinking and solutions in organisations. When such critical reflection is promoted, employees can control their own decisions and job assignments and are willing to accept feedback (Elmholdt & Brinkmann 2006). Van Woerkom (2004) argues that if employees are not sincerely invited to communicate critical reflections in organisations, they will concentrate on individual task execution and withdraw from organisational development. However, employees doing critically reflective work behaviour individually, in groups, or at the organisational level contribute more often to organisational learning (van Woerkom 2004). Organisational learning is described as developing and changing work routines and practices independent of individual actors in an organisation (Argyris & Schön 1996). "Organisations are seen as learning by encoding inferences from history into routines that guide behaviour ... Routines are independent of the individual actors who execute them and are capable of surviving considerable turnover in individual actors" (Levitt & March 1988, p. 320). Such learning includes exploration and critical review of the existing behaviour, systems, and use of technologies. Argyris and Schön (1996) distinguish between simple adjustments of routines without thorough analysis (‘single-loop learning’) and fundamental adjustments through analysis of strategies and values (‘double-loop learning’).

Vince (2002) argues that organisations with less hierarchy and a horizontal relationship between managers and employees will promote more participation, creativity, and democratic ideas than those with hierarchic influence and formal control. “Control comes from the knowledge that someone who matters to us is paying close attention to what we are doing and will tell us if our behaviour is appropriate or inappropriate” (O’Reilly & Chatman 1996, p. 161). Flynn and Chatman (2001) claim that organisations that want to promote employees’ opportunities for critically reflective work behaviour and organisational learning should emphasize group norms and values that encourage new ways of doing things. They propose that norms that promote shared divergent thinking between management and employees will create more ideas. People can agree to disagree (Flynn & Chatman 2001). On the other hand, strong top-down management in combination with strict hierarchic processes may be positive in implementing new work routines based on organisational learning (Flynn & Chatman 2001). The introduction of new routines in a controlling environment gives members fewer possibilities to express criticism or reluctance.

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

Social identity theories suggest that employees are motivated by interaction with others because interaction defines their social identity (Tyler 1999). Employees' contact and relations with customers appear to be crucial in promoting a sense of internal commitment and mastery of their work (Hochschild 2003). Positive customer relations may enhance employees' social identity status as well as the organisation's status. Employees' wish to enhance their own status by means of reflection about the experience of customer relations enhances the status of their organisation (Tyler 1999). Management that focus on employees' social status may contribute to social control that is more effective and cheaper for organizations than formal control (O'Reilly & Chatman 1996). In social control systems, employees share the core norms and values, and such systems will sanction employees that violate these norms. These shared norms and values also create meaning in the work. Such social control mechanisms improve organisational stability and performance, whereas formal control can do the opposite (Flynn & Chatman 2001).

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

The BSC

This section introduces research about the BSC and discusses how this management system may decrease employees' levels of individual and interactive reflection and their level of commitment to their organisation. Senior strategic and operational managers in headquarters of large organisations follow management fashions that lead them to use systems and routines thought to be effective for influencing employees' problem-solving and performance (Røvik 2011). One such performance measurement system is the BSC. It is used in at least 60% of major organisations in the United States and Europe with the intention of making them more effective (Neely 2008). In a doctoral thesis studying the implementation of the BSC in the bank that is the subject of this study, Nilsen (2007) concluded that the BSC was a tool for strengthening formal control. A few senior managers decided the BSC indicators relating to organisational strategy, which then became targets for all employees to achieve. Employees were encouraged to cooperate by means of pay and bonus incentives and by the allocation of material resources (O'Reilly & Chatman 1996).

The BSC uses information and communications technology (ICT) to help senior management implement and monitor the organisational strategy (Nielsen & Andersen 2004). Employees are supposed to register all sales and detailed work processes on the basis of the indicators chosen by senior management (Nørreklit 2003). Internal comparisons give the results of the best teams, and then these are rewarded a bonus.

Research on performance management systems has shown how exclusive focus on financial success may hinder organisational growth (Kaplan & Norton 1996). The BSC is therefore constructed to balance long- and short-term objectives, financial and non-financial measures, and internal and external factors that contribute to enhanced performance (Kaplan & Norton 1996). The BSC includes four perspectives to operationalize organisational strategy.

> *The Financial perspective* measures the financial status and change of the organisation.
>
> *The Customer perspective* measures customer outcomes such as market share, customer retention, customer acquisition, customer satisfaction, and customer profitability.
>
> *The Internal Business Processes perspective* identifies important internal processes in the organisation, and measures to example quality, response time, cost and the introduction of new products.
>
> *The Learning and Growth perspective* measures employees' satisfaction and learning, and identifies new systems and organisational procedures that create the requirement and foundation for long-term development and innovation.

The BSC seeks to measure both productivity and learning in the organisation. The system gathers data from a wide range of work processes rather than just a single financial measurement of performance. Managers regard various measurements as especially helpful in revealing factors that relate to cause-effect relationships in the organisation (Neely 2008). The strength of the BSC is that senior management get data from non-financial working processes in the organisation to use as diagnostic information (Kaplan & Norton 1996). By means of single-loop learning, senior managers can use this information to change those work processes or routines that do not contribute to long-term financial success.

The BSC is criticised for making organisations top-down controlled, and less dynamic, because employees are expected to respond by individual adaptive learning and to work according to the indicators set by senior managers (Nørreklit 2003; Voelpel, Leibold, & Eckhoff 2006). The BSC values employees' adaptive learning as a means of increasing the organisation's performance. Employees will not, in practice, be motivated to provide critical reflections to senior management or to change their own practices until new instructions with new indicators and target figures are provided (Nilsen 2007). Kaplan and Norton (1996) claim that using the BSC can encourage double-loop learning from all employees. Nørreklit (2003) argues that double-loop learning demands employees' participation and bottom-up communication to change indicators, but how these are to be realised using the BSC is unclear. Elg's study (2007) concludes that using technology and concentrating on tangible numerical scores in the BSC system influence employees' work through action, meetings, and reflection; meanwhile, intangible unmeasured factors, such as new ideas or reflections, are easily overlooked in the organisation. Also, since the BSC measures cause and effect simultaneously, it fails to measure development over time (Nilsen 2007). The applied work process indicators may need data over a considerable length of time before they reveal economic benefits. A short-term focus on cause-effect may restrict the BSC to being a tool for senior management to manage daily work of employees, rather than their longer-term development.

The above literature reveals a research gap that needs investigation. The BSC has a dual purpose of balancing the measurement of performance with measurement of employees' learning processes. Examining the system's practical use can reveal the possible implicit contradiction between these two purposes. This study will investigate line managers' and employees' experiences of using the BSC in their daily work, and how using it influences their scope for critically reflective work behaviour and commitment to the organisation.

Context, method, and analysis

Norway is a top-ranked country in socio-economic factors such as democracy, education, and competence development in working life. The selected case is a bank consolidated from several small banks from the 1960s to the 1990s, and one that now competes as a big actor in a region. Competing banks vary in both strategy and size, from a few employees up to 14000 (Liebach Lüneborg & Flohr Nielsen 2003). All Norwegian banks have invested heavily in customer-focused internet technology and are international leaders in using internet banking to serve their customers (Flohr Nielsen 2002). Modern banking has become more efficient and has reduced the need for expensive face-to-face transactions. Because of internet banking, the banks have downsized their counter staffs, while the level of educational qualifications has increased among the remaining advisors. Competition between banks for customers has intensified because customers have become less loyal and more price-minded. This competition makes serving customers and increasing the sale of products (loans, insurance, deposits, pensions, credit cards, and unit trusts) the major work task for current advisors. However, external and internal demands are increasing since the financial crisis in 2008. These new demands regulate how advisors should perform their work tasks in financial organisations. International and national laws now specify routines to prevent fraud and criminality. These routines make it necessary for managers and advisors to learn continually in order to fulfil the new requirements.

The study adopts an abductive research design, combining induction and deduction (Suddaby 2006). The data were collected and analysed over a three-year period. The author was assisted by two other researchers to collect data from different levels of the organisation, one of whom also assisted in categorizing and analysing the data. The third researcher was involved in discussions about the findings during this process.

Focus groups: The study started with three researchers facilitating eight two-day focus group meetings (Wilkinson 2004), in which an average of thirteen line managers and one senior manager openly discussed reflection in the bank and the management opportunities and challenges. The BSC's influence on reflection and commitment was not the original focus in the research project, but informants' early statements pinpointed this connection. The researchers presented theories about reflection and management systems and discussed them critically with participants. Acquiring new knowledge may have influenced informants' statements and analyses of the bank. The researchers also discussed their emerging theoretical ideas and analyses with informants in order to validate the data. The focus groups met at the university to give line managers distance from the organisation. The data from the meetings took the form of handwritten notes and extensive summaries written on the computer. We tape-recorded and transcribed four meetings.

Observation: I observed 13 team meetings in one department in the spring of 2008 and two meetings in 2009. During the observations, I sometimes asked questions to clarify my understanding of the discussions or asked about the work in the bank. Each meeting lasted 90 minutes. I wrote notes and reflections by hand, and later wrote summaries and memos interpreting the sessions. I could not use a digital voice recorder, because sensitive customer information was on the agenda during the meetings.

Meetings: In addition, I and the two other researchers, both together and singly, attended, observed, and participated in 20 meetings in six departments over a two-year period. The meetings either were team meetings or had the banks' work or learning challenges on the agenda. In these meetings, we also took field notes and subsequently wrote summaries and memos.

Interviews: In 2008, one additional researcher and I interviewed separately 32 advisors and eight line managers of various ages and lengths of service, and of both genders. We randomly selected informants from five branches of the bank and nine of the interviews were with participants from the observed team. We used an open-ended semi-structured guide in order to investigate individual and organisational learning. The interviews (30–60 minutes long) clarified and verified findings and theoretical ideas from the focus groups and observations, and were recorded and transcribed.

Limitations: We did not transcribe all meetings and focus groups, because of the quantity of the material we got. Analysis of an extensive body of material is a general challenge in case studies (Yin 2009). The two researchers made the selection of material for transcribing based on the themes of discussions in meetings and focus groups. We transcribed all material that we considered important for understanding management and learning in the bank.

Findings from case studies are generally not valid for all contexts and organisations. The data from this case study were analysed using grounded theory to develop analytical generalisations (Yin 2009) that address interpretative realities perceived by actors in this specific social setting (Suddaby 2006). A detailed description of this specific case makes it possible for others to use the findings in understanding similar social contexts and organisations. Locally grounded theories create the basis for developing general theories that explain wider contexts (Ibid.)

Analysis: The data analysis software NVivo 8 helped us to organize and code the data while we focused on reading and interpreting it (Suddaby 2006). From a variety of written material, we first sorted all similar statements and recurring themes together with ‘open’ coding using the informants’ own concepts and statements. We coded whole sentences and sequences looking for overarching themes. To qualify as a code the statements had to be used frequently and had to explain actions and processes that the informants found important (Charmaz 2006). After this initial process, we read and coded field notes, memos, and researcher reflections to further generate ideas in the process of categorising and comparing the codes and finding abstract theoretical patterns in the grounded data (Suddaby 2006). Two researchers discussed and ‘played’ with the codes to find an explanatory matrix of categories (Yin 2009) using a large whiteboard as a creative visual tool for interpreting the relation between the categories. Afterwards we used the matrix of categories as a starting point to sort categories at greater levels of abstraction to reveal relations between the categories. Using NVivo 8, we built a tree data structure of the categories that explained the connection between them. The sorting verified that using the BSC played a significant role in the work of line managers and advisors. The first literature review, which captured ideas about the effect on reflection and commitment of using the BSC, supported the verification. To fully understand how this system influenced learning in the organisation, the author alone recoded incident to incident and sequences in all existing categories that captured only the BSC, by building a new ‘open’ coding structure in NVivo 8. Afterwards, I again conceptualized how the new categories about the BSC related to each other by ‘playing’ with the codes in NVivo 8 and building a new tree structure of categories (Charmaz 2006). The new theoretical coding gave further insight into the informants’ statements. I combined analysing the data, discussing the analysis with my two colleagues, and reading literature until an explanation emerged that best suited all the data about using the BSC. That the project’s three researchers found consensus in the qualitative material strengthened reliability. Using Grounded Theory, when coding and categorisation did not reveal further insight about the data, this strengthened validity. Five categories emerged in our analysis that subsumed the main topics from the informants:

- The BSC’s strengthening of formal control
- High workload in serving customers
- Increased unreflective measurement
- Incorrect measurement and lost recordings
- Formal control and negative feedback reducing commitment

The bank and the BSC

Senior management in 2002 implemented the BSC and introduced bonuses in 2003. The BSC’s implementation highlights an ambition to connect and measure the quality of management, work environment, customer satisfaction, and financial results. However, Nilsen’s (2007) thesis revealed that the bank overlooked opportunities for critical reflection about how the system and its tools would influence behaviour in the organisation. The implementation lacked critical discussion about how the BSC would influence advisors’ work tasks, routines, learning, and commitment, and about its other consequences.

The vision of the case study bank from 2007 was that the advisors should be ‘close to and competent for all customers’ and thus to provide the best possible locally accessible advice based on relations with, and knowledge of, the customers. In promoting this vision, the bank introduced a ‘Best Customer Practice’ about how advisors should prepare, conduct, and review their customer meetings. This BSC indicator has two purposes: to help advisors organize their time more appropriately and to increase sales of products to each customer based on the customer’s needs.

Formal control

Our analysis of the data proves that the senior management strengthens formal control in the organisation by using the BSC. Quotes and observations presented in table 1 reveal that in the organisation, top-down communication and using measurement are intensified.

Focus Group	“Senior management must ensure that organisations implement strategic decisions. Yesterday in a meeting with employee representatives, they expressed surprise that they were controlled. The representatives argue that this breaks with the culture. However, this is just the beginning of an increased use

	of measurement and a greater internal focus on management from senior management. To accomplish the necessary results, adaptability among our line managers and advisors is crucial" (senior manager).
Interviews	"It is hard for advisors to bring new ideas to senior management, but I do not know if it is good or bad. I have incredible respect for senior management and so on. I wonder, perhaps it has to be this way" (advisor).
Interviews	"The use of the BSC controls our work." (advisor)
Observation	The bank HQ prioritised a need for increased sales for one particular product. However, the business product lacked the inclusion of a credit card. Line manager and employees discussed this problem frequently during fifteen subsequent team meetings, over a five-month period, without any communication with HQ! The lack of improvement from the HQ made the product hard to sell.
Meetings	"We are intensifying management communication; some think this is good, others will feel that they lose all power" (senior manager).
Meetings	"What I experience in our organisation are many new demands from senior management that must be met" (line manager).

Table 1: The BSC's strengthening of formal control

Micromanagement of work tasks makes it difficult for advisors and line managers 'to be heard by HQ'. However, our data did reveal available 'slack' time in departments for advisors to explore new ways of doing things if line managers supported such action. There exist examples of advisors who contributed to local improvements and innovations to increase sales or to give better information or customer service. Nevertheless, rarely are advisors' ideas communicated upwards in the hierarchy and rarely do their ideas contribute to organisational change.

High workload in serving customers

The senior management uses the BSC to place high demands on line managers and advisors for customer meetings and increased sales of products in order to increase the organisation's efficiency. The quotes and observations below emphasise that advisors have a big workload focused on urgent tasks.

Focus group	“The work as advisor is very stressful at times; we get many phone calls from customers and few possibilities for breaks” (advisor).
Interview	“I had time to meet the customer in his business, and I felt close to him and competent. The customer holds his loans and insurance in a competing bank. I know we could just pick him up [as a customer] because I gave a good impression. However, that was five weeks ago and I did not have time to make the offer. It is frustrating!” (advisor).
Interview	“We have one colleague on long-term sick leave; we must do her job as well. Customers drop in, they phone us; these things make the workday unstructured. No time to prepare customer meetings, hardly time to complete meetings, and little time for paperwork. Always being behind with work and having small-scale panic” (advisor).
Observation	“When you know something the customer doesn’t – a product he does not know that he needs – it is then you get the feeling of being a capable advisor” (advisor).
Meeting	“You should be a salesperson, a counsellor, an organiser, and a controller simultaneously. Being an advisor today involves handling these complicated roles” (line-manager).

Table 2: High workload in serving customers

Advisors state that they work overtime for two reasons: To write regular customer case reports, or to acquire information about work procedures, products, and regulations. Both line managers and advisors testify that a demand for efficiency creates a stressful and hectic work environment and leaves little time for reflection. Information overload through extensive use of both the BSC and e-mails from senior management exacerbates the lack of time. Later in our fieldwork, senior management ordered HQ staff to reduce the amount of e-mails significantly. The analysis also shows that the bank has problems implementing new work routines. Newcomers implement the specified ‘Best Customer Practice’, whereas experienced advisors retain their old habits and routines in the sales process. The different use of work routines in the organisation indicates that increasing senior management’s formal control does not automatically influence the hectic work of advisors. Especially, the variety in customer demand creates difficulties in using both the ‘Best Customer Practice’ and the BSC. Customers vary considerably. Some require frequent contact and need significant follow up, whereas there are customers that the advisors never see. Advisors did see their relations with customers and colleagues as most important for their work effort and well-being, and they resisted senior management's demands for constant measuring. Giving customers fast and high-quality service seems more important for generating employees' commitment to work than is meeting the bonus demands set in the BSC. This level of service is also in line with the bank's strategy of giving customers local and competent advice based on their individual needs.

Increased unreflective measurement

Our analysis reveals that, with the BSC's implementation, the focus on and use of measurement in the bank's departments increased.

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

	not measure all positive things, because we deliver more than we measure" (line manager).

Table 3: Increased unreflective measurement

Measurement gives line managers solid data about each advisor's activity and allows new individual sales targets to be set. Line managers used team meetings to present to team members the results of all monthly indicators, such as 'economy', 'sales', and 'learning'. These presentations lacked critical reflections and often simply involved reviews of which score was up and which was down, and which dots were green, yellow, or red. Team discussions were principally about understanding the previous month's score and how the team might eventually close the gap between targets and results. With only rare exceptions, constant measurement became routine for advisors, and they actually did not care or think much about it. However, line managers as well as advisors find it important to have a system like the BSC, which records all data on all sales results and work processes in the organisation. One advisor said that employees needed more information about the reasons behind the measurement of the specific indicators and that such clarification would enhance the benefits of using the BSC.

Line managers revealed, however, that using the BSC cultivated a new trend of individualism among employees, which in turn reduced teamwork in the organisation. Individual measurement and individual routines created a type of self-interested advisors that focused on solving their work tasks individually.

Incorrect measurement and lost recordings

Departments get green dots in the BSC when they have recorded sufficient sales or work processes. Missed indicator targets become visible in the system as yellow or red dots. Department advisors get a bonus if all indicators are green. Interviews and observation revealed that senior management changed bonus requirements and indicators on short notice, and these sudden changes created uncertainty among advisors about which results and work processes qualified for bonuses. Line managers in the focus groups also criticised these random changes in the BSC and criticised new sales campaigns from HQ. Both line managers and advisors felt they were being controlled based on inappropriate criteria.

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

Table 4: Incorrect measurement and lost recordings

Analysis of the qualitative material revealed that advisors in some departments focused their actions during the last five days of each month on getting their green BSC dots. Instead of focusing only on work tasks that would increase sales and customer satisfaction, they also prioritised work that would improve the BSC results. Advisors mentioned a dilemma: having to choose between critical reflection and trying new ways to enhance customer sales, or doing things they were measured on and told to do by senior management. A few advisors felt they were not measured enough on loans to and deposits from customers, which were their most important work. For this reason, advisors used the economic results in their own customer portfolios to keep track of their own progress. As the data emphasizes, line managers criticised comparisons of different sized departments in different regions.

Advisors also experienced that the records that they registered disappeared in the results because of technical problems. The department bonus was out of each advisor's control and dependent on other employees, or sometimes-even dependent on other departments. Therefore, advisors were less inclined to work hard for an uncertain and small bonus payment. Because advisors failed to record their work properly and because results disappeared in the system, the BSC results were not always accurate. This inaccuracy could create situations where senior management was too confident about their knowledge of work processes in the organisation. The senior management abandoned bonuses in 2009, citing the 2008 economic crisis, but reintroduced them again in 2011.

However, using formal control does influence employees' behaviour to some degree. Senior management introduced sale campaigns that resulted in increased sales of some products. Some departments used bonuses to reward advisors that led to increased sales. Line managers used frequent measuring that increased efficiency and made advisors phone new customers in an attempt to increase sales during campaigns. This one-product sales strategy contradicted the bank's broad sales strategy of giving customers the best advice.

Reduced commitment

Line managers in the focus groups experienced that repeatedly focusing on indicators with red dots did not motivate either themselves or advisors. Informants' statements reveal how formal control and negative feedback decrease line managers' and advisors' commitment.

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

	(advisor).
Interviews	"We have to protect our advisors against too much negative feedback from the scorecard" (line manager).
Observation	"I have one big, bad customer in my portfolio, and I have to sell in quantities to get green dots" (advisor).

Table 5: Formal control and negative feedback reducing commitment

An interviewed advisor supported these findings and told us that going to work should always be about having a meaningful experience. Line managers who continuously repeated negative feedback in team meetings about missed sales targets and failed work processes did not achieve better financial results from the advisors. In focus groups, line managers argued that it is easier to just present and review the results in the scorecard than to develop committed employees. In focus groups, line managers said they had more committed and more reflective advisors if they spent less time on presenting results in the BSC. Such action freed time for reflection and for essential knowledge updating about products and routines. Another strategy was to highlight the advisors' positive results connected both to the BSC and to customer sales, and to spend less time on negative results. This strategy included even describing as a success team results that did not fully meet senior management's very high demands. Line managers tried to increase the focus of advisors on being team members in order to prevent individualistic behaviour.

A positive outcome of using the BSC is that it informs all employees about all work processes and results in the organisation. It motivates them to know that their contribution matters and it becomes apparent how they are part of the organisation's success. Perhaps measuring also makes management notice the advisors' good work. When the work has positive results, both senior management and line managers recognise the advisors' hard work.

Discussion

This study shows that using the BSC to strengthen formal control, combined with advisors' commitment to serve their customers, seems to contribute to high financial results for the bank. However, this study reveals shortcomings of using the BSC in promoting critically reflective work behaviour and commitment among line managers and employees.

First, the analysis revealed that the short-term focus promoted by senior management's instant performance measurement inhibits important critically reflective work behaviour from line managers and advisors that may be beneficial in the bank's long-term development. If using the BSC primarily promotes formal control and specifies best work processes for advisors and line managers, it promotes adaptive learning. The greater the formal control, the less the decision-making by advisors and, consequently, the less their critically reflective work behaviour is promoted. Too much focus on adaptive learning may diminish the potential for developmental and organisational learning. Findings from this case underlines a learning problem with the BSC, senior management rarely get important feedback about customer trends and work processes from advisors. These findings are supported by Nilsen's (2007) argument that using the BSC in organisations may divide senior managers into 'strategic thinkers' and line managers and employees into practical 'doers' unable to influence strategic thinking in the organisation.

Measurements from the BSC can be a means of control by superordinates or it can provide 'objective' data for reflection and learning about one's own and the organisation's performance. It can be used as 'food for reflection' – measurement that contributes to making 'tacit' understanding more 'explicit'. The analysis indicates that how senior management uses the BSC plays a pivotal role in increasing the levels of communication, participation, reflection, and learning among employees in the organisation, and that such increases could contribute to organisational learning and commitment. Senior management that focus on employees' empowerment and involvement contribute to social control in the organisation. Nilsen (2007) argues that communication between senior management and employees promotes possibilities for reflection and abstraction in the organisation about how the BSC influences strategy and work processes. This study also reveals that employees need information about both the BSC strategy and the purpose of the indicators in order to understand such a system. If employees had influence on how the BSC is used, they would probably be encouraged to use it systematically and thereby reduce some of the incorrect measurement. Feedback to the senior management should ideally be based on critically reflective work behaviour among the employees about how new working processes may be implemented and improved.

Elg's (2007) study of how information is constructed in performance measurement systems points out that the reflective use of information is essential to the effect of using such systems for continuous follow up in managerial work. Elg (2007) likens increased performance measurement without reflection and communication with the measuring of the outside temperature. You cannot influence whether it rises or falls. This study reveals the limitations of increased measurement for development even if non-financial indicators are included to assess employees' performance in organisations. As such, how the BSC and its measurement indicators may be used by management and employees for developmental learning and for contributing to critically reflective work behaviour needs both research focus and senior management's attention in the daily use of the system.

Secondly, the workload required of advisors to satisfy their customers and senior managers in a hectic bank environment also relates to the problem of the low level of critically reflective work behaviour. This limits time to focus on individual and organisational learning (double-loop) which could potentially relieve the workload without reducing productivity, because new solutions generated by the reflection processes could enhance the organisation's efficiency. It even seems that the time advisors spend on recording and going through the BSC results may actually increase their problems of coping with work and stress. Line managers in focus groups wanted to reduce the time spent on quantitative feedback. Time saved in this way could reduce stress and would allow more time to use for deeper qualitative reflection. Other studies conclude that high stress levels among employees in the long run negatively affect customer satisfaction (Voelpel, Leibold, & Eckhoff 2006).

Thirdly, motivated employees want to produce good results and have their efforts recognised by colleagues and management. The advisors' problem with continually negative results signalled as red and yellow dots represents a challenge for line managers and senior managements using the BSC. Reducing the time used on unreflective measurement in the organisation and focusing on experience and reflection arising from customer relations may be fruitful, not only for individual and organisational learning, but also for promoting employee's social identity and commitment to the organisation.

Conclusion

Different approaches have been used for investigating the BSC; for example, Kaplan and Norton (1996) investigated the effect of using the BSC as a strategic management system. Studies have discussed the best design for performance management (Voelpel, Leibold, & Eckhoff 2006), and the effect of using the BSC based on financial results (Neely 2008). This study have investigated the research questions of how using the BSC influences employees' scope for contributing new ideas with critically reflective work behaviour, and of how using the BSC influences line managers and advisors' commitment in the organisation. Theories about learning, reflection, and commitment argue that, in general, employees wish to take greater responsibility for tasks and learning, and that management should facilitate this for the organisation's benefit. The key findings in this case study add weight to the downside of using the BSC:

This study finds that using the BSC strengthens formal control and reduces employees' scope for contributing new ideas. Formal control strengthens adaptive learning in the form of information flow from senior management to line managers and advisors, and reduces the focus of line managers and advisors on critically reflective work behaviour and inhibits the communication of new ideas to senior management. This finding confirms the views of Nørreklit (2003) and of Voelpel, Leibold, & Eckhoff (2006) that the BSC sees organisational development as an internal process controlled by HQ. Implementing and using the BSC may strengthen formal control in organisations at a time when workers are becoming more educated, competent, and skilled (Nilsen 2007).

This study explains how senior managements' use of the BSC to strengthen formal control, combined with a commitment to serve customers, may decrease advisors' ability to cope with their workload. Senior management implements standardised work processes and uses indicators in the BSC to streamline advisors' work to increase production. Advisors are strongly motivated to serve their customers and this motivation contributes to a high workload. Varied customer demands and complex work tasks in this hectic bank environment make it difficult to use the BSC in practice. This finding supports the argument that the BSC seems inappropriate for measuring complex work tasks. This study also indicates that using measurement and specified work processes needs legitimacy among the employees in order to promote critical work behaviour in a hectic work environment.

The BSC may easily become a tool for increased performance measurement in work and team meetings. Instant measurement does not guarantee critically reflective work behaviour and has the opposite effect of absorbing valuable slack time in team meetings that otherwise could be used for reflection among advisors and line managers about improving work practices. Incorrect measurement because of missing or wrongly recorded entries from the employees or because of lost records in the system can distort BSC results. Incorrect measurement reduces line managers' and advisors' trust and commitment to using the BSC in practice.

The BSC strengthens formal control, and using such control combined with continuously presenting negative results in the form of yellow and red dots does not motivate either line managers or advisors to make greater effort or engage in new thinking, because such use of the system directs implementation of work processes and leaves employees without much room for influence.

Finally, we certainly need more research to understand how using the BSC influences critically reflective work behaviour and commitment among line managers and employees in organisations. Green, yellow, and red dots represent and symbolise formal control and such control may diminish individual reflection and organisational learning, and in turn obstruct the development of committed employees.

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