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“Welcome to reality”

*- A study of the balanced scorecard as a communication
tool*

Bachelor Thesis

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Abstract

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Title: “Welcome to reality” - *A study of the balanced scorecard as a communication tool*

Key words: The balanced scorecard, communication

Background and problem: During the past decade more and more companies have experienced the importance of communicating strategy to their employees in an understandable way. The balanced scorecard, created by Kaplan and Norton, is one of the management models providing tools to do this. The need for knowledge about how to create good internal communication in order to fully utilise the balanced scorecard model makes this an interesting subject to study.

Purpose: The purpose of this thesis is to describe how the balanced scorecard can be used as a tool for communicating strategy within organisations using Kungälv Hospital as an example of how the theories are applied in the reality outside the textbooks.

Delimitations: This thesis focuses only on how the balanced scorecard is used as a communication tool towards employees and not towards other stakeholders. The perspective is on the use of the balanced scorecard as a communication tool and not on implementation.

Methodology: A qualitative research method was used to gain a deeper understanding of the subject. By conducting interviews with employees at different managerial levels we would obtain a broader picture of how the balanced scorecard is used as a communication tool in Kungälv Hospital.

Analysis and conclusions: The understanding of the strategies as well as of the balanced scorecard varies among them employees at Kungälv Hospital and depends mainly on training received and involvement in the creation of the scorecard. Meetings and the intranet constitutes the main channels of communication and the messages sent are adapted in terms of language in order to ensure correct reception. The balanced scorecard as a communication tool has created a common direction of the work in the hospital even if the understanding of the tool could be improved.

Suggestions for further research: Other interesting areas of study could be how motivation is affected by the use of the balanced scorecard as a communication tool or making a comparison of the use of the balanced scorecard in other units connected to Västra Götaland Region.

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Sabina Ridelberg
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1. Introduction

1.1 Background

The strategic management model balanced scorecard was introduced in 1992 and still generates a growing interest among companies today.¹ In spite of all that has been written about the model there is still much confusion and misunderstanding among organisations and students about what the balanced scorecard actually is and how it is used. Questions also are asked if the balanced scorecard is not just another management trend; many models have emerged and then disappeared when something new has been introduced on the market.² The fact that so much has been published about the model and most people have heard the term, but few actually know what it actually is, makes a study of balance scorecard very interesting and relevant today.

During the last decade more and more companies have started to see how important their employees are in creating a competitive advantage to secure future profit and growth in a dynamic business environment. Increased decentralization has put a focus on the need for knowledge and understanding among the employees of the information that reaches them.³ During the past 60 years many studies on communication have been published. The studies about how people handle and interpret information have also been adapted to improve internal communication within organisations. There are a number of different ways to communicate everything from ideas to visions to the employees of a company, and the balanced scorecard is one way to do this. Kaplan and Norton, the creators of the balanced scorecard, state that it is a system for information, communication and learning.⁴ This link between strategy and communication adds to the relevance of a study of the balanced scorecard as tool for communicating strategy. A study of how the relation between the balanced scorecard and communication theories function is therefore highly relevant.

Personally both authors have an interest in the balanced scorecard as a theory as well as in the importance that the employees and their motivation have in any organization. That the way things are communicated influences the understanding of different concepts and events and how it affects what happens or does not happen in the organization is something both would like to learn more about. The statement above by Kaplan and Norton that balance scorecard is a tool, not a measurement system, therefore created an interest in studying the subject and its link to communication theory further.

1.2 Problem

With the increase in the number of decentralized companies and organisations information and the way it is communicated has, as mentioned in the background, become more and more important. For a company to create the needed flow of information it does not only

¹ Olve N. G. – Roy J. – Wetter M., *Performance Drivers*, p. 3.

² Olve N.G. – Petri C.J., "Balanced scorecard –styrning med fokus på strategierna" in L. A. Samuelson, *Controllerhandboken*, p. 294.

³ Strid, J., *Internkommunikation inom organisationer, företag och myndigheter*, p. 21.

⁴ Kaplan, R. S. – Norton, D. P., *The Balanced Scorecard – Från strategi till handling*, p. 32.

need to know the importance of it, but also how the communication should be carried out in a way that makes it clear for the receivers of the information.

Good internal communication creates unity in the company and a common understanding of the company, and contributes to the success of the company by creating a common direction.⁵ There are as many recommendations on how to best create a good internal communication as there are published books or articles on the subject. But what is really communication and communication within companies? By raising this question and explore how it should best be done, it is possible to create a deeper understanding of how the theories can be best applied in a company and how they can be used to communicate different messages.

Christine Gay states that in the dynamic business climate in the world around us one of the pieces of information that needs to be communicated to the employees of any company should be the company's strategy.⁶ How this strategy should be communicated in the best way possible is something that many of the companies are unsure of or struggle with. There are many theories available today, all claiming to have the perfect solution to this problem.

The balanced scorecard, designed by Kaplan and Norton, is one of these theories claiming to have the solution to the problem of communicating strategy to employees of an organisation. The strategy model is used in both private and public sectors as well as in profit- and non profit organisations, and, since Kaplan and Norton claim that one of the main areas of use of the balanced scorecard is to communicate strategy, it is important to ask the question how that actually works in reality.⁷

Looking at Kungälv Hospital, a non profit organisation, as a case study creates an opportunity to describe how the balanced scorecard functions in practice as the communication tool it is claimed to be.

1.2.1 Problem formulation

Based on the discussion above the following questions can be posed.

1. *How can the balanced scorecard be used as a tool for communicating strategy having communication theories in mind?*
2. *How does the balanced scorecard function as a communication tool in real life?*

1.3 Purpose of the thesis

As mentioned above there is still a lot of confusion around the balanced scorecard- concept. We want through this thesis create a small contribution to the understanding of the balanced scorecard as a communication tool and not only a measurement tool by creating an overview of the theories about communication and the balanced scorecard and by describing how they link together into one possible model for communicating strategy, keeping intrapersonal communication in mind.

⁵ De Ridder, J. A., Organisational communication and supportive employees, *Human Resource Management Journal*, Vol. 14, Issue 3, 2004, pp. 20-30.

⁶ Gay C., "Putting best practices into practice", *Communication World*, Vol. 22 Issue 4, 2005, pp. 34-36.

⁷ Kaplan, R. S. – Norton, D. P., *The Balanced Scorecard – Från strategi till handling*, p. 32.

The purpose of this thesis is to describe how the balanced scorecard can be used as a tool for communication strategy within organisations, using Kungälv Hospital as an example of how the theories are applied in the reality outside the textbooks.

1.4 Delimitations

This thesis focuses only on how the balanced scorecard is used as a communication tool towards employees and not towards other stakeholders. The reason for this is to stay within the limits of internal communication in the organisation and not move towards brand management and PR. The perspective on the balanced scorecard and its use in Kungälv Hospital is long term as the thesis will focus on its use as a communication tool and not implementation or pure functionality of it as a management model.

1.5 Outline of the thesis

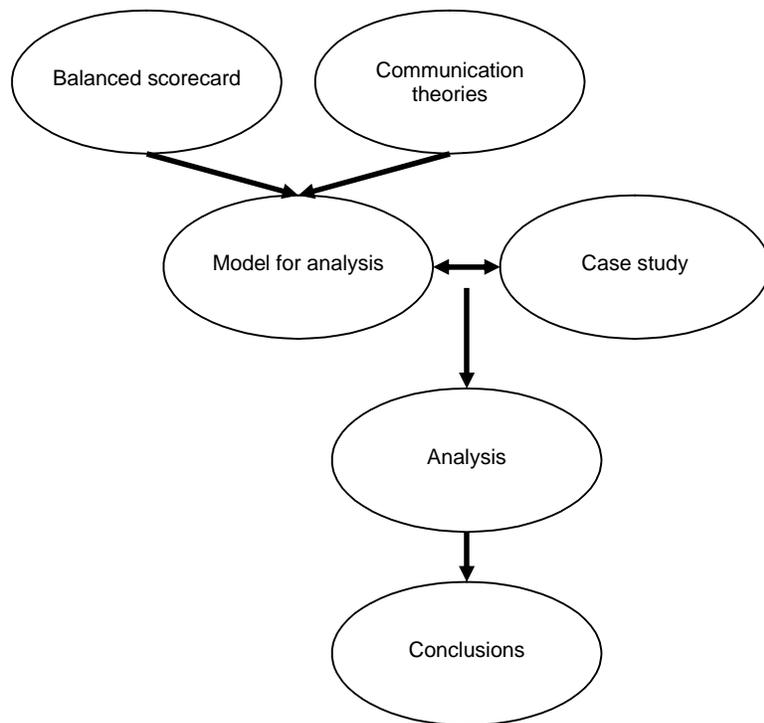


Figure 1.1 Outline of the thesis

2. Method

2.1 Research approach

There are several different research approaches a thesis can have. In this thesis we have chosen to have a descriptive approach to in the best way possible fulfil the thesis' purpose. A descriptive approach in a thesis aims to describe how reality looks and through collection and analysis of data draw conclusions.

2.2 Research method

There are two different ways data can be collected according to Jarl Backman⁸ - the quantitative method and the qualitative method. The quantitative method is characterised by a numerical observations such as experiments, tests, polls and questionnaires. The qualitative method on the other hand can be distinguished by the lack of use of numbers.⁹ Instead there is a focus on the written word where the spoken or written is collected into a text with an aim to create a deeper understanding among the readers. Although qualitative researches are less extensive they go deeper down in each area.¹⁰

To fulfil the purpose of this thesis we have found the qualitative method more suitable since we are looking to describe a function of a theory and how it is used in practice and through it increase the reader's knowledge and understanding of the subject. The qualitative research is made up of eight interviews at the Kungälv Hospital and one at the regional office, Västra Götaland Region, and of information about the company and their use of the balanced scorecard. Together these two sources of data should make up a clear picture of how the theories of Kaplan and Norton can be used in today's business reality.

2.3 Selection of the company

During semester five we attended a lecture with a guest from Balanced Scorecard Collaborative, the consultant firm started by Kaplan and Norton to work with implementation of the balanced scorecard in companies world wide. When we contacted a manager at Balanced Scorecard Collaborative, he recommended us to contact Västra Götaland Region since the company was one that they themselves often used as a best case practice of successful implementation and use of the balanced scorecard.

The person we spoke to at Västra Götaland Region, later referred to as respondent A, in turn referred us to Kungälv Hospital to give us a better understanding of how the balanced scorecard is used in their operative units. At Kungälv Hospital all contact went through respondent J, part of the administrative staff and responsible for the balanced scorecard in the organisation.

⁸ Backman, J., *Rapporter och uppsatser*, p. 31.

⁹ Ibid.

¹⁰ *Nationalencyklopedin*, < http://www.ne.se.ezproxy.ub.gu.se/jsp/search/article.jsp?i_art_id=234209 > [2006-05-23]

By only working with one case company we would receive a deeper insight into that company and be able to analyse the communication better than if we had worked with more companies on a shallower basis.

2.4 Data collection

There are two main types of data which can be collected during a research project: primary data and secondary data. Primary data is information collected by the researchers themselves for a specific purpose whereas secondary data is information collected by someone else and then reported in their own publication.¹¹

2.4.1 Primary data

In order to answer the questions asked when formulating the problem we needed to make an empirical study to find out how the balanced scorecard is used as a communication tool in a company. When deciding how to carry out the study we looked at what method would give us the most information and the best picture of how the organisation worked with the balanced scorecard as a tool. The conclusion was to make personal interviews with employees within an organisation working with the balanced scorecard together with gathering data on what the day to day work with the tool looks like.

Personal interviews were chosen as an instrument since they give the respondent an opportunity to pose questions while providing an immediate answer. We believe that personal interviews reflect the respondents' opinions and their understanding in a better way than questionnaires.

The interview questions we asked Västra Götaland Region and Kungälv Hospital were based on the questions which we asked when the thesis' problem was formulated and had as a purpose to gather as much information as possible about the company and its use of the balanced scorecard and different ways of communicating strategy with it.

Interviews

To respect the privacy of the employees at Västra Götaland Region and Kungälv Hospital we have chosen to keep all respondents anonymous.

The interviews with respondent A and respondent J were conducted after we had contacted them after receiving their names as recommendations. The interviews at Kungälv Hospital were made with employees at three different hierarchical levels; the organisation management, care unit managers and nurses/assistant nurses. The interviewees were selected by respondent J after she had received a description from us of which profiles we were looking for.

We decided to work with three different hierarchical levels at the hospital in order to be able to paint a clear picture of how information moves down into the organisation through at least three different levels. By talking to respondent A we also got a perspective on the expectations on the organisation from the regional office.

¹¹ Nyberg, R., *Skriv vetenskapliga uppsatser och avhandlingar med hjälp av IT och Internet*, p. 76.

All interviews, apart from the interviews with the end receivers of the information, the nurses and assistant nurses which lasted around 15 minutes, lasted around 30 minutes. All were conducted in Swedish.

Interpretation of data from the interview

Since it is impossible to know if the interviewees are representative for the whole organisation, due to the great number of employees, the analysis is based on the conclusions we can draw from the data we have collected.

2.4.2 Secondary data

Secondary data is what is first used in a study since it is cheaper and easier to collect. The already gathered data gives the researcher a picture of the subject and creates a possibility to link other theories and information together.¹² Although secondary data is the most cost- and time-efficient way of gathering information there is always the risk of data being distorted when repeated once again, particularly if one author quotes another.¹³ Throughout the gathering of information for the thesis we have always tried to go back to the original source when one author refers to someone else in their book or article to make sure that the reader will not receive third-hand information.

Since the approach of this thesis is descriptive, not only of a company, but also of the theories of the balanced scorecard and communication and how they interlink much of the data the thesis is based on have to be secondary. We want to create a clear picture with the reader of what the balanced scorecard is before moving on into how it can be used as a communication tool. This means that the theories we used to describe the concept and combined into a model to compare Kungälv Hospital with, were all collected from books, either written by Kaplan and Norton, the creators of the balanced scorecard, or by people who have studied the model and drawn their own conclusions of the use of it.

Literature search

To find the literature we have used when writing the theory chapter we used two main sources: Göteborgs Universitetsbibliotek and article databases. The main key words used when searching for books and articles in online search engines have been communication, the balanced scorecard, strategy, employee communication, communication in organisations and internal communication. The two most frequently used article databases have been Business Source Premier and Affärsdata. We have also used reference lists of older theses about communication and the balanced scorecard to find relevant books and authors. We have chosen to use up-to-date literature and tried to avoid sources that are of non-scientific character.

¹² Eriksson, L. T. – Wiedersheim-Paul, F., *Att utreda, forska och rapportera*, p. 66.

¹³ Nyberg, R., *Skriv vetenskapliga uppsatser och avhandlingar med hjälp av IT och Internet*, p. 76.

2.5 Validity, reliability and objectivity of sources

To obtain a useful and reliable thesis it is important to pay attention to the reliability of the material and scrutinise used sources in a critical way. Validity, reliability and objectivity are three conceptions that are essential when it comes to this.¹⁴

2.5.1 Validity

According to Rosengren and Arvidsson one way of defining validity is to say that a valid measurement measures what it was intended to measure. The correspondence between the theoretical and empirical concepts is good in a valid measurement. Validity could also be defined as the absence of systematic errors of measurement.¹⁵

There are two dimensions of validity; inner and outer validity. *Inner* validity relates to the fact that the measurements instruments are capable of carrying out the intended measurement, which is, finding empirical criteria that are relevant to the research. *Outer* validity is the correlation between the value measured when using a defined instrument and the value that would have been received from an instrument perfectly reflecting reality.

In this thesis we used interviews and with questions adapted towards each managerial level the interviewees came from as measurement instrument. One other possible instrument could have been questionnaires. We chose not to work with these in order to be able to perform more in-depth interviews.

The small number of respondents cannot reflect the whole organisation, but we assume that communication paths and general understanding within the organisation is reflected in every single employee.

2.5.2 Reliability

Reliability implies that a measuring instrument should provide reliable and stable results.¹⁶ It could be referred to as the absence of random measurement errors.¹⁷ In order to make the investigation reliable, a separate investigation with similar purpose and method should give the same result independent of the fact that another person has executed the investigation.¹⁸

In this thesis a high level of reliability would mean that the same questions could be posed at another point in time to the same interviewees and would result in similar answers independent of the interviewer.

We are aware of the fact that respondent J assisted us in the selection of interviewees could have a negative effect on the reliability since she could have chosen respondents that are not representative for the organisation. Further it is important to take into consideration that the

¹⁴ Eriksson, L-T., Wiederheim-Paul, F., *Att utreda forska och rapportera*, p. 153.

¹⁵ Rosengren, K-E., Arvidsson P., *Sociologisk metodik*, p. 70.

¹⁶ Eriksson, L-T., Wiederheim-Paul, F., *Att utreda forska och rapportera*, p. 39.

¹⁷ Rosengren, K-E., Arvidsson P., *Sociologisk metodik*, p. 72.

¹⁸ Eriksson, L-T., Wiederheim-Paul, F., *Att utreda forska och rapportera*, p. 39.

interviewees could be influenced by the interviewers. Therefore, we have tried to pose questions that are not of a leading character.¹⁹

In order to enhance the reliability of the interviews we recorded the interviews on a tape recorder to be able to go back and check the answers. The respondents were not given the opportunity to go through the questions in advance so that we were able to obtain as spontaneous answers as possible. To ensure that we have apprehended the answers from the interviews correctly we have both listened to the answers separately and taken notes directly from the recordings.

2.5.3 Objectivity

Objectivity could be seen as the absence of the researcher's influence on the results; the investigation should be independent of the executor. It is about limiting the influence of the researcher's own values, interests and intentions. We have tried to keep a high level of objectivity in all work with the thesis by trying to search for many different sources of information, including criticism of the subject in the thesis and making interviews without any interference of our own opinions. Since this thesis is not written at the request of any company or organisation there is no pressure on us to reach a specific conclusion which has made keeping an objective perspective easier. We believe that a similar investigation could be made and obtain similar results.

¹⁹ Ibid., p. 161.

3. Theory

3.1 The Balanced Scorecard

The balanced scorecard can be compared with the instrumental panel in an aircraft. To be able to fly an aircraft from one destination to another, different kinds of information are needed, e.g. fuel level and cabin pressure. Information about one or two aspects is not sufficient. Advocates of the balanced scorecard claim that it is the same thing with companies; a manager cannot focus on merely one aspect of the organisation, for example return. To be able to bring a company from vision and strategy to the implementation of these, different kinds of information is required, e.g. what creates satisfied customers and how is productivity developed over time? The balanced scorecard provides information about what is needed to be able to navigate the company from one destination to another. The concept can be used for entire organisations or for a part of the organisation, e.g. for a business unit. What is most suitable depends on the company's situation and organisation as well as other employed management control measures.²⁰

The balanced scorecard model is mainly a tool for formulating and implementing company strategy. The model should be seen as an instrument for translating an abstract vision and strategy into specific performance measures and objectives that can be used in the daily operations. Therefore the scorecard intends to help the organisations to focus on what is important and to enable employees to in a clearer way see how the company's vision and overall objectives affect day-to-day operations. It is an aid in the essential process of arriving at a shared view of the business environment and of the company. It can be used as a tool which is adapted to the situation for discussing and communicating the company's vision and strategy.²¹ In other words, a well-formulated balanced scorecard can be viewed as a presentation of a company's strategy.²²

In order to point out what the focal points of the company's efforts should be, the balanced scorecard translates the company's vision and strategy into a handful concrete goals and performance measures in different perspectives.²³ Therefore, to make the company benefit from the full potential and power of the balanced scorecard, the scorecard has to be broken down to a sufficiently tangible and understandable level. According to Olve, it is advantageous to break down the top-level measures to the most detailed level possible if as many employees as possible are to see how their work helps the company to attain a good score on its top-level measures.²⁴

²⁰ Ax et al, *Den nya ekonomistyrningen*, p. 670.

²¹ Olve N-G. –Roy J. – Wetter M., *Performance drivers – a practical guide to using the balanced scorecard* p. 18.

²² Ibid., p 58.

²³ Ibid., p. 32.

²⁴ Ibid., p. 72.

3.1.1 The four perspectives

Companies have different visions and strategies and will therefore develop balanced scorecards with varying numbers and kinds of perspectives depending on the content of the company's vision and strategy.²⁵ However, the basic model consists of four perspectives: these are the financial-, customer-, the internal business processes- and the learning and growth perspectives. The organisation should try to obtain balance among the different perspectives.²⁶ In all four perspectives there is an underlying clear vision and strategy constituting the framework for the scorecard as well as measuring the performance of a company during the past, present and future.²⁷

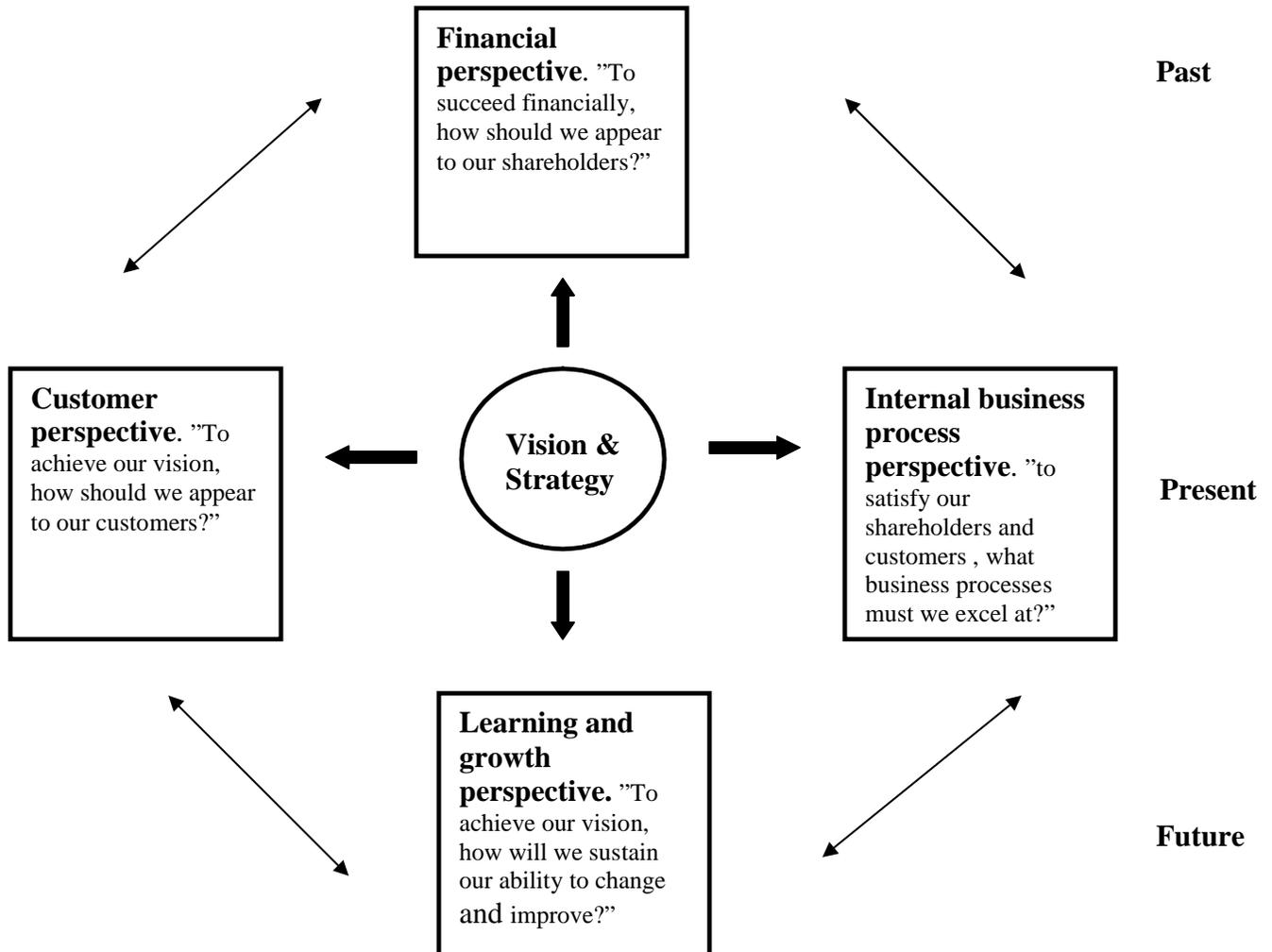


Figure 3.4 The balanced scorecard²⁸

²⁵ Ax et al, *Den nya ekonomistyrningen*, p. 674.

²⁶ Käll, A., *Översättningar av en managementmodell- en studie av införandet av Balanced Scorecard i ett landsting*, p. 69.

²⁷ Andréasson, M. – Svartling A., *The balanced scorecard: a tool for managing knowledge?* p. 40.

²⁸ Olve N-G. – Roy J. –Wetter M., *Performance drivers – a practical guide to using the balanced scorecard*, p. 6.

The financial perspective should show the actual results of the strategic choices made in other perspectives.²⁹ The financial perspective describes what the owners expect of the company in terms of growth and profitability, for example return on capital employed. In other words, many traditional instruments of management control in form of financial measures and key ratios are to be found in this perspective. The financial measures give an indication if the company's strategy and its implementation contribute to the improvement of profit.³⁰

The customer perspective describes how value should be created for customers, how customer demand for this value should be satisfied, and why the customers are willing to pay for it. For that reason, the internal processes and the development efforts of the company should be guided by this perspective. Besides satisfying the customer needs, the company has to transform its vision, business plan and strategy into concrete market- and customer-based objectives in order to clarify the company profile. This in turn will be communicated throughout the company, since everyone has to understand the company's position on the market and know who the customers are. Measures such as market share, customer satisfaction, customer acquisition and profitability are used in this perspective.³¹

The internal/business-process perspective is mainly an analysis of the company's internal processes. The analysis often includes identification of the resources and capabilities which the company needs to improve. The question is, to be able to create value for the company's customers and fulfil the shareholders' expectations, which internal processes are required? Thus, the perspective focuses on the processes which are critical for the company's value-creation towards shareholders and customers.³²

The learning and growth perspective allows the organisation to ensure its capacity for long-term renewal, a prerequisite for continued existence in the long run. In this perspective the company should consider not only what it has to do for maintaining and developing the know-how required for understanding and satisfying customer needs, but also how it can sustain the necessary efficiency and productivity of the processes which currently create value for the customer. According to Olve, one of the main purposes of a balanced scorecard is to develop a learning organisation which is constantly developing and changing in a way that will keep the company competitive in the future.³³

According to Nørreklit one implication of the balanced scorecard is the lack of precision in the concepts, which, for example, leads the organisation to invest more effort in building an operational tool than suggested by Kaplan and Norton.³⁴ Further, Nørreklit claims that it should be noted that many of the concepts and relationships that are suggested and used in

²⁹ Olve N-G. – Roy J. –Wetter M., *Performance drivers – a practical guide to using the balanced scorecard*, p. 60.

³⁰ Kaplan R. – Norton, D., *Från strategi till handling*, p. 33.

³¹ Ibid.

³² Ax et al, *Den nya ekonomistyrningen*, p. 673.

³³ Olve N-G. – Roy J. – Wetter M., *Performance drivers – a practical guide to using the Balanced Scorecard*, p. 256.

³⁴ Bourguignon, A. – Nørreklit, H. – Malleret, V., "The American balanced scorecard versus the French tableau de bord: the ideological dimension", *Management Accounting Research*, 15, 2004, pp. 107-134.

the balanced scorecard are fairly open to interpretation, which leaves plenty of room for the reader's interpretation of the model. Also according to Käll the founders of the balanced scorecard concept provide relatively little advice about how the scorecard should be used in the organisation. It is the balanced scorecard itself that is being presented and in focus, i.e. how it should be built and which information is possible to attain from it.³⁵

3.1.2 Cause-and-effect relationships

The four perspectives are linked together in cause-and-effect relationships which provide information about how well the organisation has performed (outcomes) and how performance is created (performance drivers).³⁶ The measurement system should make the link between the goals in the different perspectives as concrete as possible to ensure that they can be managed and confirmed. The cause-and-effect chain should appear in all four perspectives. Every measure should be a link that communicates the implication of the company's business plan towards the employees.³⁷ Olve illustrates this by using an example; if an organisation is to be profitable (financial), the customers must be loyal (customer), if they are to be loyal the organisation has to provide good service. In order to provide good service, the organisation needs appropriate and well-functioning processes (internal processes) and for that purpose it has to develop the capabilities of its employees (learning and growth). At every step the scorecard serves as the means of communication in the organisation.³⁸

The four perspectives could also reflect a cause-and-effect relationship related to time. In that way the financial perspective shows the outcome of the organisation (past). The customer- and internal business perspectives reflect what is taking place at present (present). Aspects that will be essential for future operations will be revealed by the learning and growth perspective (future). The cause-and-effect connection is important in the balanced scorecard concept since it defines how the goals of the scorecard are to be achieved. In that sense the goals in all perspectives, except the financial, can serve both as objectives as means for achieving the goals.³⁹

The strategy map is a visual representation of the cause-and-effect relationships among the components of an organisation's strategy.⁴⁰ The strategy map could be seen as a tool for easier visualising strategy and provides a simplified overview of the organisation's strategy. It enables discussion about cause-and-effect relationships and therefore promotes communication about alternative actions and their consequences when facing strategic decisions.⁴¹

³⁵ Käll, A., *Översättningar av en managementmodell- en studie av införandet av Balanced Scorecard i ett landsting*, p. 60.

³⁶ Olve N-G. – Roy J. – Wetter M., *Performance drivers – a practical guide to using the balanced scorecard*, p. 17.

³⁷ Kaplan R. – Norton, D., *Från strategi till handling*, p. 22.

³⁸ Olve N-G. –Roy J. – Wetter M., *Performance drivers – a practical guide to using the balanced scorecard*, p. 17.

³⁹ Ax et al, *Den nya ekonomistyrningen*, p. 677.

⁴⁰ Kaplan R. – Norton, D., *Strategy maps*, p. 7.

⁴¹ Olve et al, *Making scorecards actionable –balancing strategy and control*, p. 126.

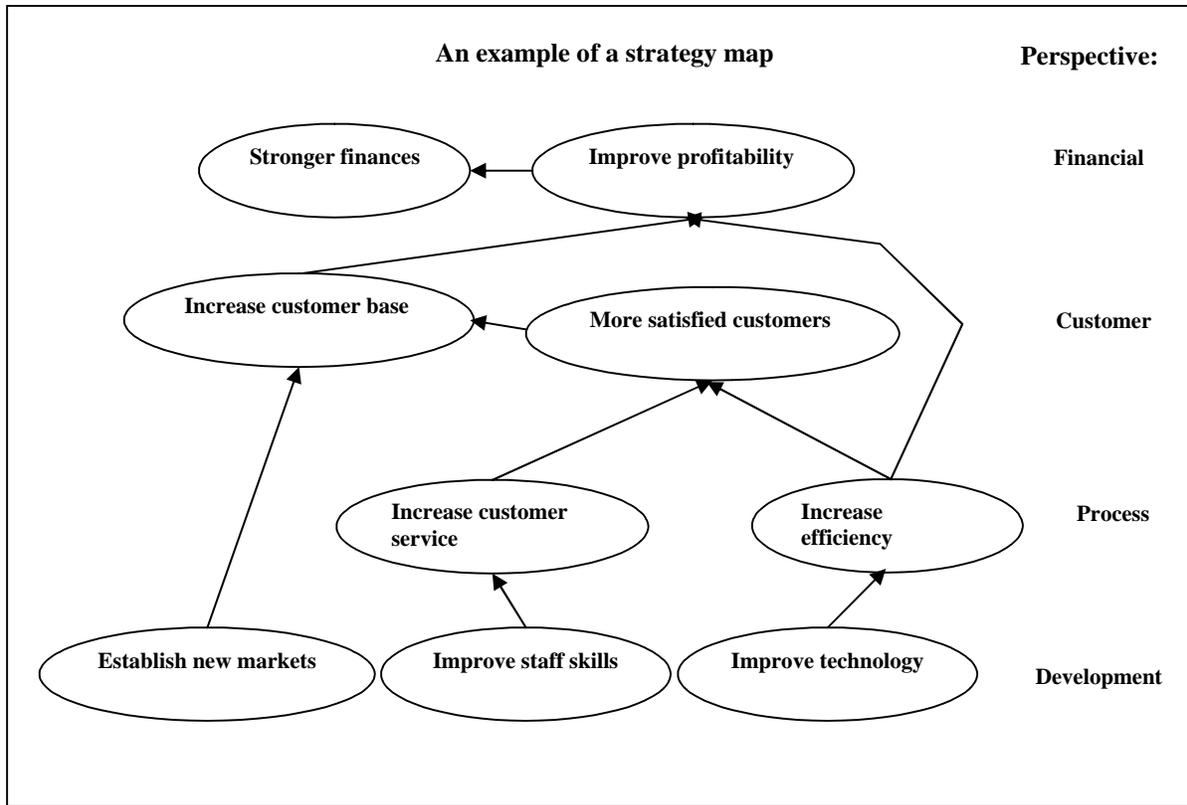


Figure 3.3 An example of a strategy map⁴²

The cause-and-effect relationships have been questioned as well as the claim about the balanced scorecard as a strategic management tool. Essential in the balanced scorecard is that it contains outcome measures and the performance drivers of outcomes, linked together in cause-and-effect relationships. So far, according to Nørreklit, there is no such cause-and-effect relationship between some of the suggested areas of measurements in the balanced scorecard. For example, it is not generic that increased customer loyalty is the cause of long-term financial performance. It is similar with the cost of customers; disloyal customers are expensive but it does not follow that loyal customers are inexpensive. “For example, financially successful firms only sell to loyal customers who are profitable; otherwise, the firms would not be successful; if a company has nothing but profitable loyal customers, the explanation may be that its management control system works well and that the company does not sell to non-profitable loyal customers. The creation of profitable loyal customers depends on the revenues and costs of making them loyal; it depends on a financial calculus, which is a logical relationship.”⁴³ Malcolm Smith supports this claim by stating that there is thin evidence for the assumption that effective organisational learning, internal processes and customer relations have a positive effect on financial performance. Smith further states that there seem to be logical connections among the dimensions, but no clear causal link among the specific measures. Relationships like that still have to be shown in a convincing

⁴² Olve et al, *Making scorecards actionable –balancing strategy and control*, p.18.

⁴³ Nørreklit H., “The balance on the balanced scorecard- a critical analysis of some of its assumptions”, *Management Accounting Research*, issue 11, 2000, pp. 65-88.

way. He continues that recent research on the link between customer-related measures and financial performance suggests that there is no obvious association.⁴⁴

3.1.3 Strategic management system

Companies' operational and management control systems are mostly based on financial measures and targets, which pay little attention to the company's progress in achieving long-term strategic objectives. The emphasis placed on short-term financial measures leaves a gap between the development of a strategy and its implementation. According to Kaplan and Norton companies using the balanced scorecard do not have to rely on short-term financial measures as only indicators of the company's performance.⁴⁵ In order to orientate their long-term strategy the companies use the balanced scorecard as a strategic management system and not only as a strategic measurement system.⁴⁶ Kaplan and Norton further state that the scorecard supports a number of crucial management processes that, separately and in combination, can be helpful when linking long-term strategic objectives with short-term actions. The management processes are following:

- Translating the vision
- Communicating and linking objectives and measures
- Business planning
- Feedback and learning

Translating the vision, which is the first process, helps the managers to build a consensus about the organisation's vision and strategy. To make the words in vision and strategy tangible, and therefore make people act, the statements have to be expressed as an integrated set of objectives and measures that describe the long-term drivers of success. The second process, which is communicating and linking, enables managers to communicate their strategy up and down the organisation and link it to departmental and individual objectives. Thus, the scorecard gives the managers a possibility to ensure that all levels of the organisation understand the long-term strategy and that both departmental and individual objectives are aligned with it. The third process, business planning, makes it possible for the companies to integrate their business and financial plans. When managers use the objectives set for balanced scorecard measures as a basis for allocating resources and setting priorities, they can undertake and coordinate those initiatives that move them toward their long-term strategic objectives. The fourth process, which is about feedback and learning, gives companies the ability for strategic learning which enables them to evaluate strategy in the light of recent performance. A business strategy can be seen as a set of hypotheses about cause-and-effect relationships. Strategic learning is therefore about gathering feedback, testing the hypotheses on which strategy was based, and making the necessary adjustments.⁴⁷

Nørreklit criticises the concept of balanced scorecard by stating that the control model is a hierarchical top-down model not rooted in the environment or in the organisation, which

⁴⁴ Smith, M., "The balanced scorecard", *Financial Management*, February 2005, pp. 27-28.

⁴⁵ Kaplan R. – Norton, D., "Using the BSC as a strategic management system", *Harvard Business Review*, Vol. 74, Issue 1, Jan/Feb96, pp.75-85.

⁴⁶ Ibid.

⁴⁷ Ibid.

makes it questionable as a strategic management tool.⁴⁸ It does not take competition or technological development into account. This indicates that the model does not consider any strategic uncertainty in terms of the risk involved in events which may threaten or invalidate present strategy. The formulation of measures and the breakdown and distribution of these to teams and individuals are hierarchical top-down processes. The top-down decomposition of the measures is a method where the vision and strategy are communicated through executive announcements, videos, town meetings, brochures and newsletters with no personal involvement of senior management.⁴⁹ She further states that the communication process with the employees is considered quite unproblematic by Kaplan and Norton. Concepts as interactive, employee empowerment and organisational learning are mentioned and considered unproblematic in the balanced scorecard. According to Nørreklit it is difficult to make these concepts unproblematic in a control system which is based on top-down hierarchical measurements.

3.2 Communication

The first studies to look at communication came in the 1940s. Up until then little attention had been paid to the relations between people and how the communication process affected what was said and understood. During the first decades of the twentieth century there was a focus on the sender of information and little was written about how messages were received.⁵⁰

Today the amount of information and different types of messages increase and more attention is paid to communication. Organisations look at how information can be transmitted faster and more accurately and how individuals interact in order to improve their business.

3.2.1 Transmission models

With the increasing complexity in the business world and the world around us today we become more and more dependent on the information around us.⁵¹ The communication process is never only one way; the information needs to be received as well as sent.⁵² This process of sending and receiving bits of information happens every second all over the world.

In 1948 Claude Shannon created a mathematical model to describe a general communication system.⁵³ The model can be seen below in figure 3.1. Shannon focuses on how the message is encoded and sent through a medium where noise can disturb the transmission of the message and how it then is decoded with the help of a receiver. His paper looks at the

⁴⁸ Nørreklit, H., "The balanced scorecard: What is score? A rhetorical analysis of the balanced scorecard", *Accounting, Organisations and Society*, 28, 2003, pp. 591-619.

⁴⁹ Ibid.,

⁵⁰ Strid, J., *Internkommunikation inom organisationer, företag och myndigheter*, p. 9.

⁵¹ Hatch, M. J., *Organisationsteori*, p. 198.

⁵² Ibid., p. 5.

⁵³ Shannon, C. E., "A Mathematical Theory of Communication", *The Bell System Technical Journal*, Vol. 27 July, Oct, 1948, pp. 379-423, 623-656

process with the eyes of an engineer and has mathematical and technical approach to finding a solution to the problem of noise.

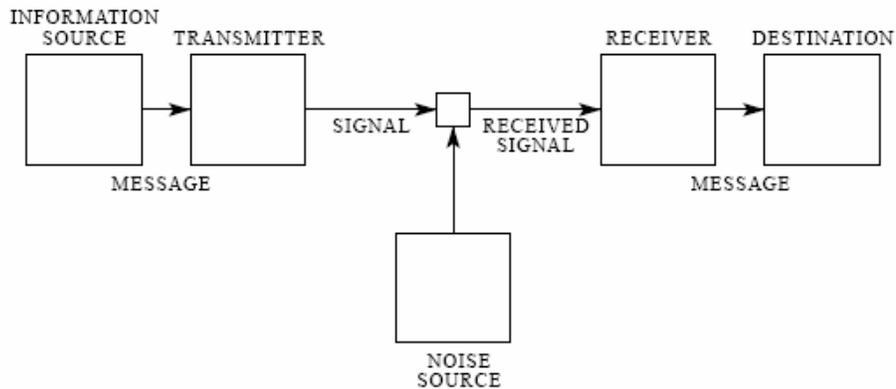


Figure 3.1 Shannon's communication model

The model is still in use today, but has most of all been a ground on which several new models have been built. Matthew Hinton is one of those who have simplified Shannon's model and made it more applicable to an organisation of today. According to Hinton one of the most frequent reasons that problems arise in an organisation is that of miscommunication.⁵⁴ Hinton describes the communication process in four steps shown in figure 3.2 below.⁵⁵ Unlike Shannon he completely leaves the technical issues aside and focuses entirely on how a piece of information moves from one person to another through a channel which makes his the model easier to work with in an organisation.

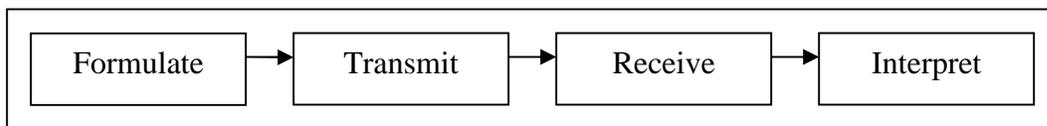


Figure 3.2 The communicative process

Formulating the information is made by deciding what to say, to whom to say it and how to say it. The more focused information is, the more likely the outcome is to be what was desired. It is therefore important to make a selection when answering the three questions to make sure that the right information is formulated and that nothing is sent just because it is possible. How the message is expressed and with what intentions makes a difference how it will be received and interpreted.

Transmitting the information involves the channel the information is transmitted by and the timing. The choices made on this stage depends on the questions what, to whom and how when the information was formulated.

With the current information overload that is happening in all organisations there are also things to take in consideration regarding the *reception* of the information. That the receiver

⁵⁴ Hinton, M., *Introducing information management*, p. 58.

⁵⁵ *Ibid.*, p. 69.

gets in contact with the information does, as mentioned before, not always mean that it is paid attention to. How successful the reception is depends on the two previous stages, how well the message was formulated and transmitted, but also on the current situation. If a person is stressed or tired it is more difficult for him or her to take in subtle nuances or even new information. New ideas or concepts can also become blocked by a receiver, since they perceive that their peer group do not agree with the information.

Interpretation of the message received concerns the matter how the information sent is understood. In all communication there is room for different interpretations. The challenge is to ensure that as little room as possible is left for misunderstandings and that very important information can be checked through a feedback system so that it is understood correctly.

Charlotte Simonsson is critical towards the transmission model and claims that it gives a too technical and simple picture of how communication works.⁵⁶ According to her the model tricks people into believing that the process of communication is simple, straight and linear where the transmission and the channel are what is essential. Simonsson writes that the fact that the interpretation of a message depends on the receiver's different values, experiences, knowledge and opinions is paid too little attention in the model.

3.2.2 Obstruction and interpretation

When transmitting a message the noise or obstruction is what distorts the message or which prevents it from reaching its destination, after being decoded in a proper way. There are different types of obstructions which can disturb communication from being efficient. The most common are according to Karlöf and Helin-Lövingsson the six described in the list below:⁵⁷

1. *Sender obstruction*: The obstruction lies within the sender, e.g. an employee is too nervous to venture an idea in a meeting
2. *Encoding obstruction*: The message is not encoded in an understandable way, e.g. because the sender is unable to formulate the message properly because of language difficulties.
3. *Communication channel obstruction*: The message never reaches the receiver, e.g. because the person has been sent too many emails and deletes the message or the waiting time for a service phone is too long.
4. *Decoding obstruction*: The message is not decoded right, e.g. because the receiver does not understand the way the message was encoded.
5. *Receiver obstruction*: The message is not received, e.g. because the receiver is at the moment focused on something else.
6. *Feedback obstruction*: No feedback arrives back to the sender, e.g. because the receiver finds feedback unnecessary or not worth the trouble or that no channels exist to support feedback.

Apart from the ones mentioned above, which are linked to the different steps of Shannon's communication model, there are other obstructions which can occur as well. These include

⁵⁶ Simonsson, C., *Nå fram till medarbetarna*, p. 5.

⁵⁷ Karlöf, B. – Helin-Lövingsson, F., *Management – Begrepp och modeller*, p. 144.

physical obstructions like distance and time zones, semantic obstructions where the interpretation of words affect how the message is perceived and psycho-social obstructions like values and social hierarchy.⁵⁸

A person's habits matters very much when it comes to what information is received and how it is interpreted. That a person has received a certain piece of information does not guarantee that he or she will pay attention to it, particularly if the information comes in a written format. The receiver always has a choice between paying attention to the information or not to do so. It is therefore important for all communication processes to take this into account to have an impact on an individual.⁵⁹

3.2.3 Communication within companies

With the increased interest in communication as a subject of study there have been an increasing number of papers and books published about how effective communication can be used as a tool for improving business. Most companies pay more attention to communication and how it can be used. The amount of information that needs to be transmitted increases all the time, and it is important to get the information across in the right way. When organisational structures are built, companies pay attention to how information can flow as smoothly and quickly as possible and how to avoid misinterpretations and the creation of rumours as well as in an effort to create an increased feeling of belonging and participation among the employees.⁶⁰

The increased amount of information in companies that needs to be understood correctly has generated more studies on the receiver of the information. There are different schools with different perspectives on how people receive and treat information. The scientific-management school has the perspective that as long as the message is formulated clearly enough it will be understood by anyone. The younger human-relations school on the other hand looks at different individual's ability to receive information in different ways through a process of feedback.⁶¹ This indicates the change in the way that people are seen in scientific and particularly in organisational studies that has occurred in the last decades. One of the starting points of this new way at looking at employees came with Douglas McGregor who published his Theory X and Theory Y 1960 in his book *The Human Side of Enterprise* after studying behaviours at different workplaces. According to McGregor's theory followers of Theory X consider workers to be lazy, dislike work and avoid it unless they are controlled and forced to work. Theory Y assumes as an opposite that if workers get to participate in decision-making they will be highly motivated.⁶²

As discussed in Theory Y, information is needed to make decisions and for employees to exercise the influence over their own work. The employees of a company of today expect information not only about how things should be done, but also why and what the result will

⁵⁸ Karlöf, B. – Helin-Lövingsson, F., *Management – Begrepp och modeller*, p. 114.

⁵⁹ Ibid., p. 37.

⁶⁰ Strid, J., *Internkommunikation inom organisationer, företag och myndigheter*, s. 5.

⁶¹ Ibid., p. 11.

⁶² McGregor D., "Theory X and Theory Y", *Workforce*, Vol. 81 Issue 1, 2002, p. 32

be.⁶³ The modern way of working also puts higher demands on knowledge within the employees. Working with a communication system facilitates the distribution of this information and enables knowledge sharing and retention. Malina and Selto write that effective communication systems encourage and enable the sharing of the individual's experiences and collect those shared experiences.⁶⁴ They further state that this may best be accomplished by intense and frequent sharing, and by dialogue rather than one-directional reporting.

According to Strid there has in recent years evolved two major purposes of having a good communication within companies. They are to motivate the employees and to make them work towards the same goal.⁶⁵ Strid continues by writing that there are at least two different perspectives on communication in a company. It can either be the manipulative approach where communication is seen as a tool to handle the always existent conflicts between workers and capital and between owners and employees. The consensus approach considers that everyone wants to work towards the same goal.⁶⁶

Information flows all over the organisational structure of all companies and through many different channels. Most employees consider their closest manager to be the most important source of information, which is something worth taking in consideration when planning how to transmit a message.⁶⁷ The important position in the communication chain that the middle managers attain puts a high pressure on their credibility and ability to communicate.⁶⁸

A common mistake made in organisations is that the management has over-confidence in the usefulness of written information as a channel of communication. Information needs to be interpreted by the receiver and put in context and written information can therefore only complement face-to-face communication, never replace it.⁶⁹

Charlotte Simonsson further criticises the use of the transmission model within companies by saying that too often company executives who do not succeed in spreading their message blame the middle management for not having transmitted the message properly. This goes against Karlöf and Helin-Lövingsson's interpretation that the failure can always be found somewhere along the communication chain and that the sender as well as the receiver can be causing the obstruction.⁷⁰

Even though there are many different ways to communicate within companies there are ways which have had more attention paid to them than others. When it comes to implementation of new strategies and ideas Mary Jo Hatch writes that when employees responsible for implementation are not aware of how the idea was designed or the thoughts behind it,

⁶³ Strid, J., *Internkommunikation inom organisationer, företag och myndigheter*, p. 21.

⁶⁴ Malina – Selto, "Communicating and controlling strategy: an empirical study of the effectiveness of the balanced scorecard", *Journal of Management Accounting Research*, vol. 13, 2001, p. 51.

⁶⁵ Strid, J., *Internkommunikation inom organisationer, företag och myndigheter*, p. 32.

⁶⁶ *Ibid.*, p. 36.

⁶⁷ Simonsson, C., *Nå fram till medarbetarna*, p. 5.

⁶⁸ Strid, J., *Internkommunikation inom organisationer, företag och myndigheter*, p. 55.

⁶⁹ *Ibid.*, p. 91.

⁷⁰ *Ibid.*, p. 6.

several unnecessary difficulties arise.⁷¹ This criticism further highlights the importance of having a well functioning communication in any organisation.

3.3 The Balanced Scorecard and Communication

According to Olve et al scorecards are tools for communication and can be used in many different dialogues about almost any kind of activity.⁷² The scorecard as a communication tool carries significant educational weight since it contains information about an organisation's activities, what it measures, and how it performs against those yardsticks. According to Russell an immediate benefit of sharing that information across the workforce is that it serves as an invitation to employees to take a more active role in assuming responsibility for the execution of the organisation's business strategies.⁷³ Making the scorecard a standard component of an organisation's ongoing communication program, the scorecard serves as a motivator.

The communication of the scorecard goals and measures are the first step when it comes to drawing attention to the organisation's strategy, but merely awareness is in general not enough to change behaviour. Consequently, the organisational strategic objectives and measures somehow have to be transformed into tangible actions that the individual employees can execute in order to contribute to the accomplishment of goals. The scorecard's structure of cause-and-effect relationships can be used as guidelines when selecting goals and measures for lower levels in the organisation.⁷⁴ Understanding can be enhanced if the same measures are employed at different levels in the company. This is advantageous for traditional financial measures, because of the use of same terminology to describe the contribution of each unit to the whole. As a practical matter, it is not so easy to obtain such uniformity with non-financial measures, not even when the same units of measurement are used. The vital point is to link measures at various levels and to find measures which are perceived as uncomplicated, meaningful, and tangible by the individuals concerned. These measures may also be used in setting goals. If the cause-and-effect relationships of the measures can then be identified, it will of course be even easier to motivate employees to feel committed to the measures.⁷⁵

The extent to which this will succeed depends on whether the performance measures reflect the strategy and on how the performance measures are interpreted by the employees. Even if a given expression is used it is not certain that all levels of the organisation understand it in the same way. In order to understand the meaning of a concept it is important to know the language game and its rules and purpose. Thus, the meaning of an expression may differ with the social or cultural group in which the language game takes place.⁷⁶

⁷¹ Hatch, M. J., *Organisationsteori*, p. 136-137.

⁷² Olve et al, *Making scorecards actionable- balancing strategy and control*, p. 7.

⁷³ Russell, R., IS YOUR SCORECARD BALANCED? , *Total Communication Measurement* , Vol. 3, Issue 1, Dec2000/Jan2001, p. 5.

⁷⁴ Kaplan R. – Norton, D., *Från strategi till handling*, p. 198.

⁷⁵ Olve N-G. – Roy J. –Wetter M., *Performance drivers – a practical guide to using the balanced scorecard*, p. 134.

⁷⁶ Nørreklit H., The balance on the balanced scorecard- a critical analysis of some of its assumptions, *Management Accounting Research*, 2000, issue 11, p. 65-88.

As mentioned before, employees must have a great understanding of how their activities and attitudes contribute to the success of the overall organisation. Consequently, the companies strive to make the employees understand their strategies. There are three processes that the organisation can implement to make the employees aligned with the corporate strategy.⁷⁷

- *Communication- and education programmes.* A prerequisite for implementing strategy is that everyone in the organisation understands the strategy and which behaviour is required for attaining strategic objectives. The base for achieving an organisational consensus is a continuous education programme for educating the organisation about the element of strategy and providing feedback.
- *Program for goal formulation.* When a fundamental understanding for the company's strategy is achieved all individuals and team all over the organisation have to translate the strategic objectives into more tangible goals.
- *Incentive and reward systems.* These systems allow the employees a share in the company's success and conversely feel some of the pain when it is unsuccessful.

3.3.1 Communication process

The process of communicating with the employees about the organisation's vision, business concept and strategy should be considered as an internal marketing campaign.⁷⁸ The objectives are similar to the ones in traditional marketing campaigns – to create consciousness and to influence behaviour. In order to be effective the communication and education programme should be continuous and comprehensive.⁷⁹ The problem with communication is that a message could be sent several times, but this does not always mean that it has been received. Therefore the use of different channels could be helpful either used singly or in combination in a communication programme in order to reinforce the message. A wide range of communication tools can be used in line with the launch of the balanced scorecard, e.g. executive announcements videos, town meetings, newsletters as well as brochures. Follow-ups can be made by continually publishing scorecard measures and outcomes on bulletin boards, newsletters and the company intranet. In order to make these tools usable they have to be part of an overall communication programme that aims to achieve a long-term strategic consensus. Before developing a programme like that a number of questions have to be answered:⁸⁰

- Which goals are to be achieved by the strategy of communication?
- Which are the target groups?
- What is the key message for respectively target group?
- What is the time frame concerning the steps in the communication of the strategy?
- How do we know if the communication is received?

⁷⁷ Kaplan R. –Norton, D., *Från strategi till handling*, p. 188.

⁷⁸ Ibid., p. 190.

⁷⁹ Kaplan R. – Norton, D., *The strategy focused organisation*, p. 217.

⁸⁰ Ibid., p. 194.

There are different channels when communicating strategy to the employees by using the balanced scorecard. The following are components that are commonly used and considered as useful.⁸¹

- Executive announcements
- Trainings
- Meetings
- Printed material (brochure)
- Company intranet
- Newsletters
- Bulletin boards

Executive announcements are useful when introducing new strategies to the employees. *Trainings* could be used to make the employee understand the strategy. The scorecard could constitute a component in education and training programmes within the company. *Meetings* constitute an essential part when it comes to communicating strategy using the balanced scorecard. Town meetings could initially be used by the executives to introduce the balanced scorecard concept. Small group meetings and face-to-face communications enables the communicator to focus the message in a personal manner and to respond to questions and feedback from the audience.⁸² The *brochure* is a one-page document that can be used for reporting trends, current performance and describing the initiatives to accomplish the goals. *Newsletters* are often used in communication with the employees. It could be used to educate the employees about the balanced scorecard, explaining the perspective's importance, articulating the reasoning behind the specific objectives that have been selected and describing measures that would be used to motivate and monitor performance for that perspective. All together it is communicating the purpose and content of the scorecard. Another opportunity is to use it as a feedback tool by periodic reporting recent results on the measures for one perspective. *Company intranet/homepage/electronic bulletin boards* provide further opportunities for organisations to communicate and gain commitment to the balanced scorecard objectives. Bulletin boards could be used to encourage dialogue and debate by allowing managers and all other employees to comment about reasons for exceeding or falling short on any specific measure. One possibility is posting the complete set of scorecard objectives and measures on the organisation's electronic bulletin board and therefore viewing actual results and trends of past performance on each scorecard measure. The textual presentation could be enhanced by adding video clips of customers, internal processes, and employees, and audio recordings of the chief executive explaining why a particular objective has been chosen, and the rationale for the measure selected for each objective.⁸³

⁸¹ Kaplan R. – Norton, D., *The strategy focused organisation*, p. 218.

⁸² *Ibid.*, p. 220.

⁸³ Kaplan R. – Norton, D., *Från strategi till handling*, p. 206.

4. Model for analysis

The two sections in the theoretical background on communication and the balanced scorecard provide a foundation to describe how the balanced scorecard is designed to improve the communication of strategy within a company. In this model we intend to show how the balanced scorecard can be used in one possible way to communicate strategy while taking in consideration our findings on how people communicate and how that communication can be improved or obstructed in organisations.

Below is a visual presentation of how a model of communication using the balanced scorecard can look like.

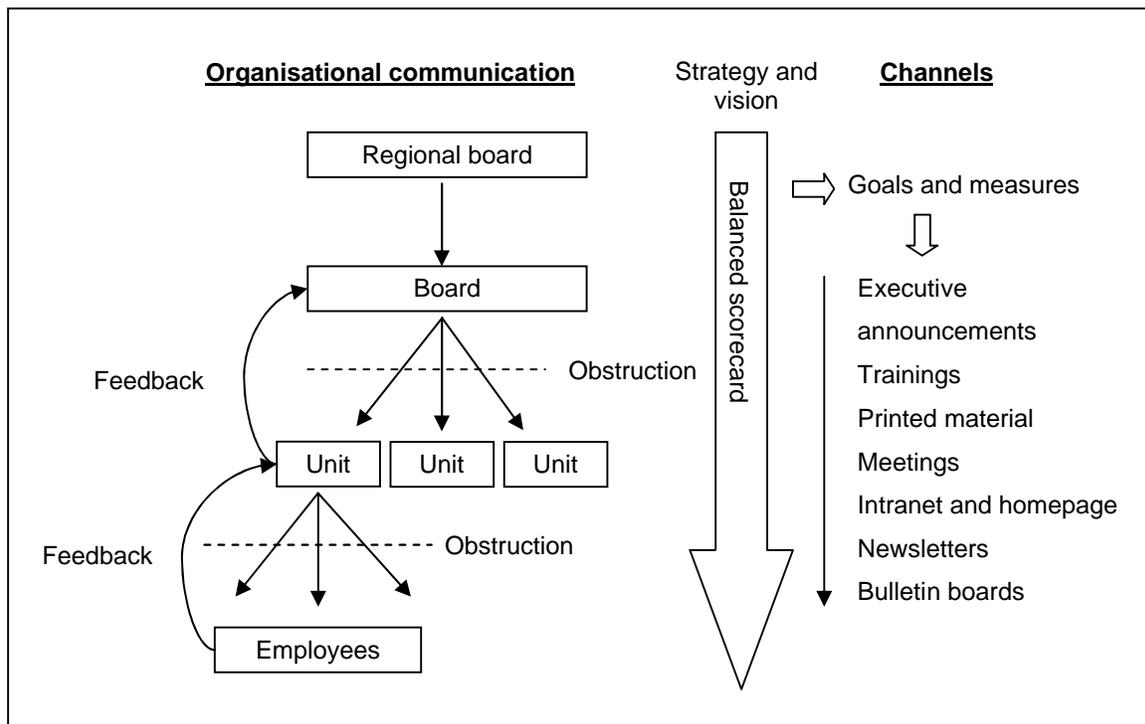


Figure 4.1 Model for analysis

As drawn from the theory chapter, the structure of the scorecard, i.e. the breaking down of strategies into tangible goals and measures on local level, makes it possible for the employees to understand and discuss the meaning of the scorecard. According to Kaplan and Norton, the balanced scorecard provides, in a manner of speaking, a framework or “language” for communicating the vision, business plan and strategy throughout the organisation.⁸⁴

⁸⁴ Kaplan R., Norton, D., *Från strategi till handling*, p. 32.

The information contained in the balanced scorecard needs to be communicated internally just like any other message in an understandable way in order to create the desired effect and direction.

Shannon's communication model discusses the concept of noise that distorts the message when it moves through the communication channel.⁸⁵ Karlöf and Helin-Lövingsson look more closely at the distortion and has come up with different obstructions that will prevent a message to reach the receiver in the intended way.⁸⁶ In order to overcome the obstructions that exist in the communication channels the company can use, it must first of all be aware of the things that can block the message.

One crucial part when communicating strategy using the balanced scorecard is to keep in mind, how the message is encoded to avoid misinterpretations due to encoding/decoding. If the message is encoded in a way that the employees cannot decode due to different realities, language or knowledge, the communication fails. It is important to remember that sending a message doesn't mean that it is automatically received in the way that was intended.⁸⁷ The communication must be adapted to the reality within the company to make sure that it reaches the receivers in the way that is intended which Hinton shows in his model for communication of information where he, unlike Shannon, focuses only on the encoding and decoding of the message.⁸⁸

We found in the theoretical chapter that several authors advocate a communication programme within organisation to ensure that the right information reaches the employees and in a way that they can understand.

According to an old marketing rule a message has be sent seven times in seven different ways before it starts sinking in with someone.⁸⁹ This model is designed following that assumption. Below we present seven ways that the balanced scorecard suggest a strategy could be communicated and link it to communication theory.

1) Executive announcements

These announcements can be useful to introduce or hype a new strategy or model, but will not create understanding or learning around it. The lack of feedback in the process also makes announcements less ideal as an only tool.

⁸⁵ Shannon, C. E., "A Mathematical Theory of Communication", *The Bell System Technical Journal*, Vol. 27 July, Oct, 1948, pp. 379-423, 623-656

⁸⁶ Karlöf, B. – Helin-Lövingsson, F., *Management – Begrepp och modeller*, p. 144.

⁸⁷ Kaplan, R. S. – Norton, D. P., *The Strategy Focused Organization*, p. 217.

⁸⁸ Hinton, M., *Introducing information management*, p. 69.

⁸⁹ Speculand, R., "Getting Employees Behind Business Strategy", *Strategic Communication Management*, Vol. 10, Issue 2, Feb/Mar2006, p. 5.

2) Trainings

The way the message that the training should deliver is encoded contributes greatly to if the participants are able to adopt the new ideas. If the employees do not understand the words used to explain the strategy, they will not understand the ideas.

3) Printed material

Non electronic materials, such as brochures, are handed out to employees to complement other communication channels. These are good complements as long as they, like Strid writes, never are meant to replace face-to-face interaction.⁹⁰

4) Meetings

In an organisation, meetings happen every day. If the balanced scorecard is discussed regularly in individual meetings as well as in larger department or company meetings it will contribute to understanding among the employees. Most effective are the ones where there is a possibility for face-to-face interactions and opportunities to discuss.⁹¹ Important is also that no sender obstruction occurs if participants of the meeting don't speak up or if the encoding or decoding of the message is obstructed by for example too complicated language.

5) Intranet and home page

Like other types of one-way communication channels intranets require self-driven learning among the employees. With information overload via other channels the employees are less likely to go through information on the intranet.

6) Newsletters

These are often distributed by e-mail where today's information overflow constitutes an obstruction. It is therefore important that they are written in a way that makes them easy to read and stand out from the rest of the e-mails that employees receive every day.

7) Bulletin boards

With a risk of obstructions such as communication channel obstructions where no one looks at the bulletin boards a culture of self-driven information searching needs to be created if the information is to reach the employees. Many companies use online bulletin boards, but the same goes for these.

In order to ensure that the message reaches the receiver in the way intended a culture of feedback is crucial. This is a way of checking how the message is received and understood. This promotes learning and helps managers restructure the communication if the current way does not function properly.

⁹⁰ Strid, J., *Internkommunikation inom organisationer, företag och myndigheter*, p. 91.

⁹¹ Hinton, M., *Introducing information management*, p. 219.

5. Empiric findings

5.1 Kungälv Hospital

Västra Götaland Region is a regional organisation run by the regional council and has as the purpose of providing the citizens with culture, health care and other public services. Regional development is another area of responsibility. With around 50 000 employees, the Västra Götaland Region is one of the largest employers in Sweden, of which 90 % are employed within the health care sector.

Kungälv Hospital, part of Västra Götaland Region, was founded in 1870 and is located nearby the centre of Kungälv. The emergency hospital provides special care and casualty department for internal medicine, surgery, orthopaedics, geriatrics and psychiatry. There are 1200 employees at the hospital divided on seven clinics and other service units. We have spoken mainly with employees at the medical clinic divided in care as well as medical surgery departments. We have also been in contact with one person at the service unit.

5.1.1 Vision of the hospital

Vision:

- Highest quality in medical care
- Total responsibility through co-operation in the local area
- The good work place for all employees
- Attractive developing hospital
- Precursor in the Västra Götaland Region

Strategic objectives (medical clinic):

The balanced scorecard at Kungälv Hospital is divided on four perspectives:

- Citizen perspective: High-quality care, availability
- Financial perspective: Balanced economy
- Internal process perspective: Improve and develop care programs, care lines and work routines in a fair environment
- Employee perspective: Attractive work place and work environment

5.2 Respondents

Respondent A works at the Västra Götaland Region secretariat and is responsible for information, education and development of the balanced scorecard.

Respondent J started working at the hospital as a nurse in 1972. She has worked with the top-level scorecard at the hospital since 2000. Her main task is to keep the concept of the balanced scorecard alive. Respondent J does this by administrating, verifying and following up the scorecard. She also functions as a support person regarding the scorecard both at the hospital level and out in the clinics.

Respondent C is care unit manager at the medical clinic. She is a trained nurse and has worked as a manager in the organisation for six years. Respondent C is responsible for care, staff and budget at the department.

Respondent I works as care unit manager in the medical surgery department. She is a trained nurse and has worked at Kungälv Hospital for four years. Administrative tasks as well as improving the organisation are her responsibilities.

Respondent M is unit manager, team leader and secretary manager within the medical clinic as well as the administrative departments. She is a trained medical secretary and has worked two years at Kungälv Hospital.

Respondent K works at the cleaning department, which belongs to the service unit. She has worked at Kungälv Hospital for five years and is responsible for the cleaning service at the hospital and the cleaners. Respondent K has no formal education; she has advanced from cleaning lady to team leader.

Respondent R works as a nurse and has been employed at the hospital for sixteen years. She has been responsible for a group of nurses for three years.

Respondent E and L work as assistant nurses and have been employed at the hospital for thirty-five and thirty-six years respectively.

5.3 The balanced scorecard

According to respondent A the balanced scorecard is used differently in Västra Götaland Region compared with how Kaplan's and Norton's theories explain the scorecard. There is no top-level scorecard; the scorecard starts at the unit level in the organisation, for example with hospitals and cultural operations, which in turn distribute them to their organisations. The reason for this is the size of the organisation, which has around 50 000 employees. Respondent A states that it therefore is difficult to have a regional scorecard. Instead the units, e.g. hospitals, have their own scorecards. The scorecards are developed in line with the reference manual of the region secretary and the units make adjustments according to their local reality. Hence, the local scorecards are of the same kind since all managers at the different units have gone through the same training.

At Kungälv Hospital there is according to respondent I, C and A a general scorecard created by the hospital executive group and the operational managers, in which the general strategic objectives of the hospital are formulated. Respondent J explains that the general scorecard is updated once a year and in accordance with what the management decides is essential to focus on. The activities are based on perspectives and goals. Much effort is placed outwards, related to what other stakeholders expect from them. Every clinic then reformulates its scorecard in order to fulfil their goals by breaking it down into smaller goals and measures. Concrete, strategic goals are expressed in the scorecard and then reformulated in parameters in order to see how to improve every clinic. According to respondent J, departments differ in terms of how they decide to adapt the scorecard. Some units decide to work with the hospital goals and then adapt it to the operations that concern their own clinic. Other clinics set up their own goals that are not exactly like the hospital's in order to get closer to their own clinic's operations. The goals of the medical clinic are for example based on the goals of the

general scorecard. The medical clinic in turn has one scorecard that is broken down for every unit at the clinic. The four units within the medical clinic decide what to do at their level. This adaptation is made at the work-place meetings. Respondent I says that their scorecard is modified and followed up at the work-place meetings and at follow-up dialogues, which occur once a year.

Respondent C states that the scorecard is an instrument for planning the year and thereafter designing the work to see what you should put an effort into. It provides the opportunity to follow up recent performance and see if all actions lead in the right direction in comparison to the objectives. She further states that it is useful when recognising the opportunities, obstacles and factors of success. Respondent I thinks that it also provides an opportunity for gaining control over the operations. She further states that the scorecard is more abstract if you work with medicine, that you in that situation do not get the overall perspective. The scorecard therefore has to be broken down in the daily operations such as fulfilling the care warranty, i.e. care of every patient within three months, and working more closely with the patient. Much effort is placed on fulfilling the care warranties. This becomes more concrete for those who work directly with patients.

Respondent K uses her scorecard to keep her on track towards the vision of her unit. She considers the scorecard understandable and something that helps her make decisions. The scorecard of the service department is created through cooperation between managers and then broken down into unit levels. When something new appears she makes a scorecard on it, for example when they need to change the supplier of laundry detergent. She considers her manager to be to most important reason that she understands and can work with the balanced scorecard.

5.4 The purpose of having the balanced scorecard as a communication tool

When asking the respondents about the purpose of the balanced scorecard as a communication tool, all say that it is a way to keep focus on the essential things and to have a common goal to strive towards. Respondent C states “it is essential that everyone understands what to focus on and how you are supposed to work.” Respondent I says that the scorecard has made it easier to understand the objectives of the organisation; it enables her to get an overview of the organisation.

Respondent K explains that with the scorecard they want to create job satisfaction, quality and good health. She feels part of the business as a whole since her manager made great effort to create a sense of belonging among his subordinates.

Respondents E and L think that much of the balanced scorecard concept is about improvements and how to design work in order to improve performance. According to respondent A the understanding has become much better; it is easier to see what the strategies are. Before they were hidden in text, but now they have been made more visible through the goals. The employees have gained a greater understanding of the objectives, where Kungälv Hospital is headed and what to work with.

5.5 Communication within Kungälv Hospital

Respondent J explains that communication happens along the line organisation, where the hospital executive group composes an operational plan for the year which is then communicated down to the clinic executive groups, which the care unit managers belongs to. Then the care unit managers spread the information to the employees at their departments through work place meetings. There are special sub-groups within the department, e.g. the heart and lung group, where the employees have the opportunity to receive the same information again. Respondent C believes that people who do not belong to this kind of groups or work part-time are not aware of the scorecard and the belonging concepts. According to respondent K the information originates from the highest level and is then communicated throughout the organisation in a simple way that is understandable.

According to respondent A the information is more balanced today. Not only hard values such as economic results are communicated, but also softer values. The emerging question is if the employees are receptive to the information or not. However, there are better opportunities to receive it today, e.g. through the intranet.

5.5.1 Communication channels

How the different units communicate with their employees is linked to the specific organisation, i.e. it is up to the organisations themselves to choose channels. Respondent A claims that this might be a disadvantage since it could have been easier to have a uniform system. According to respondents M and J they do not have a specific communication programme at Kungälv Hospital.

All of the respondents state that the main channels for communication are meetings. There are regular meetings, follow-up dialogues, work place meetings and town meetings held by the hospital chief executive officer. The latter informative meeting is, according to respondent M, to for everyone at the hospital to attend regardless of position. She further states that interest in the meetings varies, but that they are considered to be something positive. According to respondents M and I department goals are supposed to be discussed at the work-place meetings, which take place every second week, in order to discuss what is important to emphasise on. According to respondent C they discuss the balanced scorecard especially in the beginning of the year and at the end of the year. Respondent C and the care unit manager at department 7 work together and check the current status with Respondent J. Respondents C, M and J further state that they mainly use one-way communication at the hospital; i.e. much of the information originates from a higher hierarchical level and is communicated at information meetings.

Respondent A says that the region uses an IT solution in the form of an intranet as a communication tool. The intranet is perceived as very useful in the organisation. Part of the intranet is the tool Cockpit which provides information in a visual way about the current status of the organisation and how it is doing in terms of goals related to the balanced scorecard. Respondent A further says that it is popular among the organisations to use a homepage when conveying information from the scorecards. Respondent C considers the intranet to be a good tool for communication; she personally goes in and makes notes. According to the respondents M, R and J the information is always available for everyone at

the intranet but also on paper copies or protocols. Respondent C usually tells the employees at her department to have a look on the intranet when updates have been made and check how the department is performing. She further states that another advantage of the intranet is that the group of employees working night shifts find it useful since they usually do not attend the work place meetings.

Respondent A further explains that newsletters, which are distributed to all units within the Västra Götaland Region by email three to four times a year, are also among the communication channels used. Respondent J states that the annual report also provides much of the information; it ties everything together and the objectives of the hospital are to be found there.

5.5.2 Obstructions

All the respondents experience that the communication is quite good but also that it could be better. They all further state that the main obstruction is time; there is always lack of time. They do not have the time to communicate or take in all that they should. There is not any time for reflection. To take care of the patients is the main task and the administrative work has to be put aside by the staff directly interacting with patients. Respondent J says that at the department level employees are usually more practically orientated; acting is more important and they find theory difficult. Respondent R says that she receives information about the fact that they work with the balanced scorecard but it is difficult to integrate it in the daily operations; it is too administrative. At respondent R's department they put more emphasis on care. Respondent C experiences that it is difficult to apply the scorecard on reality. The workdays are very busy and it is difficult to make people commit; some are interested, others not. They have meetings where they try to go through the scorecard, but there is not much interest for it. Respondent M illustrates this by saying: "There is not always time for administration in reality – welcome to reality".

According to respondent M another obstruction relates to how comfortable you are with the balanced scorecard concept. If everything is fine and run smoothly you rather spend more time on other priorities. The understanding of the different words and terms could also be an obstruction, says respondent J. The words are in English and are theoretical. Respondent K explains that the service unit has changed many of the more difficult terms in the scorecard into a language that is easier to understand. Respondent R believes that a problem could be that the balanced scorecard does not speak the care language that many employees speak – they are more patient-oriented. Another obstruction is, according to respondent C, the information overflow of today.

Respondent J states that it does not matter if the employees are not familiar with their own contribution to the organisation as a whole is as long as they work in the right direction, i.e. that the work is in accordance with the objectives of the hospital.

5.5.3 Feedback

In the information overflow of today it is difficult to reach the receivers even if there are better opportunities for reaching them today, explains respondent A. According to him there does not currently exist a system to check if information is received or not within the

different units of Västra Götaland Region. If they would like to do it, it should be possible, though. They have not applied the theories of communication in the organisation when they designed how the communication should work. Respondent A believes that there are people that have not got a clue how to use the balanced scorecard. On the other hand there are units that have department meetings in accordance with the balanced scorecard. He further states that the employees claim that the balanced scorecard is only for the executives, but realise that it is a valuable tool for communication.

All respondents state that in general there are not any follow-ups regarding the reception of information at Kungälv Hospital. Respondent C asks the staff at her department at the planning meetings if they use the intranet, but she does not go further and ask how they use it. She finds it good to see that even elderly assistant nurses in their sixties, who are not used to computers, use it. She feels that age does not matter. She further says that every year they have an employee questionnaire in which the employees are asked how they experience their work environment.

Understanding

Respondent I experiences that she has developed during the years she have worked with the balanced scorecard. It has become more interesting and she has understood where the patient comes into the picture; that he/she appears in every perspective and that it is a kind of cause-and-effect relationship. Respondent M on the other hand says that she is not so comfortable with the balanced scorecard. They have an operational plan and a document regulating quality which she looks at but she does not feel comfortable with it. She believes that the reason is that the balanced scorecard is something new to her. The scorecard was already implemented when she started working at the hospital and she has not worked at the hospital that long. She does think that she understands what it is about, but says there might be a risk that the others think that she does not understand because the lack of a feedback system. She does not see how everything is linked together. Respondent C and K experience that they have a great understanding of the scorecard. They understand their own goals as well as the goals and visions of the department. Respondents E and L understand what the executives try to communicate or at least what concerns their own department, but they think it is hard to explain, that the team leader has more insight. They further say that the balanced scorecard has made it easier to see what has been improved and altered. Respondent R thinks that she is not so familiar with the balanced scorecard; she is uncertain of how they work with the balanced scorecard in the own department. The scorecard is not discussed on a regular basis. She knows that it works as a support in the daily work but can not explain how it actually works. Working as a nurse, she is not in contact with it but she thinks that she should be more familiar with it than she actually is.

Trainings

According to respondent J trainings are provided mainly when new managers are employed; there are no trainings on a regular basis. Information about the balanced scorecard was sent mainly during the implementation. Respondent J reviews information concerning cause-and-effect relationships and how employees should see to the overall organisation. She is responsible for the training according to respondents I, M and C. They consider her to be a great support. Respondent C says that she partly got her training concerning the scorecard

from the training provided by the Västra Götaland region. Respondent M says that she has not received any training on how she is supposed to work with the balanced scorecard. She basically just knows how to handle the cockpit software. Respondent R has got training and lectures about what the balanced scorecard is and how to work with it in general, but not concretely how to work with it at the department level. Respondents E and L are quite sure that they have received training during implementation of the scorecard at the hospital but not later.

Participation

Respondent C feels that she can see how she is part of Kungälv Hospital as a whole since she receives much information and often attends meetings herself. When talking about participation, respondent R feels part of her department's operations and that the department in turn is part of the big process, but she does not feel part of the organisation as a whole. Respondents E and L do not feel part of the whole organisation but when looking at their own department they feel like they are part of it.

Respondent M experiences that one cannot influence much of what happens outside the clinic. Work goes on all the time, but if her efforts affect the hospital is hard to know. Respondent M only feels ownership for her own goals, what they produce in her group, and not for any other. She feels responsible over goals that are set. By executing her part and thereby striving to fulfil the department's goals she feels she contributes to the common goals. Respondent I has a feeling of involvement that concerns the hospital as a whole. She considers this a further advantage of the scorecard. Respondent J believes that employees in general do not experience ownership for every goal, but when studying how they work she experiences that it is in line with the objectives of the hospital. Employees do not see the link between their work and the objectives of the hospital, but respondent J thinks that it is not necessary; the main thing is that everyone works in the same direction.

6. Analysis

6.1 The balanced scorecard

All the respondents had at least a basic understanding of what the balanced scorecard is and why it is used as a management tool in the organisation. What differed between respondents was the understanding of the scorecard as a communication tool and how it is used in the daily work. Among respondents in all hierarchical levels there was a general attitude that the balanced scorecard is something for the supervisors and the administrative staff.

When analysing the difference between the respondents who had a clear understanding of the balanced scorecard and who had not, there are some obvious patterns. Those who attended meetings where the balanced scorecard and how it should be used was discussed or were part of implementation working groups had a deeper understanding of the model and its use. This supports the theory that says that face-to-face interaction and interactive learning are the best ways to create understanding among employees. Many employees at Kungälv Hospital also attend several different working groups and therefore receive information several times. That this contributes to their understanding relates to the importance of hearing a message many different times before it really sinks in.

Regarding the cause-and-effect relationships respondent I was the only respondent outside the administrative staff who showed a clear understanding of how the different areas of the strategy linked together and where the patient fitted into the balanced scorecard.

Kaplan and Norton state that there are four crucial management processes that, separately and in combination, can be helpful when linking long-term strategic objectives with short-term actions. These are translating the vision, communicating and linking objectives and measures, business planning and feedback and learning. In Kungälv Hospital the translation of the vision can be seen in the breaking down of vision, goals and measurements for the whole hospital into ones suitable for each department. Business planning happens every year when the operational plan is made based on the set goals and is then followed up on the following year. Regarding feedback and learning no real feedback or follow-up happens and as for learning few employees without a management position can see how learning happens related to the balanced scorecard, even though they do understand how the hospital works with continuous improvement.

The breaking down of measurements into tangible goals and actions seems to be working well in the different departments. Respondent K speaks for example about how she has a clear picture of what she should do thanks to the goals that are set. That goals should be broken down into ones that are easy to understand for the employees working with them and relate to their reality is exemplified by the fact that the service unit reformulated the goals in order to make them easy to understand for the staff.

Olve states that it is necessary to break down the vision into something which is tangible in every-day work in order to make the employees see how their actions contribute to the

company's vision.⁹² This though is something that Kungälv Hospital has been less successful in. All but a few respondents state that they can see how their work contributes to their own department, but not how it contributes to the whole hospital. The respondents who did see their own contribution to the greater picture were the ones who are involved in implementation and discussions concerning the whole hospital.

One of Nørreklit's reasons for criticising the balanced scorecard is that too often managers spent more time on building a scorecard than actually working with it. One example of this happening in Kungälv Hospital is when respondent K states that she makes a scorecard for every decision she makes, for example the change to a new brand of detergent.

6.2 The purpose of having the balanced scorecard as a communication tool

All respondents showed at least a basic understanding of why the balanced scorecard was used in Kungälv Hospital as a communication tool. The most common answer was that the strategy needs to be communicated "in order for all employees to work in a common direction". This fits well with Strid's statement that one of the major purposes of having good internal communication within companies today is to have all employees work towards the same goal.⁹³

Respondent J explained that she thought that it is okay if not everyone in the staff understands the strategy, "why they have to do things", as long as they work in the right direction. This shows a bit of an out-of-date view on the role of the employees and is closer related to Theory X than Theory Y.

The balanced scorecard model highlights the significant educational weight the scorecard as a communication tool holds since it contains information about the organisation's activities; what it measures, and how it performs against those yardsticks. The use of Cockpit to communicate how well Kungälv Hospital is doing in terms of reaching their goal is a good example of this.

6.3 Communication within Kungälv Hospital

As noted above there is much information available for the employees to study if they want to. All respondents gave the impression that it would have been good to look it through, but doing so they would have to de-prioritise other areas which they were not willing to compromise on in order to spend more time keeping themselves updated as soon as new information came out. Respondents with management positions had the balanced scorecard as part of their job descriptions and could therefore spend the time needed on it, but they were all aware of the fact that employees in their departments saw it this way. The main priority all talked about was the care of the patient. In each clinic there was a larger focus on the care of the patient and most employees did not have a deeper understanding of the scorecard. When respondent M stated that "there is not always time for administration in

⁹² Olve N-G. – Roy J. – Wetter M., *Performance drivers – a practical guide to using the balanced scorecard*, p. 72.

⁹³ Strid, J., *Internkommunikation inom organisationer, företag och myndigheter*, p. 32.

reality – welcome to reality” she put into words the impression given by all respondents. Nurses and assistant nurses all chose to focus on what they see as most important, the patient.

This gives an understating of what reality looks like at Kungälv Hospital and it is important to remember that all theories talk about adaptation to the current reality of each organisation. According to communication theory companies should have a communication programme in order to adapt their communication with the employees to the reality that they are working within. This is not anything that Kungälv Hospital works with and most employees are not familiar with the concept.

Much of the information that comes from the clinical department management is top-down for all but the few employees who are involved in the discussions. Communication follows the line organisation where information is carried down through meetings and other communication channels. Since information has quite a far way to travel there is a risk of distortion since the message needs to be encoded and decoded many times along the communication chain. According to the balanced scorecard model this is the best way to do though this line of communication also gives more opportunities for feedback and face-to-face interaction than executive announcements or printed materials could have. It also provides the opportunity to rephrase a message to make it easier to understand.

On management level the goals of the year are created through group discussions and brainstorming. This increases the ownership over and understanding of the goals and makes them easier to communicate to employees. The balanced scorecard encourages the kind of open dialog and learning that this is an example of.

Hinton’s transmission model discusses how information moves through an organisation and how it is formulated and received.⁹⁴ When looking at Kungälv Hospital there are several examples to be found of messages being encoded with the receiver in mind. The use of Cockpit when employees can with just a glance update themselves on the current status of the hospital takes into consideration the limited amount of time that they have to spend on keeping themselves updated. That the goals, business perspectives and actions in the scorecard used by the service personnel where rephrased into a simpler language is another example that shows that the hospital management has put thought into ensuring that everyone should be able to decode the messages sent to them and that no language barriers should stand in the way of understanding.

6.3.1 Communication channels

In chapter 4 of this thesis a model was created of how the balanced scorecard functions together with communication theories. Mentioned there was the old marketing rule that a message should be sent seven times in seven different ways before it starts to sink in.⁹⁵ Seven suggestions were made of how the balanced scorecard can be used to communicate a company’s vision and strategy. In Kungälv Hospital the major communication channels used

⁹⁴ Hinton, M., *Introducing information management*, p. 69.

⁹⁵ Speculand, R., “Getting Employees Behind Business Strategy”, *Strategic Communication Management*, Vol. 10, Issue 2, Feb/Mar2006, p. 5.

are meetings and the intranet. Publications, trainings and executive announcements are also used but on a much lesser scale.

At the meetings the balanced scorecard is discussed at regular intervals on all levels. When one of the department heads attends a meeting he or she brings the most important information from that meeting to his or her own department meetings. Goals and measurements are regularly discussed. The employees who attend meetings where they take part in setting the goals and in the implementation of the scorecard have the best understanding of the balanced scorecard as a tool.

An intranet requires much self-study and proactive employees who at their own initiative keep themselves updated on new material that is put there. Almost all respondents stated that they or the people under them are too limited by time and other responsibilities to spend much time on the intranet. For the ones that do prioritise the intranet there is plenty of information there.

Trainings are held when someone who will have the balanced scorecard as part of their responsibilities starts work at Kungälv Hospital, but there are few follow-ups on the trainings apart from the repetition and discussions department managers have with respondent J. What Kungälv Hospital does not work with is the type of interactive training concerning what the scorecard is actually trying to communicate, vision and strategy, to increase understanding of these among employees.

6.3.2 Obstruction

One of the main areas in communication theory is that of how a message can be distorted on the way between sender and receiver and how the message is interpreted once it has reached the receiver. Obstructions can block communication channels and distort a message.

One obstruction that was mentioned by respondent J is that of language. The balanced scorecard contains many new terms and words and one reason that the employees at Kungälv Hospital do not always understand what the scorecard is trying to communicate is that they do not understand the words used. That the service department changed many of the more difficult names in the scorecard is one strategy to try to avoid this. Another obstruction regarding language is that the administrative staff and the staff with direct contact with the patients at the clinics use different languages in the sense that they talk about different things and have different reasons for actions.

The largest obstruction to communication that was mentioned several times by all respondents is lack of time. Many employees choose to focus on areas where they can make a direct impact and de-prioritise spending time on keeping themselves updated.

There is much information flowing around the hospital which can obstruct the most important bits from reaching the receiver through the noise that is created in the communication channel by all other bits of information asking for attention.

6.3.3 Feedback

Feedback and follow-up are things that both the balanced scorecard model and most theories about communication state as highly important. At Kungälv Hospital this is something though that is a bit neglected. All the respondents had at least a general idea of what the balanced scorecard is, but they all agreed that there were no follow-ups done on how much they actually knew or had understood. Respondent C was the only one who asked the people she is responsible for if they use the intranet, but she doesn't go as far as asking them what information they actually read if they do use it. It is up to each manager if they want to follow up on their communication. Most of the respondents with a manager position had no information on how well their communication worked.

No follow-up is done on whether the information that is sent reaches the receiver in the way it was intended, that is if it is decoded correctly and not lost because of obstructions. Missing out on this, the managers lose one important part of the communication chain – feedback. Without having an overview of how the whole communication chain functions it is much harder to adjust the communication to be more efficient.

The general opinion among the managers seemed to be that most employees do work in the right direction even if they don't always know why or what the direction actually is.

One of the obstructions that Karlöf and Helin-Lövingsson mention in their model is feedback obstruction. This is when no feedback arrives back to the sender, e.g. because the receiver finds feedback unnecessary or not worth the trouble or that no channels exist to support feedback.⁹⁶ Kungälv Hospital show clear signs of this obstruction in the communication chain.

⁹⁶ Karlöf, B. – Helin-Lövingsson, F., *Management – Begrepp och modeller*, p. 144.

7. Conclusions

7.1 The main research problem

- 1. How can the balanced scorecard be used as a tool for communicating strategy having communication theories in mind?*
- 2. How does the balanced scorecard function as a communication tool in real life?*

7.2 Conclusions

By comparing the model created by combining theories about the balanced scorecard and communication with the empirical findings a number of conclusions can be made about how the balanced scorecard can be used as a communication tool and how reality sometime creates a challenge, not always remembered in theory.

The model used for analysis showed how the balanced scorecard concept requires an awareness of how a message should best be communicated in order to create the needed understanding and commitment towards company strategies. If the message communicating the strategies does not reach the receivers, the understanding will be lost.

A conclusion that can be drawn from Kungälv Hospital's work with the balanced scorecard is that the model can be used as a communication tool since it creates an opportunity to formulate goals and measures that can be communicated in a way that employees can understand. Cockpit is a tool that is a good example of how this works since at first glance informs the employees about the hospital's current status through its parameters.

When the balanced scorecard is used properly as a communication tool we have seen that it helps the company ensure that all employees work towards the same goal. At Kungälv Hospital this was shown when all employees were aware of the importance of working in the right direction even if they sometimes were unsure of how to work with the balanced scorecard in their daily activities. Strategies were made clearer and more connected to each employee's reality. The scorecard made it easier for the employees to focus on what is essential and keep themselves updated with relevant information, which is important in the hectic hospital environment.

We have found that even if there might be an understanding of the balanced scorecard in an organisation, which is the situation at Kungälv Hospital, there is no guarantee that the messages reach all employees because of the obstructions that can block communication channels.

The understanding of and interest in the scorecard that a manager has we have found to be one of the important factors in facilitating or obstructing the employees understanding of the balanced scorecard and the strategies it is communicating. A good example of this at Kungälv Hospital can be found when comparing the difference in understanding among employees at respondents I and M's departments.

Another factor that greatly influences how well the employees work with the balanced scorecard and which also shows the importance of well designed communication we have found to be how much training managers have received and how much they are involved in the creation of the scorecard. As with the meetings where the hospital's balanced scorecard is discussed, both of these methods of communication are interactive, which is crucial in creating understanding in a person. The intranet on the other hand demands more in terms of commitment and pro-activity from the employees.

Regarding commitment, employees at Kungälv Hospital showed that they have a sense of belonging only to the parts of the hospital they were involved in discussions with. In most cases this was only their own department. This shows that the management has partly failed in creating an understanding of how everything links together in the organisation as a whole. This also further highlights the importance of interaction instead of one-way communication.

The time the different respondents spent working with the balanced scorecard as a tool could be related to how they prioritised their time. Their priorities in turn were related to how important they considered the scorecard to be as a tool, which depended on their understanding of the scorecard.

The fact that Kungälv Hospital is not working with any kind of follow-up or feedback structures makes it difficult for them to know if their communication is working well which might hinder improvement of their communication.

7.3 Suggestion for further studies

We have decided to focus on describing how the balanced scorecard can function as a communication tool in this thesis, but there are other interesting angles to the subject. Two of these are listed below.

- Motivation within employees and their feeling of being part of the company is by many found important in order to create long-term sustainability and results in an organisation. To go deeper into how the use of the balanced scorecard as a communication tool has affected these areas would give a broader picture of the subject.
- We have only studied how the balanced scorecard functions as a communication tool in Kungälv Hospital, but there are 16 other units belonging to Västra Götaland Region. Comparing several of these and how they have implemented the balanced scorecard and how communication functions in the units could be a possible field of study.

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Appendices

A. Interview questions

Administrative staff

Introduction

- What do you work with?
- How long have you worked here?
- Tell us briefly about Kungälv Hospital.

The scorecard

- How do you work with the balanced scorecard?
 - How is the balanced scorecard formulated?
 - How much does each department take part in the creation of the scorecard? In how many groups?
 - How much do the employees at the hospital take part in the creation of the scorecard?
- Do all employees receive training about the balanced scorecard or only the ones with managerial responsibilities at each department?

Communication through the scorecard

- How are strategies communicated?
 - What channels and tools are used?
 - Why these specific channels and tools? What opportunities do you have in Kungälv with respect to the regional administration Västra Götaland Region in choosing the tools you want to use?
 - Do any problems arise when trying to reach the employees?
- Do you experience that the balanced scorecard is a good tool to communicate your strategy?
- Do you experience that communication has improved since you started using the balanced scorecard? Is there any change in how the information reaches the receiver?
- Is there a different type of information that is sent now than before?
- What do you want to achieve by having a good communication concerning your goals and strategies?
- Do you have a special communication programme?

Finally

- Do you have any follow-up to check if what you communicate is received?
- Is consensus reached regarding strategies, in other words have the employees understood the organisation's strategies?

Middle management

Introduction

- What do you work with?

- How long have you worked here?

The scorecard

- Have you received any training on how to work with the balanced scorecard?
 - Has there been any follow up?
- How do you work in your department with the balanced scorecard?
- When do you discuss the scorecard in your department/at the hospital/in your working group?

Responsibility

- How do you work with the scorecard? What role do you have?
- How do you work with communicating the things you are responsible for?
- How much are the people you are responsible for part of the creation of the balanced scorecard for the department?

Communication

- How are the hospital's strategies communicated using the balanced scorecard? What tools and channels are used?
 - How good do you think they are?
- Do you have a special communication programme?
- Do you think you understand what it is the management wants to communicate?
- Has your understanding of hospital strategies improved since the hospital started using the balanced scorecard?
- What does the hospital want to achieve with having a good communication of your goals and strategies?
- How much do you feel part of what concerns the whole hospital?
- Do you feel that the balanced scorecard is a good tool to communicate your strategy?

Employees without management responsibilities

Introduction

- What do you work with?
- How long have you worked here?

The scorecard

- Have you received any training on how to work with the balanced scorecard?
 - Has there been any follow up?
- How do you work in your department with the balanced scorecard?
- When do you discuss the scorecard in your department/at the hospital/in your working group?

Responsibility

- How do you work with the scorecard? What role do you have?

Communication

- How are the hospital's strategies communicated using the balanced scorecard? What tools and channels are used?
 - How good do you think they are?
- Do you have a special communication programme?
- Do you think you understand what it is the management wants to communicate?
- Has your understanding of hospital strategies improved since the hospital started using the balanced scorecard?
- What does the hospital want to achieve by having good communication concerning your goals and strategies?
- How much do you feel part of what concerns the whole hospital?
- Do you experience that the balanced scorecard is a good tool to communicate your strategy?

B. Interview questions in Swedish

Administrativ personal

Inledande

- Vad jobbar du med?
- Berätta lite kort om Kungälv's sjukhus.

Styrkortet

- Hur jobbar ni med styrkort
 - Hur har ni lagt upp styrkortet?
 - Hur mycket utformar varje avdelning själva? I hur många olika grupper?
 - Hur mycket är de som arbetar på sjukhuset delaktiga i utformningen av styrkortet samt sättandet av mål mm?
- Ges utbildning om BSC till anställda på alla nivåer eller enbart till ansvarig på avdelning?

Kommunikation genom styrkortet

- Hur kommunicerar ni ut strategierna?
 - Vilka verktyg och kanaler används?
 - Varför just dessa verktyg och kanaler? Vilken möjlighet har ni i Kungälv att gentemot Västra Götalandsregionen själva välja vilka verktyg ni vill använda?
 - Uppstår några problem när man ska nå de anställda?
- Upplever du att styrkortet är ett bra verktyg för att kommunicera ut er strategi?
- Upplever du att kommunikationen har förbättrats sedan ni började använda styrkort? Är det någon skillnad i hur informationen når fram?
- Är det en annan typ av information som går iväg nu än tidigare?
- Vad vill ni uppnå med att ha en god kommunikation av era mål och strategier?
- Har ni något speciellt kommunikationsprogram?

Slutligen

- Har ni någon uppföljning för att kolla om det ni kommunicerar går fram?
- Är konsensus uppnådd gällande strategierna, dvs. har de anställda förstått organisationens strategier?

Mellanchefer

Inledande

- Vad jobbar du med?
- Hur länge har du jobbat här?

Styrkortet

- Har du fått någon utbildning i hur du ska arbeta med styrkort?
 - Har det varit någon uppföljning?
- Hur arbetar ni på avdelningen med styrkort?
- Vid vilka tillfällen diskuterar ni styrkortet på din avdelning/på sjukhuset/i din arbetsgrupp?

Det egna ansvaret

- Hur arbetar du med styrkortet? Vilken roll har du?
- Hur jobbar du med att kommunicera ut det som du är ansvarig för?
- Hur mycket är de som du är ansvarig för med i processen att utforma er avdelnings styrkort?

Kommunikation

- Hur kommuniceras sjukhusets strategier ut med hjälp av styrkortet? Vilka verktyg och kanaler används?
 - Hur bra tycker du att dessa är?
- Har ni något speciellt kommunikationsprogram?
- Tycker du att du förstår vad det är som ledningen vill kommunicera ut?
- Har din förståelse för organisationens strategier och mål förändrats sedan ni började använda styrkortet?
- Vad vill ni uppnå med att ha en god kommunikation av era mål och strategier?
- Hur delaktig känner du dig i det som rör hela sjukhuset?
- Hur tycker du att styrkortet fungerar som kommunikationsverktyg?

Anställda utan chefsansvar

Inledande

- Vad jobbar du med?
- Hur länge har du jobbat här?

Styrkortet

- Har du fått någon utbildning i hur du ska arbeta med styrkort?
 - Har det varit någon uppföljning?

- Hur arbetar ni på avdelningen med styrkort?
- Vid vilka tillfällen diskuterar ni styrkortet på din avdelning/på sjukhuset/i din arbetsgrupp?

Det egna ansvaret

- Hur arbetar du med styrkortet? Vilken roll har du?

Kommunikation

- Hur kommuniceras sjukhusets strategier ut med hjälp av styrkortet? Vilka verktyg och kanaler används?
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