Exploring how and why the Balanced Scorecard is diffused in its adoption and post-adoption periods: A rhetorical and affective perspective

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Abstract

Although a substantial body of literature exists on the balanced scorecard (BSC), little empirical research has been done regarding how the BSC is actually diffused within an organization over time. Drawing upon data from a longitudinal fieldwork, we study the rationales behind and the process underlying this company’s adoption and continued post-adoption use of its BSC. Our case illustrates that context-, supplier-, rhetoric-, and affect-driven perspectives complement in the adoption of the BSC. Further, we observed that the enabling power of the BSC’s visual rhetoric, in combination with strategic and affective elements, facilitated various strategizing processes in the company. The enabling power of the BSC’s visual rhetoric also produced several positive affective outcomes. We conclude that it is the visual rhetoric of the BSC that served as a ‘strategizing enabler’ and a producer of positive affective outcomes that in turn helped the BSC to get diffused in its post-adoption period. Overall, this study adds to our understanding of the rationales behind and the process underlying organizations’ adoption and continued post-adoption use of the BSC, while extending previous studies on the diffusion of the BSC.

Keywords: Balanced Scorecard; Visual rhetoric; Affective processes; Diffusion; Post-adoption; Strategizing enabler.
1. Introduction

The balanced scorecard (BSC) emerged in the early 1990s (Kaplan & Norton, 1992, 1996) and is considered to be one of the major innovations in the recent history of management accounting (Atkinson et al., 1997; Ittner & Larcker, 2001). Although a substantial body of literature now exists on the BSC (for a review, see Hoque, 2014), little empirical research has been done regarding how the BSC is actually diffused within an organization over time.

Diffusion of the BSC can be categorized into two stages: i) adoption and ii) post-adoption use. While the adoption of the BSC can be considered as a one-off phenomenon, the post-adoption use of the BSC is a continuous and ongoing process. While most prior research on diffusion of the BSC has addressed the adoption rates of the BSC and the factors that drive the adoption (e.g., Ax & Bjørnenak, 2005; Malmi, 2001; Nørreklit, 2003), the process through which the BSC is adopted and the interaction amongst the drivers of adoption have received relatively little attention.

On the other hand, there is a body of research that addresses organizations’ use of the BSC post adoption (e.g., Davis & Albright, 2004; Kraus & Lind, 2010; Wiersma, 2009). Although this body of research has identified why managers use the BSC, it does not address the process through which the BSC is diffused within an organization following its initial adoption. Further, this stream of research has identified the rationales for managers’ use of the BSC at a point in time, mainly through survey methods. But literature exists suggesting the rationale for organizations’ use of the BSC can unfold continuously (Qu & Cooper, 2011; Speckbacher, Bischof, & Pfeiffer, 2003) and can also be different from its initial adoption (Hansen & Mouritsen, 2005). The question that we are interested in here is: how and why the BSC is diffused in its adoption and post-adoption periods?

To address this question, we draw upon an in-depth, longitudinal case study of an energy and environmental services provider (hereafter referred to as ‘Alpha’). The current study contributes to the literature in the following ways. First, we extend the literature by showing that adoption of the BSC goes beyond the two most commonly articulated rationales – an imitating purpose influenced by supply-side forces (e.g., Ax & Bjørnenak, 2005; Malmi, 2001) or for its rhetorical appeal (e.g., Nørreklit, 2003) – and includes context-, supplier-, rhetoric-, and affect-driven perspectives.

Second, contrary to this literature’s belief that organizations’ continued use of the BSC is based on users’ favourable experiences with developing BSC-based metrics that feature high
representational relevance to strategy, good cause-and-effect linkages, and provide improved economic benefits (Kaplan & Norton, 1996, 2001, 2006), we observed a different set of rationales for the BSC’s continued use in our case organization. In particular, we found two distinct yet interconnected rationales for its ongoing use: i) the enabling power of BSC’s visual rhetoric facilitated several ‘strategizing’ processes in the company, and ii) this enabling power of BSC’s visual rhetoric also generated several positive affective outcomes.

As a third contribution, this paper adds to the emerging research on the enabling power of BSC’s visual rhetoric (Busco & Quattrone, 2015; Cardinaels & van Veen-Dirks, 2010; Qu & Cooper, 2011) by identifying some novel enabling effects of the BSC’s visual rhetoric and describing how the visual rhetoric of the BSC generates compounding enabling effects in multiple stages. We thus respond to the recent call of Busco and Quattrone (2015, p. 1259) to investigate the “missing link between forgotten rhetorical practices and contemporary PMSs such as the BSC …”.

The paper further contributes to the literature by responding to Boedker and Chua’s (2013, p. 265) recent call for more research to understand “how accounting, affect and action can be related.” In particular, the current study extends Boedker and Chua (2013) by suggesting that affect is not necessarily a passive outcome of an accounting technology; rather, affect can play an active and vital role in realizing the enabling effects of an accounting technology such as the BSC.

As a final contribution, this study suggests that not all rhetoric of the BSC is merely persuasive, as suggested in the existing literature (see Nørreklit, 2003). We show that the visual rhetoric of the BSC is persuasive and acts as a ‘strategizing enabler’, which has a significant impact on the BSC’s ongoing and continued use after initial adoption.

The rest of the paper is structured as follows. The next section provides the literature review. The third section details the research methodology. We then present and analyze the empirical findings drawn from our case organization. Next, we discuss the main insights that our paper brings to the existing literature. We conclude by providing a synthesis of our work and offer suggestions for future research.
2. Literature review

The three fundamental features of the BSC claimed by its designers are: i) that metrics in the BSC can faithfully represent an organization’s strategy and vision, ii) that these metrics are linked to each other in a cause-and-effect chain, and iii) that ultimately a favourable economic benefit would be derived from its use (Kaplan & Norton, 1996, 2001, 2004, 2006). Collectively, these three features are referred to as DCF (designers’ claimed fundamental) features of the BSC. In their several publications, Kaplan and Norton have claimed these three fundamental features as main drivers of BSC’s adoption and use in practice (Kaplan & Norton, 1996, 2001, 2004, 2006).

Evidence to support these claims, especially the use of the BSC and its effects on desired organizational outcomes such as a satisfactory financial result has been “mainly anecdotal” (Chenhall, 2005, p. 396). This raises a question: Despite the lack of sound empirical evidence on the DCF features of it, why the BSC is so commonly adopted and what factors account for an organization’s ongoing use of it? Most research on diffusion of the BSC suggests that supply-side forces best explain its diffusion. For example, Malmi (2001) finds that the majority of his survey organizations were influenced to adopt the BSC by fashion setters such as consulting firms (see also Ax and Bjørnenak, 2005).

An alternative viewpoint suggests that it is the rhetorical appeal of the BSC that has helped it gain worldwide popularity. For example, through performing a rhetorical analysis of Kaplan and Norton’s (1996) book – *The Balanced Scorecard: Translating Strategy into Action*, Nørreklit (2003) concludes that the particular writing style in the book, which the author calls ‘persuasive rhetoric,’ is fundamental to the attention given to the BSC (see also Free and Qu, 2011).

Diffusion of the BSC can be categorized into two stages: adoption and post-adoption use. Adoption of the BSC in an organization can be considered as a one-off phenomenon, whereas post-adoption use of the BSC is an ongoing process. Most prior research on diffusion of the BSC has mainly addressed adoption or popularity of the BSC, as opposed to its post-adoption use. Further, this body of research has mainly used survey methods focusing on the adoption rates of the BSC and the underlying drivers of adoption. As a result, it is little known about the process through which the BSC is adopted and the interaction among various factors along the adoption process.

With regard to the post-adoption use of the BSC, there are some studies that have addressed the post-adoption use of the BSC in organizations (e.g., Davis & Albright, 2004; Kraus & Lind,
2010; Wiersma, 2009). For example, Wiersma (2009) identifies three uses of the BSC: i) decision-making and decision-rationalizing, ii) coordination, and iii) self-monitoring. This body of research, however, has mainly addressed why managers use the BSC at a point in time. As a result, there is a research gap regarding the process through which the BSC is diffused in its post-adoption period and whether (and how) the rationality of organizations’ continued use of the BSC evolves along the way.

However, a stream of literature provides insights into how the BSC may fail to provide ‘demonstrable’ benefits to organizations. This literature suggests that metrics, or essentially any accounting information system are intrinsically incomplete in that they cannot capture the total complexity of organizational life (Chapman, 1997; Jørgensen & Messner, 2010; Wouters & Wilderom, 2008). Seen from this perspective, it is unlikely that metrics in the BSC – which are likely to be incomplete to some extent – could provide ‘demonstrable’ benefits to organizations.

An alternative way to view this issue is to recognize the enabling power of visual rhetoric and other inscriptions (e.g., Dambrin & Robson, 2011; Qu & Cooper, 2011; Robson, 1992). In a recent study, Busco and Quattrone (2015) show how the visual diagram of the BSC engages its users and this diagrammatical portrayal causes the BSC to unfold continuously within an organization. However, considering the limited empirical research in this regard, it is worth exploring whether there are other enabling effects of the BSC’s visual rhetoric that might also explain its continued post-adoption use.

Another approach for understanding the diffusion of the BSC derives from the affective perspective (Thrift, 2008). Affect such as desire, love, excitement, passion, and shame can be attached to a wide range of living and non-living beings such as people, things, activities, relations, institutions, and so on, including even other affects (Sedgwick, 2003). In a recent study, drawing upon the concept of ‘affective turn’, Boedker and Chua (2013) show how accounting technology – such as the dashboard, material artefacts and templates – circulates and engineers affect. While the BSC can be viewed as an accounting technology, very little attention has been paid to the link between the BSC and this concept of affect turn, especially in the BSC’s diffusion process.

1 For a detail review of affect, affective technology, and affective engineering, see Boedker & Chua, 2013.
3. Research methodology

Our paper builds upon an in-depth field study conducted in a single organization. We followed the narrative approach when conducting our fieldwork (Czarniawska, 1998). To build our narrative, we paid close attention not only to the text as articulated by organizational members but also to the actions and effects generated by visual diagrams (see Busco & Quattrone, 2015).

Alpha, the case organization, is an energy and environmental infrastructure service provider based in New Zealand. Alpha provides a wide range of services, including services to electricity generation, transmission and distribution to industrial and residential electricity users; electricity metering and testing services; infrastructure services to fibre optic asset management; solid waste management services; and greenspace and vegetation management services. As of FY 2013-14, Alpha had a more than $100 million in annual turnover and more than 500 employees.

We started our fieldwork in October 2014, shortly after the company adopted the BSC. Empirical evidence was collected from October 2014 to December 2015 and again in 2016 through interviews, archival records (both written and electronics), and observations of employees during various internal workshops and meetings. In addition, further data came from e-mail exchanges and informal on-site (e.g., company’s cafeteria) and off-site meetings (e.g., sponsored hospitality events). A total of 32 interviews were conducted, mostly lasting between 30 minutes and an hour. Table 1 provides further details relating to the collected data. To preserve the anonymity of the interviewees, the General Managers, CFO and CEO are referred to as Senior Manager #1, Senior Manager #2, and so on. Meanwhile, other interviewed managers are labelled as Manager #1, Manager #2, and so on.

Table 1 Qualitative data gathering schedule.

<table>
<thead>
<tr>
<th>Data</th>
<th>Total number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews</td>
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</tr>
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<td>Chief executive officer</td>
<td>1</td>
</tr>
<tr>
<td>Chief financial officer</td>
<td>5</td>
</tr>
<tr>
<td>General manager, Asset Management</td>
<td>2</td>
</tr>
<tr>
<td>General manager, Energy &amp; Communications</td>
<td>3</td>
</tr>
<tr>
<td>General manager, Capability &amp; Risks</td>
<td>6</td>
</tr>
<tr>
<td>Business improvement and risk manager</td>
<td>9</td>
</tr>
<tr>
<td>Human resource manager</td>
<td>3</td>
</tr>
<tr>
<td>Senior safety advisor</td>
<td>2</td>
</tr>
<tr>
<td>Manager, Environmental Services</td>
<td>1</td>
</tr>
</tbody>
</table>

2 The identities of individuals within the company, and of the company itself, have not been disclosed due to confidentiality issues agreed with the company.
Meetings
(included strategy workshops, visual management meetings, BSC workshops, operations meetings, team meeting, risk and safety meetings, and others)

<table>
<thead>
<tr>
<th></th>
<th>Total number</th>
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</tr>
<tr>
<td>Performance</td>
<td>6</td>
</tr>
<tr>
<td>General company</td>
<td>15</td>
</tr>
</tbody>
</table>

One of the researchers was based at the research site on a fulltime basis for the first eight months, and, thereafter, more sporadically during the rest of the period. Overall, this researcher spent over 700 hours at the research site. The company-provided office space enabled the researcher to be viewed as a ‘normal colleague’. This status helped the researcher gain the trust of the organization’s members, which led to his being provided substantial access to such written and visual materials as slides utilized in various internal workshops and meetings, consultants’ documents, and minutes of meetings.

4. Empirical findings and analysis

4.1 Adoption of BSC

Alpha adopted the BSC in the second quarter of 2014. Within Alpha, the BSC was known as the ‘Executive Scorecard’, which had similar architecture to the standard BSC template, although one the four perspectives was different from the standard BSC template – financial, customer, people (i.e., employee), and environment.

We observed four perspectives that played a complementary role in motivating Alpha to adopt its BSC: context-driven, supplier-driven, rhetoric-driven, and affect-driven (see Figure 1). First, we observed that Alpha’s changing organizational context was the initial driver to adopt the BSC. Following an organization-wide strategy review in FY 2012-13, Alpha exited from its development property investments and water and civil construction businesses. Alpha took this decision to reduce its risk profile and exposure to the volatile property investments and
construction contracting markets and to ensure stable profitability in the energy and environmental services sectors.³

![Adoption and Post-adoption use](image)

**Figure 1 Diffusion of the BSC**

This changing organizational context led Alpha to search for something that would help it achieve its “new strategy” and was “thinking to better structure” its performance measurement system accordingly. Subsequently, Alpha hired an international consulting firm and created a managerial position titled “Business Improvement and Risk Manager” to drive various performance measurement and other initiatives to deliver its updated strategy. The consulting firm persuaded Alpha’s management that the BSC was the ‘most appropriate’ solution to its problem. The effect of the changing organizational contexts and the influence of the consulting firm on Alpha’s adoption of the BSC can be seen from the below quotes, as recalled by two interviewees:

> Following our strategy update, we were thinking to better structure our [performance] measurement system. Specifically, we were looking for something that would help *achieving our new strategy*. And then they [the consulting firm] introduced us to the Balanced Scorecard. They gave a presentation and convinced us that the [Balanced] Scorecard can really help us in our situation. By using some [tentative] examples from our business, they showed us how the [Balanced] Scorecard could support us by *breaking down our strategy into measurable metrics* and how they [metrics] would *drive our [updated] strategy*. … We were hopeful that if we could make a *perfect* [Balanced] Scorecard, *driving our new strategy would be a lot easier*. (Manager #2, emphasis added).

> When we hired them [the consulting firm], they evaluated our strategy renewal and they recommended to use the Balanced Scorecard. We heard about it [the BSC] before, but never applied it to our organization. It’s [the BSC] a good tool to guide you through the strategy. … So, together we [the consulting firm and the organization] conducted a

³ *Source:* Principal Strategy – a major strategy document and interviewees.
workshop and decided to go with the scorecard with the hope that they [the measures in the scorecard] would be able to help us to realize our updated strategy. (Senior Manager #1).

As these quotes reveal, the rhetoric of DCF features of the BSC proved quite appealing and persuasive during the consulting firm’s workshop presentation. As reported by one manager, “By using some [tentative] examples from our business, they showed us how the [Balanced] Scorecard could support us by breaking down our strategy into measurable metrics and how they [metrics] would drive our [updated] strategy” (Manager #2). In fact, managers were hopeful that if they “could make a perfect Scorecard, driving” the “new strategy would be a lot easier,” since metrics in the BSC “would be able to help” Alpha “to realize” its “updated strategy”.

In addition to context-, supplier-, and rhetoric-driven forces, the presence of affect (e.g., pride, status) was also visible in adopting the BSC. Adoption of the BSC was considered to be a matter of pride to Alpha. On several occasions, managers’ faces were observed to glow with pride when they made comments about BSC’s worldwide popularity and fame. Further, adoption of the BSC was also associated with higher organizational status, since it was perceived to be an entry into the club of the so-called ‘elite organizations’. This can be gleaned from the following interviewee statements:

You know [the] Balanced Scorecard, a famous performance [measurement] framework! So, we are using it [expression of pride]! But we call it Executive Scorecard because right now it is only for our executives to use. … Many elite organizations [in the world] are using it. And, probably there are only a few in our industry [i.e., in New Zealand] who use it [expression of higher status]! (Manager #1, emphasis added).

They [the consulting firm] showed us [in PowerPoint slides] that some of the successful firms [in the world] are using it [i.e., the BSC]. (Senior Manager #3, emphasis added).

Overall, we observed complementarities among the context-, supplier-, rhetoric-, and affect-driven perspectives in Alpha’s decision to adopt the BSC. It is less clear, however, which of these perspectives best explain Alpha’s continued reliance on BSC post adoption. Within a few months of the BSC’s adoption, the incompleteness of the performance measurement system (PMS) in general and the performance metrics in particular became apparent. As a consequent, the rhetoric of the DCF features of the BSC faded. This observation is presented in the following section.
4.2 Incompleteness of performance metrics and PMSs

Accounting information – even if available in detailed form – are incomplete in that they provide only a limited understanding of the complex organizational activities (Chapman, 1997). From a performance measurement perspective, the incompleteness and imperfectness of representing an organization’s strategic objectives are more pronounced (Jørgensen & Messner, 2010). Invariably an organization will need to make numerous trade-offs between its strategic objectives, and these rarely adequately reflected in the PMS (Lillis, 2002).

In line with this literature, our observations and interviews revealed several instances where the incompleteness of performance metrics in the BSC, in particular, and of PMSs, in general, were gradually realized by Alpha’s members. For example, when delivering capital and maintenance work for Beta, two departments of Alpha work together – Asset Management and Energy & Communications. The former is responsible for the planning and designing of the work, whereas the latter is responsible for its execution. In the BSC, one of the performance metrics is ‘physical completion on-time’ – that is, whether the execution of particular work has been completed on time. The complexities around measuring the execution of a capital and maintenance work program and the incompleteness of a single performance metric (i.e., physical completion on-time) to capture the whole picture underlying a capital and maintenance work program for Beta were acknowledged by the Energy & Communications department:

Actually there are whole lot of metrics regarding what needs to be happened before physical completion [of the work]. In the execution of the work, it starts with long-term planning which is the AMP [asset management plan], then design, then procurement, and [then] it is execution of the work. So, if none of the upstream metrics are measured and we are measuring the last one ‘physical completion on-time’. … So, what that does is [that] everything gets squeezed, and then at the end [there is] no point in measuring something, where there is very little chance to correct. Because if something [for example] was to be planned 12 months ago, designed 10 months ago and that haven’t happened, and the physical completion is due now, then there is no point in checking that. And we have numerous examples of that. So, that measure [physical completion on-time] is not enough. There needs to have some proactive measures before that. (Senior Manager #5, emphasis added).

The incompleteness and imperfectness of a PMS were observed not only in relation to the representational ability of metrics to capture the complexity of organizational life, but also

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4 Alpha works as the asset manager of one of its sister companies that has been disguised as Beta to preserve anonymity of both the case company and the sister company.
regarding the means-ends relationships between actions and outcomes (Malina, Nørreklit, & Selto, 2007; Nørreklit, 2000). That is, the means-ends relationships between various actions and their outcomes were poorly understood and highly uncertain. A manager expressed such a concern as follows:

[…] what’s the impact of increasing people [i.e., employees] from 420 to 500? What’s the impact of that in the [total] system? What outcome can be generated from such input? It’s complex. But surely, recruiting over the period of times has an outcome. What’s the outcome? For example, our CEO questions that by February 2015 we will have ‘this number’ [a hypothetical figure] of people, which is an increase of x%. [But] what is the outcome? AMT [Asset Management Team] employed a few people, Finance & IT employed a few people, and E&C [Engineering and Communication] employed a few people. All the people’s effort are affecting in multiple ways. And getting exactly what improvement the business has made by recruiting these extra few people is really complex. (Manager #2, emphasis added).

4.3 Visual rhetoric, strategizing enabler, and affective outcomes

The above discussion suggests, that over time, the lack of representational ability of the BSC’s metrics were revealed to Alpha’s members. However, we observed that the lack of representational ability of the BSC’s performance metrics did not diminish Alpha’s continued reliance on its BSC. Rather, we observed that visual rhetoric of the BSC, in combination with affective and strategic elements, produced several compounding enabling effects in three stages (see Figure 1). These enabling effects facilitated various strategizing processes in the company and further produced several positive affective outcomes. This seemed to better explain Alpha’s ongoing use of the BSC.

4.3.1 First stage: Signalling device

In Alpha, the BSC was used predominantly as a ‘signalling device’. But it was the diagram (i.e., visual rhetoric) of the BSC (see Figure 2) that made it possible to be used as a ‘signalling device’. That is, when Alpha would want to draw its managers’ and employees’ attention to any particular activity, it would place that particular activity into the BSC’s diagram, as can be seen from the below comment of a senior manager:

If you would like people to take any tasks seriously, put them in the scorecard! People take the tasks [in the BSC’s diagram] seriously. They talk more about them and put extra efforts. ... And when you think that people have paid enough attention to a [particular]
task and now you want them [i.e., people] to be redirected to something else, replace the old metric with a new one [in the BSC’s diagram]. It’s that simple! (Senior Manager #1).

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**Alpha**

**Executive Scorecard**

<table>
<thead>
<tr>
<th>Financial</th>
<th>(Sustained profit, grow third party revenue …)</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>(Reduce harm to people …)</td>
</tr>
<tr>
<td>Customer</td>
<td>(Deliver network quality better than regulated target …)</td>
</tr>
<tr>
<td>Environment</td>
<td>(Zero harm to environment …)</td>
</tr>
</tbody>
</table>

Figure 2: Diagram of Alpha’s BSC (adapted from company materials)\(^5\)

However, the representational qualities of metrics included in the BSC’s diagram were of less concern. Rather, it was often considered more important to encourage people to talk and think about the drivers behind those metrics and to initiate improvement activities. For example, in December 2014 Alpha’s BSC included a new metric ‘quality service delivered’ under the customer dimension. Interestingly, there was neither any specific definition nor any specific target given to this metric (see Figure 3). This indicates the metric’s lack of representational qualities. When asked whether this incomplete metric was of any use, a manager responded:

> Yes, it’s true that we don’t have any target of it [i.e., quality service delivered]. But, this KPI is important. It shows that top management is concerned about [delivering] quality service. So, we take it [quality service] seriously. So, for example, our Greenspace team had several issues in meeting SLAs [service level agreements], and we had many customer complaints for this. Since the inclusion of this KPI [in the BSC’s diagram], we have organized several training programmes for our field workers in Greenspace team. We have also developed a ‘Greenspace Service Tracker’ that keeps tracking of how many SLAs are completed on time and how many are due and by when. (Senior Manager #4).

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\(^5\) This diagram was drawn on a whiteboard in Alpha’s training room during a workshop, which, in principle, also represents the basic shape of Alpha’s BSC.
That is, the metric ‘quality service delivered’ and many others included in Alpha’s BSC were framed as a means rather than an end (Ahrens & Chapman, 2004), and they were seen as a ‘point of orientation’ rather than as the ultimate ‘point of truth’ (Jordan & Messner, 2012). This suggests that the BSC was used as a ‘signalling device,’ not because of its metrics’ representational ability but because of the enabling effect of its visual rhetoric.

How were the metrics to be included in the BSC’s diagram used to be decided? On several instances, we found that metrics to be included in the BSC’s diagram were used to be decided by a mix of both strategic and affective elements. That is, alongside strategic choice, it was affective (e.g., love, worry) that would decide what to signal through the BSC. For example, measuring productivity was primarily a strategic choice following the organization-wide strategy update, as can be seen from the below statement:

To get Alpha match-fit following the downsizing and to take on the competitive challenges in the marketplace, we need to … focus to the demands of our future business with urgency. Productivity gains offer a valid means to secure our competitive position, deliver value for our customers, save costs and give our people the right tools for the job.

(Principal Strategy, p. 23, emphasis added).

Although the fundamental idea of productivity is to make an efficient use of inputs in producing outputs, it has several dimensions such as labour productivity, energy and utility productivity, machine productivity, capital productivity, and so on. The particular dimension of productivity that Alpha wanted to emphasize through and included in its BSC was “tool time – the amount of...
time people spent on value adding work relative to total hours worked” (see Figure 4), which was introduced by Manager #2 – who would mostly oversee various productivity initiatives in Alpha.

![Figure 4 An extract of Alpha’s BSC showing “tool time” metric (adapted from company materials)](image)

The introduction of ‘tool time’ in the BSC as a metric of productivity was mostly driven by Manager #2’s love, passion, and excitement for such a metric. He got familiar with the idea of ‘tool time’, which he described as a “lean methodology to measure organizational productivity”, while reading a book⁶ on organizational productivity authored by two partners of McKinsey & Company. He was very excited about this new (to him) metric to measure productivity, although he was yet to figure out how to operationalize (i.e., setting formal definition and target) this new concept in Alpha. His love and passion towards this new metric can be seen from the below comment:

> I came to know about this [metric] few weeks back, while I was reading this book [pointing at the book]. This is a very interesting book on productivity. … I just love the concept of tool time. It’s totally a new concept [to me] [expression of excitement]! I don’t know any energy company [in New Zealand] is using it. In our next industry meeting, I might share this novel concept and our experience with it [expression of excitement]! (Emphasis added).

Although there was love, passion, and excitement to the introduction of ‘tool time’, there was worry and anxiety in anticipation of this metric’s failure, as continued by Manager #2:

> But I am not sure how successful I would be [expression of worry]. If this initiative fails for whatever reasons, then I would be the loser [expression of worry]. But if it becomes successful in making a real progress, then this might be a good example of new initiative [expression of happiness]. (Emphasis added).

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⁶ To view this book, see Hammer & Somers, 2014.
Overall, we observed that visual rhetoric of the BSC enabled it to be used as a ‘signalling device’, and both strategic and affective elements played an active role therein. Did the BSC as a ‘signalling device’ have any enabling effects?

4.3.2 Second stage: Visual management

The BSC as a signalling device led to a process, what Alpha calls ‘visual management’. In relation to different metrics in the BSC, Alpha created associated visuals such as graphical charts and reports and pasted them on the walls of the training room (see Figure 5). When a particular metric would get removed from the BSC, the associated visual(s) would also get removed from the wall. A manager described it as follows:

So, here you can see [pointing at different visuals in walls of training room, where the interview was conducted] all these visuals. But from where they [visuals] have come? There is a link between our [Balanced] Scorecard and these visuals. You see different measures in the scorecard and you will see their broader picture here [in the visuals]. So, this is our ‘visual management’ on which the company is emphasizing a lot. (Manager #2).

Figure 5: A snapshot of a portion of visuals in Alpha’s training room (some areas in the picture are blacked out to hide the company’s identity).

The main objective of this visual management was to ensure better transparency and ordering in the organization’s operations and not to ignore any “elephant in the room”. To ensure that managers and employees across the organization appreciate and understand the essence of visual
management, Alpha conducted several training workshops. In such a workshop, the visual management initiative was justified as below:

The good ship Alpha! The competition is trying to make our passage harder – we have to sail in shallow water. To stay afloat we can try and dig a deeper channel or eliminate the unseen rocks of waste. … Visual management can help us to see the unseen. Is the Elephant in the room that we don’t like visible …? (Excerpts from a workshop document, emphasis added).

However, discussions on and around different visuals were both strategic and affective nature. On the one hand, a poor performance on visuals would generate worry about the company’s survival. For example, while explaining a poor performance on visuals of SAIDI [System Average Interruption Duration Index] and SAIFI [System Average Interruption Frequency Index] – two metrics to measure network quality performance, a senior manager mentioned:

Achieving regulatory target for them [SAIDI and SAIFI] is very important for our company’s survival in the market. … But you see these areas are ‘red’ [pointing at red coloured portion in the SAIDI and SAIFI visuals]. It means we failed to achieve the regulatory targets for those weeks and months. What makes me worry is that … there are many uncontrollable factors that frequently hinder the company to achieve its target. … [For example] there was a severe storm here [on a particular day] that in total costs us 29 minutes disruption in one day. That was a 160km winds and it took around two weeks to restore in the normal condition. (Senior Manager #2, emphasis added).

On the other hand, an improved performance on visuals would lead to a satisfaction in anticipation of business expansion. For example, while commenting on an improved performance on a visual named ‘Greenspace Service Tracker’, a manager commented:

We are bit relieved now. The [Greenspace] team is doing well and most areas [on the visual] is getting green. I would love to see more green landscape [laughter]! Then our customers are happy and we will get more business [from customers]. (Manager #3, emphasis added).

Overall, the BSC as a signalling device led to the development of visual management – a process that aimed to ensure better transparency and ordering in the organization’s operations through the management of visuals related to BSC’s metrics. Further, different visuals often generated a mix of strategic and affective discussion. But what were the enabling effects of visual management?
4.3.3 Third stage: Weekly meetings and repeated workshops

The activities on and around visual management process in Alpha had two broader enabling effects. First, the visual management had ensured a practice in Alpha, what was known as “weekly discipline”. That is, since the introduction of visual management in Alpha, its ELT and other managers (as invited by ELT) used to meet every week – usually on each Thursday morning around 10am in the training room, where all the visuals were – to discuss various issues related to different visuals, as well as current issues at stake. This practice had ensured a ‘sense of discipline’ – an affective outcome – in Alpha, especially among its management level, which was absent previously. A senior manager explained it as follows:

Previously, we had little follow up culture, and to be honest, a lack of discipline in operations. … Now we meet every week. We start talking about how we are doing on different visuals. We talk about different lights [i.e., red, green, and amber] on them [i.e., visuals]. We also bring any major operational issues to others’ attention. … So, now we sit at least once in a week to review our business. This has brought our very important ‘weekly discipline’. (Senior Manager #1, emphasis added).

However, the weekly discipline did not necessarily lead to a shared understanding of the organizational objectives and metrics. This was rather clear from interviews, where managers interpreted one of the financial objectives of the organization – deliver sustained net profit – rather differently:

Previously [the] company had quite a large contracting business [in water and civil construction] which would generate a lumpy return because it depends on which contract you got and how much it was. The idea of sustained shareholder return is less reliance on this lumpy return and make focus on stable return through long term contract [in electricity and environmental services]. (Senior Manager #4, emphasis added).

It [deliver sustained net profit] may mean different things to different people. In essence, what it says that in the long run the revenue stream, the dividend that [the] company gives to its shareholder should be stable. (Senior Manager #1, emphasis added).

I think sustained shareholder return suggests the lesser degree of volatility in share market price. But actually we haven’t defined it. So, it’s basically in my view that as long as we achieve our financial target, it is sustained. (Manager #2, emphasis added).

It seemed that, through weekly meeting, developing a sense of discipline within the organization, especially at the management level was considered more important rather than trying to improve a shared understanding of objectives and metrics.
Second, Alpha frequently held several intra- and inter-departmental workshops regarding various visuals to discuss mainly execution of several initiatives. However, it did not necessarily and was not meant to generate a definitive and concrete solution as claimed by the proponents of the BSC (Kaplan & Norton, 1996). Rather, one of the basic ground rules in workshops was: “Don’t dive into problem solving mode”. In fact, managers and employees were encouraged to come up with multiple ideas, since “no idea is a bad idea” and “all ideas are valid”. For example, in a workshop between Asset Management and Energy & Communications departments, the basic ground rules displayed at the beginning of the workshop are reproduced in Figure 6.

![Some basic ground rules...](image)

Figure 6 Basic ground rules for workshops (adapted from a slide used in a workshop).

Through repeated workshops, rather than trying to find a definitive solution of a problem, it was often considered more important to create a ‘sense of urgency’ – an affective outcome – among managers and employees. That is, creating a sense of urgency had priority over finding a concrete solution. This was visible in statements such as those that follow:

The workshops encourage to think any problem as an opportunity at first. [In workshops] we encourage and offer help to others. We identify obstacles and possible actions to remove them [i.e., obstacles]. We agree deadlines for various actions. … And we do repeat these in every workshop. So, what it essentially does is that it helps to create a sense of urgency, which is very vital for us. (Manager #4, emphasis added).

The workshops have created a culture of taking a problem seriously, be it little or big. And, we act very quickly. What is important is that, if we take wrong action, we have some time to adjust. But if we wait too long, we will miss the opportunity totally. (Manager #1, emphasis added).
Overall, within Alpha, activities on and around visual management led to the development of a sense of discipline through regular weekly meetings and a sense of urgency through repeated workshops. But were managers worried about the use of the BSC and its impact on the company’s financial performance?

4.4 Linkage between the BSC and Alpha’s financial performance

Our observations and interviews suggest that although alleged economic benefits derived from the BSC was one of the motivating factors in its adoption, over time managers hardly raised any concern about the linkage between the BSC and the company’s financial performance. For the year ended 30 June 2015 – i.e., approximately one year after adoption of the BSC, although total revenue was up by 15.5 percent (approximately) over the same period in 2014, net profit was down by 15.1 percent (approximately). When asked whether there is a link between the BSC and the company’s current financial performance, two interviewees responded, as below:

That’s [the BSC] not the whole thing that will explain our total financial performance. … We are measuring only a few KPIs through it and they [KPIs] get changed on and off. … So, personally, I think getting actual cause and effect is really challenging and perhaps is not important. … But I will say that the best part of it [the BSC] is that we are doing visual management. So, what’s the traffic lights system [on the visuals]? What’s the colours are [on the visuals]? I think people [are] kind of getting it [visual management]. (Senior Manager #1, emphasis added).

It’s not that simple. So, for example, we are conducting lots of trainings to our field-level workers, our contractors and sub-contractors. But these are not in the [Balanced] Scorecard at the moment. So, does it mean that they [training programs] don’t have an impact on our financial performance? At least, I don’t believe so [laughter]! (Manager #4).

Interviewees acknowledged that a whole lot of ongoing activities have varying degrees of impact on Alpha’s current financial performance and that the BSC represents only a portion of those activities. Hence, identifying a cause and effect linkage between use of the BSC and the company’s financial performance was not considered important. Rather, various enabling effects of BSC’s visual rhetoric were considered to be the best part of using the BSC.
5. Discussions

Our empirical inquiry is focused on creating a context-rich understanding of the rationales behind and the process underlying organizations’ adoption and continued post-adoption use of the BSC.

5.1 Adoption of the BSC

We suggest that adoption of the BSC is a complementarity among context-, supplier-, rhetoric-, and affect-driven perspectives. In our case, we observed context-driven forces were the initial driver in the adoption of the BSC. Following an organization-wide strategy update Alpha’s management was “looking for something that would help [its] achieving” the “new strategy”. This context-driven search led Alpha to hire an international consulting firm, who eventually persuaded Alpha’s management that the BSC would be the ‘most appropriate’ solution to the problem concerned – i.e., supplier-driven perspective. However, the rhetoric of DCF features was another important driver in Alpha’s adoption of the BSC – i.e., rhetoric-driven perspective. It was the rhetoric of DCF features of the BSC used by the consulting firm to persuade Alpha’s management in motivating to adopt the BSC. Finally, we observed that adoption of the BSC was considered not only to be a matter of pride reflected in managers’ facial and bodily appearance but also to be an entry into the club of the so-called ‘elite organizations’ – i.e., affect-driven perspective.

These findings contribute to the previous research on rationales for the adoption of the BSC. Prior studies suggest that adoption of the BSC is mainly a supplier-driven phenomenon (e.g., Ax & Bjørnenak, 2005; Malmi, 2001) or rhetoric-driven phenomenon (e.g., Nørreklit, 2003). Our study extends prior research by suggesting complementarities among context-, supplier-, rhetoric-, and affect-driven perspectives in the adoption of the BSC.

5.2 Post-adoption use of the BSC

The findings of this study also contribute to the literature on the post-adoption use of the BSC in several ways. First, we contribute to the literature on rationalities for organizations’ continued use of the BSC. The current study challenges the normative literature (Kaplan & Norton, 1996, 2001, 2006) that suggests that organizations use the BSC post adoption because i) of its DCF features, ii) it produces a shared understanding of objectives and metrics, and iii) it leads to a definitive and concrete solution. Rather, we observed two distinct yet interrelated rationales: i) the enabling power of the visual rhetoric of the BSC, in combination with strategic and affective elements, facilitates various strategizing processes in an organization, and ii) the enabling power
of the BSC’s visual rhetoric also produces several positive affective outcomes (e.g., a sense of discipline and a sense of urgency).

Second, our study contributes to previous research that suggests that visual rhetoric of the BSC has several enabling effects (Busco & Quattrone, 2015; Cardinaels & van Veen-Dirks, 2010; Qu & Cooper, 2011). We complement this stream of research by identifying some novel enabling effects of BSC’s visual rhetoric, namely: signalling device, visual management, and weekly meetings and repeated workshops, which finally produce some affective outcomes such as a sense of discipline and a sense of urgency. Further, whereas previous research has mainly focused on identifying the enabling effects of BSC’s visual rhetoric, we show the process of how the visual rhetoric of the BSC generates compounding enabling effects in several stages.

Third, we contribute to the nascent literature on affect and accounting technology (Boedker & Chua, 2013). Boedker and Chua (2013, p. 249) argue that “affect production and modulation requires technology because it is through technology and material artefacts …that affect … comes alive and is able to circulate. In other words, affect needs vehicles of transportation to move and to live”. This literature considers that affect is mostly a passive outcome of an accounting technology. In line with this literature, we also find that affect such as a sense of discipline and a sense of urgency are an outcome of different material artefacts such as visuals. What we add to this literature is to suggest an active and vital role of affect that it can play in allowing an accounting technology to generate enabling effects. In the case of Alpha, we observed that the visual rhetoric of the BSC alone was insufficient to be considered as a signalling device. Rather, affect alongside the strategic elements often played an active role in deciding what to be included in the BSC’s diagram. That is, in realizing the enabling effects of an accounting technology, affect can play a rather active and vital role.

Finally, we contribute to the literature on the rhetorical analysis of the BSC. Through performing a rhetorical analysis of a book on BSC (Kaplan & Norton, 1996), Nørreklit (2003) argues that the widespread popularity of the BSC is mainly because of its rhetoric and that this rhetoric is merely persuasive. We extend Nørreklit (2003) by suggesting that rhetoric of the BSC can be distinguished into two groups – rhetoric of DCF features and visual rhetoric (i.e., BSC diagram) and that they have differing effects on the organizations’ adoption and post-adoption use of the BSC. First, we suggest that rhetoric of DCF features of the BSC is merely persuasive. Although rhetoric of DCF features of the BSC can persuade an organization to adopt the BSC, sound empirical evidence to support the materialization of DCF features of the BSC in practice is almost nil. As a result, we argue that rhetoric of DCF features of the BSC has a significant impact
on its adoption and little (or no) impact on its subsequent use. Second, we suggest that visual rhetoric of the BSC is persuasive and acts as a ‘strategizing enabler’. That is, the enabling power of BSC’s visual rhetoric facilitates an organization’s various strategizing processes. Hence, we argue that visual rhetoric of the BSC, as a ‘strategizing enabler’, has a significant impact on organizations’ continued post-adoption use of the BSC.

6. Conclusion

This study investigates how and why the BSC is diffused in its adoption and post-adoption periods. Drawing upon an in-depth case study, we find that context-, supplier-, rhetoric-, and affect-driven perspectives complement in the adoption of the BSC. We also find that not all rhetoric around the BSC is merely persuasive. Rather, we find the rhetoric of DCF features of the BSC as merely persuasive. Visual rhetoric of the BSC, however, acts as a ‘strategizing enabler’ and produces several positive affective outcomes. Based on our observations, we conclude that it is the visual rhetoric of the BSC that serves as a ‘strategizing enabler’ and induces desired affective outcomes, which helps the BSC to get diffused in its post-adoption period.

This study calls for further investigation into a number of areas. We believe there is still a lot to learn about various enabling effects the visual rhetoric of the BSC can produce and is producing in practice. Particularly, we know little about the role of visual rhetoric as a ‘strategizing enabler’. Another important research area is affect and accounting technology. We have observed that at times affect is an active player, whereas at other times it is a passive outcome of accounting technology. Future research could address in more detail when and how affect could play active and passive roles in relation to accounting technology in an organization’s strategizing processes.

References


