

The enabling effects of the Balanced Scorecard

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Master thesis

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Abstract

This Master Thesis elaborates on the enabling effects that exist within the Balanced Scorecard as a rhetorical machine. With the help of the rhetorical machine by Busco and Quattrone (2015), the functioning of the Balanced Scorecard can be investigated within TenneT TSO Arnhem. Furthermore, the enablingness of the Scorecard of the company is elaborated on. With this, the impact of incomplete performance indicators on the functioning of the Balanced Scorecard can be evaluated. Both theories will be tested by conducting interviews within TenneT TSO Arnhem, a company that maintains the transporting service for electricity. The Balanced Scorecard within TenneT TSO Arnhem can best be described as being enabling. However, the company should focus on creating clearer linkages between the performance indicators and the strategy of the firm. With regard to the rhetorical machine, several functions are in place. Multiple improvements need to be made to let the rhetorical machine come forward more clearly within the firm. For instance, increasing firm-wide involvement with the Balanced Scorecard can lead to an increase in the continuous pressure on the performance indicators in place.

Keywords: Balanced Scorecard, Rhetorical machine, Enabling control.

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1. Introduction

The energy transition in the Netherlands is posing problems for the Dutch transmission system operators (De Boer, 2019). This because the progress in creating sufficient energy transmission systems is slow. In order to face the problems, TenneT amongst others needs to make sure that the capacity of the transmission systems is capable of dealing with the increase in electricity (De Boer, 2019). The company can deal with the issues by making use of a clear strategy, since inconsistent strategies might lead to problems (Kotter & Schlesinger, 1989). Implementations of a strategy are not always successful (Vermeulen, 2017). Problems with the implementation might for instance exist because of faulty communications or managerial mistakes (Vermeulen, 2017). TenneT makes use of a Balanced Scorecard, which is a tool for decision-making (Wiersma, 2009). Due to the problems in place, it might thus be concluded that a Balanced Scorecard does not form the ultimate tool of steering an organisation. Or do they?

Research Goal

This research tries to find out whether the problems with the Balanced Scorecard as for instance stated in the introduction above affect the performance of the Balanced Scorecard. Several interviews¹ within a specific company, TenneT TSO (Transmission System Operator) Arnhem, are then used to determine whether the Balanced Scorecard still has a positive influence on the organisation (TenneT a, 2019). The interview will examine the enabling effects with the Balanced Scorecard as a control system and decision-making system. The data gathered from the interviews will be analysed and a conclusion will be drawn as to what the influence of the enabling effects is on the performance of the Balanced Scorecard. The performance of the Balanced Scorecard will then be seen as whether the Balanced Scorecard works as a rhetorical machine, a theory created by Busco and Quattrone (2015). The concept of 'enabling' can be described as employees being capable to tackle problems themselves within an organisation. The knowledge and skills of employees are used to solve problems that emerge (Ahrens & Chapman, 2004).

¹ See *Appendix 1* for the interview questions.

Accounting information within the Balanced Scorecard can serve as a control mechanism, by displaying the performance on several aspects of the firm (Kaplan & Norton, 1992). It helps managers in determining focus on the work to be done. In short, the performance indicators can show the managers of a firm the most critical parts of an organisation (Jordan & Messner, 2012). Besides all that, accounting information can also help in the decision-making process (Jordan & Messner, 2012). This for instance by showing the performance on different alternatives (Jordan & Messner, 2012). In this research, the focus lies both on the decision-making function and the control function of the Balanced Scorecard.

The Balanced Scorecard as a rhetorical machine is introduced within the research. The Balanced Scorecard as a rhetorical machine shows that the Balanced Scorecard can be enabling even when there is incompleteness within the Scorecard (Busco & Quattrone, 2015). This research tests this notion by focussing on what managers perceive as enabling or on the contrary coercive. The view on the enabling effects of the Balanced Scorecard will be based on research as performed by Jordan and Messner (2012). Enabling effects can be described as a firm in which employees get the opportunity from the organisation to deal with problems themselves. This contrary to coercive control, where a top-down approach is in use (Ahrens & Chapman, 2004). Possible setbacks are thought of in advance, and these problems should be solved by using predetermined protocols (Ahrens & Chapman, 2004).

Research Question

The research question will be:

To what extent is the Balanced Scorecard at TenneT TSO Arnhem enabling and used as a rhetorical machine?

The research question will thus elaborate both on the enablingness of the Balanced Scorecard and on the functioning of the Scorecard as a rhetorical machine.

Subquestions

The following subquestions are formulated to answer the research question:

1. What is the view of the rhetorical machine on the Balanced Scorecard?
2. What is an enabling Performance Measurement System?
3. How does the Balanced Scorecard as a rhetorical machine work within TenneT TSO Arnhem?

The first subquestion will explain the theory regarding the Balanced Scorecard as a rhetorical machine. One of the problems surrounding performance indicators is the incompleteness (Busco & Quattrone, 2015). However, the Balanced Scorecard has multiple benefits that compensate for this downside. The Balanced Scorecard provides a framework for the organisation to give shape to strategies. Besides, the Scorecard can create order with regard to the goals in place (Busco & Quattrone, 2015). The Balanced Scorecard can create a continuous search for the best strategy (Busco & Quattrone, 2015). And lastly, the tool can have a motivational function to find the best performance indicators possible (Busco & Quattrone, 2015). Subquestion two gives an overview of the theories regarding enabling and coercive behaviour. Several characteristics will be stated based on the literature available. With help of the last subquestion, the Balanced Scorecard as a rhetorical machine within TenneT TSO Arnhem can be described. By finding answers to the three subquestions, the research question can be answered.

Practical Relevance

The practical relevance of this research will be to create an enhanced insight into the usage of the Balanced Scorecard within TenneT TSO Arnhem. This will give the company the opportunity to see what aspects are going well and what aspects need improving. Besides, the general processes regarding the Balanced Scorecard will be elaborated on. This will give the company the opportunity to overthink the way of using the Balanced Scorecard. Other firms might also benefit from the research, since the practical knowledge gained, can be implemented within multiple organisations.

Academic Relevance

The academic relevance focuses on an enhanced understanding of the Balanced Scorecard as a rhetorical machine, as described by Busco and Quattrone (2015). The theory of the rhetorical machine is tested within TenneT TSO Arnhem, herewith giving an overview of the implications. Furthermore, the advantages of the Balanced Scorecard as given by Busco and Quattrone (2015) are tested based on the enablingness of their theory. The research thus contributes to the theory of the rhetorical machine by investigating whether it describes the enabling effects of the Balanced Scorecard well. With this, a conclusion can be drawn with regard to the solutions mentioned for problems surrounding the incompleteness of performance indicators.

Methodology

Firstly, a literature study on the Balanced Scorecard and the rhetorical machine is done. The initial thoughts of the Balanced Scorecard by Kaplan and Norton (2001) are elaborated upon. Then, the view of Busco and Quattrone (2015) on the Balanced Scorecard is given. Lastly, enabling and coercive management control systems are described, based on literature by amongst others Jordan and Messner (2012).

Secondly, an interview study is done to see whether the Balanced Scorecard in place within TenneT TSO Arnhem is in line with the theory of the rhetorical machine and whether this theory can be seen as enabling. When enabling effects are in place, incomplete performance indicators form less of a problem for the performance of the Balanced Scorecard. This will be explained in the second chapter of this research.

Outline

Chapter two elaborates on the enabling effects of the Balanced Scorecard. Chapter three will discuss the methods used in the paper. Chapter four will provide an analysis of the data found within the company. In chapter five a conclusion will be drawn. Lastly, chapter six will discuss the limitations of this research.

Chapter two consists of six parts. Firstly, the initial ideas with regard to the Balanced Scorecard will be described. An overview of the Balanced Scorecard as designed by Robert Kaplan and David Norton (1992) will be given. In section two, multiple pros and cons of the Balanced Scorecard will be mentioned. Section three describes the enabling effects of the Balanced Scorecard as found by Busco and Quattrone (2015) in their theory of the Balanced Scorecard as a rhetorical machine. Section four focuses on when Performance Measurement Systems can be seen as enabling. The following section creates a linkage between the Balanced Scorecard as a rhetorical machine and the enabling and coercive behaviour. In section six, a summary of the chapter is given. Comparing the Balanced Scorecard as a rhetorical machine with the characteristics of enabling Performance Measurement Systems, can lead to a conclusion whether the rhetorical machine describes the enabling effects of the Balanced Scorecard within TenneT TSO Arnhem well. When it does form a good base, a conclusion can be drawn with regard to the solutions proposed on the problem of incomplete performance indicators.

2. Theoretical Framework

2.1 Balanced Scorecard

'Think of the Balanced Scorecard as the dials and indicators in an airplane cockpit. It gives managers complex information at a glance.' (Kaplan & Norton, 1992, p.71-72)

As can be seen in the quotation above, the Balanced Scorecard gives managers a quick overview of the most critical measures of the company (Kaplan & Norton, 1992). It helps companies create measurable objectives that match the company's strategy (Kaplan & Norton, 1992). By giving an overlook of measurements for four perspectives, the overall performance of a firm can be summarized (Kaplan & Norton, 1992; Awadallah & Allam, 2015). It forces managers to focus on the most critical measurements (Kaplan & Norton, 1992). In this way, the Balanced Scorecard serves as a mechanism to steer decision-making (Wiersma, 2009). The Balanced Scorecard tries to create performance measures for the strategy that a company wishes to pursue (Kaplan & Norton, 1998). Instead of putting a sole focus on control, strategy and vision have become more important in the process of the Balanced Scorecard (Kaplan & Norton, 1992).

Kaplan and Norton (1992) state that the Performance Measurement System used, influences the behaviour of both managers and employees. To change the behaviour, formal indicators are used (Mooraj, Oyon & Hostettler, 1999). The Balanced Scorecard takes both financial and operational measurements into account (Kaplan & Norton, 1992; Awadallah & Allam, 2015). With the help of these two sets of measurements, strategy implementation, performance improvement and strategic decision-making will be aided (Busco & Quattrone, 2015). Long term goals will be set for both the financial and non-financial measurements (Mooraj, Oyon & Hostettler, 1999). In this way, the Balanced Scorecard helps in creating a process that leads to a desirable outcome (Kaplan & Norton, 2001). As stated before, it consists of four perspectives. For each of these four perspectives, objectives are formulated (Speckbacher, Bischof & Pfeiffer, 2003). The perspectives as given by Kaplan and Norton (1992) are displayed on the next page to clarify the Balanced Scorecard.

Each perspective can be illustrated by asking one critical question:

- *Financial Perspective*, with the critical question: How do we look to shareholders?
- *Customer Perspective*, with the critical question: How do customers see us?
- *Internal (Business) Perspective*, with the critical question: What must we excel at?
- *Innovation and Learning Perspective*, with the critical question: Can we continue to improve and create value?

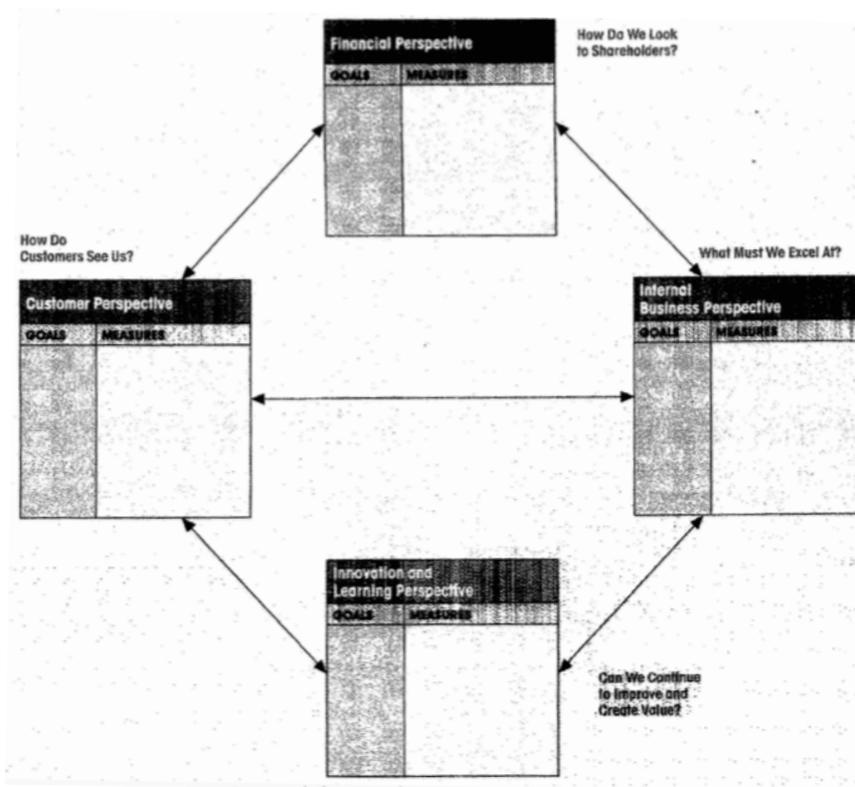


Figure 1: The Balanced Scorecard (Kaplan & Norton, 1992)

Figure 1 gives a schematic overview of the Balanced Scorecard and its four perspectives. The perspectives will now be further elaborated upon.

The Financial perspective focusses on how the company looks at the shareholders. Sanger (1998) links the Financial perspective to the question 'How will we look to our stakeholders?'. The perspective discusses the strategy with regard to for example growth and profitability (Kaplan & Norton, 2001). Brander Brown and McDonnell (1995) state that this perspective can improve the decision-making process as well as planning and controlling within the firm. With

the help of the financial indicators, the success of the execution of the strategy can be examined. This because the financial indicators show the results of past actions (Kaplan & Norton, 1992). It thus forms a controlling mechanism for decisions made in the past. However, using financial indicators when conducting performance measurement is also prone to criticism (Norreklit, 2000; Porter, 1992). Since the financial data tends to evaluate the past, the focus lies less on the future. Therefore, three other perspectives exist within the Balanced Scorecard (Kaplan & Norton, 1992).

The second perspective is the Customer perspective, it concentrates on how the customers see the firm (Norreklit, 2000). Important indicators with regard to service are thus taken into account (Kaplan & Norton, 1992). Initially, time, quality, performance, service and costs were seen as the indicators that should be focused on most (Kaplan & Norton, 1992). Later on, value creation and product differentiation became important measures (Kaplan & Norton, 2001). The Customer perspective answers the question 'How must we look to our customers?' (Sanger, 1998). For this perspective, some of the data required for the indicators might not always be present within the firm. Instead, the performance of peer firms or the opinion of customers on several topics might be researched. The latter lets companies evaluate their performance through the eyes of the customers it tends to serve (Kaplan & Norton, 1992).

The Internal Business perspective considers the goals in which the company should excel (Norreklit, 2000). The additional question asked will then be 'What internal processes must we excel at?' (Sanger, 1998). Excellent internal operations, when properly aligned with the wishes of the consumers, will lead to a higher customer satisfaction (Kaplan & Norton, 1992). The corresponding strategy reflects ways to increase the customer and shareholder satisfaction (Kaplan & Norton, 2001). So, the Internal Business perspective forms a link between the strategy determined and the actions that need to be taken on the workplace. This gives employees a clear view on the ways to perform their tasks to make sure the strategical goals can be achieved (Kaplan & Norton, 1992). A well-functioning information system can then help the company to improve firm performance, since faults will then be solved relatively quicker (Kaplan & Norton, 1992). Examples of the focus of the Internal Business perspective are the quality of the product or the product design (Hoque & James, 2000).

The Innovation and Learning perspective tries to continuously improve the value of the firm (Kaplan & Norton, 1992). It tries to create an environment in which growth will be sustainable. Employee capabilities and skills are amongst the measurements that are assigned to this perspective (Kaplan & Norton, 2001). The focus lies on innovation of products and processes, meaning that the results from the Consumer perspective and Internal Business perspective need to be improved continuously to increase the financial values of the Financial perspective (Kaplan & Norton, 1992). Sanger (1998) contributed with the following question that this perspective should answer: 'How can the organisation learn and improve?'.

With the four perspectives in place, managers might be reminded that a positive influence within one of the perspectives also needs to lead to a positive outcome for the company as a whole (Kaplan & Norton, 1992; Brander Brown & McDonnell, 1995).

Kaplan and Norton (1992) state that the financial measurements show the performance of strategical choices made in the past, whereas the operational measurements show indicators with which future performance is trying to be improved. Nudurupati, Bititci, Kumar and Chan (2011) endorse that financial indicators are based on the past. By focussing on the critical measures for an organisation, the information overload is minimalised. The Balanced Scorecard prevents employees from adding endless amounts of measures to the Scorecard, instead the focus lies on the select group of indicators (Kaplan & Norton, 1992). The overview of the organisation can also lead to a better overall performance, since it is easier for managers to observe whether increased performance at a certain department harms the performance on other departments of the firm (Kaplan & Norton, 1992). In this way, the relationships between several indicators and processes are also clearer for the management of a firm. According to Kaplan and Norton (1992), the increased understanding can lead to improved decision-making.

Several types of Balanced Scorecards exist. Speckbacher, Bischof and Pfeiffer (2003) define three types of Balanced Scorecards. The Type I Balanced Scorecard focuses solely on creating perspectives and adding measurements to these perspectives. A Type II Balanced Scorecard implements a cause-and-effect relationship within the framework. Lastly, in a Type III Balanced Scorecard incentives and targets to achieve are included (Speckbacher, Bischof & Pfeiffer, 2003).

2.2 Balanced Scorecard in practice

The Balanced Scorecard has since the invention been implemented numerous times (Quesado, Aibar Guzmán & Lima Rodrigues, 2018). Multiple advantages exist when using the Performance Measurement System (Lesáková, & Dubcová, 2016; Brander Brown & McDonnell, 1995). However, there are also some downsides in using the Balanced Scorecard within an organisation (Norreklit, 2000; Lee & Sai On Ko, 2000). Both the pros and cons will be elaborated on below, to give an overview of the usage of the Balanced Scorecard within firms.

Advantages

The Balanced Scorecard is said to have multiple functions within an organisation (Busco & Quattrone, 2015). Empirical studies for instance, found that the Balanced Scorecard is capable of changing behaviour (Neely, 2008). Brander Brown and McDonnell (1995) even state that the Balanced Scorecard is most successful in organisations that aim for change. The Balanced Scorecard is capable of helping a firm to change certain aspects of its organisation (Lesáková, & Dubcová, 2016). Besides, using the Balanced Scorecard as a management system, can help managers in focusing on the critical factors that drive performance. It can help managers in getting the activities to be fulfilled in line with the activities that will create value (Lesáková, & Dubcová, 2016). The usage of the Scorecard might thus lead to a better synchronization of processes within a firm (Hansen & Mouritsen, 2005).

The Balanced Scorecard also helps in communicating the strategy to the employees in a better way (Mooraj, Oyon & Hostettler, 1999; Hansen & Mouritsen, 2005; Busco & Quattrone, 2009). Norreklit (2000) affirms this notion, even though she states that the improved communication is also due to a lack of communication with regard to the strategy before use of the Scorecard. The framework regarding the Balanced Scorecard consists of both drivers for performance and goals, these two factors influence each other thus making it easier to create an overview of the processes (Norreklit, 2000). It helps to translate a business strategy into objectives that employees need to accomplish (Norreklit, 2000). Besides, the Balanced Scorecard gives an overview of the overall performance. This means that it is easier for managers to prevent the performance at a certain level from harm of the performance on other layers of the organisation (Kaplan & Norton, 1992; Butler, Letza & Neale, 1997). Another positive effect is the minimalisation of information overload because of a limited number of measurements that can be included (Kaplan & Norton, 1992; Brander Brown & McDonnell, 1995).

The Balanced Scorecard can be used to create strategies by making use of a strategy map. With help of the Balanced Scorecard, the link between corporate measurements and corporate strategy is made (Kaplan & Norton, 2001). The strategy map makes use of the goals formulated in the Balanced Scorecard and it then links these goals to a strategy (Kaplan & Norton, 2001). The Balanced Scorecard thus empowers its users to create a strategy. Kaplan and Norton (2001) describe the Innovation and Learning perspective as the base for the strategy. The focus in this perspective lies on the factors needed to support the chosen strategy. With the help of the skills and products available, the goals formulated in the Internal Business perspective can be translated into a strategy (Kaplan & Norton, 2001). The strategy map is also capable of detecting errors in the Balanced Scorecard of a company (Kaplan & Norton, 2001). By creating an overview of the performance indicators, lacking or purposeless indicators can be found and subsequently adjusted. The Balanced Scorecard can therefore also be seen as a management system, because of the role it plays within an organisation (Brander Brown & McDonnell, 1995). Besides, the enabling effects of the Balanced Scorecard are emphasized, since employees are capable of adjusting faulty conditions (Ahrens & Chapman, 2004).

The Balanced Scorecard makes use of both financial and non-financial indicators, because the mere focus on financial indicators shows lagged data according to Kaplan and Norton (2001). Nudurupati, Bititci, Kumar and Chan (2011) also state that financial indicators are based on the past. The focus of the organisation would lie more on the short-term goals when merely financial indicators are used, whilst a focus on long-term goals is preferable (Kaplan & Norton, 2001). The Scorecard also solves the problem of managing intangible assets (Kaplan & Norton, 2001). Whereas tangible assets are measurable and with that relatively more easily manageable, this process is harder for intangible assets (Kaplan & Norton, 2001). With assistance of the Balanced Scorecard, the influence of both tangible and intangible assets on the performance of the organisation can be steered (Kaplan & Norton, 2001). Neely (2008) states that the Balanced Scorecard should be in place to enable performance improvement. The Balanced Scorecard influences the behaviour of both managers and employees (Kaplan & Norton, 1992). In order for the Balanced Scorecard to be successful, actions should be taken to improve firm performance (Neely, 2008).

Incorporated in the Balanced Scorecard is a learning system. This means that performance indicators that do not render the desired results, can be changed (Amaratunga, Baldry & Sarshar, 2001). The organisation will become more efficient due to the constant improvement of the performance indicators (Kaplan & Norton, 1992). This again shows the enabling effects of the Balanced Scorecard, since it creates an environment in which its users can improve the existing activities by learning from the past results (Amaratunga, Baldry & Sarshar, 2001).

Another benefit of the Balanced Scorecard is that it can be adjusted to the wishes of an organisation. In other words, the Scorecard can be tailored to the needs of the organisation (it's strategy) (Olson & Slater, 2002). Olson and Slater (2002) also state that the Balanced Scorecard enhances the feedback and learning processes by showing the performance of the firm.

Disadvantages

However, there are several downsides about making use of the Balanced Scorecard within an organisation. Awadallah and Allam (2015) argue that the Balanced Scorecard obstructs innovation for the company as a whole. Besides, the Balanced Scorecard is a proper tool for measuring strategy, but it is insufficient for the creation of strategies (Lee & Sai On Ko, 2000). Moreover, the Balanced Scorecard does not suggest new markets in which a company can expand (Lee & Sai On Ko, 2000).

The causal relationships within the Balanced Scorecard are also questioned (Norreklit, 2000). According to the line of thinking of Norreklit (2000), higher product quality or the degree of customer satisfaction do not necessarily lead to better financial results. This might lead to the adaption of suboptimal measurements (Norreklit, 2000). Furthermore, not all implemented strategies render the same results over the same time scale (Norreklit, 2000). This makes estimating the positive effects of the strategies undertaken difficult, since the time scale for (positive) results is unclear. Besides, relationships between the different perspectives of the Scorecard are harder to explain. Good Research and Development can lead to better financial results, but better financial results can also lead to a better Research and Development. In this sense, both factors influence each other. This means that the claim that better financial results always occur when processes are improved, is not necessarily true (Norreklit, 2000). Norreklit (2000) states that later on a good financial result might also come by hurting the financial

results first. After a while, the good financial results will then come into place. This is called a reciprocal relationship (Norreklit, 2000).

Other critiques as mentioned by Norreklit (2000) are the lack of presence of several important external parties, as for instance legal systems. Alternatively, the relative performance of an organisation, compared to its competitors, is not represented in the Balanced Scorecard (Norreklit, 2000). Norreklit (2000) states that the Balanced Scorecard is a top-down method, this means that letting employees act instead of react is stagnated. This because the Scorecard poses a framework in which processes are thought of in advance. Particular problems can be solved with the help of the rules as created in the management control system (Norreklit, 2000). This hinders the enabling effects as stated by Ahrens and Chapman, due to the existence of a pre-determined framework to solve problems (2004).

Another important problem lies in the incompleteness of performance indicators (Jordan & Messner, 2012; Busco & Quattrone, 2015). Some aspects of an organisation can be somewhat neglected when performance indicators are not complete, this might harm important processes within the firm (Jordan & Messner, 2012). This indicates that the management control system can be seen as an 'incomplete guide for appropriate action' (Jordan & Messner, 2012, p.547). However, Busco and Quattrone (2015) argue that the incompleteness of performance indicators forms less of a problem by describing the Balanced Scorecard as a rhetorical machine.

2.3 Rhetorical Machine

Performance indicators are not always complete (Busco & Quattrone, 2015; Jordan & Messner, 2012). But this incompleteness does not have to be a problem (Busco & Quattrone, 2015). Jordan and Messner (2012) state that managers make use of other sources of information besides the management accounting systems (like the Balanced Scorecard) to see what is going on in the firm. This because an organisation is too complex to capture with a single framework (Jordan & Messner, 2012). Busco and Quattrone (2015) furthermore state that incompleteness does not have to pose a problem since the Balanced Scorecard has different beneficial functions.

Again, within enabling management control, employees of a firm get the opportunity to deal with problems within the firm themselves. Within coercive control, problems should be solved by using predetermined protocols (Ahrens & Chapman, 2004). With enabling control, the hierarchy is still in place, but the knowledge of the employees is used to optimise processes within the firm. No formal processes are pre-designed. Instead, employees gain more freedom to deal with work-related issues themselves. The systems in place are there for support in the enabling sphere, instead of for solving the problem in the coercive sphere (Ahrens & Chapman, 2004). An enabling organisation works with the idea that not all problems are preventable (Ahrens & Chapman, 2004). The enabling effects can be linked to the Balanced Scorecard as a rhetorical machine.

According to literature, the Balanced Scorecard has functions other than what it was originally intended for (Busco & Quattrone, 2015). In other words, the Balanced Scorecard is evolving. Originally, one of the functions of the Balanced Scorecard was to engage its users (Atkinson, 2006; Busco & Quattrone, 2015). Neely (2008) found that the Balanced Scorecard is capable of changing behaviour. However, different functions of the Scorecard keep occurring due to the different motives managers have to apply the Balanced Scorecard (Busco & Quattrone, 2015). These different motives can still be accommodated by the Balanced Scorecard, according to Busco and Quattrone (2015). This can be done with the help of seeing the Balanced Scorecard as a rhetorical machine (Busco & Quattrone, 2015). This model describes the processes surrounding the Balanced Scorecard. In doing so, the multiple functions of the Scorecard can better be explained (Busco & Quattrone, 2015). With help of the rhetorical machine, the effectiveness of the Balanced Scorecard can be demonstrated (Busco & Quattrone, 2015). The rhetorical machine focuses both on the control function and the decision-making function of the Balanced Scorecard (Busco & Quattrone, 2015). This can be seen by looking at the four functions attributed to the Balanced Scorecard.

Busco and Quattrone (2015) state that the Balanced Scorecard can have four functions as a rhetorical machine. These functions are still in place even though the performance indicators are incomplete.

The four functions are (Busco & Quattrone, 2015):

- Visual Performable Space
- Method of Ordering and Innovation
- Means of Interrogation and Mediation
- Motivating Ritual

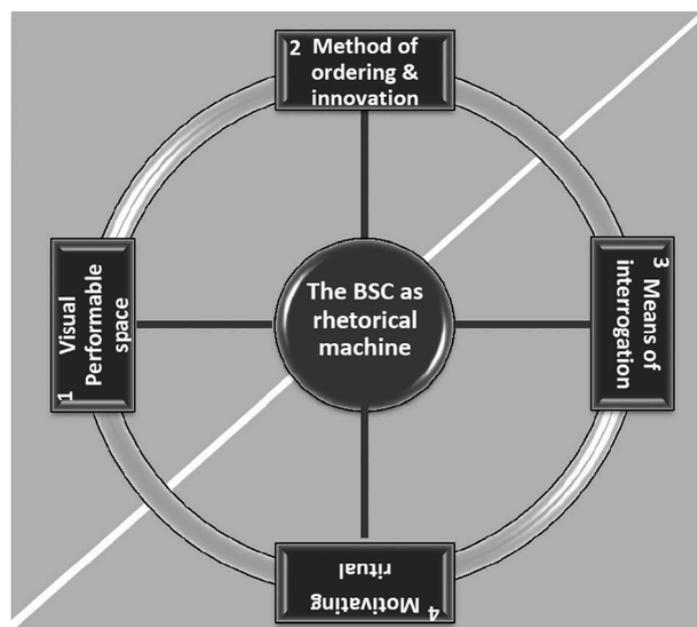


Figure 2: Balanced Scorecard as Rhetorical machine (Busco & Quattrone, 2015)

Figure 2 gives a schematic overview of the Balanced Scorecard as a rhetorical machine, with the four functions as elaborated on by Busco and Quattrone (2015) placed on the sides. These functions will now be further explained.

Visual Performable Space

The Balanced Scorecard as a Visual Performable Space relates to the fact that the Balanced Scorecard proposes a framework which employees of a firm can shape themselves (Busco & Quattrone, 2015). The Scorecard has an organising function (Busco & Quattrone, 2009). The filling in of the Balanced Scorecard is up to the users, it can be done by creating quantitative performance indicators for qualitative goals (Busco & Quattrone, 2015). Busco and Quattrone

(2015) see the Balanced Scorecard amongst others as 'an active force that generates action' (Busco & Quattrone, 2015, p.1247). The Balanced Scorecard is an empty shell which should be filled in with help of the employees of the firm. It is designed to generate action by employees (Busco & Quattrone, 2009). The filling in can be done continuously to make sure that the best possible Balanced Scorecard is used. In this sense, the Balanced Scorecard enables its users to create the best strategy possible according to the definition of Ahrens & Chapman (2004). The employees are engaged in a quest for the best quantitative performance indicators that belong with the qualitative goals set by for instance the Board of Directors, thus showing the enabling effects (Ahrens & Chapman, 2004). The Scorecard also helps in sensing the deeper understanding of the measurements used and in linking the measurements one to another by engaging the employees. By engaging the users in finding quantitative measures for the goals set, the employees are steered into helping with the strategy of the company (Busco & Quattrone, 2015).

Method of Ordering and Innovation

The second function describes the Balanced Scorecard as a Method of Ordering and Innovation. The Scorecard is capable of summarising an organisation by stating the goals for several components of the firm. This will lead to an overview from which the best strategy that can be implemented comes forward, thus giving the Balanced Scorecard an ordering function. For each division within a firm, the Scorecard gives a general overview of the goals. Busco and Quattrone (2015) state that the Balanced Scorecard 'creates order amidst various strategic perspectives and their possible connections' (Busco & Quattrone, 2015, p.1249). Thus helping managers not only by summarising the organisations' goals, but also by delivering a framework for establishing strategies. Besides, the summary can lead to innovation with respect to the strategy, since managers still have to make the decisions with regard to the strategy. A clearer overview of goals can help in establishing innovative strategies (Busco & Quattrone, 2015). The Balanced Scorecard as a framework is capable of processing changes in the strategy to follow (Busco & Quattrone, 2015), which makes it a method of ordering knowledge (Busco & Quattrone, 2009). The adoption of both figures and numbers helps in creating rational strategies (Busco & Quattrone, 2015). However, this does not lead to a shared understanding of the measurements on the Scorecard. What the Balanced Scorecard can do, is organising firms and in this way helping managers in discovering

innovative solutions for managerial problems. New knowledge can be created with the help of the Scorecard as a platform for organisations (Busco & Quattrone, 2009). The Balanced Scorecard is capable of ordering the organisation, as well as enabling employees to create new knowledge for the organisation (Busco & Quattrone, 2009). This because the employees are capable of dealing with work-related problems themselves (Ahrens & Chapman, 2004).

Means of Interrogation and Mediation

Furthermore, the Balanced Scorecard is seen as a Means of Interrogation and Mediation. By using the Balanced Scorecard as a framework for future policy, every division of a firm is capable of creating its own goals. This enables the employees to be involved in the creation of a strategy, which in turn will let the goals set be under continuous pressure. Employees are thus capable of solving problems by being able to (indirectly) influence the strategy (Ahrens & Chapman, 2004). Kaplan and Norton (1992) also state that the Scorecard involves more employees than just the financial experts, who were at first in charge of performance measurement. The continuous questioning of the measures in place is facilitated by the (incompleteness of the goals in the) Balanced Scorecard (Busco & Quattrone, 2015). These measures are communicated via the Balanced Scorecard, making the Performance Measurement System also a means of communication (Busco & Quattrone, 2009). The goals that are set in the Balanced Scorecard, need to be discussed (Busco & Quattrone, 2009; Busco & Quattrone, 2015). This will create an increase in shared understanding of the goals and an alignment of interests due to a constant discussion. However, the consequences are that the measurements used are under continuous pressure. This might lead to new links between measurements used. The Balanced Scorecard has an interrogate function (Busco & Quattrone, 2015). Stating critical questions also means that the Balanced Scorecard can play a role in mediation, which in turn might lead to improvement of the Scorecard. The key aspect of this function is the openness for critique on the Balanced Scorecard, in existence because of the impossibility to create perfect measurements for the Scorecard (Busco & Quattrone, 2015).

Motivating Ritual

Lastly, the Scorecard can be seen as a Motivating Ritual. Since the measurements chosen might not suit every part of the firm specifically, a constant strive for creating the best measures possible occurs. This motivates employees to participate in debating the best

solutions for strategy making possible (Busco & Quattrone, 2015). In this way, the Balanced Scorecard is capable of motivating employees to actively participate in the management of the firm, showing an enabling effect due to the influence employees have (Ahrens & Chapman, 2004). Busco and Quattrone (2015) find that repeating discussions on the performance indicators in place, lead to a higher motivation for employees to get involved actively. This because of the search for the 'perfect' performance indicators. The Scorecard creates the atmosphere in which participation is desirable, partly since not one best set of measures for the entire company can be found (Busco & Quattrone, 2015). The three preceding means of the Balanced Scorecard combined, facilitate the sphere of collaboration with regard to the Balanced Scorecard (Busco & Quattrone, 2015).

There is an amount of incompleteness in the goals set in the Balanced Scorecard (Busco & Quattrone, 2015). This leads to a search for perfect measurements (Busco & Quattrone, 2018). The Balanced Scorecard enables employees to constantly reflect on the firm's own strategy and to try and improve it, while giving a framework on which the company can build. This because the rhetorical machine tries to create an increased understanding as to why tasks have to be performed (Adler & Borys, 1996). Besides, it provides an instrument with which organisational problems can be solved. The Scorecard proposes a system with which employees can create the desired strategies, with it being capable to constantly change (Busco & Quattrone, 2015). The Balanced Scorecard will be implemented successfully when the four functions still hold in case of a change in the organisation (Busco & Quattrone, 2009). With the help of the rhetorical machine, the performance of the Balanced Scorecard within TenneT TSO Arnhem can be examined. The ability of the rhetorical machine to describe the enabling effects of the Balanced Scorecard will be tested with the help of characteristics of enabling Performance Measurement Systems as found by Jordan and Messner (2012). This will be researched within TenneT TSO Arnhem. The enabling characteristics will be elaborated on in the next paragraph.

2.4 Enabling and Coercive behaviour

Jordan and Messner (2012) state that the incompleteness of performance indicators is of little concern when the Performance Measurement System can be seen as enabling. Busco and Quattrone (2015) stated that the Balanced Scorecard can still be beneficial, even when performance indicators are incomplete. With the help of the theory of enabling and coercive control by Jordan and Messner (2012), it is tested if the Balanced Scorecard is functional, even when the indicators are incomplete. It can be seen that the Balanced Scorecard can act as an enabling framework that influences much more than just stating the goals that need to be achieved (Mooraj, Oyon & Hostettler, 1999; Hansen & Mouritsen, 2005; Lesáková, & Dubcová, 2016). The Balanced Scorecard as a rhetorical machine also shows that the Scorecard can be enabling even though there is incompleteness within the Scorecard (Busco & Quattrone, 2015). This research tests this notion by focussing on what employees perceive as enabling or on the contrary coercive. The view on the enabling effects of the Balanced Scorecard will be based on research as performed by Jordan and Messner (2012).

Control systems can be judged as being enabling or coercive based on the design and implementation of the control system (Jordan & Messner, 2012). Several indicators with regard to enabling control systems exist, these are summarized in Jordan and Messner (2012). The indicators found are based on characteristics of enabling or coercive processes as formulated by Adler and Borys (1996). The characteristics are the following (Adler & Borys, 1996):

- *Repair*
- *Internal transparency*
- *Global transparency*
- *Flexibility*

Repair

With regard to *Repair*, the focus lies on whether employees have the ability to change performance management indicators (Jordan & Messner, 2012). Since an enabling organisation assumes that not all problems are preventable, employees need to be capable of solving problems when they occur. If this is reality, then the control system can be seen as enabling (Ahrens & Chapman, 2004). Enabling controls thus encourage employees to try and improve the work standards (in consultation) whenever they spot a problem (Ahrens &

Chapman, 2004). When employees are not able to adjust aspects of the Balanced Scorecard, it is seen as a coercive environment (Adler & Borys, 1996). When managers will not fully be able to undertake actions that will improve firm performance, the Balanced Scorecard might be less functional (Neely, 2008).

Internal transparency

Internal transparency relates to the notion that employees know why they are doing what they do (Adler & Borys, 1996). Ahrens and Chapman (2004) define it as 'understanding of the working of local processes' (Ahrens & Chapman, 2004, p.277). In case of the Balanced Scorecard, this means that employees know why certain performance indicators are in place and what these indicators serve to do. In other words, it covers whether employees know what the performance indicators are (Jordan & Messner, 2012). By letting employees focus on the relevant indicators for their task, *Internal transparency* can be enlarged (Ahrens & Chapman, 2004). The Balanced Scorecard can be a good tool for *Internal transparency* since it helps in overcoming the problems of information overload (Kaplan & Norton, 1992).

Global transparency

Global transparency describes the entire organisation, are employees capable of understanding what is going on in the entire organisation? The *Global transparency* focuses on whether employees know what effects their handlings have (Jordan & Messner, 2012). It can be described as 'understanding of where and how local processes fit into the organisation as a whole' (Ahrens & Chapman, 2004, p.277). In a coercive environment, employees only acquire information on a need-to-know basis. Whereas in an enabling environment, information is widely shared (Adler & Borys, 1996). The sharing of information leads to workers being able to optimize their own and firm-wide performance, according to Adler and Borys (1996). In coercive environments, ideas by employees to improve the organisation, are handled with in a secretive way. Insights are not shared easily (Adler & Borys, 1996).

Flexibility

Lastly, *Flexibility* is seen as whether employees are capable of executing their tasks in a different way than indicated (Jordan & Messner, 2012). In enabling environments, *Flexibility* is seen as an opportunity to learn. Workers can make their own choices and the company

suffers the consequences when these choices turn out badly. The *Flexibility* of employees is low in coercive surroundings (Adler & Borys, 1996).

Incomplete performance indicators form a problem since some aspects of an organisation can be somewhat neglected when performance indicators are not complete. This might harm important processes within the firm (Jordan & Messner, 2012). However, the incompleteness of the indicators poses less of a problem when the control system can be seen as enabling (Jordan & Messner, 2012). This because the existence of *Repair* within an organisation lets employees of a firm constantly try and improve the control system in place. Besides, *Flexibility* lets employees work around the tight guidelines that performance indicators might be (Jordan & Messner, 2012). This means that there will not be a sole focus on the control system, but also on other knowledge available. The incompleteness of performance indicators will thus pose less of a problem (Jordan & Messner, 2012). Jordan and Messner (2012) also state that with the help of *Internal* and *Global transparency*, incompleteness of performance indicators might be detected. This because the linkage between performance indicators is investigated in both characteristics.

By researching whether the Balanced Scorecard as rhetorical machine can be seen as enabling or coercive, the willingness of employees to adjust their behaviour in line with the Balanced Scorecard can be determined (Jordan & Messner, 2012). The enabling effects of the Balanced Scorecard as a rhetorical machine can be examined by questioning whether the four functions of the machine satisfy the characteristics of enabling behaviour. This research thus tries to examine whether the theory regarding the rhetorical machine describes the enabling effects of the Balanced Scorecard well.

2.5 Enabling and Coercive behaviour within the Rhetorical Machine

The Balanced Scorecard as a rhetorical machine states that employees of a firm should be involved in shaping the Performance Measurement System (Busco & Quattrone, 2015). Besides, the Balanced Scorecard might be less functional, when managers will not fully be able to undertake actions that will improve firm performance (Neely, 2008). Employees do get the opportunity to create the best possible Balanced Scorecard. The Balanced Scorecard thus enables its users to create the best strategy possible, since employees are capable of solving problems (Ahrens & Chapman, 2004). Busco and Quattrone (2015) argue that employees can

be enabled to create linkages for the existing performance indicators. This due to the ordering function the rhetorical machine has. The enabling effects can also be seen in the process of creating innovative performance indicators. By giving an overview of the goals set within the organisation, the employees are enabled to create new knowledge for the organisation (Busco & Quattrone, 2009). In this sense, employees get the chance to solve problems with regard to the performance indicators in place (Ahrens & Chapman, 2004). This means that both the functions Visual Performable Space and the Method of Ordering and Innovation show linkages between the rhetorical machine and enabling control. By using the Balanced Scorecard as a Means of Interrogation and Mediation, every division of a firm is capable of creating its own goals (Busco & Quattrone, 2015). This again shows an enabling effect since the employees are involved in the creation of a strategy (Ahrens & Chapman, 2004). Performance indicators might not suit every part of the firm specifically, a constant strive for creating the best measures possible occurs. This participation of employees in finding the best performance indicators, also shows an enabling effect (Ahrens & Chapman, 2004). This because employees actively participate in the management of the firm. Therefore, the Motivating Ritual of the rhetorical machine also shows signs of enabling control. Since all four functions of the rhetorical machine have enabling effects, the theory regarding the Balanced Scorecard as a rhetorical machine can be seen as enabling. The research will further elaborate on this statement by making use of the four characteristics of enabling control.

2.6 Summary

This chapter gives an overview of the initial thoughts regarding the Balanced Scorecard. The first paragraph of the Theoretical framework elaborates on the four perspectives of the Balanced Scorecard. These are the Financial Perspective, the Customer Perspective, the Internal Business Perspective and the Innovation and Learning Perspective (Kaplan & Norton, 1992). Furthermore, it is stated that the Balanced Scorecard can help in preventing information overload and in giving an overview of the overall performance of the organisation (Kaplan & Norton, 1992). The three types of Balanced Scorecards as explained by Speckbacher, Bischof and Pfeiffer (2003) are also mentioned and further defined. In the second paragraph, several pros and cons of the Scorecard in practice are elaborated on to give an overview of the usage of the Balanced Scorecard within firms. One of the advantages of the Balanced Scorecard is that it is capable of helping managers in getting the activities to be fulfilled in line

with the activities that will create value (Lesáková, & Dubcová, 2016). Another advantage is that with help of the Scorecard, strategies can be created by making use of a strategy map (Kaplan & Norton, 2001). The strategy map makes use of the goals formulated in the Balanced Scorecard and it then links these goals to a strategy (Kaplan & Norton, 2001). The disadvantages of the Balanced Scorecard include the obstruction of innovation for the company as a whole (Awadallah & Allam, 2015) and the lack of presence of several important external parties, as for instance legal systems (Norreklit, 2000). Another important problem lies in the incompleteness of performance indicators which might lead to the neglect of some parts of the organisation (Jordan & Messner, 2012; Busco & Quattrone, 2015). Busco and Quattrone (2015) argue that the incompleteness of performance indicators forms less of a problem by describing the Balanced Scorecard as a rhetorical machine. In paragraph three, the theory of the Balanced Scorecard as a rhetorical machine by Busco and Quattrone (2015) is introduced. The four functions of the rhetorical machine are described. These functions are Visual Performable Space, a Method of Ordering and Innovation, a Means of Interrogation and Mediation and a Motivating Ritual (Busco & Quattrone, 2015). Because of these functions, the existence of incomplete performance indicators poses less of a problem (Busco & Quattrone, 2015). In paragraph four, the definitions 'enabling' and 'coercive' are elaborated on. Four characteristics of enabling control are mentioned, these are *Repair*, *Internal transparency*, *Global transparency* and *Flexibility* (Adler & Borys, 1996). With the existence of enabling control, incomplete performance indicators are less problematic due to the presence of the four characteristics (Jordan & Messner, 2012). In the final paragraph, the characteristics of enabling control are linked to the Balanced Scorecard as a rhetorical machine.

3. Methods

The paper will make use of qualitative research methods. This means that the data used in this research will be linguistic of nature, based on the acquired data a conclusion will be drawn with respect to the enablingness of the Balanced Scorecard within TenneT TSO Arnhem (Bleijenbergh, 2015, p.12). The data is derived from a real-world setting and the processes will be observed in the most natural way possible (Golafshani, 2003).

Qualitative research methods are used because of the context rich character of the data involved. By interviewing multiple employees within one organisation, several viewpoints with regard to the same topic can be compared. This gives a broader sense of the processes that are being researched (Bleijenbergh, 2015, p.12). The focus lies on generating understanding of enabling effects of the Balanced Scorecard, this again makes qualitative research the most viable option (Golafshani, 2003). Besides, the actions of employees are being researched with the help of interviews. This again can best be done with qualitative research methods (Bleijenbergh, 2015, p.13). Qualitative research focuses more on the description of things, or in this case processes (Berg, 2001).

A deductive nature exists within the research, since both enabling characteristics and the rhetorical machine will be investigated within TenneT TSO Arnhem (Bleijenbergh, 2015, p.102). The analysis performed in this research, is based on the literature as described in Chapter two. The codes used were a direct derivative of the functions and characteristics as found in the literature review. This again shows the deductive approach within the research (Bleijenbergh, 2015, p.102)

The research will be conducted with the help of semi-standardized interviews. This indicates that some standardized questions will be asked during the interview, but the interviewee has a chance to express thoughts other than asked for with regard to the topic (Berg, 2001). The processes are in this way investigated from the view of the interviewees who made this research possible (Berg, 2001). Therefore, the research can be seen as an Interview study.

3.1 TenneT TSO Arnhem

The interviews were held within two weeks in the middle of the month July 2019 at the TenneT TSO headquarters in the Dutch city of Arnhem. TenneT TSO is an organisation delivers a transporting service for the electricity throughout the country. Currently, the company consists of in total 4,500 employees with 23,000 kilometres of grid across both Germany and the Netherlands (Financieel Dagblad, 2019). The tasks are performed based on the Dutch Elektriciteitswet (law regarding Electricity), meaning that TenneT TSO performs regulated tasks for both the Dutch and German government (TenneT a, 2019). Only Dutch employees working at the location Arnhem were interviewed, to keep the research small-scaled. TenneT TSO Arnhem is a proper research subject since it forms a relatively large organisation in the region of Arnhem and Nijmegen. TenneT TSO Arnhem belongs to TenneT TSO Netherlands, with TenneT Arnhem being the Dutch headquarters of the organisation (TenneT b, 2019). The company mainly focuses on regulated tasks as imposed by the Dutch government. However, several non-regulated tasks are also performed by the organisation (TenneT a, 2019). Performing research within a partly regulated firm is interesting due to the different interests that exist compared to a purely commercial company.

Several employees within numerous layers of TenneT TSO Arnhem were interviewed² to give an overview as broad as possible. The interviews ranged from twenty minutes to 55 minutes and in total ten respondents were interviewed within nine interviewing sessions. Amongst others, employees from Corporate Social Responsibility departments, Finance departments and Operational departments were interviewed. The interviews were recorded to make sure a transcript could be made of the interviews. All respondents agreed with the recording of the interviews; several interviewees also agreed with verifying the transcripts. The latter has a positive influence on the internal validity of the research (Bleijenbergh, 2015, p.120).

In the figure on the next page, the functions of the respondents, the dates the interviews took place and the recording time of the interviews are schematically represented.

² See *Appendix 1* for the interview questions.

	Functions	Date of Interview	Interview time	Department
Respondent 1	-	9 July, 2019	34:37 Minutes	Project Corporate Control
Respondent 2	-	9 July, 2019	37:06 Minutes	Project Corporate Control
Respondent 3	-	10 July, 2019	28:50 Minutes	Asset Owner
Respondent 4	-	10 July, 2019	19:41 Minutes	Asset Management Nederland
Respondent 5	-	11 July, 2019	37:34 Minutes	Grid Service Nederland
Respondent 6	-	11 July, 2019	38:44 Minutes	Project Corporate Control
Respondent 7	-	15 July, 2019	39:59 Minutes	Asset Management Nederland
Respondents 8 & 9	-	17 July, 2019	49:43 Minutes	Business Corporate Control
Respondent 10	-	19 July, 2019	35:27 Minutes	Asset Management Nederland

Figure 3: Information regarding the interviews conducted
Due to privacy issues, some parts have been removed.

The functions can roughly be separated into two groups. One part consists of operational tasks within the firm. The focus lies on the projects that TenneT TSO performs. The other part focuses on assisting in these operational tasks, for instance by enhancing the Corporate Social Responsibility throughout the firm. By interviewing employees from both parts of the firm, an inclusive overview of TenneT TSO Arnhem can be given.

4. Analysis

4.1 The Balanced Scorecard

Even though the pure theoretical form of the Balanced Scorecard is no longer used at TenneT TSO Arnhem, the company still makes use of both financial and operational performance indicators. In this way, this so-called dashboard forms a derivative of the Balanced Scorecard as originally thought of by Kaplan and Norton (1992). The Balanced Scorecard at TenneT TSO puts more focus on financial indicators. At this moment, no groups of performance indicators exist. However, a *Key Performance Indicators (KPI's)* framework is being created to monitor the progress made with regard to the strategy. The project is called 'Make strategy work' and it focuses on an increased linkage between the performance indicators in place. The new project, which has the form of a matrix, monitors the performance of the entire organisation. Here, a grouping of performance indicators based on the strategy within the firm will be created, which in turn will incorporate the strategy more within the Scorecard.

The Balanced Scorecard is perceived differently by employees within TenneT TSO Arnhem. It is seen as a managerial tool, that is used varying between fanatically and barely. The usage of the Scorecard is strongly dependent on the department one works at within the organisation. Some employees make use of the Scorecard as a steering device whereas others state that the Scorecard is used mainly to inform external parties. The performance reports are argued to be important for external stakeholders for regulatory purposes. This because TenneT TSO has to report to the Dutch Ministry of Economic Affairs. Day-to-day actions undertaken within the firm are therefore partly based on the targets stated on the Balanced Scorecard, since the goals need to be attained. The performance indicators thus have a signalling function, with a focus on the performance on these indicators. With this, the Balanced Scorecard can act as a trigger when underperformance exists, as can be seen by the following quote:

That you get the notification that the KPI (Key Performance Indicator) has to decrease. You will see that yourself. You are (the Key Performance Indicator is) red, so go work on that. And then the next time, they will ask that again. Until that gets very annoying.

Respondent 5 (see Appendix 3)

The Scorecard also acts as a tool for creating focus within the organisation for the departments who use it fanatically. It gives an overview of the main goals of the firm, as well as a framework for the processes company-wide. However, successful reporting on the indicators does not always lead to the desired outcomes. Interpreting and creating the right performance indicators is therefore though.

The overall performance of the firm can be monitored with the help of the Balanced Scorecard. The Scorecard is seen as a general firm-wide document. Since multiple diverse projects exist within TenneT TSO, it is hard to find general indicators that give an overview of all important facets of the organisation. As of now, the organisation works with leading and lagging performance indicators, with the focus on lagging indicators. The company tries to shift this towards the usage of more leading indicators. This means that the performance indicators will be designed in a more forward looking way. Besides, the amount of performance indicators on the top of the organisation will be as small as possible. Remaining important performance indicators will be created for the department level. With help of the new matrix, the Balanced Scorecard will also be seen as a useful tool for communicating the company-wide strategy.

The incompleteness of the performance indicators can be seen within the firm, for instance in the focus on financial indicators. This because the focus on financial indicators might lead to the neglecting of other aspects of the organisation. The lack of cohesion within the Balanced Scorecard also indicates that the Scorecard is an incomplete Performance Measurement framework. When asked about improvements to be made, *Respondent 1* stated:

An increased causality between the different KPI's (Key Performance Indicators). Linking (the Key Performance Indicators) even more to the strategic goals set instead of on the operational goals. This to continuously work towards the best solution in the end.

Respondent 1 (see *Appendix 3*)

Besides, the Balanced Scorecard might be seen as a tool that is most important for the Control department of TenneT TSO Arnhem. The Scorecard as steering mechanism is therefore not integrated within the 'system' of all of the employees and some departments can somewhat be neglected (see *Appendix 3*).

4.2 Enabling and Coercive behaviour

The enablingness of the Balanced Scorecard can be determined with the characteristics *Repair*, *Internal transparency*, *Global transparency* and *Flexibility*. *Repair* mainly focuses on whether employees are capable of changing performance indicators to solve problems themselves (Jordan & Messner, 2012). *Internal transparency* focuses on whether employees understand why they are performing their tasks (Adler & Borys, 1996). *Global transparency* looks into the understandings of the processes within the entire organisation (Jordan & Messner, 2012). And *Flexibility* describes whether employees are capable to perform tasks differently than pre-described (Jordan & Messner, 2012). The four characteristics will be elaborated on below.

Repair

The *Repair* function comes forward within TenneT TSO Arnhem. This because problems with regard to performance are solved by looking at the *Key Performance Indicators* in place. Overall, the performance indicators within Tennes TSO Arnhem can be influenced indirectly. This for instance by changing the meaning of or calculations regarding the indicators. This can be seen in the following quote:

To change a KPI (Key Performance Indicator) or a Balanced Scorecard or whatever, is point two. But to make sure that the KPI (Key Performance Indicator) can be measured, and that conclusions can be drawn from it, is verse two. ... There are different parties that can say something about that. So, in that sense you can influence it.

Respondent 10 (see *Appendix 3*)

Due to their functions within the organisation, multiple employees are directly capable of changing performance indicators. This is mainly in the so-called Asset Owner part of the organisation, that focuses on the energy infrastructure the company manages. However, the reasoning with regard to functions also applies for some employees who are barely capable of changing the indicators in place. These employees do state that the presentation of the performance indicators can be influenced. The functions with limited abilities of changing indicators can be described as the more technical functions that mainly focus on the

maintenance of the energy infrastructure. Their performance indicators are mainly imposed by the Dutch Ministry of Economic Affairs. *Respondent 6* reinforces the statement made by mentioning that the influence 'depends on one's department' (see *Appendix 3*). Some departments are hesitant in changing performance indicators.

The changing of performance indicators can be seen as a difficult process. One of the reasons that explains this difficulty is the presence of several vested interests. This can be observed by looking at the way one respondent talks about the Balanced Scorecard:

For the discussion about that (critiques given by employees), the organisation is open-minded. When that means that performance can be measured more strictly, you can see that resistance arises. This because the freedom that exists within the current parameters of KPI's (Key Performance Indicators), is experienced as pleasant by some people.

Respondent 1 (see *Appendix 3*)

The resistance of changes being made will thus be higher, when vested interests are in place. This shows that changing performance indicators is perceived as being possible, but at the same time difficult. The process of changing performance indicators is rigid, as can be seen in the quote below:

We create the KPI's (Key Performance Indicators) in our annual plan. Production, this number of millions. IBN's, or commissioning, the absence due to sickness under this percentage. And these are for at least an entire year very fixed. Sometimes (this is) very annoying, because they (the Key Performance Indicators) are determined in this period (July), but only ratified in December. But everything will be done with the current numbers (of July). And in half a year the world looks totally different.

Respondent 5 (see *Appendix 3*)

The indicators are pre-determined on a yearly base in the summer period. But the indicators will only be ratified in December, meaning that some performance indicators might be lagging. Employees are thus capable of changing performance indicators, but the processes regarding

change are slow. Besides, making use of other, perhaps more effective approaches for a task, is discouraged by the Balanced Scorecard. Testing out new solutions might lower the performance on the existing indicator, while the task might be performed more efficiently. However, the company puts focus on the performance on the indicators, this thus smothers problem solving. The smothering is endorsed by the employees, who state that decisions are taken 'very cautiously' and after research has been done (see *Appendix 3*). It can be concluded that the characteristic *Repair* does exist within TenneT TSO Arnhem, since employees generally are capable of indirectly influencing performance indicators. Yet, the processes surrounding the influence can be described as rigid and slow. Besides, problem solving is somewhat smothered due to the focus on the performance on the indicators.

Internal transparency

Internal transparency is observable within TenneT TSO Arnhem, since the performance indicators on department level are mostly known within TenneT TSO Arnhem. The properly recognizing of departmental performance indicators can be seen as the general trend within the company. The following quote describes this general attitude best:

(With regard to departmental performance indicators) ... I know them all, and I understand very well what purpose they serve. Yes, and also of my colleague.

Respondent 5 (see *Appendix 3*)

However, the linkages between the performance indicators are not always clear. The reasons behind the performance indicators are thus not entirely clear throughout the company. This can be seen by the reasoning of one respondent:

The hard part is because sometimes, especially since we have a limited set of KPI's (Key Performance Indicators), to see the linkage between my work, the KPI (Key Performance Indicator) and the strategy, the goal you want to achieve. ... This can be too high over or too wide, that makes you think: how can I contribute to that? ... At a certain moment it can become too complicated, I will then think to myself: whether I will deliver my report to the direction or not at first, that has no influence on the lights (and electricity).

Respondent 6 (see Appendix 3)

It can be concluded that the linkages are not always clear, since the linkage between the *Key Performance Indicator* and the strategy is hard to see. This leads to a loss of *Internal Transparency*. Respondent 1 adds that the Balanced Scorecard is 'mainly focused on the activities and not on the underlying ideas' as to why the tasks have to be performed (see Appendix 3). This also shows a lack of *Internal transparency* within the Balanced Scorecard of TenneT TSO Arnhem. Whereas the departmental performance indicators are mostly known, the linkages between the performance indicators are not always entirely clear. This indicates that *Internal transparency* is present, but the reasons behind performing a task are partly seen as vague throughout the firm. With the new framework, TenneT TSO Arnhem is working on improving the linkages of both departmental and firm-wide performance indicators. However, it will still be hard for employees to see these underlying linkages. This because both specific departmental indicators and overarching indicators exist, which might complicate the understanding surrounding the linkages. In conclusion, *Internal transparency* exists within TenneT TSO Arnhem, but severe improvements can be made to increase the *Internal transparency* for the company as a whole. Especially with regard to the linking of departmental performance indicators.

Global transparency

The *Global transparency* can be described as insufficient within TenneT TSO Arnhem. The Balanced Scorecard mainly gives an overview of the performance indicators in place, whereas the strategy and thus underlying reasons are depicted less. The current framework is unable to create linkages between performance indicators throughout the firm. An example is the lagging maintenance, employees clearly see that processes within the firm are failing but

these failures cannot be retrieved from purely looking at the performance indicators in place. Another example is that some processes are performed in a suboptimal way within the organisation, simply because an overarching overview is lacking. The lack of linkages also clearly comes forward in the following quote:

A number of reports are outside of our influence so to say. And you can see that different values are reported regarding the same, the same KPI (Key Performance Indicator). Uhm, what I said. That connecting logic was not there. So to say. So, work has to be done there.

Respondent 9 (see Appendix 3)

From the quotation, it can be seen that the 'connecting logic' between several reports and thus performance indicators within TenneT is lacking (see Appendix 3). Another interviewee adds the following:

And whether we as an organisation, me and the organisation, see the communicating principle between the indicators in the bigger picture, that is not the case. I cannot explain that in one, two, three.

Respondent 3 (see Appendix 3)

Again, the underlying linkages between the performance indicators are described as being insufficient. TenneT TSO Arnhem is already working on creating better firm-wide linkages. Surprisingly, the strategy is well-known across the firm. The problem thus purely lies with the insufficient linkages between the performance indicators and the strategy. The following quote supports this statement:

... but I believe that because the overall overview, the bigger picture, is not mature enough yet, people do not see the bigger picture at this moment.

Respondent 6 (see Appendix 3)

The Balanced Scorecard needs to improve to be able to show a good overview of the firm. This in turn will improve the understandings of the processes within the firm. The same respondent

mentions later on that the linkage between the strategy and the *Key Performance Indicators* is hard to see, as can be seen in the quote of *Respondent 6* in the analysis of the *Internal Transparency* (also see *Appendix 3*). Some departments have created a better linkage between the performance indicators and the firm-wide strategy, but overall this can be seen as insufficient. Besides, the focus within TenneT TSO Arnhem seems to lie on the own department, with the data showing that the company consists of 'silos' in which the firm operates (see *Appendix 3*). Employees focus mainly on the departmental goals and performance indicators, instead of looking to the bigger picture. This partly because not all departmental performance reports are shared across the firm. The lack of a proper overview prevents employees from looking into cross-references, herewith decreasing the understanding of the firm-wide processes. In conclusion, the *Global transparency* of the Balanced Scorecard is insufficient. This due to a lack of linkages between the strategy and the performance indicators in place.

Flexibility

Within TenneT TSO Arnhem, a great amount of freedom is experienced with regard to the tasks to be performed. The *Flexibility* is therefore mainly conceived as high. The tasks to be performed are mostly strictly determined by the directors of the company. But the execution of the task is largely up to the employees. The Balanced Scorecard thus imposes the direction of the organisation instead of forming a pre-described framework on how to perform a task. One interviewee elaborates on the issue by stating:

My tasks are determined on a reasonably high level and I experience a great amount of freedom in the way I complete the tasks. So yes, I am for instance responsible for the contacts with the shareholder for everything regarding the projects. But approximately on that level it is described as my task, the way I perform this... What I will do, that is largely up to me.

Respondent 1 (see *Appendix 3*)

The overall image of a relatively great amount of freedom exists within the organisation. Another interviewee confirms this by stating that in the interviewees own function, the employee does grant freedom to his/her co-workers below him/her (see *Appendix 3*). This

again indicates that the *Flexibility* is sufficient within the company. *Respondent 2* states that the employee can determine its own tasks 'within wide windows' (see *Appendix 3*). However, the idea exists that employees lower in the organisation will experience a lower amount of freedom. No convincing evidence within the data available was found to support this statement. This because the executing of tasks is mainly described as being a process with a certain amount of freedom to make own decisions. The *Flexibility* within TenneT TSO Arnhem can thus be seen as sufficient.

In conclusion, enabling effects do exist within TenneT TSO Arnhem. Especially *Flexibility* and in some amount *Repair* and *Internal transparency* come forward clearly within the organisation. With regard to *Repair* and *Internal transparency*, improvements can be made by the firm. TenneT Arnhem is already working on improving the *Internal transparency*. The *Global transparency* is low within TenneT TSO Arnhem, again the company is working on this issue by creating a new performance indicators framework. With three of the four enabling characteristics in place, the Balanced Scorecard can best be described as somewhat enabling. Future improvements must demonstrate whether the enabling effects will become stronger within the Scorecard.

4.3 Rhetorical Machine

The Balanced Scorecard as a rhetorical machine assigns four functions to a Balanced Scorecard. The functions as described by Busco and Quattrone (2015) are called Visual Performable Space, a Method of Ordering and Innovation, a Means of Interrogation and Mediation and a Motivating Ritual. The presence of each within TenneT TSO Arnhem will be described per function. Afterwards, a small conclusion will be drawn regarding the existence and/or functioning of the rhetorical machine within TenneT TSO Arnhem.

Visual Performable Space

At least part of the organisation is capable of changing performance management indicators within TenneT TSO Arnhem. This indicates that the Balanced Scorecard is used as a framework which employees of the firm can (partly) shape themselves. For instance, the data shows that one employee focuses on creating the *Key Performance Indicators* with regard to Corporate Social Responsibility (CSR). *Respondent 3* is responsible for the 'steering on the CSR *Key Performance Indicators*', proving that the design of the Balanced Scorecard is at least partly up to the users (the employees of TenneT TSO Arnhem) (see *Appendix 3*). This influence also comes forward in the creation of the new Balanced Scorecard framework that is currently going on. Department managers were asked for important performance indicators, these indicators would then form the foundation of the new framework. The new Performance Measurement framework consists of two parts. Part one is created by the Board of Directors, it consists of the vision, the mission, the strategic pillars (see *Appendix 3*). The other part focuses on how to obtain the goals set by the Board of Directors, the monitoring of the performance comes forward more directly here. Four 'pillars' or main goals, and thirteen 'segments' are designed. For both of these levels, performance indicators will be created. The 'pillar' indicators focus on performance indicators that are relevant for the Board of Directors of TenneT TSO. The 'segment' level *Key Performance Indicators* were created with the help of the so-called 'segment-owners'. This shows that employees of TenneT TSO Arnhem filled in the new Performance Measurement framework. However, not all employees are capable of changing performance indicators. Involving all employees with regard to the creation of performance indicators can be beneficial for the company:

That someone thinks: KPI's (Key Performance Indicators), sounds nice. But it will be a party of Control. They have thought of something, and I think that that is a barrier one has to break through. That people will... What is the added value of it, let them experience it and show it to them. But then you will have to dare to have an open discussion. It is not the party of Control. But guys (employees) be aware, if we will do it like this, then we can create gains and TenneT will be better off. It is in the interest of TenneT.

Respondent 6 (see Appendix 3)

The discussion with employees can increase firm-wide involvement with the control system. Now, the Scorecard might be seen as some tool solely created for the Control department of the firm. This notion is supported by the data gathered, as for instance comes forward in this quote:

That (the influence on changing the performance indicators) is fairly limited. That is fairly limited. It is a predefined format that was thought of reasonably high up in the organisation and rolled out down the organisation.

Respondent 2 (see Appendix 3)

The interviewee describes the influence the employee has as 'fairly limited' (see Appendix 3). However, the interviewee is capable of stating critiques and occasionally the critiques are adopted. This thus indicates that the influence of some employees can be described as small, but influence still exists. This also comes forward in the following quotation:

There is a yearly budgeting process, MTP process it is called here. Midterm Planning Process. Uhm, and there uhm... That starts with a budget letter in which a framework is created for the organisation with which the plans for the next year can be made. Numerous definitions and assumptions are captured into it. And there you can influence the way in which for instance KPI's (Key Performance Indicators) are determined or calculated. So, with this cycle it is possible to steer on practical problems in the implementation. The question: which KPI's (Key Performance Indicators) should you use within the company, is a more indirect

process in the discussions regarding the strategy. What do you want to achieve? And how do you want to achieve this? You can try to address certain things, certain topics. But TenneT will then be a somewhat chaotic political organisation in which it is hard to introduce other KPI's (Key Performance Indicators).

Respondent 1 (see Appendix 3)

This again shows the role of the Visual Performable Space, even though the influence on the performance indicators is sometimes seen as small. Besides, it can be seen here that the Balanced Scorecard steers employees into thinking over the strategy. The Visual Performable Space-function is thus in place within the Balanced Scorecard of TenneT TSO Arnhem, but the presence is not equally notable for every employee. By enhancing the firm-wide involvement with the control system, the Balanced Scorecard as a Visual Performable Space can come forward more clearly.

Method of Ordering and Innovation

Roughly, two distinct ideas can be seen within this function. There is the idea of the Balanced Scorecard that creates a general overview. And there is the idea that this overview can lead to innovative strategies or performance indicators. This analysis will make a distinction between these two ideas and elaborate on both.

The Balanced Scorecard within TenneT TSO Arnhem exists for several layers of the organisation. Not within every department a clear linkage exists between the performance indicators and the strategy. As is stated with regard to knowing the performance indicators in place:

Within TenneT very poor, within the own department reasonably well. ... And I see those (the performance indicators for TenneT as a whole) every month, but if I am completely honest, I look at it obliquely. Only three, or actually only one, remains within TenneT. And that is that our project and the production expressed in money, that these are fine.

Respondent 5 (see Appendix 3)

As can be seen, the main focus again lies with the own department, which shows the concept of silos within the firm. In total, the overarching Balanced Scorecard gives a reasonable overview of the organisation, but this is not good enough. The Balanced Scorecard tries to create a linkage between strategy and the performance indicators. However, so far this linkage lacks quality. Problems mentioned are the existence of contradictory performance indicators and the inability of the Balanced Scorecard to capture the strategy. The contradictory indicators come forward within the following quotation:

In my opinion, there is not much depth within the indicators. And eventually, for creating insight of knowledge, a certain specificity of indicators is required. That they are applicable on a certain subgroup with similar activities. When you assemble too much (performance indicators) on a higher level, then the opportunity of cherry picking arises. To make the easy choices to eventually reach your goals.

Respondent 1 (see Appendix 3)

As can be seen in the quote, the easier choices can be made to obtain the goals set because it renders the same result on the Balanced Scorecard as the tougher choices. Whereas the tougher choices might be more beneficial for the company in the long run. Besides, a more well-balanced overview of the financial and non-financial performance indicators should be created. With some improvements on the Scorecard, the framework would be more effective. Respondent 1 suggests to 'increase the cohesion of the Key Performance Indicators' within the firm (see Appendix 3). Another suggestion is to increase the connection of the performance indicators and the strategic goals set. This will lead to continuously finding the best solutions for problems. With the new strategy that emerges within the company, performance indicators will be created based on the priorities within the strategy. This will give the Balanced Scorecard a clearer overview of the strategy of the entire organisation.

With regard to innovation, the Balanced Scorecard is less capable of helping. The Scorecard within TenneT TSO Arnhem is static, with a focus on the performance indicators in place. The performance indicators are seen as a goal in itself. Therefore, using another perhaps more effective approach for a task, is discouraged by the Balanced Scorecard. Testing new solutions might decrease the performance on the existing indicator, while the task might be performed

more efficiently. The data speaks of a management paradox in which the choice exists between leadership and achieving *Key Performance Indicators*. A balance needs to be attained within this paradox, in this way there will be room for innovative performance indicators. *Respondent 5* states that innovative ideas 'fit less within the Balanced Scorecard' (see *Appendix 3*). This because TenneT TSO Arnhem as an organisation puts more focus on achieving *Key Performance Indicators*. The company thus failed to create a balance in the management paradox. *Respondent 7* mentions that the interviewee is careful in adjusting performance indicators:

I am careful with making adjustments because virtually all the indicators we report internally, we also report to the ACM. Once per two years. Uhm, and if you change things, you will have to explain these (changes) to them (the ACM). So, I am always really careful.

Respondent 7 (see *Appendix 3*)

The quote demonstrates that innovation is hindered, since adjustments will not be adapted quickly. However, the Balanced Scorecard can be seen as helpful within TenneT TSO. This because creating a simple overview, would lead employees to be creative and innovative according to the data (see *Appendix 3*). Since the Balanced Scorecard currently does not give a good enough overview, creating innovative linked performance indicators might be difficult. This can be improved by linking the strategy and performance indicators better. Overall, the functioning of the Method of Ordering and Innovation is insufficient. This because the Balanced Scorecard does not give a good overview yet. Besides, partly due to the poor overview, innovation on performance indicators is lacking.

Means of Interrogation and Mediation

The discussion with regard to performance indicators is an open one. The analysis of the characteristic *Repair* shows that the employees have an indirect influence on the performance indicators. This shows that the employees are capable of joining the discussion. However, some issues exist with regard to the discussions on performance indicators. When an employee thinks that something needs to change, a suggestion can be made. But when this leads to more strict indicators, the resistance is relatively heavier. The organisation is thus

open for discussions regarding the performance indicators, but the openness for critique is not optimal within the organisation. By tackling the problems regarding the vested interests, the continuous pressure on the performance indicators can be increased. This because a more open discussion would then arise. Despite the suboptimal discussions within the firm, the continuous pressure is in place. This can be seen in the following quote:

The Balanced Scorecard is I think within TenneT permanently in progress.

Respondent 7 (see Appendix 3)

This has a positive effect on the Interrogation and Mediation function of the rhetorical machine, since it shows the continuous questioning of the performance indicators in place. The continuous questioning is also shown in this quotation:

Uhm, and if we have mentioned the KPI's (Key Performance Indicators), then we will focus on the ownersdefinition and things like that. So, we found out that a lot of difference exists. That it takes effort to sharpen definitions. Particularly between the different countries but also between the different departments et cetera.

Respondent 9 (see Appendix 3)

The quote again indicates that the constant overthinking of performance indicators as described within the Means of Interrogation and Mediation is in place, since effort is put into creating good performance indicators. This is endorsed by the existence of draft performance indicators, these indicators will be perfected slowly. So, despite the suboptimal discussions within the firm, the continuous questioning of the performance indicators is still in place. TenneT TSO Arnhem operates in silos, with every department forming its own silo. This suggests that the alignment of interests might not be achieved with the help of the Balanced Scorecard, since the company is divided. The shared understanding of goals is therefore under pressure. A negative impact on the function of Interrogation and Mediation can be observed here. As a communication tool, the Balanced Scorecard spreads the goals set throughout the firm. The communication of the performance indicators is mostly clear. In a yearly budget letter, the performance indicators for the entire organisation will be determined. However, an increased communication might create more awareness of the performance indicators.

This might create a higher participation in the creation of performance indicators. Ideas to enhance the involvement of the employees are for instance:

We do not share it (information regarding the performance of the firm), if you want the organisation to... If you say, we have involvement of the employees and the people should do something with this, then you should put it (the performance) on a screen in the cafeteria every quarter. See, this is how we are doing now.

Respondent 3 (see Appendix 3)

A positive influence on the Interrogation and Mediation function of the rhetorical machine will be created, due to the increased participation and therewith an increased continuous pressure. The quarterly performances of all departments are not shared within the company. Another problem with the communication is that the reports on the performance indicators lack cohesion in some occasions.

We have a jungle of reports within TenneT. We have several reports that are on Board, eh on level of the direction. That is the Q-report and the Quarterly Investment Report. That is about the projects. But below that, there are departmental reports, from systems operations and there are some maintenance reports. These are eh, mainly used within the GRIT-service department. And actually, there is no relationship between these different reports at all.

Respondent 9 (see Appendix 3)

The lack of cohesion makes it hard for the direction to use the Scorecard as a steering mechanism. This is a firm-wide problem since the cohesion of the Balanced Scorecard as a whole is seen as low. The linkages within the Balanced Scorecard are insufficient. TenneT TSO Arnhem is working on creating a greater cohesion of the Balanced Scorecard within the project 'Make strategy work'. This will for instance be done by adjusting the reporting structure of the company. The increased cohesion will then lead to a growth in the shared understanding on the performance indicators, since the problems regarding the silo thinking will then be tackled. In conclusion, the Means of Interrogation and Mediation can be observed within the firm. The employees are capable of joining the discussions regarding performance indicators,

but the discussions are not optimal yet. However, the continuous questioning of the indicators is in place. The communication is also sufficient. A downside is the potential problem of an insufficient shared understanding of goals throughout the firm.

Motivating Ritual

The motivational aspects of the Balanced Scorecard are minimal within TenneT TSO Arnhem. Several reasons for a minimal motivational effect exist within the organisation. For instance, linkages are lacking, thus leading to a reduced motivational effect. This since the overview of the company is not good enough yet. The main reason is that performance indicators are mostly changed when the score on an indicator is below expectance. This makes employees participate less actively in creating the best performance indicators, since the indicators will only be adjusted when the results are below expectance, as can be seen below:

It is mostly, mainly incidents that lead to failing on (performance) indicators. This leads to a focus on those incidents and less on measures to improve the structural performance.

Respondent 1 (see *Appendix 3*)

The underperformance is the primary reason for the changing of the performance indicators, instead of that a constant change takes place. As has been argued in the Means of Interrogation and Mediation function, a continuous questioning does take place. However, this does not mean that changes will be made regularly. Especially since performance indicators are only changed after careful considerations, as was argued earlier. The Scorecard is reactive. This indicates that the company as a whole focuses on solving problems instead of on preventing problems. The focus lies on the tasks to be performed, instead of on the reasoning why tasks need to be performed. By letting employees participate more actively in creating the best performance indicators, the motivational aspects will be improved. This can be done by focusing more on the prevention of problems. In this way, employees will try to create active performance indicators instead of reactive indicators. As of now, the motivation of employees is mostly intrinsic.

What is less clear in some cases, is why employees need to do things. And I think that this determines the intrinsic motivation of people. If you know why you do things, you are more motivated to do your job. Regardless of what KPI (Key Performance Indicator) is in place. ... What you can also see, whenever there is an outage (of power) at TenneT, a certain chemistry arises so to say in which nothing is too crazy and where people are incredibly enthusiastic and motivated to make sure that the power outage stops as soon as possible. ... And then you can do your job incredibly good and fast and you know exactly why you do the things you do. Since there is a big problem, that problem needs to be solved. So, I think it is more important to put people to work, than that this should be done with the help of KPI's (Key Performance Indicators).

Respondent 10 (see Appendix 3)

The strategy or overarching goal thus creates an underlying reason for the employees to fulfil their tasks in the best way possible. The performance indicators and with it the Balanced Scorecard play a smaller motivational role, as can be seen in the quote. Creating a more direct linkage between the Balanced Scorecard and the strategy will thus help in enhancing the motivational effects of the Scorecard. This also since *Respondent 2* also argues that the strategy has a motivational effect, 'the Balanced Scorecard is merely a report of the performance' (see Appendix 3). This again indicates that the Balanced Scorecard plays a minor motivational role. The same conclusion can be drawn from the quotation below:

See, I have to be intrinsically motivated to perform well on my job. That does not depend on whether I will get a bonus on the end of the year, yes or no. And of course, it is nice to be appreciated. But I get that appreciation. If you perform well, then that will be noticed. But I do not need KPI's (Key Performance Indicators) for that. ... Things are made measurable (with Key Performance Indicators), which is a good thing, I think. Originally, I am an accountant, so. Measurement is knowledge right. That applies. But it (the Key Performance Indicators) should not be necessary to motivate people to perform well on their job.

Respondent 8 (see Appendix 3)

Intrinsic motivation is again most important. This shows that performance indicators and the corresponding bonus agreements are of less importance. Overall, the Motivating Ritual of the Balanced Scorecard is thus insufficient.

In conclusion, multiple functions of the rhetorical machine come forward within TenneT TSO Arnhem. Visual Performable Space is in place, even though not every employee experiences this in the same amount. This because throughout the firm a difference exists in the amount of influence one has on the performance indicators. For the Method of Ordering and Innovation, the ordering is lacking quality but is in place. The innovation can however be described as being insufficient. This partly due to a focus on the performance on the *Key Performance Indicators* in place and a deficient overview of the organisation. It can be concluded that the function currently is not functioning well within TenneT TSO Arnhem. The Means of Interrogation and Mediation comes forward within the firm. Both the communication of the goals and the continuous questioning of the indicators are in place. However, the company can make several improvements to solve the problems stated with regard to the communication, the openness of discussions and the alignment of interests. The Motivating Ritual acts insufficient within the company. The strategy is mainly seen as acting motivational. However, since the strategy is not fully linked with the Balanced Scorecard, it can be concluded that the Scorecard has little motivational effects.

5. Conclusion

With help of the analysis, the research question can be answered. The research question is 'To what extent is the Balanced Scorecard at TenneT TSO Arnhem enabling and used as a rhetorical machine?'. Firstly, the presence of enabling aspects in the Balanced Scorecard of TenneT TSO Arnhem is researched. When the enabling effects are elaborated on, an overview of the functions of the rhetorical machine within TenneT TSO Arnhem is given.

Enabling and Coercive behaviour

It can be concluded that *Repair* is in place within TenneT TSO Arnhem, due to the indirect influence employees have on the performance indicators. Yet, with regard to *Repair*, the firm can make several improvements. For instance, the ratification of the performance indicators can be done more quickly after the pre-determining of the performance indicators has taken place. This prevents the lagging of the indicators on the Balanced Scorecard. Besides, the solving of problems can be encouraged more strongly by focussing a little less on the performance on the indicators. More efficient solutions can then be created within the firm, which will be beneficial for the company in the long run.

Overall, the performance indicators are well-known. However, the linkages between the indicators can partly be described as unclear. This indicates that *Internal transparency* does exist within TenneT TSO Arnhem, but improvements should be made to increase the underlying understandings. This will cause employees to better understand why they perform their tasks. It is problematic that the linkages will still be somewhat unclear in the new Performance Measurement framework, since the *Internal transparency* will then not be optimal. TenneT TSO Arnhem needs to invest effort into creating more clear linkages in the new framework, to increase the enabling effects of the Balanced Scorecard.

The *Global transparency* needs serious improvement within TenneT TSO Arnhem. The underlying reasonings of the performance indicators throughout the firm are not presented clear enough in the Balanced Scorecard. Besides, the strategy does not clearly come forward within the Scorecard. It is stated that the strategy will become clearer in the new framework, thus showing improvements made by the firm. By also tackling the problems of 'silo' thinking within the departments, *Global transparency* can be enhanced in order to increase the enabling effects within TenneT TSO Arnhem. The 'silo' thinking can for instance be reduced by sharing the departmental reports throughout the firm.

The *Flexibility* can be described as sufficient. Even though several interviewees expect that not all employees experience a large amount of freedom to make own decisions within tasks, little evidence was found to support this statement. However, TenneT TSO Arnhem should observe the general thoughts on this matter, to make sure that the amount of freedom experienced will remain sufficient throughout the firm. This in order to keep the enabling effects the *Flexibility* creates, on a high level.

The enabling effects are present within the Balanced Scorecard of TenneT TSO Arnhem. However, the company can make several improvements to increase these effects. Especially, the *Global transparency* needs improving. 'Silo' thinking should be reduced and the strategy should come forward more within the Balanced Scorecard. With regard to *Repair* and *Internal transparency*, smaller adjustments can be made to improve on the characteristics. The *Flexibility* within TenneT TSO Arnhem can best be described as sufficient since the freedom experienced is seen as high. Because of all of this, the Balanced Scorecard can best be described as being enabling. With enabling effects in existence within the Balanced Scorecard of TenneT TSO Arnhem, the incomplete performance indicators pose less of a threat for the company. This since, according to the literature, enabling effects make sure that there is no sole focus on the control system, but also on other knowledge available (Jordan & Messner, 2012).

Rhetorical Machine

With regard to Visual Performable Space, multiple features come forward within TenneT TSO Arnhem. The influence of the employees on the shaping of the Balanced Scorecard and the steering of employees into helping with the strategy can be seen in varying extents. Especially, the influence on shaping the performance indicators comes forward. However, this influence can be described as indirect for some employees. This whereas other employees have a very direct influence on the performance indicators. In order to improve the presence of the function, the company needs to create involvement of all employees with the Balanced Scorecard. This will let the Visual Performable Space-function of the Balanced Scorecard come forward even more clearly throughout the firm.

An ordering of goals exists within the company, but the ordering lacks quality. Multiple problems are stated, as for instance the inability of the Balanced Scorecard to capture the

strategy and the existence of contradictory performance indicators. The ordering can be improved by creating an enhanced cohesion throughout the Scorecard. TenneT Arnhem is already working on incorporating the strategy more within the Balanced Scorecard. The insufficient overview of the performance indicators in place results in lacking innovation. Besides, it is mentioned that the focus of the organisation lies on the performance on the indicators. This also smothers innovation on the indicators. A reduced focus on the performance on the *Key Performance Indicators* and an improved overarching Balanced Scorecard will lead to a shift of the Method of Ordering and Innovation-function from being insufficient to becoming sufficient.

Within the Means of Interrogation and Mediation, the employees are capable of joining the discussion with regard to performance indicators. This indicates that the goals set are under continuous pressure. TenneT TSO should improve on the openness for critique, since some issues regarding this openness were stated. This can for instance be done by tackling problems surrounding the vested interests. In this way, the firm can improve on the Means of Interrogation and Mediation-function of the Balanced Scorecard. The communication within the Balanced Scorecard is seen as good. However, a lacking cohesion in the reporting of the performance indicators and an insufficient alignment of interests are mentioned. The company is already working on solving the first problem with the project 'Make strategy work'. Besides, an increased cohesion within the Scorecard might solve the problem of 'silo' thinking. The Interrogation and Mediation function can thus be seen as sufficient within the company. The Motivating Ritual can best be described as small within TenneT TSO Arnhem. This because intrinsic motivation and the strategy are seen as the most important motivational aspects. Besides, underperformance is the most important reason to change performance indicators. This leads to the employees participating less actively in creating the best performance indicators, since the indicators will mainly be changed when there is underperformance. The Motivating Ritual of the Balanced Scorecard can thus be seen as insufficient within the company. TenneT TSO can increase the motivational influences by linking the strategy more directly to the *Key Performance Indicators* on the Balanced Scorecard. Besides, involving employees more actively in creating active performance indicators will improve the functioning of the Motivating Ritual.

Both Visual Performable Space and a Means of Interrogation and Mediation come forward within the company. However, the Method of Ordering and Innovation and the Motivating Ritual can be described as insufficient. This indicates that the Balanced Scorecard within TenneT TSO Arnhem does not fully function as a rhetorical machine, but several functions are in place. The company is already working on incorporating the strategy in the Balanced Scorecard, by creating a new performance indicator framework. This will increase the ordering function. In turn, a better overview of the organisation might lead to more innovation with regard to the performance indicators. However, TenneT TSO Arnhem then also has to tackle the problem of the focus on the performance on the indicators. This to make sure that the Method of Ordering and Innovation will act sufficient within the firm. The linkage of the strategy and the performance indicators will also increase the motivational effects within TenneT TSO Arnhem. This because the strategy of the firm is described as acting motivational. By creating a more direct linkage between the strategy and the indicators, the motivational effects will be based more on the functioning of the Balanced Scorecard. With the project 'Make strategy work', the functioning of the Balanced Scorecard as a rhetorical machine might come forward more clearly within TenneT TSO Arnhem. Future research can prove whether the project had a positive effect on the Balanced Scorecard of the organisation.

The Balanced Scorecard within TenneT TSO Arnhem can be described as being enabling. Besides, several aspects of the rhetorical machine come forward within the firm. The functions that are less present, are being improved by the company. With both the enabling effects and the rhetorical machine in place, it can be concluded that the existence of incomplete performance indicators poses less of a threat. Besides, it can be stated that the rhetorical machine within TenneT TSO Arnhem is enabling. This because the Balanced Scorecard can mainly be seen as enabling and several functions of the rhetorical machine are in place within TenneT TSO Arnhem.

6. Discussion

Where the sources around enabling control mainly discuss managers and their perception on the control system, this research also looked into the perception of 'regular' employees. This can give the research with regard to enabling and coercive control a new dimension. But it is also a flaw since theories of the role of managers within an organisation have been applied to other employees as well. This has effects on the external validity of the research (Bleijenbergh, 2015, p120).

The research only made use of interviews to investigate the functioning of the Balanced Scorecard within the firm. This did give a proper view on the existence of the rhetorical machine and enabling effects, since interviews are well capable of giving insight into the experiences people have on subjects (Bleijenbergh, 2015, p.110). But a better insight could have been created when data triangulation would have been used. Even though the interviews held were amongst multiple layers of the organisation, making use of more interviews would increase the generalisability (Bleijenbergh, 2015, p.120). Besides, making use of other methods of the data collection, would lead to an enhanced insight (Bleijenbergh, 2015, p.110). Observing the schematic overview of the Balanced Scorecard in place would have been very useful for creating a clearer overview of the organisation.

With regard to the interviews held, not all questions asked were open. This might steer the interviewees in the answers they give. Besides, some questions asked were a bit suggestive towards an answer that was expected by the interviewer. Therefore, the answers given might be compromised. On some moments, multiple questions were asked at once. This might confuse the interviewees. Also, not all questions were asked to every interviewee. This means that a loss on information exists within the research. The transcripts of the interview were sent out relatively late after the interviews were held, this might cause some interviewees to not fully recall what was said. Not all interviewees were able to look into the transcripts, thus creating a loss of internal validity (Bleijenbergh, 2015, p.120).

The research of the Balanced Scorecard took place at TenneT TSO Arnhem. However, after investigation it turned out that the company did not use the theoretical version of the Balanced Scorecard. Even though several employees stated that the current management control system used is a derivative of the Balanced Scorecard, the four perspectives of the Balanced Scorecard are not used in practice. The focus of the organisation does lie with both

financial and non-financial performance indicators. For future research, a company that makes use of the purely theoretical form of the Balanced Scorecard might be used.

The linkage between the rhetorical machine and enabling control could have been clarified more extensively. The linkage remained a bit vague throughout the research, even with a paragraph in the Theoretical Framework to connect the two theories. This might have a negative influence on the internal validity, since a partly vague linkage can lead to measuring the wrong things (Bleijenbergh, 2015, p.120). More extensive research on the linkage of the two theories can lead to an enhanced understanding and perhaps different insights into the functioning of the Balanced Scorecard.

Only ten employees were interviewed whereas the company currently consists of 4,500 employees (Financieel Dagblad, 2019). Employees of the office in Arnhem were interviewed exclusively. This while several other offices exist within the Netherlands. The German part of the company was also neglected. Therefore, the research can not give an overview of TenneT TSO but only of TenneT TSO Arnhem. The external validity is also relatively low since the interviews were only held within one firm. The results are thus not very generalisable since only a small part of one particular firm was researched (Bleijenbergh, 2015, p.120). The firm is also partly regulated, decreasing the external validity even more. Performing the research within several other firms that operate in different financial sectors, will increase the generalisability of the results. An increased understanding of the processes regarding the Balanced Scorecard can be found.

With regard to the usability of the results, TenneT TSO Arnhem is not directly capable of implementing the theories elaborated on. Though, suggestions to improve the Balanced Scorecard were made. It turned out that some issues faced were already being worked on, thus decreasing the usability of the research (Bleijenbergh, 2015, p.120). The analysis performed, does however give an underlying reasoning as to why some changes have to be made. This might increase the understanding of the processes going on within the firm.

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8. Appendix

Appendix 1: The Interview

My name is Pim Teunisse and I am a master's student at the Radboud University Nijmegen. I am currently researching the influence of the Balanced Scorecard on the day-to-day work to be performed. This will be done by evaluating whether four functions of the Balanced Scorecard (the Balanced Scorecard as Visual Performable Space, Method of Ordering and Innovation, Means of Interrogation and Mediation and Motivating Ritual) can be seen as enabling. Enabling control will exist when a firm uses knowledge of the employees to optimise processes within the firm, this can be examined by looking at Repair, Internal transparency, Global transparency and Flexibility.

The interview will take about 45 minutes of your time. Do you have any objections against the interview being recorded? The interview will be anonymized, and only my supervisor will see the results. Do you have any further questions before we start?

Interview Questions

General Questions

1. Could you briefly describe what your role within TenneT TSO Arnhem is?

General Questions regarding Balanced Scorecard

2. Can you briefly describe what the Balanced Scorecard looks like?
3. What reasons are there for the company to make use of the Balanced Scorecard?
4. What vision do you have on the usage of the Balanced Scorecard within TenneT TSO Arnhem?
5. If any, what problems with regard to the Balanced Scorecard can you state?

Visual Performable Space

6. To what extent are you capable of changing performance management indicators?
7. To what extent are you aware of the performance indicators in place and what these indicators serve to do?
8. To what extent do you understand the relationship between your own performance indicators and those of other departments?
9. To what extent are you capable of defining your tasks to be fulfilled?

Method of Ordering and Innovation

10. What do you believe to be the extent to which the Balanced Scorecard helps you in creating innovative performance indicators? And why?
11. To what extent do you believe that the Balanced Scorecard helps in ordering knowledge?
12. In what ways does the Balanced Scorecard give you a clear overview of the goals set in the entire organisation?
13. To what extent does the Balanced Scorecard steer you in performing a task?

Means of Interrogation and Mediation

14. In what way does the process regarding the performance indicators on the Balanced Scorecard deal with critique?
15. In which ways are the performance indicators communicated within the firm?
16. To what extent does the Balanced Scorecard give an overview of the goals and strategy of your department? And of the entire organisation?

17. To what extent are you capable of having critique on your own tasks to be performed? What happens with the critiques given?

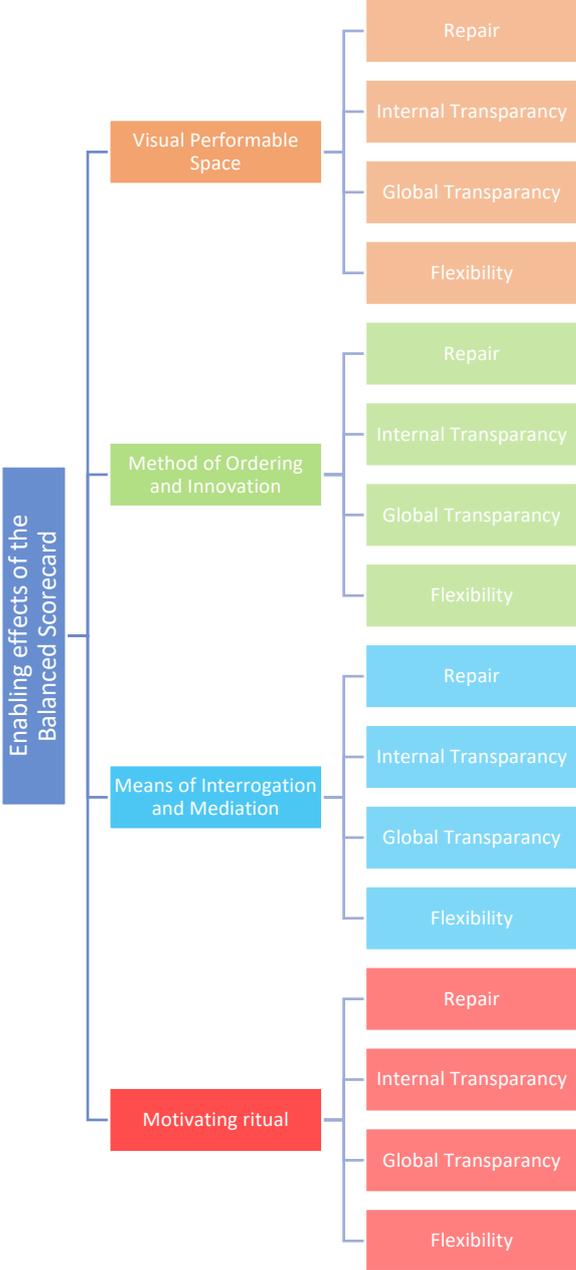
Motivating Ritual

- 18. To what extent does the Balanced Scorecard encourage you to critically think of the performance indicators in place?
- 19. To what extent does the Balanced Scorecard motivate you to try and fully understand the performance indicators in place?
- 20. How much does knowledge of the overall strategy motivate you to improve the results of the department?
- 21. In what ways are you involved in improving the Balanced Scorecard?

These were my questions, are there any questions you would like to ask? I would like to thank you for your cooperation. Once again, the answers given will be processed anonymously and only my supervisor will see the results. The transcript of this interview will be written out, do you have interest in seeing the results of that? And would you like to see the results of the research?

Thanks again, you really helped out a lot. Have a great day.

Appendix 2: Structural Display



Appendix 3: Transcript of Interview

Due to privacy issues, this part has been removed. This part can be consulted by contacting the author.

Appendix 4: Linkage Interview Questions and Codes

Interview Questions	
General Questions	
1. Could you briefly describe what your role within TenneT TSO Arnhem is?	
General Questions regarding Balanced Scorecard	
2. Can you briefly describe what the Balanced Scorecard looks like?	<i>Overzicht BSC</i>
3. What reasons are there for the company to make use of the Balanced Scorecard?	<i>Redenen BSC</i>
4. What vision do you have on the usage of the Balanced Scorecard within TenneT TSO Arnhem?	<i>Mening BSC</i>
5. If any, what problems with regard to the Balanced Scorecard can you state?	<i>Problemen BSC</i>
Repair	
6. To what extent are you capable of changing performance management indicators?	<u>Repair</u> <i>Visual Performable Space, 1</i>
7. What do you believe to be the extent to which the Balanced Scorecard helps you in creating innovative performance indicators? And why?	<i>Ordering & Innovation, 1</i>
8. In what way does the process regarding the performance indicators on the Balanced Scorecard deal with critique?	<i>Mediation & Interrogation, 1</i>
9. To what extent does the Balanced Scorecard encourage you to critically think of the performance indicators in place?	<i>Motivational Ritual, 1</i>
Internal transparency	
10. To what extent are you aware of the performance indicators in place and what these indicators serve to do?	<u>Internal transparency</u> <i>Visual Performable Space, 2</i>
11. To what extent do you believe that the Balanced Scorecard helps in ordering knowledge?	<i>Ordering & Innovation, 2</i>
12. In which ways are the performance indicators communicated within the firm?	<i>Mediation & Interrogation, 2</i>
13. To what extent does the Balanced Scorecard motivate you to try and fully understand the performance indicators in place?	<i>Motivational Ritual, 2</i>
Global transparency	
14. To what extent do you understand the relationship between your own performance indicators and those of other departments?	<u>Global transparency</u> <i>Visual Performable Space, 3</i>
15. In what ways does the Balanced Scorecard give you a clear overview of the goals set?	<i>Ordering & Innovation, 3</i> <i>Mediation & Interrogation, 3</i>

<p>16. To what extent does the Balanced Scorecard give an overview of the goals and strategy of your department? And of the entire organisation?</p> <p>17. How much does knowledge of the overall strategy motivate you to improve the results of the department?</p> <p>Flexibility</p> <p>18. To what extent are you capable of defining your tasks to be fulfilled?</p> <p>19. To what extent does the Balanced Scorecard steer you in performing a task?</p> <p>20. To what extent are you capable of having critique on your own tasks to be performed? What happens with the critiques given?</p> <p>21. In what ways are you involved in creating a better Balanced Scorecard?</p>	<p><i>Motivational Ritual, 3</i></p> <p><u>Flexibility</u></p> <p><i>Visual Performable Space, 4</i></p> <p><i>Ordering & Innovation, 4</i></p> <p><i>Mediation & Interrogation, 4</i></p> <p><i>Motivational Ritual, 4</i></p>
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