Application of the Balanced Scorecard

In the healthcare department within
Jönköping County Council

Paper within Management

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Background: Kaplan and Norton developed the Balanced Scorecard in 1992. This framework has given the management the opportunity to better understand how the organization is functioning. Communication is the vital factor for success with the Balanced Scorecard and the organization. Nowadays, in a world of rapid change and competition the organizations face an untold quantity of leadership challenges, and by applying the Balanced Scorecard the management will get the chance to achieve results by putting their strategies into action. The Jönköping County Council is responsible for the healthcare within its area, and is one of numerous organizations that have implemented the Balanced Scorecard.

Purpose: The purpose of this study is to investigate the reasons the healthcare department within Jönköping County Council applied the Balanced Scorecard, how they use it, and to understand from their perspective how it benefits them. In addition to this we will present advice from employees to the management that is considering implementing the tool.

Method: This is a qualitative study with an abductive approach, where we used both primary and secondary data in this research paper. The primary data was gathered through interviews with different departments at Jönköping County Council, which contributed to different views on the use of the Balanced Scorecard. Theories about the Balanced Scorecard were gathered through secondary data.

Results/conclusions: Overall the management at Jönköping County Council are pleased and satisfied with the Balanced Scorecard. In addition to this they are all motivated and engaged in using the framework. However, they believe that the main drawbacks with the Balanced Scorecard are to make employees understand and connect the daily work to the framework, as well as finding the “correct” numerical values that reflects the organization. The benefits according to the management are the multidimensional view of the organization through the four perspectives in the Balanced Scorecard, and also the fact that they now have a framework which encourage the staff to strive to achieve a unison vision through action plans. The nursing staff was not aware of the term ‘Balanced Scorecard’ or the four perspectives, and therefore wanted to get more information about it from their executives, since they are expected to work in accordance with the framework. Through interviews with the upper- and middle management and the nursing staff we can draw the conclusion that the Jönköping County Council implemented the Balanced Scorecard since they wanted to have a system that could be used at all levels within the organization, this to get an overview and a better control of what is happening within the business.
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1 Introduction

In section 1.1 the background information and the problem discussion to the subject will be presented. Further the purpose followed by the research questions.

Since organizations face increased globalization and competition the need for methods to deal with these issues are increasing (Käll, 2005). We believe that a large amount of companies today put a substantial amount of effort and focus solely on the financial results (improving and analyzing). However, it is our belief that to succeed in today’s business climate this focus should be broadened to cover other determinants of business success, for instance; employees, customers, and development. The inclusion of these factors into the assessment will in able the management to obtain a more comprehensive view of the organization. This will contribute to the overall design and function of a more capable, consistent firm. A successful management tool will lead to an organizational cooperation, having the same goals, strategies, and vision. We believe that the Balanced Scorecard (BSC) may be a capable framework for achieving this.

Implementation of the BSC will help organizations in many ways, and this thesis will investigate the positive as well as the negative sides of using the BSC within Jönköping County Council (JCC). The JCC is an organization that has the responsibility of the healthcare in Jönköping area, because of this our thesis will concentrate on how the BSC is used within the healthcare sector.

1.1 Problem discussion

To increase the cooperation between departments and link all areas together one can implement the BSC within the organization. This tool was developed by Kaplan and Norton in 1992 after conducting a study that focused on the failure of financial measures to adequately measure organizational performance. In the realm of knowledge-based competition, the ability of organizations to develop, nurture, and mobilize their intangible assets is critical for success (Kaplan & Norton, 2001). The primary type of performance measurement used at the time was lagging financial indicators, such as; return on equity and earnings per share. These antiquated forms of measurement fail to capture the value of operational measures that include; employee skills, customer loyalty, and dealer relationships. We believe that when financial measures are the only source of Performance Management (PM), the vital areas of innovation and products and services are neglected. These often overlooked elements are key components of running and maintaining a successful organization. The BSC was created to bridge this gap, and implement a more thorough approach to the measurement of an organization’s goals and success. By going beyond the traditional financial measurements of success, the BSC approach has given the management a clearer view of how their firm is really doing. We believe that by employing these methods organizations can focus on future performance instead of relying on information from the past.

A pivotal requirement for the success of the BSC and the success of the organization is communication. Internal communication within an organization creates unity and allows for the affective transfer of knowledge from management to employee. It is a necessity that any organization, private or public have a strategy for communication established. Without this strategy the tool that the management has implemented will remain unproductive, and unused. Kaplan and Norton (2001) claim that communication strategy is a one of the
BSC’s main areas of usage, and if applied correctly will aid in the organization’s communication blockade.

In today’s world of rapid change and competition, organizations face an innumerable amount of leadership challenges. Implementing the BSC provides managers with a tool to translate strategy into action and measurable results. The BSC allows the management to look at the business from four important perspectives and to receive answers to four important questions (Kaplan & Norton, 1992).

- How do our customers see us? *(Customer perspective)*
- What must we excel at? *(Internal perspective)*
- Can we continue to improve and create value? *(Innovation and learning perspective)*
- How do we look to our shareholders? *(Financial perspective)*

With this roadmap managers are put in control, and are on the road to applying a successful PM within their organization. As companies have begun applying the BSC, the dramatic shift from financial controls to a more balanced approach must represent a fundamental departure from the standard that the employees and management are familiar with, and surely there are some sections of an organization that have been resistant to the change.

Prior to 2003, a lot of research had been done concerning the use and implementation of the BSC in private organizations, with a smaller focus placed on public organizations. When a search in Scopus was performed on April 20, 2009, the term “Balance Scorecard” during 1998-2002, we received 210 hits, but when the term “public sector” was added only 34 hits were returned. The same search was done on Google Scholar and resulted in 6,590 hits on the term “Balanced Scorecard” and 1,760 when we added the term “public sector”. This contrast shows that a greater amount of research has been done concerning the private sector. An example of an article discussing the public sector is, “Performance management in the U.K public sector - addressing multiple stakeholder complexity” written by McAdam, Hazlett, and Casey (2005). This article aims to research the features that are involved in the development and application of a performance management tool in a large public sector in the U.K, taking a stakeholder approach (McAdam et al., 2005). An example of an article that appeared using only the BSC as the search word was, “The balance on the balanced scorecard - a critical analysis of some of its assumptions” written by Norreklit (2000). The article examines to what amount there is a “cause-and-effect” association between the four perspectives; financial, customer, internal processes and growth. It also examines if the BSC can tie strategy to operational metrics (Norreklit, 2000).

According to Carmona and Grönlund (2003) Silk (1998) states that sixty percent of Fortune 1000 firms had experiences of the BSC by 1998, meaning that these companies had applied the BSC (Carmona & Grönlund, 2003), which implies an acceptance of the BSC as a quality management tool. We believe that this is a large share, saying that the tool is well known. To our knowledge, research concerning social public-sector organizations has increased during the last four to five years. Prior to this time frame research is minimal.

No organization is similar to the other. Organizations have different requirements, and therefore the PM model is shaped to fit the specific organization (Käll, 2005). The JCC is a county operated organization, and is one of many organizations that have implemented a form of the BSC that is based on the original idea, but has been changed to fit the organization (Käll, 2005). One modified model is the Public Sector Scorecard (PSS) which is de-
veloped from the idea of Kaplan and Norton, but has been modified to fit the public and voluntary organizations with less emphasis on the financial perspective of the model (Moullin, Soady, Skinner, Price, Cullen & Gilligan, 2007).

The BSC was originally designed for profit seeking corporations with share holders, and has since been modified to fit the goals of non-profit organizations with focus shifted to non-financial perspectives. It is interesting to see if a tool created to increase profits and customer acquisition can be used to improve patient care, and function in a public health sector environment.

The analysis of why the JCC applied the BSC, and the employees’ view of the benefits from it, will provide clear advice for future BSC adopters, what they need to consider.

Organizations at times face difficulties, and management needs to apply some form of PM system to increase efficiency and motivate employees to be successful. It is our goal to amend the deficiency in research in public-sector organizations by studying and analyzing the application of the BSC in the JCC.

Students will through this thesis gain knowledge and also get an understanding of the effects implementation has in real life situations. This thesis will be pertinent to academics and the business community, as well as those whom have an interest in the subject, and want to know more about the application of the BSC in the JCC. We also hope that this thesis will contribute to the JCC, maybe by bringing light to some neglected areas and also provide for increased understanding of the staff’s point of view.

1.1.1 Jönköping County Council

It is fundamental that we first give you an introduction to the JCC in order for you to fully appreciate and understand the scope of this thesis, to have background information of the core of the investigation.

The JCC is an organization with almost 10,000 employees (mainly within the healthcare department), which is controlled by politicians elected by popular vote, and is one of the largest employers in the county. The County’s delegate body consists of 81 commissioners and is the County’s supreme decision congregation. The board of the County includes 15 commissioners from the Swedish parties and is the executive political organ and is responsible for the administration of the JCC (Landstinget i Jönköpings län, 2009). Their main responsibility is to provide healthcare, medical treatment, dental service, and remaining support in the area of healthcare for approximately 330,000 inhabitants in the county expanding over their entire life (Käll, 2005). The ambition of the JCC in health and regional development are linked together in the JCC’s vision “For a good life in an attractive county” (Landstinget i Jönköpings län, 2009).

The fact that there are 10,000 employees within the JCC means they are one of the largest employers in the county. Employees are regularly being developed by training and renewal activities. The JCC has the goal of being “Best possible”, and they put emphasis on thinking and acting in a strategic way. The JCC applies different models of knowledge, measurements in different time intervals and the variation of the results, as well as the impact on the workers psychology to the changes. The JCC takes part in different international networks and projects in development. Since the JCC is a service organization they rely heavily on expertise and thus constantly develop new expertise to be able to offer the best services to the community (Landstinget i Jönköpings län, 2009).
1.2 Purpose

The purpose of this study is to investigate the reasons the healthcare department within Jönköping County Council applied the Balanced Scorecard, how they use it, and to understand from their perspective how it benefits them. In addition to this we will present advice from employees to the management that is considering implementing the tool.

1.2.1 Research questions

- Why was the BSC implemented?
- How does the BSC function on an administrative level?
- How does the healthcare sector within Jönköping County Council use the Balanced Scorecard?
- What are the benefits and drawbacks associated with the BSC?

1.3 Definitions

Below the reader can find definitions of the terminology that we have used in this thesis.

BSC: The Balanced Scorecard is a strategic planning and management tool that was designed by Kaplan & Norton. Its intent is to tie all aspects of an organisation together using details other than traditional financial measures (Kaplan & Norton, 1996).

JCC: The Jönköping County Council is an organization in Jönköping with almost 10,000 employees (mainly within the healthcare department); it is controlled by politicians elected by popular vote, and is one of the largest employers in the county. Their main responsibility is to provide healthcare, medical treatment, dental service, and remaining support in the area of healthcare for approximately 330,000 inhabitants in the county expanding over their entire life (Käll, 2005).

PM: Performance Management is an ongoing communication process of creating relationships that is taken on by the employee and the supervisor. It is structured ways of letting your employees know what is expected of them, with the goal of achieving a more successful operating organization (Bacal, 2004).

PSS: The Public Sector Scorecard is a homogeneous improvement and performance measurement framework, which reorganizes the balanced scorecard to fit the culture and values of the public and voluntary sectors (Moullin, 2002).
2 Frame of Reference

In this chapter we will present relevant theories that have been studied for this thesis. First the Balanced Scorecard and its four perspectives will be introduced, then a smaller section about the modified version of the Balanced Scorecard called Public Sector Scorecard will be explained. After the section of the Public Sector Scorecard there will be a section of previous studies that we found interesting for our thesis. These theoretical frameworks will in some cases be linked to the Jönköping County Council. The final section includes a summary of the most relevant theories for this study.

Cheng, Dainty, and Moore (2007) demonstrate in their article “Implementing a new performance system within a project-based organization” how challenging the difficulties associated with problems concerning implementation of change initiatives in an organization really are. The authors conclude in their paper that the obstacles and solutions to implementing a new performance management tool come from a lack of senior management commitment and support. They also find that employees are resistant to change and an absence of appropriate learning interventions are needed in order to smooth the introduction (Cheng et al., 2007). There may be a possibility that the reasons for implementing new performance systems and the cause of their problematic outcomes, is the same in our case analysis when it comes to the BSC. As mentioned in the above article, there is the question of whether the difficulties come from a lack of senior management support and commitment, or if there are other causes that are associated with the troublesome behavior.

In the early 1990’s the Swedish healthcare system was in a state of crisis. An increasing elderly population and constrained budgets had led to the Swedish healthcare system being reported as the worst in Europe (Baker, MacIntosh-Murray, Porcellato, Dionne, Stelmachovich & Born, 2008). Budget constraints and spiralling healthcare costs were straining the system; a management control tool was urgently needed. Along with the need to control costs was the desire to improve the overall healthcare that was available to the community. The crisis and subsequent economic downturn had led to increasing wait times and a degradation of homecare within the countries counties (Baker et al., 2008). There was also a heightened amount of concern due to the fact that the public’s awareness has increased, and put a lot of pressure on the improvement of quality of the healthcare they receive, especially the outcomes. As government organizations today face both internal and external pressure (McAdam et al., 2005). All of these concerns and theories may be appropriate when analyzing the JCC’s usage of the BSC.

2.1 Balanced Scorecard

The BSC has the goal of providing management with a framework, a way to translate the goals of the organization as well as the company’s vision into a comprehensible set of performance enhancing measures. The mission statement and desired direction of the organization deemed most effective and profitable by the management team is translated into four different perspectives (see Figure 1 below); financial, customer, internal business process, and learning and growth. The four perspectives provide a foundation in which to communicate with clarity the strategy and intentions of organization while also articulating to the employees the drivers to future success. By clearly expressing the outcomes the organization desires and the drivers of those outcomes, management hopes to energize, encourage and culminate the abilities and initiative of the individuals within the firm to achieving the long-term goals (Kaplan & Norton, 1996).
Since its inception in 1992, the BSC has been widely approved and has been implemented in private as well as government owned (public) organizations (Olve & Sjöstrand, 2006).

Olve and Sjöstrand (2006) mean that the BSC has been useful for; “communicating strategic intentions, as companies increasingly need to involve managers and employees, discussing activities that are motivated by strategic aims rather than current necessities, such as development of competencies, customer relationships, and IT, and how these will pay off in the future, monitoring and rewarding such activities” (Olve & Sjöstrand, 2006, pg. 2).

It does not matter how many measures are chosen, it is the consistency of each of the four perspectives within the company’s strategy that is important. As to choosing the right indicators it is important to take into consideration the cause-and-effect relationship (Mooraj, Oyon & Hostettker, 1999). Olve and Sjöstrand (2006) state that establishing cause and effect relationships between different measures, within or between the four perspectives, is one of the key challenges in creating a BSC.

Organizations can use the BSC within the higher levels of the organizational hierarchy. However, some organizations also choose to create BSC’s for individual employees (Olve & Sjöstrand, 2006).

Mooraj et al. (1999) state that the BSC provides information in a relevant and balanced way, reducing the time for managers to take in the information, and thereby giving them more time for the decision-making.

Mooraj et al. (1999) also declare that in Europe many organisations have implemented the BSC as a planning rather than control tool. This in line with the limitations of the BSC that Wicks and St Clair (2007) introduce almost eight years later. Further, taking the insurance company Skandia as an example, Olve and Sjöstrand (2006) say that it is very common in Scandinavia to include an additional employee or human resource perspective as well. In this region the BSC are commonly seen as a substitute for budgets (Olve & Sjöstrand, 2006).

Figure 1 - The four perspectives (Northumbria University, 2008)
The BSC is not meant as a tool of substitution, rather, a measurement system that aims to guide and measure the achievements of the organization. The system is used to recognize areas of strength, but first and foremost an area that can or should be improved in some way and therefore requires some sort of action. It allows managers to convert their vision into clear measures of success (Heery & Noon, 2001).

The objectives that are stated by the BSC are more than just a collection of financial and non-financial measures; it is a holistic process of identifying the individual parts, needs and goals of the organization and recognizing that each arm is intimately connected to the success and health of the firm as a whole. If companies are to survive and succeed in the information age of exceptional competition, it is vital that they derive strategies and implement measurement capabilities. “The BSC retains financial measurement as a critical summary of managerial business performance, but it highlights a more general and integrated set of measurements that link current customer, internal process, employee, and system performance for long-term financial success” (Kaplan & Norton, 1996, pg. 25). Implementing these four perspectives an organization is able to form a more complete picture of the needs of its individual business units, and therefore a more concise view on how to measure them (Kaplan & Norton, 1996).

According to Tarantino (2003) the external perspective means that the company should analyze how customers perceive the organization, for example by measuring customer satisfaction. The internal perspective means looking inside the organization spotting where the company must succeed and can be improved. The innovation and learning perspective means examining how the organization grows. And finally the financial perspective includes the financial performance of the organization (Tarantino, 2003).

### 2.1.1 The Financial Perspective: Lowest Possible Costs.

Financial measures historically have been the only tool, which a manager of a company could use to navigate themselves through the unclear waters of performance measures. Financial measures, though a good provider of information concerning quarterly and financial reports is mired in an accounting model that was developed centuries ago. This antiquated model is still being used by informational age companies, and is failing to account for vast sums of intangible assets (Kaplan & Norton, 1996).

“During the industrial age financial measures were an adequate tool for valuing the success of a firm, which was not reliant on customer loyalty and motivated employees as critical for success” (Kaplan & Norton, 1996, pg.7).

In today’s dynamic and new age marketplace it is necessary to account for a company’s intangible and intellectual assets, such as the quality of products and services, skilled and motivated team members, a satisfied and loyal customer base as well as brand name value and intellectual patents (Kaplan & Norton, 1996).

Although the JCC does not have shareholders they do have financial concerns and goals that must be accounted for, and that require delineation. Cost effectiveness and the quality of patient care are both concerns for the organization, and in the mid-nineties the effects of an economic downturn correlated with the increase of elderly residents contributed to the increasing of budget constraints (Baker et al., 2008). These constraints caused the JCC to look for a more efficient way to handle patient costs, and increase the type of care they received. Sven-Olof Karlsson, the former CEO of the JCC and his senior team began looking for a more effective form of management tools to provide a more unbiased picture of the counties performance, and a better guide for decision-making (Baker et al., 2008).
The old method of financial measurement as a key indicator for success is inadequate and tells only the story of past events. Financial measurements alone are ineffective in guiding the journey that the organization must take to create future value and success. According to Baker et al. (2008) Karlsson’s employment of measurement tools such as audit instruments and the BSC helped the JCC’s leaders use numerical data to measure and understand their performance throughout the county. The BSC expands the business objectives past the financial perspective of short-term performance and incorporates all segments of value that help drive and promote the long-term competitiveness and success of the organization (Kaplan & Norton, 1996). This ability to maintain a focus on financial perspectives along with building and identifying a strategy for long-term success is in our opinion a key to the successful implementation of the BSC within the JCC. In the short term this implementation led to the initiation of projects with the purpose of improving the integration and continuity of care. In the long term this exercise led to a more balanced and data-driven approach to strategic and budget planning for the council (Baker et al., 2008).

During the initial phase of the scorecard design and construction an organization should ask themselves what their goals are and how they plan on measuring them. Table 1 to the left is an example of some of the measurements the management of the JCC use when the investigating into their organization’s goals and strategies. Identifying the goals and the ways in which they should be measured are the foundational stages of building a successful BSC (Kaplan & Norton, 1996).

According to Kaplan and Norton (1996), when an organization are building their BSC they should promote all of its business units to link their financial objectives to the corporate strategy and in doing this use their financial goals as the pinnacle for development of the other areas of their scorecard. A mistake commonly made by management is applying the same financial standards and measurement to all of their business units. This unilateral approach fails to recognize that individual business units may use completely different strategies and approaches in achieving goals and it may not be appropriate to apply a single financial metric to all of the companies units. Thus, in the early stages of a company’s BSC development it is crucial that the business unit executives determine the strategy and financial goals for each individual unit and establish the relevant method of application while maintaining a prevalent and clear picture of the entire company’s goals (Kaplan & Norton, 1996).

According to Kaplan and Norton (1996), financial objectives represent the long-term goal of the organization: to provide superior returns based on the capital invested in the unit. The BSC does not conflict with this vital goal. They also stated that the implementation of the BSC could make the financial objectives explicit while customizing financial objectives to business units in different stages of their growth and life cycle. The drivers of the financial measurements should be modified for each business unit’s competitive environment

<table>
<thead>
<tr>
<th>Financial Perspective</th>
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<tbody>
<tr>
<td>Goals</td>
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<tr>
<td>Maximize Value at Least Cost</td>
</tr>
<tr>
<td>LOF Minimization</td>
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<tr>
<td>Lowest Cost Per-Capita</td>
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<tr>
<td>Lowest Cost Per-Discharge</td>
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<tr>
<td>Measurement</td>
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<tr>
<td>Cost-to-Spend Ratio</td>
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<tr>
<td>Number of claims to the LOF</td>
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<tr>
<td>Average of all healthcare divided by inhabitants</td>
</tr>
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<td>Cost for inpatients relative to the number of discharges</td>
</tr>
</tbody>
</table>

*Table 1 - Financial perspective (Baker et al., 2008)*
and strategic goals. Ultimately, all of the objectives within the BSC should be linked with the financial objectives to recognize the long-run goals of the business (Kaplan & Norton, 1996).

2.1.2 The Customer Perspective: Patient Care Quality and Satisfaction

In the customer perspective of the BSC, companies identify the customer and market segments in which they have chosen to compete. This perspective enables the firm to position their key customer measurements with the market segments with which they have chosen to compete. The organization of the decisive customer satisfaction indicators lets management form a more coherent strategy concerning the goals of the customer perspective. The key customer outcome measurements are: satisfaction, loyalty, retention, acquisition, and profitability (Kaplan & Norton, 1996). Of these measurements only satisfaction is applicable to the JCC. Retention and acquisition of patients would conflict with their goals of minimizing patient appointments and admittance duration. If private companies fail to recognize their customer's needs they inevitably lose their customers to competitors who offer higher quality goods and better customer service. The JCC, being a public sector organization lacks, in our opinion, the same drive to competition as a private sector organization, and thus has no real competitors. There are private healthcare institutions that are available to Jönköping residents, but because the JCC is a budget oriented organization the financial goals are the inverse of a traditional company. Since they are not in competition with other organizations for customers to provide healthcare, the JCC must compete with themselves, constantly trying to improve on past results. Kaplan and Norton (1996) state that when implementing the BSC managers must translate their mission and strategy statements into specific market and customer based objectives.

When formatting their organizational goals to that of the BSC, the firm will apply the five Core Measures of; Market Share, Customer Acquisition, Customer Retention, Customer Satisfaction, and Customer Profitability. These outcome measures represent the targets for companies’ marketing, operational, logistics, and product and service development processes. Once an organization has completed the initial step of identifying their market segment, they can address the issue of objectives and measures to deliver satisfaction to their customers, which in the future will create retention, acquisition and market share (Kaplan & Norton, 1996).

The above measures do have their disadvantages. “These outcome measures are lagging indicators, meaning that employees will not know how well they are doing with customer satisfaction or customer retention until it is too late to affect the outcome” (Kaplan & Norton, 1996, pg. 85).

Kaplan and Norton (1996) also state that the measures do not communicate what the employees should be doing in their day-to-day activities, and that managers must also identify what their targeted customer’s value and deliver to these customers. Contrary to these limitations the BSC gives managers the ability to concentrate on delivering superior quality goods to their targeted customer segments.

2.1.3 The Internal Business Process Perspective: How can we continue to excel?

After the objectives of the customer perspective and financial perspective have been put into effect, the organization will then begin to address the other two perspectives, the internal business perspective and the learning and growth perspective (Kaplan & Norton, 2004).
“The Internal Perspectives accomplish two vital components of an organization’s strategy: (1) they produce and deliver the value proposition for customers, and (2) they improve processes and reduce costs for the productivity component in the financial perspective” (Kaplan & Norton, 2004, pg. 98).

“The internal measures for the BSC should stem from the business processes that have the greatest impact are; cycle time, quality, employee skills, and productivity” (Kaplan & Norton 1992, pg. 132). “It is also necessary that companies try to identify their core competencies as well as the critical technologies that are required to safeguard their market share” (Kaplan & Norton 1992, pg. 132).

For the BSC, Kaplan and Norton (1996) recommend that the managers define a complete internal-process value chain that starts with the innovation process. The innovation process begins with identifying current and future customers’ needs and creating and forming new resolutions, and applying new formulas to solve these needs. Such identifications of customers’ needs can be seen in Table 2. Customers’ needs, in the context of the JCC, pertain to the needs of patients within the healthcare system. During the early 1990’s the Swedish healthcare system was in a state of crisis. Wait times for patients were at an all-time high and home care was poor (Baker et al., 2008). The system was in need of structure and reorganization. The internal business perspective and customer perspective played key roles in the JCC’s innovation process. After this process is initialized it continues onto the operations process, which was designed to clarify the system of delivering goods and services to existing customer. The final process in the value chain would be the post sale service that offers services after the sale, follow-up, letters and thank you notes. This final process would help strengthen customer loyalty, and perhaps achieve a higher rate of customer retention and acquisition if the customers’ needs were meet. When a high level of customer satisfaction is achieved the organization will be rewarded with references and recommendations (Kaplan & Norton, 1996).

“The process of deriving objectives and measures for the internal-business process perspective represents one of the sharpest distinctions between the BSC and traditional performance measurement systems” (Kaplan & Norton, 1996, pg. 92).

The more traditional measures of performance relied heavily on controlling and relied almost exclusively on the financial aspect. These more complex, flexible and complete methods of performance measurement appear to be an improvement over the old reliance on financial reports (Kaplan & Norton, 1996). This may be especially true for a public healthcare organization such as the JCC, which is attempting to remain within budget while providing superior medical care to its residents. Financial measures alone would be an insufficient evaluation of failure or success when accounting for the quality of an individual’s life.
2.1.4 The learning and Growth Perspective: How do we continue to improve?

The final perspective develops the objectives and measures necessary to motivate learning and growth with the organization. The objectives established in the financial, customer, and internal business process perspectives identify the key areas that are indispensable when it comes to accomplishing superior quality products and performance. The goals of the learning and growth method perspective are to create successful strategies that serve as a road map for achieving the targets of the first three perspectives. For an organization to maintain competitiveness and growth, it is essential that they make continual investments back into their firm. The BSC stresses the importance of investing in not only traditional areas of investment, such as, equipment and research & development but also advocates investment in their infrastructure (Kaplan & Norton, 1996).

Through Kaplan and Norton’s (1996) experience building BSCs they have been able to identify three principal categories for the learning and growth perspective; employee capabilities, information systems capabilities and motivation, empowerment, and alignment. These three principal categories help to clarify the objectives and stress the importance of the learning and growth perspective.

Innovation processes can be the most important processes performed by a company to increase productivity, sustain a competitive advantage and promote growth from within. Often management overlooks the importance of learning and innovation (Kaplan & Norton, 2004).

Within a large organization, such as the JCC, it is imperative that a strong emphasis be put on the learning and continual growth perspective, because of the possibility of the message being lost within the organization. If there is no decoupling between the strategy and the ability to promote and teach this strategy, then there is a much greater chance for success.

“The learning and growth perspective identifies the intangible assets that are most important to the strategy, and the objectives within this perspective identify which jobs (the human capital), which systems (the information capital), and what kind of climate (the organizational capital) are required to support the value-creating internal process” (Kaplan & Norton, 2004, pg. 32).

The four perspectives link to create a chain of relationships that strengthen and unite the intangible assets and the tangible assets within an organization. This unification leads to improved process performance, customer satisfaction and financial performance (Kaplan & Norton, 2004).

2.2 The Public Sector Scorecard

Although the BSC has been used successfully in many public sector organisations, Moullin et al. (2007) argue in their article that there are some difficulties with the use of the BSC in public sector organizations. These difficulties arise especially within the structural design, language and methodology of the BSC. Problems can also occur due to the differences placed on emphasis, as the BSC focuses more on financial results while the PSS puts more attention on the end product of their resources. The authors describe the PSS as a tool based on the BSC that has been individualized for public and voluntary sectors. Both frameworks are flexible and adaptable to the different needs of different organizations. The aim of the PSS is to improve the service, which is crucial in these types of organizations. The aim is also to ensure that an organisation’s strategy, processes and performance meas-
ures are connected and that they mirror the needs and expectations of the service users (Moullin et al., 2007).

Moullin et al. (2007) suggests that the main differences of the two are the addition of a “strategic perspective” that focuses on the development of the organization weighed against its main objectives, and its major performance goals. The PSS provides the same ability as the BSC; ensure the alignment between the strategy, processes, and performance measures. The PSS puts more emphasis on factors that are highly relevant to public sector organisations and their stakeholders. For example, service user involvement, working across organisational boundaries, process mapping, service improvement, and risk management. It focuses on the outcomes, how to achieve these, and the processes that underpin them (Moullin et al., 2007).

The focus on outcomes mentioned above is one of the benefits of the PSS. It also helps organizations to re-examine processes to see that they are functioning well (Sheffield Hallam University, 2009).

The intention of the PSS is to complement the BSC, fitting the culture and values of the public and voluntary sectors. It focuses much more on the outcome and this emphasis is made in the seven different perspectives; Service user/Stakeholder, Strategic key performance outcomes, Financial, Operational Excellence, Innovation and Learning, Leadership, and People, Partnership and Resources. The perspectives can be seen in Figure 2, which also shows how they are divided into three different levels; 1) Capability, 2) Processes, and 3) Outcomes (Sheffield Hallam University, 2009).

Figure 2 illustrates that the bottom three perspectives focus on making sure that capabilities to support the employees and the processes for achieving the wanted outcomes are well-functioning. The middle part of the figure is operational excellence, which is reflecting the necessary processes for achieving the wanted outcomes. The top three perspectives focus on the outcomes that matter most to the customer (service users), and also to other important stakeholders, the key performance outcomes essential for the organization, and also the financial outcomes (Sheffield Hallam University, 2009).

Our opinion is that it is good that there is a modified framework of the BSC that works in public and non-profit organizations, since PSS focus more on the outcome than the finan-
cial perspective. However, the original BSC functions in different organizations since it is an easy framework to modify to specific needs in both public and private organizations.

2.3 Previous studies

In the following section we present a collection of previous studies that we have selected in order to get an understanding of what people have researched prior this study. We will use these studies later in the analysis, where we will discuss the empirical findings and do some comparisons.

As previously stated, the BSC as such was developed by Kaplan and Norton. In 1992, almost two decades ago, the first article of the innovative measurement system was published, showing the new findings. “The Balanced Scorecard - measures that drive performance” was mainly a summary of the new findings. The authors followed this up in their next article, “Putting the Balanced Scorecard to work” (1993), which is a description of the significance of choosing measurement tools based on and connected to the strategy. The third article in the series; “Translating strategy into action: The Balanced Scorecard” (1996) is a summary of the development that has been made from the findings in 1992.

Ahn (2005) explains in his article how the BSC can be improved by individualization of the four perspectives, in order to serve the needs of the company in the best possible way. The concept of the BSC’s flexibility is also shown by Moullin et al. (2007), and this versatility allows it to be used by government as well as private organizations. In their article they present the PSS, which was built upon the framework of the four perspectives of the standard BSC. The PSS differs from the BSC by being more focused on service oriented goals. The latter framework is especially constructed for the public sector organisations. There has been a significant amount of research dealing with the complexity of performance management in the public sector in the UK, such as; dealing with the conflicting interest of stakeholders (McAdam et al., 2005). Different stakeholder groups in this example would be; customers, employees, government and regulators. Even though there probably will be some overlapping interests between some of the groups, the different categories should have their own specific measurement criteria (McAdam et al., 2005).

Hammer (2007) identifies seven mistakes in his article that are common when using different PM tools, such as the BSC. Metaphorically, and a bit comical, he has named the article “The 7 deadly sins of Performance Measurement”. First, he introduces Vanity, that many organizations use measures that will make them look better than they really are. This use of vanity is especially used to make the managers look good. Hammer (2007) asserts that Vanity is one of the most common mistakes. The second mistake, or sin, is Provincialism. This happens when the organisation is ruled by the boundaries between different department’s measurement tools; this causes conflicts between different departments. Third, is the Narcissism issue, which basically is when one measures from one’s own point of view, rather than from someone else’s perspective, for example the customer. The fourth is Laziness, meaning that one assumes that he knows enough, and knows what is important to measure without giving it any thought. The fifth is Pettiness that is when companies measure only a small part of what is important. The sixth sin is Inanity, organizations implementing measurement tools without taking the consequences into account. The seventh and final is Frivolity; which according to Hammer (2007) includes companies that do not take measurement seriously enough in the first place, making excuses for poor behavior.

We believe that when considering the usage of strategic management tool efforts must be made to insure successful implementation. Communication and personal commitment of
those involved must be scrutinized. “Middle managers are motivated more by their perceived self-interest than by the organizational interest unless they coincide, so the possibility of divergence between the self-interest of middle managers, and organization interest (as perceived by senior management) makes the management of those processes that create middle management commitment a critical prerequisite for effective strategy implementation” (Guth & MacMillan, 1986, pg. 314). We reason that if the presence of such misaligned interest is present anywhere within the organization during the implementation or design of the management tool, the tool itself could cause a fracture in the foundation of the company’s main objective, causing even more problems to develop. However, Mooraj et al. (1999) conclude that the BSC is a necessary good for organizations in today’s business world.

Another previous study of the BSC within healthcare has been done by Aidemark (2001). In his article he investigates the usage of the BSC and the processes of control in healthcare, with emphasis put on the meaning of the BSC and how it is affecting the relation between the hierarchy and the clan control in the organization. He uses a framework developed by Ouchi in 1979 that is built upon the mechanisms; market, hierarchy and clans’ perspectives for his analysis, (clan implies professionals).

Ouchi (1979) states that organizations face problems when they consist of individuals or units that do not share the same objectives or that share them only partially. Markets “deal with control problems through the ability to precisely measure and reward individual contribution” (Ouchi, 1979, pg. 833). Bureaucracies (hierarchy) rely on a combination of close examination of group acceptance of the common objectives, while “clans rely upon a relatively complete socialization process which effectively eliminates goal incongruence between individuals” (Ouchi, 1979, pg 833). This theory is quite old, but we think that it is still relevant for organizations today, since different departments within the organization do not have the same goals, such as; the financial department wants to improve the financial state, while the marketing department wants to improve awareness of the brand.

Since the control system in this case is based upon professionals, not hierarchy or markets, the clan mechanism is the solution to the problems, and professionals find these measurement objectionable (Aidemark, 2001). However, Aidemark (2001) states that professionals within the healthcare field find the BSC attractive since it brings issues other than financial measures into the light.

A large extent of commitment is crucial for the clan, and it is of importance that the individuals selected have the right education and that they share the same values as the organization, the BSC is used to improve the clan mechanism, leading to better measurement and control (Aidemark, 2001).

According to Aidemark (2001), professional usage of the BSC contributed to a more complete view of the organization and thus focus was not only on the financial perspective. However, there were some obstacles; it was difficult to find an appropriate definition of “target performance for key factors, and measurement can only be used to compare different time periods within the clinic” (Aidemark, 2001, pg.30). The clan in these conditions is willing to present the different results. The medical professionals decide what to measure and thus are the measures controlled by the clan (Aidemark, 2001).

The study also reveals that the professionals regarded the four perspectives as equally important, and that there should be a balance between the four. According to Aidemark (2001), the County Council’s senior executives regarded the BSC as a planning tool in the
long-run, and that the financial perspective is creating a limitation to the three other perspectives (Aidemark, 2001).

Aidemark (2001) states that the management implementing the BSC did not see the tool as a top down management tool, but as a tool that offered a bottom up view of the activities. This also created better communication among different clinics, which contributed to the best possible healthcare for patients. The BSC also made all areas work towards achieving the same goals, all four perspectives being equally important, having the patients as the focal point. The financial perspective is no longer the only way to show how the organization is functioning (Aidemark, 2001). We think that the bottom up view requires a great understanding and knowledge about the tool and its functioning this in order to use it in a proper way so that each level, from bottom to top, can make use of it.

The BSC also contributed to a new way to plan, present and follow up the objectives and in addition to this the organization became less centralized meaning that the clan (professionals) was given space to act on their own (Aidemark, 2001). We think that this decentralization improves the working environment since all employees have the opportunity to speak their mind and feel that they contribute to the organization. This decentralization required shared objectives, strategies and success factors within the clan. Aidemark (2001) also states that there are problems in the monitoring processes, the IT support and misinterpretations of the diagrams that need to be solved in the future. The BSC has contributed to concrete goals and the gap between different departments within the organization has decreased (Aidemark, 2001).

Aidemark (2001) has summarized the positive and the negative sides of the BSC as can be seen in Table 3 below.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promoting a dialogue</td>
<td>• Mix of measurement without self evident priorities in healthcare</td>
</tr>
<tr>
<td>• Making discussions of visions and goals necessary</td>
<td>• Demanding (management, Education, IT support)</td>
</tr>
<tr>
<td>• A structure for quality work</td>
<td>• The name (in Sweden often translated to “control card” and associated with financial control)</td>
</tr>
<tr>
<td>• A language for communication</td>
<td></td>
</tr>
<tr>
<td>• Useful on several levels</td>
<td></td>
</tr>
<tr>
<td>• Understandable/pedagogical</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Possibilities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stimulate strategy discussion</td>
<td>• A mayfly</td>
</tr>
<tr>
<td>• Stimulating comparison leading to participation and cooperation</td>
<td>• Unclear ambitions</td>
</tr>
<tr>
<td>• Pedagogic measurement for learning</td>
<td>• Top-down control instead of dialogue</td>
</tr>
<tr>
<td>• Long-term planning tool</td>
<td>• Insufficient IT support</td>
</tr>
<tr>
<td></td>
<td>• Too resource consuming (time, people)</td>
</tr>
</tbody>
</table>

Table 3 – Pros and cons with BSC (Aidemark, 2001, pg. 32)
An analysis of the BSC in healthcare organizations with an investigation of 22 case studies was performed by Gurd and Gao (2008). The 22 case studies (all not-for-profit organizations) included; ten from USA, three from Sweden and UK respectively, two from New Zealand and Australia, and one from Taiwan and Canada. They state that the first article concerning BSC in healthcare was published in 1994, and since then several articles have been written and referred to in different literatures. It is stated in the paper that the failure rate of the implementation of the BSC is 70 percent; therefore it is important to identify successful performances (Gurd & Gao, 2008).

It is in our opinion that one of the main weaknesses with BSC implementation is a misalignment of good intentions. This, being the initial intention of the organization or management to adopt the BSC, with the good intentions being placed before a well thought out platform of utilization has been put in place. Once the managers bring the BSC into the organization they are faced with the problem of attempting to “bring on board” all other employees and co-workers, who may not have the same goals, concerns or rewards as they do. The management or owners intentions may be misaligned with that of the employees, which may cause a severe lack of motivation, and the eventual failure of the BSC. It may be in the best interests of management to first create a dialogue with employees, transitioning them into the structure of the BSC, perhaps taking their opinions into consideration in the beginning stage of BSC construction.

Gurd and Gao (2008) were most interested in the learning and growth perspective since it is seen as the weakest of the four. They refer to Speckbacher, Bischof, and Pfeiffer (2003) in their text which claims that in their study concerning the BSC, over 30 percent of users did not use the learning and growth perspective, which is very surprising since this is one of the most important perspective if one wants to implement this framework in an organization (Gurd & Gao, 2008).

Gurd and Gao (2008) were quite curious of which generation of the scorecard was used in the organizations. It is stated in their paper that there are three generations of the BSC mentioned in different literatures. The first generation is combining the non-financial and financial indicators with the four perspectives developed by Kaplan and Norton. In the second generation the BSC put lots of emphasis on the cause and effect relationships between strategic objectives and measures, the relationship between performance management and strategic management. The third generation is stated to be the second generation with some additional action plans linked to several incentives. The three case studies conducted from Sweden were concerning; a department of Swedish Hospital, a clinic of Höglands Hospital, and JCC. The authors have concluded that these three studies use the second generation of the BSC, and use four perspectives in their modified framework (Gurd & Gao, 2008).

Gurd and Gao (2008) refer to Olve, Roy, and Wetter (2000) which claim that “the financial perspective in a for-profit setting would show the results of the organization’s strategy from the other perspectives. In a non-for-profit and public sector setting it would show that the organization achieves its results in an efficient manner that minimizes cost” (Gurd & Gao, 2008, pg.9).

Hospital food is an important indicator for achieving patient satisfaction according to Gurd and Gao (2008). They also claim that the people within the healthcare field may focus on the patients as customers, and then serve their needs to achieve the hospital’s mission. This is something that can be seen as common sense according to us, since you can only achieve customer satisfaction through the customers. To do this, hospitals must continually strive
to beat patients’ expectations by focusing more attention on service and patient experiences.

Gurd and Gao (2008) conclude that almost all case studies were using generation 1 or 2 of the BSC. They say that either of these versions of the BSC could possibly be the most sufficient one for the strategic implementation of the BSC in healthcare. They also encourage organizations within the healthcare field to collaborate more with similar organizations and develop scorecards which can be used to compare these organizations as well as achieve their own needs and goals.

A healthcare organization demands the ability to act fast to external changes. Wicks and St Clair (2007) suggests that the BSC lacks in 1) taking the employee perspective enough into consideration, as the commitment of employees cannot be taken for granted, 2) the BSC is assumed to be control-based, but in order to act quicker to external changes it would be better to be commitment-based, which will improve employee cooperation and communication, 3) an control-based organisation put emphasis on making trade-offs, (e.g., cost and quality), whereas in a commitment-based organisation employees are more involved in the decision-making and thereby more likely to take own initiatives, which in turn will lead to improved outcomes in many cases (Wicks & St Clair, 2007).

### 2.4 Summary of the frame of reference

*What we believed to be the most crucial views for this study, and the focus of the analysis, will be summarized in this section.*

Kaplan and Norton of course have a great importance in this study since they are the founders of the framework of the BSC.

Aidemark (2001) states that the BSC is providing a more holistic view of the organization, taking other issues (besides the financial measures) into account; this view will be reflected upon in the analysis part in comparison with the empirical findings.

Moullin et al. (2007) introduces the PSS framework. By comparing features of the PSS and the BSC we will investigate which of the two frameworks that the JCC are using.

Gurd and Gao (2008) introduce the weaknesses of the BSC, and conclude that the weakest part is the growth and learning perspective. They also state that due to the high failure rate (70 percent) when implementing the BSC, organizations need input from other organizations with experience of the BSC. Mooraj et al. (1999) states that the BSC is used more as a planning tool than a tool for controlling the organization; this is something we will see in the analysis part if this is the case in the JCC.

Hammer (2007) introduces the seven mistakes that the management can meet in applying a tool such as the BSC. These mistakes will be researched to know if they apply in the case of the JCC. In addition to this, Cheng et al. (2007) discusses obstacles and solutions in implementing a management tool. One obstacle concerns commitment by the senior management. This will be investigated and taken into account in the analysis. Commitment issues have been researched by Wicks and St Clair (2007), however from an employee point of view, as they state that employee commitment cannot be taken for granted.

Guth and MacMillan (1986) discuss misalignment between self-interest of middle managers and the organizational interests perceived by the senior management.
3 Method

In this part the reader will get an insight in how we gathered the empirical information needed for this study.

We have used both primary and secondary data. The primary data was gathered through interviews with different departments within the JCC, this contributed to different views on the use of BSC. Due to the respondents’ willingness to participate in the interviews, this method gave us more useful data, compared to sending out questionnaires. Secondary data were collected from a wide range of articles regarding the field of PM, with the BSC as a focal point. The theories about the BSC were also gathered through secondary data and provided us with guidance and direction in analyzing the data conducted through the interviews, in order to make sense of the collected data.

3.1 A qualitative vs. quantitative study

When analyzing the application of the BSC in Jönköping County Council, we have primarily used the qualitative method. The qualitative method that we have used does not require any form of calculation, but is more associated with observation. Although it is possible to perform interviews in a quantitative manner, this was not the methodology we applied to our interviews. This method is the most appropriate method to use, because we have predominantly used observation style qualitative interviews, and gathered and analyzed past research. We have used semi-structured interviews to enable them to answer more openly and to be able to restructure the questions, and interview style during the meeting. The method of quantitative research is not applicable in this analysis since we will not be calculating, or making use of any numbers or figures. During the analysis we will be attempting to understand the workings of the BSC when it is implemented in the public sector (Blaxter, 2006).

Qualitative research is concerned with understanding the behavior of the subjects studied and uses a naturalistic and uncontrolled approach, which uses observation instead of calculation (Blaxter, 2006). Research done with this method is process and discovery oriented, and will enable us to explore the subject’s reasons and motives for applying the BSC to their organization.

The quantitative method is primarily concerned with the collection and calculation of numerical data. Quantitative research seeks the facts that are associated with the causes of social phenomena, and uses obtrusive and controlled measurement (Blaxter, 2006). In this analysis we will not be attempting to explain an observed event, so the reductionist methodology used in quantitative research is not suitable for this analysis.

3.2 An inductive, deductive or abductive approach

When conducting a study one can use two approaches; inductive or deductive. Determining which one is most suitable for you depends on if it will be a qualitative or quantitative study, and if you want to start from theory or develop theory through your research. It may appear to be an easy task to choose one research approach, but often research can have the features of both inductive and deductive approach (Lewis et al., 2007).

The deductive approach is when you build a theory and hypothesis and then design your research strategy to test the hypothesis. Lewis et al. (2007) have listed the five steps the deductive study will follow:
1. State a hypothesis from theory
2. Express the hypothesis in a way that exactly tell you how to measure the variables
3. Testing the hypothesis
4. Evaluate the outcome which will confirm the theory or you need to modify the theory
5. If it is necessary, modify the theory with consideration of your result.

After this progress and if you have modified the theory you should then go through all steps once again just to verify the change. According to Lewis et al. (2007) there are two main characteristics; (1) the search towards explaining the relationship among variables, and (2) you do a generalisation by selecting sufficient sample size that can represent the whole population within your subject.

The opposite of the deductive approach, is the inductive approach where you first collect data and then build a theory from your analysis of the data. The theory follows the data in the inductive approach compared to the deductive approach where the data follows the theory. According to Lewis et al. (2007) the inductive approach;

- Intend to get an understanding of the sense humans attach to different events
- Search for a close understanding of the context of the research
- Changes of what the research stress are allowed during the development of the study
- No need to generalize

Lewis et al. (2007) mention three reasons of why it is important to make a choice of the research approach. First, it makes it possible for you to make a better decision about your research design (data collection and analysis), and it can provide a more suitable answer for your research question. Second, it will assist you in thinking about which strategies and decisions will be more functional for your case, and which ones will not. Third, the knowledge of the different research approaches will help you to overcome contingent restrictions.

There is also a third approach called abductive or grounded theory, which is a theory building approach, and is a combination of the inductive and deductive approach. Abductive reasoning is an acceptable approach to use when you want to predict and explain different behaviors. The data collection in this theory starts without any preliminary theoretical frame. Through sequence observations the theory will be developed (Lewis et al., 2007).

An abductive approach has mainly been used in this thesis since we have based our conclusion from the empirical findings compared to the theory. We have not tested any theory and we have not come up with a new theory, therefore it is a mix of inductive and deductive study. There will be some exception in the analysis and the conclusion where there might be some features from an inductive or deductive approach.
3.3 Data collection

Significant information can be obtained through either primary or secondary data, qualitative or quantitative data. Primary data is information that you collect for your own purpose while secondary data is information that has already been collected and used for other purposes. To gather primary data one can use several methods; interviews, observations, questionnaires, and case studies. Secondary forms of data are; documentary data, survey based data, and compiled data from multiple sources. Qualitative data is expressed through words, the non-standardized data collection needs to be divided into different categories depending on the classification, and the analysis of the data is done by using different concept formulations. While quantitative data is expressed through numbers, the data collection is standardized and numerical, and the analysis of the information is accomplished by applying different statistics and diagrams. Both qualitative and quantitative data are included in the primary- and secondary data (Lewis et al., 2007).

To gather primary data for this research we have conducted interviews and gathered written material provided by the JCC (secondary literature source). We interviewed people within the public organization, Jönköping County Council. We researched its view on the BSC and also investigated the reasons why they applied the framework. The information about the organization was retrieved after asking Jan-Olof Müller, at Jönköping International Business School for suggestions of organizations using the BSC, the result was the County Council in Jönköping.

Our intentions were to mainly use primary data, but we have also applied secondary literature sources in this study found in the frame of reference section.

3.3.1 Interview technique

When conducting an interview one can use three different interview techniques; structured-, semi-structured-, or unstructured interviews. When using a structured interview the questionnaire is administered by the interviewer with standardized- and identical questions, the data you collect here will be highly quantitative. The semi-structured interviews are not standardized, the data is more qualitative, and the interviewer just has a list of questions and themes that they would like to have answered. Depending on the interviewee and the conversation, the interviewer can regulate the order of the questions and add more questions if it is needed to explore the topic further. Unstructured interviews do not have any prearranged questions; instead the interviewer needs to have a clear idea of the purpose of the interview so that they know if the interview is on the right track, since the questions will vary from interview to interview (Lewis et al., 2007).

Since this thesis is a qualitative study of the BSC within the JCC, we have used a more semi-structured interview approach when meeting with employees of the JCC to obtain valid information. This choice of approach was chosen because we wanted to have a structured foundation to rely on, and also include opportunities for additional questions to get a more in-depth view. Interviewing individuals at different levels of authority within the organization gave us a more comprehensive picture of how varying levels within the administration responded to the BSC, and also what impression they had of it. To make sure that the interviewees felt comfortable to be open and honest especially the nursing staff, we have tried to emphasize a relaxed setting outside the working area. When interviewing, notes were taken when the whole group could not participate.
The interviews were conducted in Swedish, in order to reduce the likelihood of confusion and the possibility that some interviewees were not fluent in English. The interview locations and time were chosen by the interviewees to make it more convenient for them. Some interviews were conducted by telephone, due to an occupied agenda, in order to increase the chance of obtaining an interview. Three of the thesis members were involved in the one-on-one interviews because of the language barrier caused by the fact that our fourth thesis member (Sarah) is not a Swedish speaker. During the telephone interviews only one person spoke with the interviewee and took notes, which were later translated into English and in some cases (when the interviewees required) sent to the respondent to verify the information.

We have decided that the interviewees should be anonymous so they feel comfortable telling us all information needed. Therefore we have named all respondents pseudonyms (see below in Table 4). The following are the people within the management that we chose from the list of suggested interviewees provided by the JCC.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Position</th>
<th>Setting/location</th>
<th>Date of interview</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anna</td>
<td>Controller</td>
<td>In person interview at the JCC office, Jönköping.</td>
<td>2nd of April 2009</td>
<td>2.5 hour</td>
</tr>
<tr>
<td>Beth</td>
<td>Controller</td>
<td>In person interview at the JCC office, Jönköping</td>
<td>2nd of April 2009</td>
<td>2.5 hour</td>
</tr>
<tr>
<td>Carol</td>
<td>Assistant nurse (Eksjö/Nässjö)</td>
<td>In person interview at her home, Nässjö.</td>
<td>1st of April 2009</td>
<td>1 hour</td>
</tr>
<tr>
<td>Erik</td>
<td>Planning director of JCC</td>
<td>In person interview at the JCC office, Jönköping.</td>
<td>28th of April 2009</td>
<td>1 hour</td>
</tr>
<tr>
<td>Fiona</td>
<td>Chief executive officer (CEO) of JCC</td>
<td>Interviewed via telephone while at home.</td>
<td>23rd of April 2009</td>
<td>40 min</td>
</tr>
<tr>
<td>Iris</td>
<td>Assistant health-care director (Värnamo)</td>
<td>Interviewed via telephone while at work.</td>
<td>27th of April 2009</td>
<td>30 min</td>
</tr>
<tr>
<td>John</td>
<td>Chief of Engineering department</td>
<td>Interviewed via telephone while at work.</td>
<td>20th of April 2009</td>
<td>30 min</td>
</tr>
<tr>
<td>Kimberly</td>
<td>Nurse (Rylov, Jönköping)</td>
<td>Interviewed via telephone while at home, Jönköping.</td>
<td>16th of May 2009</td>
<td>30 min</td>
</tr>
</tbody>
</table>

*Table 4 – Respondents*
Our intention was to get a minimum of ten interviews with people within the JCC organization at different levels. We tried to get in touch with two nurses at Ryhov hospital in Jönköping, and two nurses at the hospital in Eksjö/Nässjö (obtained one interview from each hospital), but we did not succeed, since we did not get any appointments. This could be perceived as a weakness for our thesis since we have not been able to gather enough information from the supporting staff on how they use the BSC, and how they believe it works at the hospital.

3.4 Literature collection

Lewis et al. (2007) present advantages and disadvantages of using secondary data. Saving resources is, according to them, the main advantage of using this type of data since you are saving both time and money. You can then focus more on your analysis and interpretation of the data which is quite time consuming. If you need information fast, the only source may be secondary data. It is also good to compare your primary data with secondary data to get a better picture of your result. Lewis et al. (2007) state that the main disadvantage of using secondary data is that the data may be unsuitable for your study, since it is collected for a specific purpose before you found it, another disadvantage would be that you have little control over the quality of the information.

Lewis et al. (2007) mention three existing literature sources; primary, secondary, and tertiary. The primary literature sources are reports, theses, and conference proceedings, secondary literature sources are journals, books, documents and newspapers (publications of primary literature), and tertiary literature sources (moreover called search tools) are locating primary and secondary literature sources as well as introducing topics.

To conduct this thesis we needed various forms of information, both primary and secondary about BSC. We got primary through interviews and secondary through literature and articles.

Literature collection was gathered from several books, articles, and a dissertation which gave fundamental understanding since they provided a broad range of information within the subject. The books and articles were concerning the BSC and Swedish organizations, while the dissertation was regarding the JCC.

We started to do a search for articles (secondary literature source) in the subject in Google scholar and Scopus (tertiary literature sources); this was to gain as much knowledge as possible within the subject and also to be able to compare different perspectives and theories, but also to find previous studies regarding the BSC. When we searched for information in Google scholar and Scopus we used words such as ‘performance management, performance measurement, balanced scorecard, public sector, healthcare, measurement tools, measurement methods, performance management tools, balanserade styrkortet, and Swedish public sector.’ Drawing conclusions on what sources to be used and the number of times the articles have been cited was taken into consideration. An identification of key authors within the subject was also performed.

Using this type of data collection increased our knowledge on the subject matter, which was necessary in achieving the purpose.

Documents from the JCC are used to gain a better insight of the organization, and how they have applied the BSC. We have obtained several annual and budget reports from the JCC with a large amount of relevant and irrelevant information for our thesis.
3.5 Reliability and validity of research findings

Lewis et al. (2003) refer to Robson’s (2002) four threats to reliability; subject or participant error, subject or participant bias, observer error, and observer bias. The researchers should consider the fact that the interviewees might give different answers depending on their mood the day the interview took place; would they respond the same way on a Friday as a Tuesday? This is referred to as subject or participant error. We do not think this would result in any misleading information for our study since it is based on eight interviews and the answers are similar at each level.

The subject or participant bias are issues regarding if the interviewees sharing their real point of view or are they providing us with the information they are expected to do from instance supervisors (Lewis et al., 2003). This issue has been solved by the guarantee of anonymity to the respondents; however, the highly ranked within the JCC have a position that makes it obvious who they are. Our main purpose of the anonymity was to protect the nursing staff, this has been done.

Two other threats to reliability are regarding the observers of the interview. Observer error is the problem that occurs when more than one person performs the interview; different people might elicit different opinions from the interviewees. In addition to this is the observer bias, which is if two or more conduct the interview, there are different ways to interpret the answers (Lewis et al., 2003). This has been solved by sending the results from each interview to the person that participated; this is to make sure that we interpreted the answers as the interviewee answered, and to also eliminate any misunderstandings.

Validity is present when the findings actually support the point or claim. There are some different threats also to validity, one is that the researchers should consider if there has been any special event or changes that have taken place at the research organization that might influence or affect the results (Lewis et al., 2003). We have no information about whether any changes or events have taken place at the JCC, however, we do not believe that our research would be affected. Our research concerns the functioning of the BSC and its application and therefore includes information expanding over several years.

When conducting interviews one can increase both the validity and reliability by provide interviewees with information about the interview beforehand (Lewis et al., 2003). Before the interviews with the controllers we sent our questions by email to them, to make sure that they had the information that we needed and also to make sure that the interviewees was prepared to our questions. In addition to this we also provided information of our interest areas beforehand to Iris and Fiona.

Generalizability is an issue that is difficult when it comes to semi-structured interviews (Lewis et al., 2003). The setting we have chosen, JCC, cannot be generalized to other settings since this thesis is only based upon this organization. Thus the generalization we do in this analysis therefore only regards the JCC and not any other organization.

Other issues to think about are that if we got the correct information instead of the “good” sides of the BSC. Have we used the appropriate theory in our study, and finally, does our conclusion stand up to the closest scrutiny (Lewis et al., 2003). The small amount of respondents that we interviewed cannot represent the entire organization, but they should provide a general reflection of the communication and information paths that are being created with individual employees, and therefore provide an overall impression.
4 Empirical findings

In this chapter the reader will find the information that we have obtained from interviews with the management and the nursing staff. The questions asked to the respondents can be found in appendix 'Questions for the management' and 'Questions for the nursing staff'.

4.1 Interviews with the middle and upper management

During the initial stage of our interview process we had a discussion by telephone with Beth, a JCC controller, who arranged a date for our interview with her and Anna (another JCC controller). Anna and Beth requested that we submit our questions beforehand, and after reading them suggested, who they considered, would be the most appropriate people within the organization for us to interview. The suggestions for interview candidates were compiled for us in a list, and from this list we chose the managers we interviewed.

Beth has had several positions within the JCC, she has held the position of chief of the economy department, and has also worked within the development unit, Qulturum. She has worked all of her life within the JCC, including ten years working with the BSC. She was one of the original initiators during the implementation of the BSC method in the organization. Anna, the second JCC controller, worked within the private sector before she came to the JCC in the late 80's to work within healthcare.

John manages the engineering department, which consists of 300 employees. Iris has been the director of the Värnamo district for four years; she was previously the CEO of a media company. Fiona is the CEO of the Jönköping County Council, and thus the highest ranked official within the JCC. Erik is the Planning Director of the JCC, and has had that position for about two and a half years. Before his present employment, he was Director of the Department of medicine at Höglands hospital (Eksjö/Nässjö).

We are not able to ascertain whether these individuals were suggested for us for a particular reason, but there does appear to be a fair amount of consistency in the way in which they answered their questions. In general, management appeared to be pleased with the BSC, and only had mild suggestions for improvements or change, such as; making strategies even clearer or establishing balance between the four perspectives. It was commonly felt that it was easy to use, linked all areas of the organization together, and increased the efficiency of feedback and that each perspective was of equal importance. The management believed that employees were well informed about the BSC, and received updates concerning the JCC’s progress, as well as their own. All managers interviewed, except for surprisingly the controllers, were in agreement about the difficulties in establishing and maintaining the proper numerical values used in measurement.

In the beginning of our study we were under the impression that private institutions were competitors to the JCC, however, after the meeting with Erik we learned that the JCC had agreements with these institutions. The JCC buys their services, this if citizens choose the private instead of the public healthcare. This contributes to opportunities of options for the citizens.

All of the managers interviewed were completely unaware of the existence of the modified version of the BSC, the PSS. When we asked if Anna and Beth had ever heard of the PSS they were visibly confused. We explained that the PSS is a modified version of BSC, and that it is used within the public sector, and how it works. They immediately rejected it and said that they do not work with that kind of tool. Even if their explanation of how they
work with BSC agrees to some point with the PSS we thought that they were offended by us asking them if they used PSS instead of BSC, and refrained from asking any further questions regarding this alternative measurement tool.

4.1.1 Application

After hearing about the BSC at the Henry Ford Health System in Detroit in '95, the BSC was first discussed within the JCC, and then implemented in '96. The BSC was the first choice when initially considering the use of a performance management tool. According to John, management believed that the four perspectives would give the possibility to take all areas of the organization into consideration. The application contributed to a new way of thinking, and also new cultural characteristics could be recognized. According to Fiona, when a tool for analyzing and measuring the organization was first considered the JCC “kind of grew” into the BSC, since it coincided with the organizational goals that the JCC was continuously working towards. Since she has only been the CEO since August 2008, she was not part of the process that made the decision to implement the BSC. She believes that since the BSC brings the opportunity to plan and follow-up the organization within multiple dimensions, the four perspectives of the BSC was in line with the continuous improvement, and systematic development that the JCC was working with during the 1990’s.

“I believe that the BSC has contributed to linking all areas together, creating a red thread that helped in developing the understanding that all areas are dependent upon each other for the successful functioning of the organization” (Quotation by Fiona). The former systems were only concerned if the JCC was following the budget and if the organization was effective, such as having a lot of appointments instead of focusing on quality. The BSC was applied within the JCC due to the need of a new instrument that took into consideration the organization from several perspectives. Fiona said that the JCC’s expectation was that the BSC would increase and improve the understanding of development and renewal, and contribute to the systematic development that the JCC was working with. According to John, the BSC was introduced and put into action with the goal of establishing an improved strategy and authority within the organization. In addition to this, the vision and the strategy would help to state concrete goals, and get a better overview of the purpose and the “what we want to achieve” (Quotation by John) throughout the JCC. The outcome was as expected, and John is pleased with the results.

“The implementation took approximately three to four years that is until the organization felt comfortable in working with the tool” (Quotation by Erik). Working with the BSC is an on-going process. Erik stated that the realization has been a long journey, where it has been a lot of discussions and sometimes even hard to come to terms with issues like the different perspectives and what belongs to what, and also issues concerning different key figures.

According to Anna and Beth around 2005, the decision was made by the Association of County Councils that all County Councils should have a quality system in place to see how a control process can support the whole organization. This statement conflicts with the previous assertion by Erik that, the BSC was first phased in nearly ten years earlier, but we believe this could be due to either miscommunication or confusion about exactly which management tool was used in the early stages. According to Baker et al. (2008), in the preliminary process of working with management tools, a variety of tools, which included the BSC were introduced and studied within the council. Ideas and practices were taken from several tools. With these ideas, units and programs from across Jönköping developed their own scorecards and used them for planning and monitoring (Baker et al., 2008).
Since Iris has only been with the JCC for four years, she is unaware of the improvements the JCC was attempting when they implemented the BSC. She cannot say how long it took to implement the tool. To her knowledge the JCC wanted to control the organization, taking more than the financial issues into consideration, with other perspectives being equally important. She cannot tell if there were any difficulties when implementing the BSC.

John reported that during the initial phase there was resistance, but the solution to the resistance was frequent and continuous repetition of the meaning of the BSC. After about two years John believes that his employees had accepted the BSC as a way to perform their daily work. At present time the JCC is focusing most of their energies on safety, availability and putting the patient first.

4.1.2 The function of the BSC in JCC

The entire organization is controlled by the BSC, goals are set in line with the four perspectives, which are all equally important, and are reported to the directory every second month. The BSC is involved in all areas within the organization. It is involved in the yearly budgets and reports, but is also evident in the daily work. "The BSC functions as a ‘living’ tool, evolving to fit the needs of the unit" (Quotation by Iris). Fiona affirmed that, the BSC permeates throughout the whole organization, since all budgets and reports are based upon the BSC’s four perspectives. Although all four perspectives are considered to hold equal importance, a fifth perspective has been discussed as an addition to the original four perspectives, where the personnel in production are included.

When a new employee is recruited they are introduced to the BSC, its meaning and purpose and how the organization is working with the tool. "I think it is important that employees are familiar with the term BSC. However, I cannot guarantee that all employees remember the term" (Quotation by Iris). Once a month they conduct APTs (arbetsplatsträff) which is a staff meeting at the workplace. At these meetings they go through and evaluate the results they have obtained from the BSC. In addition to this they establish short-term goals, a week or even for a day. They have started to display the results of their focus areas on a result board; this board is placed in a public area and thus available for both employees and clients/customers. Employees that have not worked with the tool are a little intimidated since everything is measured and analyzed, and therefore the employee is exposed to others opinions and might be judged. The employees that are used to working with the tool feel secure. These employees also take their own initiatives when attempting to improve the results. The BSC also creates a competitive atmosphere, however, not exaggerated. Erik indicated that all employees are informed of what is happening, according to the BSC. Since Fiona is the CEO of JCC she does not know exactly how often the employees and especially new staff are being updated on the BSC. However, when she is recruiting an executive she discusses the vision, strategy, goals, and values.

Anna and Beth stated that the BSC is easy to use with its four perspectives and gives a multidimensional perspective of the organization. The BSC in alerts management to what areas could be improved, and could be made to be more efficient. They also stated that the BSC has a great deal of flexibility, and that the BSC is a tool that frequently develops within the organization. It is quite difficult to measure the quality of the healthcare at the three hospitals within the Jönköping area, therefore JCC asks 1,000 people each year what they think about their healthcare (called ‘Vårdbarometern’). JCC also asks patients after they have been at the hospital for different causes what they think about the healthcare they have received during the time they were admitted to the hospital. This is an excellent way of get-
ting feedback on their work performance, and to know what is good and what needs improvement.

The results from ‘Vårdbarometern’ may vary, in year 2007, 83 per cent of the Jönköping citizens were satisfied with the healthcare, and in all of Sweden 80 per cent of the population were satisfied. On the 28th April 2009 the local news on TV4 presented the results for 2008 which has changed from previous year to 75 per cent. The respondents also thought that it is quite difficult to get in touch with the care center which is something the JCC should consider.

Something that they usually ask themselves is if they should do a performance measure (comparison) with other hospitals or if they should do the measurement on how well they have worked.

In general Iris believes that all four perspectives are equally important, however, at times the focus is more centered on one of the perspectives. An example of when this occurs is when the unit feels that they are not excelling in a particular area. If they are not fulfilling the goals, they direct more focus to this specific area for some time. However, the four perspectives should be balanced equally, and the same amount of focus should be put on all. She said that many companies and other county councils put much attention on improving the financial figures in difficult times. However, in her opinion during difficult times emphasis should be placed on the learning and renewal perspectives. She believes this since all perspectives are dependent on the other, and to succeed in the financial perspective you must also succeed in the learning and renewal perspective.

Fiona spoke to us about the constant ongoing development and renewal process within the organization, and how the BSC has become a natural feature of this process. We believe that the BSC lends its organic quality to the organization by taking from their mistakes, as well as its successes and allowing the management the flexibility to grow with the tool. The JCC will naturally begin to learn the parameters and structure, along with implementations techniques most suitable for their organization.

4.1.3 The internal opinion of the perceived benefits, drawbacks, and ideas for improvements of the BSC

There are several benefits from the implementation of the BSC. In 2006 for example JCC received an award from Öhrlings PricewaterhouseCoopers for the best annual report, mostly because of their structuring of the report, and their linkage of the budget with the BSC. Something that both Anna and Beth said was that we should always remember that the budget for JCC is a product from the politicians and that the JCC does not focus that much on the financial perspective in the BSC structure. Instead they are focusing more on getting the best healthcare for the resources that they have, using the resources in an efficient way and get the best healthcare out if it.

There are some pros with the BSC according to Anna and Beth. The pros are that it was quite easy to get responses from the management and workers, get an overview of the organization through the four perspectives, and through these perspectives tries to reach the vision “for a good life in an attractive county”.

The management said that they intend to connect the staff with the organization’s vision, goals, strategies, and values at the JCC.
The BSC has made overall improvements within the organization. A clear vision has been established (“for a good life in an attractive county”); strategies and action plans are all relating to the goals. The BSC has also evolved through time. New numerical values have been introduced in JCC that are clearer and easier to understand. In addition to this the BSC provides them with a multidimensional view and concerns all areas. The tool is adaptable and if a change or development is needed, it is easily accomplished.

The management need to take lots of questions into consideration such as “If what is the benefit? Should the hospitals focus more on newborn or should they focus on the psychiatric department to decrease suicide?” (Quotation from Anna). Those are decisions and prioritizations that the hospital must make when it comes to efficiently distributing the resources it receives. It is also a matter of ethical decisions, which can be very difficult for employees to make. The JCC sees money as a restriction as well as an opportunity to fulfill the goals of the organization as well as the healthcare needs of the Jönköping community. There is a law within each county that states that you need to practice “good housekeeping” with your economic resources within the healthcare sector (at least) which means that the organization needs to have a balance within the economy concerning assets and costs. Some other cons are that it requires a great deal of administrative work, and it is sometimes difficult to persuade the organization that this tool is good for them.

Iris stated that some difficulties with the tool is establishing balance, when improving one perspective one other perspective easily is affected in a negative way, and thus it is difficult to balance all four perspectives since all are related to the other. It is sometimes difficult to divide into the different perspectives, what should be included in which perspective and Iris therefore seeks more clarity.

Fiona personally believes that the customer employment perspective is the most crucial perspective to any organization that wants to succeed in today’s business climate. She believes that if you are not service minded you will not succeed regardless of the effort placed on, for instance, the financial issues. But she also argues that all four perspectives are dependent on each other and link the organization together, and in this context are equally important.

Fiona believes it is of great importance to know how the organization functions, its goals and the ways to reach them. She is not sure that the terminology “BSC” is always used, and thus cannot say for sure that all are aware that the tool is named the BSC, however, she personally uses the terminology frequently. She cannot say that there were any particular difficulties when implementing the BSC; the only thing is that the BSC contributes to a new way of thinking and working, and that requires time and patience. Today the BSC is a natural feature in the planning, measuring, analyzing, and follow up of the organization and the vision and strategy are leading to an action-plan that is fulfilling the aims.

Further, almost all of management is pleased with the BSC and its functioning in the organization, especially since the tool links all areas and thus creates a red thread going through the entire organization.

Erik and the rest of the management mentioned that the BSC is based on economic values and not medicine, and thereby there are some difficulties (how can one measure health?). An example would be the difficulties that arise when trying to measure health; either to measure the quality or effectiveness. Erik stated that since none of the controllers have any medical education, they tend to see only numbers and figures, whereas it is essential, but
difficult to measure the effects of the healthcare. Some other difficulty that the JCC has met with the BSC is how to find links between the different perspectives.

Some people within the management believed that the organization needs a better support system for measurements, they also thought that the professions at different levels and the departments need to collaborate more to establish better cooperation.

Fiona thinks that the BSC is lacking when it comes to the basic values (ethics, moral) that is fundamental to the entire organization. However, the basic value is implemented into the JCC’s reports, and since the BSC can be changed depending on the purpose it does not really lack in anything particular.

One general assumption from the interviews with the management is that they feel that they give the employees the support and information needed to be involved in the organization’s strategies, values, goals, and vision. The BSC gives a multi-dimensional view of the organization which will give each department and concerned staff a better control of their performances according to the majority of the management interviewed. The framework is also assumed to be easy to use and adapt to the organization.

4.1.4 Advice to managers considering implementing the BSC

The management had some different and similar advice to other managers which are considering an implementation of the BSC in their organization.

Anna and Beth said that it is important that people in the organization are involved in the decisions made by the management.

John stated that it is very important to be stubborn, persistent, and the most crucial is according to John to find the most useful and relevant numerical values in order to draw accurate conclusions and assumptions.

According to Fiona the most significant thing that the management should do is to discuss the important aspects for their organization, and then link them to the four perspectives.

If an organization is considering implementing the BSC, Erik suggests that one should buy the book written by Kaplan and Norton, so you have a wide view of what the framework implies. He believes that the BSC has contributed positively to the JCC’s organization. However, if he had to do it all over again, he would have done some things different, for example making the strategies and action plans even clearer.

Some general advice from the management at JCC were that one need to consider the organization’s numerical values, try to link them to the four perspectives in the BSC, and create an understanding for the vision, goals, strategy, and success factors to come up with action plans.

4.2 Interview with the nursing staff

Carol has been working in different departments of the JCC for about three years, and is today working at Höglands hospital in Nässjö/Eksjö.

Kimberly works at Ryhov Hospital as a nurse and has done that for one year. Since she has just been within the JCC’s organization for a short period of time she was not at the hospital when they implemented the BSC. She can therefore not say whether the BSC had made
any improvements or if there were any positive or negative effects on the organization compared to before it was implemented.

After performing these interviews we realized the importance of a well-functioning organization where all the human factors are included and well-informed. After all, it is people working with people, and it lies in everybody’s interest that this organization works in the best way as possible. A funny little incident occurred in the initial contact with Carol. As introducing the BSC; we said; “so you are working with the BSC?” The answer that followed was; “Oh, how fun. Do we?” (Quotation from Carol). However, we cannot draw any overall conclusions from only two interviews with personnel working within the nursing staff. Given that the answers are highly dependent on personal knowledge, previous experiences, aptness, and interest in learning excludes us from making any generalized assumptions. However, it could be assumed that if two people are ignorant of the existence of the BSC, then it is highly likely that others are as well, given the size of the organization.

### 4.2.1 The use of the BSC on the daily routine

Since Carol was not working within the JCC during the time before implementation she has no opinion about it. Carol was not aware that the tool existed, and therefore is not familiar with how the JCC works with the BSC. After explaining what the BSC concerned, we thought that she might recognize the functioning and its incentives if she was not conscious of the term BSC. Carol said that the only thing she was familiar with was that something occasionally (every third or fourth month) arrived to her by email. These sheets were expected to be answered; however, she is not informed with the requirements by these sheets or their purpose. Further on she told us that roughly only half of her fellow workers reply, since nobody really understands what they are used for.

Carol cannot say how the BSC influences her daily routine, neither in a positive, nor in a negative way, due to the lack of awareness.

“What is Balanced Scorecard?” was the answer we got when asking Kimberly about the framework. She does not recognize the term ‘Balanced Scorecard’, but she said that they may use it indirectly in their daily work within the healthcare without knowing it. She said that they get information through the APT (staff) meetings, such as; if they need to save money, improve something, or if there will be any major changes at their department. Information on the notice board is close to nonexistent, but they can find some relevant information on the Ryhov Hospital’s intranet.

Since the BSC is unknown to Carol and Kimberly, they can neither tell how the BSC has developed through time, nor make any comparisons between the time before or after the implementation. However, Carol thinks that if they were to work with the tool it might improve the daily routines.

### 4.2.2 Information and communication

Carol does not remember receiving any information regarding the BSC when she started her current position. We discussed the strategies and visions associated with the BSC with Carol, and she stated that she independently discovered the department’s goals through co-workers. She indicated that employees do not receive any information regarding the department’s strategies or visions.
Kimberly does not either recall receiving any special information regarding the BSC when she was hired, did not get any ‘information package’, just an introduction with some seminars concerning; the computer system, ethical issues, and environmental thinking.

However, Carol believes that her chief works with the BSC a great deal since her position requires a substantial amount of administrative duties. Carol participates in workplace meetings, but they do not contain any evaluations or results of the sheets sent out to personnel. The managers expect employees to have read the results on their own that they have been provided through email and posting boards. Overall, feedback is only received in any form when there have been complaints from patients or from within the organization. An example of a reaction to negative feedback would be the “Esther” system. Esther is an 88-year old Swedish woman that lives alone and has a chronic condition, this character was created by the clinicians of Jönköping to help them clarify the wants, needs and in particular, the movements of elderly patients within care of the JCC. This exercise provided a starting point for identifying problems, and improving patient care for their senior citizen population, while tracking their progress throughout the system (Baker et al., 2008).

Carol spoke of a mandatory obligation called “Hospitalisering”, which is when the employees are required to work in other departments, to gain a deeper understanding and better overview of the activities of other divisions within the hospital. When discussing the different perspectives of the BSC, Carol mentioned the collaboration of management and staff to create a set of individual goals for the employees, these goals are to be followed-up the following year. No other management involvement with employees regarding goals and strategies was apparent to Carol.

Carol also spoke about ‘Synergy’, a tool used by the staff to report mistakes committed by fellow employees during the work day. This system is lacking according to Carol, by promoting the staff to search out mistakes in order to cause problems for the other teams. Or even worse, in some cases they do not even bother reporting faults since they do not want to be in conflicts with other teams and in turn be reported if they make mistakes. “Leading to a ‘you scratch my back, and I will scratch yours’ mentality” (Quotation by Carol). This leads to the degradation of the main objective; the healthcare.

4.2.3 Attitudes towards organization and working environment

Carol mentions that there are different attitudes towards the night-shift and the day-shift, and says that there may be a lack of information between the two shifts, resulting in different views of what to strive for. Carol believes that there is a bad atmosphere among the co-workers and in turn this influences the quality of the healthcare. Problems arising between the two shifts are to be resolved by the employees themselves, with no involvement from the supervisors. A functioning BSC would provide for clear strategies and suggest shared goals which are needed, according to Carol.

Kimberly thinks that there are some issues at her department that need to be changed. “Our executives do not understand the reality at the hospital since they are not there very often” (Quotation by Kimberly). There are discussions within the personnel that they want to change some routines in their work, but they believe that they do not have any influence since there are several instances that are depending on these routines, and therefore it is quite difficult to get your opinion heard.

As mentioned, the most significant change Kimberly wants to be done is concerning their routines. She wants her executives to be more at the department to get a better understand-
ing of the nursing staff’s reality on the day-to-day basis; she thinks that the patients will benefit from that in the long-term. But she also said that there is too much bureaucracy so the patients will be forgotten, and it will result in that the routines are not individually suited.

4.2.4 Advice to management

The greatest cause for concern, according to Carol, is the complete lack of information regarding the BSC’s existence. “If information on what strategies to use and the goals of the department were provided and made clear, I believe it would create not only a better work atmosphere, but also an increase in the quality of healthcare” (Quotation by Carol). The advice for the management concerning the BSC would be to increase the communication with the nursing staff about the tool and its functioning.

“I would recommend the organizations that want to implement the BSC to make sure that their staff knows about the framework. We need to have an understanding of why the tool is used and how we should use it in our work” (Quotation by Kimberly). This is the main advice she could give, since she feels that she is lacking information about it, and thinks it is really bad that they are expected to use something they do not even know anything about.

4.2.5 General patterns

In general, the middle and upper management are pleased and satisfied with the framework. In addition to this they are all motivated and engaged in using the BSC. However, they believe that the main drawbacks with the BSC are to make employees understand and connect the daily work to the BSC, as well as finding the “correct” numerical values that reflect the organization. They also feel that the employees are provided with sufficient information which allows them to interact and influence their work. Another assumption from the management is that the whole organization is aware of the measurement and the use of the framework.

The nursing staff, however, gave us information that contradicts the management’s statement. They did not know anything about the BSC or the four perspectives, in addition to this they said that they do not remember receiving any information regarding the results or follow ups. When we showed Carol a layout of the BSC she noticed the name Norton and referred to the anti-virus system the JCC are using on their computers.
5 Analysis

After empirical data is gathered through primary and secondary data, an analysis are conducted by using the frame of reference that are relevant for this subject. In this section a comparison between the empirical findings and the frame of reference are done in order to be able to make a thorough conclusion.

5.1.1 Application

The application process took somewhere between two to four years, according to our interviews. The main difficulties, based on the interviews, with the application of the BSC were to convince employees to apply the new tool in their daily work, and they questioned why everything should be measured and controlled. This problem could very well be the result of poor strategy communication. Communicating the scorecards requirements for measurements, and merely bringing the employees attention to the organization’s goals is not adequate. In order for the BSC to be effective all levels of an organization must be aware of the problems that initially caused the tool to be applied, and then identify their performance goals as solutions to a problem, and not simply management interference or intrusion. The degree to which the BSC will succeed is in direct proportion to the cooperation of the staff, and the extent to which they interpret their goals. In the beginning employees were uncertain about the objectives of the control, but after awhile this uncertainty transformed into something positive, and they began taking more initiatives in improving their results since they felt more responsible for the organization’s success. When interviewing John he informed us of the initial resistance to the BSC’s implementation, but overcame this by the repeated drilling of the goals and strategies that were required into the employees. The problem with this tactic is; although you may be sending a message to your employees over and over, the message may never actually be received. The actions required by the management may be fulfilled, not out of understanding, motivation or acceptance, but simply capitulation. Whether the eventual success of the scorecard reflects the effectiveness of the BSC to align management strategy to employee action, or is a result of the productiveness of the manager who reported these results is unclear. Another difficulty that arose was the ability to find the appropriate numerical values that reflected how you can measure healthcare, as well as finding the right variables for each perspective and how to measure it. Department managers appear to have been supplied an already completed scorecard that was created for them by a group directors and upper management. The initial disconnection and confusion caused by the lack of clarity in the numerical values and variables could be the result of the department managers’ lack of participation in the development of their department’s scorecard. When interviewing management they all appeared to be confident in the fact that their staff were being trained and informed regarding the procedures and requirements of the BSC, although no particular courses or classes regarding company strategy or education were mentioned. According to the interviews these problems have been improved by frequently evaluating and changing measurements in order to find the most appropriate values that reflect healthcare. The management expressed to us that they now have more knowledge about which variables to include in each perspective, and they also realize that there is an ongoing development to improve even more.

Cheng et al. (2006) reported that one of the difficulties that organizations come across when implementing the BSC is lack of commitment and support by the senior management. This does not seem to be apparent in our interviews; however, this cannot be seen as a general assumption for the whole organization. We found out from the interviews with the management that they were highly committed and motivated during the implementation and development of the BSC; however, we cannot rely heavily on this information.
since we were not able to observe the implementation process. We cannot conclude how-
ever that they were supported by the lower levels in the organization during this process.
When speaking with Anna and Beth about the application process of the BSC we asked
whether or not it was possible that the county council was using a modified version of the
BSC called the PSS. The agitation that this question caused was apparent, and concerns us
that there may be a substantial amount of personal interest involved regarding the applica-
tion of the tool. The presence of management’s personal interest in the application or de-
sign of a measurement tool could have detrimental effects on the performance of the tool
itself. If a manager feels as though they will be held personally responsible or that they have
something to gain or lose from the success or failure of the tool, there could be the possi-
bility of performance distortion, communication blockage or sabotage. According to Guth
and MacMillan (1986) middle managers will intervene in organizational decision-making
processes leading to strategy implementation when their self-interest is at stake. Although
there is no conclusive evidence to support there being middle management self-interest,
there is reason for concern, and it is something that should be investigated further.

An incentive to apply the BSC is among others, to increase open communication, which is
not being achieved in the JCC. The reason for this might be that the organization is large
and complex, meaning that the message is not spread throughout to all levels.

After speaking with two nurses we noticed a severe disconnect between these observations
and the assumptions made by the management. Both nurses reported to us that they re-
ceived no instruction regarding the BSC, and were unaware of any measurement tools
functioning within their departments. Both nurses did participate in a form of employee
training, but the BSC was not mentioned or explained specifically in either situation. The
implications of such a large gap in the observed communication could lead to not only in-
ferior performance by the staff, but also significant losses as concerned to feedback to the
upper management. Such absent feedback in turn cannot be expected to evoke improve-
ments in management activities. Currently being faced with communication issues and lack-
ing the feedback for quick improvements, the JCC is likely to incur significant losses in op-
erational efficiency. Though not being a profit oriented entity, such inferior performance is
intolerable and worth the efforts of improving the application of the BSC as a management
tool.

5.1.2  The function of the BSC in JCC

We can assume from the information we gathered from the management that the BSC is
involved in all processes within the organization and thus has a great impact on all routines;
this is however according to the management. The BSC plays a part in all areas within the
organization, an example of this is the annual reports which are based upon the four pers-
ppectives and linked to the budget. We cannot state what is included in the daily routines,
since the management did not provide this information, and the nurses were not aware
how they worked with the BSC.

Hammer (2007) states some mistakes often appear when using the BSC. The first, Vanity,
is that measures are used to improve the appearance of the organization. It is hard to know
for a fact, however, we do not believe that this is the case with the JCC. We found that the
management is motivated and really interested in how JCC functions, and especially how to
do improvements within the organization. We also think that measures can lead to a more
negative opinion from outsiders if the organization is not taking things seriously.
The second mistake Provincialism, results in conflicts between departments, letting the boundaries of the organizations come in the way of the performance. This does not appear in the healthcare within the JCC, we believe that the four perspectives have increased the understanding and created common goals that are spread throughout the organization, and this is however based on the management point of view. In such a large organization where the patients in many cases are going from one department to another during his or her hospital visit, it is crucial that the cooperation and communication between the departments really works. Carol felt that there were some competition between her team and the day-shift. Such competition, and conflicts overall, should be avoided since it probably will only lead to hard feelings, decreasing the effectiveness as well as the quality.

As it comes to the third mistake, Narcissism, which is made when measures are applied based on wrong incentives from the organization. We found that there were difficulties in finding the appropriate measurement since it is a complex organization. How do you measure healthcare? However, this has nothing to do with wrong incentives according to us, and JCC is really focusing on the customer perspective, and what the customer really values, for example by the “Vårdbarometer”. The management mentioned that being service minded is the most crucial aspect in how to survive in today’s business world.

The fourth mistake, Laziness, means that the organization believes that its knowledge is better than it actually is, and that the organization does not pay much attention on what to measure. This can also be rejected, since all of the interviewed seemed to agree that the work with the BSC is continuous. Even though the received award from Öhrlings PricewaterhouseCoopers is a receipt of the fact that their work with the BSC is of high-quality, nothing is as good as it cannot be improved, thus to avoid the former paragraph, Laziness, once again the work with the BSC requires continuous effort. We think that the JCC is aware of that the knowledge always needs to be brought up to light, and the organization is also constantly reviewing the measurement and come up with new ideas on what to measure. But what they need to consider is the fact that there may be miscommunication within the organization, and should therefore make sure that the staff get correct and updated information.

The remaining three mistakes; Inanity, Pettiness, and Frivolity, can be rejected as well. According to the interviews the JCC have put a lot of time and effort in really finding the right and relevant measures that are appropriate for the organization. Reaching a point where improvement of the organization was a must, management had to take the application of and the continuous work with the BSC seriously.

Aidemark (2001) states the importance of having commitment within the working group and also a well educated staff. We believe that the JCC through the BSC have found a way to increase this commitment by introducing a common vision, strategies and goals that permeate the organization. Aidemark (2001) also states that the BSC contributes to a holistic view of the organization. This is something we can consider is true in the case of JCC according to the management, which said that they now have got a multidimensional view of the organization. This since all parts of the organization is working with the BSC and thus all different areas are linked together and provide for this view. Aidemark (2001) also argues that since the BSC has been introduced the only perspective that shows the functionality of the organization is no longer the financial measures. This meaning that other areas help in describing the entire organization. The yearly report is structured in accordance to the BSC four perspectives. We think that the JCC must consider all four perspectives to provide the best healthcare as possible. In the working place the functionality of
the tool is crucial as well as its adaptiveness, especially since the JCC is a complex organiza-
tion.

The BSC as a tool is easy to modify to fit specific needs. For instance, the JCC has added
values as a cornerstone of the organization. According to Moullin et al. (2007) the BSC
does not take all four perspectives equally into account, but instead focuses more on the fi-
nancial perspective. We do not agree with this statement, and believe that to be successful
as an organization, which the BSC strives for; focus must be on all areas. Moullin et al.
(2007) solution to non-profit organizations is thus their modified model the PSS. Our em-
pirical findings cannot find evidence that PSS is the model the JCC is using; however, we
cannot dismiss it either. Since the JCC is a service organization and the outcomes are of
importance, and additionally have strong values that reflect the organization, the JCC of
course puts much emphasis on the outcomes, and that is the main difference between the
PSS and BSC. However, the BSC is easy to apply to different settings and therefore func-
tions well in public sectors as well.

When analyzing the interviews we could see a tendency that both the middle and the upper
management were satisfied and delighted with the BSC. They think the framework has con-
tributed with a way of thinking throughout the entire organization and provided them with
a total view. The four perspectives have increased the awareness of the importance of the
different areas within the organization. All different departments gain knowledge of the
other departments’ concerns and also a better understanding for the whole organization.

As Mooraj et al. (1999) states, many European organizations use the BSC as a planning tool
rather than a controlling tool; this is also the case within the JCC. The management states
that the tool is involved in all processes within the organization, for planning, both in the
short-run and in the long-run, measuring, analyzing, and follow ups. The tool provides for
a multidimensional view and therefore contributes to clarity of what improvements and
changes need to be done, but also it is easy to know if the organization is on the right track.
If one area does not reach the set goals, emphasis is put on the specific area to do im-
provements; however, in general all four perspectives are equally important and require the
same attention.

The management appreciates the tool and its functioning to a large extent. The JCC con-
ducts yearly research of the perceived satisfaction of their performance, the “Vårdbarome-
tern”. There was a decrease from 83 per cent in 2007 to 75 per cent of the participants that
were satisfied in 2008, this could be a sign that there may be a need for change, and that
improvements should be made. We can see that the BSC is not functioning as it should on
the “floor” since the assistant nurse and the nurse that we interviewed did not even know
of the tool’s existence. The only thing that we found out about the functioning of the BSC
was that the employees sometimes received forms to fill in, via email. The employees nei-
erther knew the purpose of it, nor did they receive any results from it. We believe that the
management should put emphasis in increasing the knowledge about the BSC and make
sure that all staff within the JCC is aware of the organization’s vision, strategies and goals.

According to Gurd and Gao (2008) the weakest part of the BSC is the learning and growth
perspective, they argue that more than 30 per cent of those applying the BSC in their or-
ganization not use this perspective. We found that the only possibility of learning new
things was through “Hospitalisering” which is mandatory for the employees at the
Höglands Hospital. This is a good opportunity to increase the understanding of other de-
partments within the hospital; however, we think that there should be other opportunities
for development, for instance capacity building days, or seminars about different subjects.
Kaplan and Norton (1996) have identified three categories for this perspective; capabilities of the employees, information systems capabilities and motivation, empowerment, and alignment, these are the crucial for the strategies. We therefore believe that JCC should increase the opportunities for development. Increased capacity building will lead to improved performance and results in customer satisfaction.

The main difference between the management and the nursing staff is; the management argues that they have provided the nursing staff with enough information of the tool, its functioning and how to use it in their daily work. But the nursing staff argues that they have not got the information provided by the management. According to the management the information is provided through; staff meeting, information package at employment, email, and other reports. We can see that there is a lack in communication between levels; however, we cannot draw any general assumptions from the interviews with the nursing staff, since we have not got more than two interviews with them.

5.1.3 The internal opinion of the perceived benefits, drawbacks, and ideas for improvements of the BSC

When comparing Aidemark’s view (2001) of the BSC with the views from the JCC’s employees we can conclude the following;

The management means that the BSC contributes to dialogues and discussions within the organization regarding vision, goals, strategies, and values. By implementing the BSC, the JCC has been able to incorporate their vision into all the different departments, which in turn has helped to get an overview of the organization through the four perspectives. It has also helped the organization to set a clear and strong goal, as well as strategies and plans related to the goals. The intention was to connect the staff with the organization’s vision, goals, and strategies, giving the organization and departments’ better control of their performances. As it has been easy to get responses from the management and workers, the framework is assumed by the management to be easy to use and adapt. However, we believe that there seem to be some problems connecting the different departments, as the management believes the departments sometimes lack in the cooperation.

According to the management, the BSC provides them with an overall view of all areas of the organization, thus accomplishing the aim. The BSC makes it easy to find out where improvements can be made, and if some change is required. Through time the BSC has evolved, whereas new numerical values have been set.

However, the BSC has not only meant benefits. One difficulty that the JCC has met with the BSC is how to find links between the four different perspectives, and to establish a balance. Improving one perspective often means a negative effect on any of the other perspectives, thus it is difficult to balance all four perspectives. Since the JCC is such a complex organization the measurements are not obvious, and thus require consideration. Management finds that the BSC is lacking in clarity, since it is difficult to decide and know what should be included in which perspective. Nonetheless, the overall belief is that the BSC is a very flexible tool that does not really lack in anything particular, one of the interviewed within the management believes that the BSC is lacking in basic values, such as ethics which is fundamental to the entire organization, though JCC has managed to include them into their reports.
As Mooraj et al. (1999) states it is common to use the tool as a planning instrument rather than for control. There occur some difficulties in that the BSC is based on economic values and not medicine. There are different interests within the organization, which create some sort of challenge; the controllers for example have no education in medicine and tend to see only figures. Thereby the dilemma: should one measure the quality or effectiveness?

The management means that a structure for the nursing staff in their daily work is created, and that the framework connects different departments, which results in a better understanding and thus expanding the collaboration. As showed by Aidemark (2001), and also in the belief of the JCC management, the different perspectives are equally important. However, Mooraj et al. (1999) have added an employee perspective. In line with what Mooraj et al. (1999) states, the management of JCC believes that the customer employment perspective is the most crucial perspective to any organization that wants to succeed in today’s business climate. To be service minded is one of the most important issues according to one of the interviewees.

The framework can be seen as demanding since the same knowledge about the BSC should be spread throughout the organization (top-down). Misunderstandings in the chain can lead to that the employees do not work according to the framework. Wicks and St Clair (2007) states that employee commitment cannot be assumed, and that the BSC lacks in this since it assumes the opposite. Aidemark (2001) states that commitment is crucial and the interview with the assistant nurse show that the information and commitment can be increased. The interviewees believe that it is of great importance that to know how the organization functions, the goals and how to reach them, thus the BSC is supposed to contribute to a collective use of language. However, it is not conclusive that the terminology “BSC” is always used. Even though the management uses the terminology frequently they are not sure if it is used throughout the whole organization. The interviewed nurses confirm this.

The BSC is a long term planning tool that requires follow up. The nurses, however, believe that there is not enough information about neither the results nor why and how the measures are done. The tool is resource consuming; it requires a great deal of administrative and time. Some of the interviewees within the management thought that the organization needs a better support system for measurements. The administrative work makes it sometimes difficult to convince the employees that the BSC is good for them, and the organization as a whole.

The management feels that they give the employees the support and information needed to be involved in the organization’s strategies, and goals. They sincerely seem to believe that the nurses know about the BSC, and what it stands for. However, obviously the nurses do not. This makes it hard/impossible to draw any valid conclusion on how the nurses are affected by the BSC, and also what they believe is the benefits. Although the nurses did not know about the BSC, processes linked to the BSC are most likely integrated in the dailywork. However, by comparing the result of the interviews of the management and the supporting staff, the first thing that comes to mind is that communication somewhat become blurred on the way. On a management level there seem to be clear awareness, knowledge and understanding.

Wicks and St Clair (2007) state that the BSC is too focused on control, and further that committed employees tend to be more effective, and thus provide further outcomes. This means that it is crucial for JCC to make it easier for the employees to make their voices heard, making them more involved. Wicks and St Clair (2007) further state that employee commitment and loyalty cannot be assumed. To establish better cooperation, the profes-
sions at different levels and the departments need to collaborate more. Our belief is that in order for nurses to be committed to their work, they have to be well-informed. This ought to enhance the use of the BSC. If the two nurses are a special case which has not been informed, or if there are other circumstances for why they do not know about the BSC, we cannot know. There may be flaws in the communication, and too little emphasis laid on informing the staff. However, one thing that is certain, in such a big organization with 10,000 employees there are probably more people that do not know what the BSC is or what it stand for.

Today, the management of JCC believes that the professions at different levels and the departments need to collaborate more to establish better cooperation. The nurses seemed to be on the same path, eager to know more. Some people within the management believed that the organization needs a better support system for measurements. By providing the employees with the right amount of information, the management will make the employees feel involved. As Wicks and St Clair (2007) mean, employee commitment and cooperation cannot be assumed. Even though the findings are a bit limited by the fact that only two nurses have been interviewed, the focus must lie in increasing the understanding of the employees. Increasing the knowledge and understanding of the employees will make them more involved in the work and they will probably take more initiatives. Making the employees more involved will in turn hopefully lead to greater outcomes. The objective with this should be to increase the cooperation between the different departments, and decrease the competition that Carol mentioned.

5.1.4 Advice to managers considering implementing the BSC

As written in the previous studies section Gurd and Gao (2008) mentioned in their article that it is essential to find organizations that have succeeded with their implementation, since the failure rate was said to be 70 per cent. Therefore organizations need to take some advice from other businesses with experiences of the BSC implementation into consideration before applying it. You can find lots of businesses using the BSC all over the world, but in this thesis we have chosen to make a research of the BSC application within the Jönköping County Council.

In the empirical findings you can find advice from the management to other organizations that are considering implementing the BSC. Beth and Anna are mentioning the fact that managers need to involve its staff in the decision making. This is something that can be seen as given since the employees need to feel that they contribute with something to the organization, this may result in higher motivated personnel in the long-term.

The most common opinion among the managers is that it is quite difficult to find relevant numerical values to use within the healthcare field. It is therefore significant that you focus on finding the most appropriate numerical values for your business. This can be tricky since you need to know what exactly you want to measure, how to find the needed variables, and then how you should measure it.

Another assumption that can be made is that the managements’ over all opinion is that the organization’s goals, values, vision, and strategies should be linked to the perspectives in the BSC, and result in action plans. This is a good way of thinking since this will lead the different departments with their values to the same goal through their strategies which will result in striving to achieve a unison vision.
When interviewing the managers we got the impression that they thought the BSC worked at all levels in the hierarchical organization at the JCC. They said that all people in the organization knew about the tool and how the organization used it in the daily work. This is something that the nursing staff did not agree upon, since they did not even know what BSC was about or how they were expected to work with it in their daily routine. This is an example of miscommunication within the organization where the management thinks they see the reality, but they need to communicate with their staff in a better way and get an understanding of their work.

As mentioned in the empirical findings, Carol and Kimberly (the nursing staff) did not recollect receiving any information concerning the BSC when they were hired. This, however, may not indicate that the whole department where they work not operates according to the framework, or that the work processes are not in line with what the tool is requiring.

Both Carol and Kimberly would recommend businesses that want to implement the BSC to make sure that their staff is informed about the framework and know how to work with it. This is something we can assume as given when an organization changes their structure and way of working. This could then maybe result in better quality of the service within the healthcare sector or wherever one is operating. The communication within a business needs to be clear and updated throughout the whole organization, something that is not yet achieved within JCC.
6 Conclusion

In this section we will briefly present the findings from our study along with the research questions, and further some possible limitations and examples of future studies will be presented.

The purpose of this study was to compile a research on the reasons for why Jönköping County Council applied the Balanced Scorecard, how they use it, and also to understand from their perspective how it benefits them. Additionally, we wanted to present some advice for the management that is considering implementing the tool.

Through interviews with the upper and middle management and the nursing staff we can draw the conclusion that the Jönköping County Council implemented the BSC because they wanted to have a system that could be used within all departments, in order to get an overview and a better control of what is happening within the organization. According to the management, two difficulties may occur when implementing the BSC; managing to make employees at all levels aware of the application of the BSC, and to find the right numerical values. Another difficulty that can arise when applying a tool such as the BSC is a lack of management commitment and support. However, it can be concluded that this is not true in the case of the JCC; at least it does not appear to be so according to the information received from the interviews. Since we were not present at the implementation, neither can any general conclusions be made, nor can we conclude that there was support from the lower levels of the organization.

The possible use of the PSS, the modified version of the BSC, cannot be dismissed in this case, since there may be personal interests involved, meaning that there can be performance distortion, communication blockage, or sabotage.

The benefits according to the JCC management are the multidimensional view of the organization through the four perspectives in the BSC, and also the fact that they now have a framework which encourage the staff to strive to achieve a unison vision through action plans. The drawbacks associated with the BSC can be seen as the difficulty of finding the right numerical values to measure the healthcare since the BSC is based on economic values not medicine. Another difficulty with the framework is to balance all four perspectives and know which variable (of information) should be included in which perspective.

The BSC’s incentive to increase open communication is not being achieved in the JCC. This conclusion is built upon the fact that the two interviewed nurses reported that they had not at all received any information about the BSC. According to the management the whole organization, at all levels, are using the BSC in their daily work, when reporting their results. But that is not the case according to the nursing staff, since they do not even recognize the term ‘Balanced Scorecard’. They may use the way of thinking unconsciously in their daily routine, but nothing they are aware of. Something that has not been achieved within Jönköping County Council is the clear and updated communication throughout the whole organization. The management needs to be aware of the fact that there is some miscommunication within the organization. They need to follow up information to insure that the staff has the knowledge of how the JCC is working, and how they are expected to work with the tool.

With only the received information, we cannot draw any general and clear conclusion on how the BSC is used on a daily-basis. However, according to the management the BSC is involved in all processes within the organization, and have an essential impact on all routines.
We can conclude that the management is not lacking in its commitment, however the information seem to become somewhat blurred along the way to the supporting staff.

We believe that the JCC must consider all of the four perspectives, in order to provide the best healthcare as possible. The management believes that the BSC contributes with a way of thinking throughout the entire organisation.

Finally, some advice to managers that are considering implementing the BSC. Firstly, it is, according to the management, important to really put an effort in finding appropriate numerical values, since JCC found it to be a bit tricky. It is also important to involve employees in the decision-making, increase the communication between the different departments, and also communication between management and employees (which need to be improved). It is important to make the employed informed about the framework, and how to work with it. The information must be clear and updated. However, although the two interviewed nurses did not know about the BSC does not imply that the whole department is not informed of the BSC, or does not work accordingly to the framework.

6.1.1 Possible Limitations

There is the possibility that the number of interviewees could be larger to get more information about how the BSC works within the organization. We could then be able to do a better assumption about how the BSC works in general.

There is also a possibility that the interviewees did not understand the subject, and therefore they answered what they thought could be the answer of our questions.

We may have to drag out information, where people do not have any real in depth knowledge we may have to explain, and thus the interview may be biased since this explanation will depend on our own views, which would lead to a one-sided point of view.

Variation in interviews; It is necessary that we attempt to make a non-biased sample of both men and women, variety of ages, level of education, but due to the limitations of availability of interviewees there is a possibility that groups will not be equally represented. This could lead to a false analysis and conclusion of the BSC’s effectiveness, since it is crucial that the BSC is understood throughout the whole organisation.

6.2 Further studies

For studies in the future within this field we would suggest to take this study a step further, and make a deeper analysis of each of the four perspectives. This thesis is about the BSC and its affect on the organization overall. Digging more into each one of the four perspectives by making more interviews with the nursing staff would allow the researcher to gain more knowledge of the interaction between the different levels within the organization, and also to understand how the employees perceive the BSC, if the management view and expectations fits with the employees. Also, one could then come up to a solution on how and where in the chain the BSC can be improved, or the other way around, where the BSC can improve the different divisions of the chain. Instead of using semi-structured interviews one can tackle the subject using quantitative methods. Getting in touch with more people at different levels would also mean that one can draw more general assumptions, by comparing the information.
Another idea would be to compare different county councils that use the BSC, and see if it functions in similar way. This would be a way of learning from each other. To see where other county councils have succeeded but also where they have met problems. This way one can make use of the knowledge of others, and thus avoiding unnecessary pitfalls. The comparison could include what measures other County Councils use, if there are any additional that the JCC lacks or if JCC found some measure particularly useful. Perform a long-term study, following the implementation, use, and development of the tool within the organization over time, would also allow one to find pitfalls, but also to observe employee behaviour.

One could also compare JCC with another County council who does not use the BSC to see differences. It would be answering the questions; is the BSC framework really as effective as is stated in the literature, or are there only success stories, do organizations manage without the BSC and still being functional?

Finally, however, a bit harder as it comes to availability/accessibility, but equally interesting is to do a study based on the comparison of one organisation that uses the PSS framework and another that uses the BSC framework. Which of the two frameworks are the most suitable for an organisation such as the County Council?
References


*Figure 1 - The four perspectives*


*Figure 2 – The Public Sector Scorecard*

**Table 1 - Pros and cons with BSC**


**Table 2 - Financial perspective**

Information to table retrieved from:


**Table 3 - Internal business perspective**

Information to table retrieved from:

Appendices

Questions for the management

1. When did JCC implement the BSC? How long did it take?
2. What were your reasons for implementing it?
   - Did you have any other options?
   - Which in that case?
   - Why was the Balanced Scorecard the most preferable?
3. What improvements did you want to achieve with the implementation?
4. How does the tool function within the organization?
   - Does the whole organization use it, or is it just some departments?
   - Does the organization use all four perspectives?
   - Do you think all four perspectives are equally important?
   - How often does the JCC update its employees? Information at employment?
5. What effect has Balanced Scorecard on your organization?
   - Positive effects?
   - Negative effects?
6. Do you think the tool is lacking in anyway?
7. Is there anything you want to change with BSC?
8. How has BSC developed over time within the organization since implementation?
9. If you look back before you implemented this tool, would you still implement it today when you know the result of it?
   - Why? Or why not?
10. In general, how satisfied are you with the BSC?
11. If you could give an advice for companies that are considering implementing Balanced Scorecard, what would that be?
12. Do you know what the Public Sector Scorecard is?
Questions for the nursing staff

1. How long have you been working within JCC?
   - At which hospital today?

2. How did you feel when the management implemented the BSC?

3. How does the organization work with the tool?
   - Does the whole department use the BSC?
   - Does department use all four perspectives?
   - Do you think all four perspectives are equally important?
   - How often do you get information of the BSC?
     - What information did you get when you started your employment?

4. What effect has Balanced Scorecard in your daily work?
   - Positive effects?
   - Negative effects?

5. Do you think the tool is lacking in anyway?

6. Is there anything you want to change with BSC?

7. How has BSC developed over time within the department since implementation?

8. If you look back before the tool was implemented, would you prefer the BSC or not now when you know the result of it?

9. In general, how satisfied are you with the BSC?

10. If you could give an advice for the management that are considering implementing the BSC what would that be?