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EXAMINING INSTITUTIONAL CONTENT OF THE BALANCED SCORECARD: LOGICS AND TRANSLATIONS IN UKRAINIAN BUSINESS ENVIRONMENT

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Abstract. *This study examines institutional definitions and meanings Ukrainian managers attach to one of the most popular management concepts – the Balanced Scorecard. Socially constructed discourses, that is, beliefs, understandings, expectations, interpretations, collective cognitions and meanings beyond initial technical purposes of the BSC are treated as an institutional content that infuses and distorts technical aspects of the practice. Results confirm that technical foundations of this practice have been infused with institutionally constructed meanings and understandings generated from the local dominant institutional order, constructing the meaning of the BSC as a coercive, command-and-control management system. Gathering information from local sources of information and strengthening them with collective understandings, the BSC has been infused with new meanings and beliefs, dramatically changing the original technical core of the concept. The study shows how the meaning of the management concept changed in the new institutional context under the dominance of the local logic. Specifically, the study contributes to the individual-level research on the impact of institutional logics on actors' actions by showing the process of individuals' responses to two macro-level meaning systems materialized in the BSC – prototypical and home institutional logics.*

Key words: *BSC, institutional logics, social construction, value infusion, implementation*

1. Introduction

Many researchers have noted that the BSC tends to vary as it diffuses across countries, industries and organizations (Malmi, 2001; Speckbacher et al., 2003; Ax & Bjørnenak, 2005; Wiersma, 2009; Nørreklit et al., 2012; Madsen, 2014; Madsen & Slåtten, 2015; Cooper & Ezzamel, 2016; Aksom, 2017a). Most studies, however, explain this heterogeneity as a functional and technical adaptation caused by pragmatic interests of adopters and supply-side strategic efforts on promotion and dissemination, relying on a functionalist paradigm. On the contrary, institutional theory and its various branches such as

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institutional logics perspective, Scandinavian institutionalism or management fashion theory tend to look at socially constructed patterns of adoption and variation. According to this line of thought, different institutional settings have their own historically and culturally constructed logics that define legitimacy criteria for ideas, practices, behaviors and structures, shaping the actors' perceptions and understandings of rationality, appropriateness, interest and success (Friedland & Alford, 1991; Sahlin-Andersson, 1996). It is widely accepted in institutional research that changes in logics lead to shifts in organizational practices and behaviors (Thornton, 2004; Glaser et al., 2016). Therefore, capturing local institutional logic will help to identify whether, how and why former technical concept had been interpreted, infused with new meanings and values and translated into practice differently than in other institutional contexts (Green et al., 2009).

The central question in institutional theory is why and how social structures and practices acquire meaning and get adopted not so much for their technical characteristics and purposes but rather for symbolic value and socially constructed meanings (Suddaby, 2010; Suddaby et al., 2010). More phenomenological versions of new institutionalism claim that actors are not just influenced by their institutional environment but constructed in and by it (Meyer & Jepperson, 2000, Jepperson, 2002; Meyer & Bromley, 2013). As such, there is no point any more in distinguishing between rational and irrational or technical and institutional (Suddaby & Greenwood, 2009): we may now ask why certain practice changes its former institutionally constructed meaning and acquires new symbolic value. As adopters do not recognize cognitive influence of institutions, they adopt not for legitimacy but because they believe certain practice is the most rational and efficient choice. Resolving institutional complexity therefore refers to sense making and blending different socially constructed realities and world-views, often adopting novel set of assumptions and values (Thornton & Ocasio, 1999) to fit dominant local institutional order which prescribes another set of assumptions and values.

This issue is addressed in this study by examining how the former technical content¹ of the Balanced Scorecard in Ukrainian organizations has been partly replaced by institutional understandings and beliefs.

The aim of this research is to explain how behavior is located and conditioned by the context and how abstract logics influence individuals' cognition and provide templates for making sense of material practices, infusing them with socially constructed value and meaning. For this purpose, the paper follows the dynamics of meanings and understandings that infuse technical core of material practice, resulting in a different design, implementation and utilization process.

Recent institutional studies tend to focus on the actors' interpretation and make sense of different institutional logics on the ground, translating macro institutions into

¹ By former technical content we mean former institutionally defined purposes and values of the practice and by no means apply technical-institutional dichotomy.

everyday practice (Hallett, 2010; Everitt, 2013; McPherson & Sauder, 2013; Bevirt & Suddaby, 2015; Pallas et al., 2016; Martin et al., 2016; Currie & Spyridonidis, 2016). By linking institutional logics and translation perspectives, the study contributes to these streams of institutional theory, showing that the interpretation and adaptation of the BSC in Ukrainian context is a process of interpreting the logic of the BSC in light of the dominant managerial logic prevalent among Ukrainian practitioners. Furthermore, it is argued that the former logic adaptation is not a matter of pursuing of interests and power of the local actors but a process of largely unconscious and unintentional adapting of contested practice to the legitimacy criteria of the local institutional order. That is, the actors interpreted and enacted the BSC in order to fit external institutional logic to the norms and beliefs of the home logic. Results also support phenomenological arguments according to which actors rarely recognize institutional effects but nevertheless are able to rationalize institutionally-influenced decisions as if these decisions were not a reflection of taken-for-granted options but a product of critical and independent analysis (Meyer, 2010). The prototypical BSC idea was largely unconsciously infused with locally prevalent values and meanings, shifting the meaning of the concept from performance measurement and the management system towards a control tool. It was found that taken-for-granted understandings and expectations with regard to the Balanced Scorecard among Ukrainian practitioners implied that the major purpose of the concept is not so much to measure, translate strategy or contribute to management but to control and micromanage.

2. Theoretical orientation

2.1. Linking institutional logics and translation perspectives

Perceived shortcomings and weaknesses of institutional theory resulted in several alternative frameworks such as institutional entrepreneurship, institutional work, Scandinavian institutionalism and institutional logics (Sahlin & Wedlin, 2008; Wæraas & Sataøen, 2014). The latter two mostly focus on resolving agency-structure issues and explaining change and disability without distorting core institutional statements. Both research streams had originated as opposite to fundamental arguments of institutional theory about conformity, stability, resistance to change and isomorphism (Boxenbaum & Pedersen, 2009). Scandinavian institutionalism holds that local actors interpret and adapt global ideas and standards to fit the local context and adopters' needs and interests while institutional logics perspective explains how macro-cultural orders guide, direct, inform and constrain the actors' cognition and interests. Editing rules in Sahlin-Andersson's (1996) essay as well as Røvik's (2007; 2016) translation rules and the effects of institutional logics in fact describe the same process of the impact of structure on agency. Both streams can be separated into two approaches – the one that emphasizes active agency and strategic approach in logics manipulation or pragmatic translation

and another one that recognizes embeddedness and social construction of interests and motives (Boxenbaum & Pedersen, 2009; Kirkpatrick et al., 2013; McPherson & Sauder, 2013; Reay et al., 2017). This study employs the second approach and examines how logics guide translation. As it has been argued recently, both theories are indeed complementary and can be successfully used for explaining diffusion and adoption patterns (Waldorff, 2013; Pallas et al., 2016).

Institutional logics concept offers a metatheoretical framework for analysing the individuals, organizations and institutions as interconnected units (Thornton et al., 2012; Zilber, 2013; 2017; Purdy et al., 2017; Battilana et al., 2017). In general terms, institutional logics are *“the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality”* (Thornton & Ocasio, 1999:804). Logics focus decision makers’ attention towards some institutionally defined and accepted ends and provide means to these ends (Jay, 2013; Besharov & Smith, 2014). Hence, adopters implement one type of practices and structures and not others, while those accepted for adoption and popularization are subject to local legitimacy criteria benchmarking. Most radical and conflicting elements must be played down, altered, reconfigured, reduced or ignored, while most attractive, prevalent and appropriate features according to dominant institutional logic are maintained and emphasized and hyperbolized (Sahlin-Andersson, 1996; Sahlin & Wedlin, 2008).

2.2. The Balanced scorecard

The Balanced Scorecard is now recognized as one of the most widely adopted management innovations in both private and public sector regardless of geographical, business, economic or cultural contexts (Modell, 2012; Hoque, 2014; Cheng & Humphreys, 2012). Initially formulated as a performance measurement tool that seeks to overcome solely financial focuses and orientations, it has since developed into a strategic management system and management model that plays a major role in organizational strategy process (Kaplan & Norton, 2001; De Geuser et al., 2009). Its key function is to align organizational strategy with performance, translating strategy into action (Kaplan & Norton, 1996). The Balanced Scorecard focuses on both financial and non-financial indicators, and distinguishes four perspectives: financial, customer, internal business and innovation and learning. Speckbacker et al. (2003) stressed the following causal link in the BSC development: 1) financial and non-financial measures development and integration into strategy formulation; 2) strategy description and 3) strategy implementation, translating business operations into overall strategy. They, however, argued that these three processes can be rarely met in a single organization and usually these are three different types or modes of the same innovation. In addition, researchers find different purposes and functions of the BSC in organizations. As such, Malmi (2001) noted that the BSC is used mainly as an information system and a steering device.

Wiersma (2009) found three interrelated and complementary purposes for which managers rely on balanced scorecards – decision-making, coordination and self-monitoring. Furthermore, many subsequent studies were conducted to find out different purposes the BSC serves.

2.3. Technical and institutional aspects of the Balanced Scorecard

Research on the balanced scorecard focuses on such areas as diffusion, design patterns and the link between adoption and perceived benefits in terms of performance measurement and management improvement (Hoque, 2014; Madsen & Steinhem, 2015). The latter field of inquiry is still underdeveloped as there is a lack of evidence of the BSC effectiveness and such a high rate of adoption could not be explained only by economic benefits the concept offers (Nørreklit, 2000; 2003; De Geuser et al., 2009). There are divergent views on the rationales for its adoption and use, patterns of design, and often unexpected implementation outcomes occur (Dechow, 2012; Busco & Quattrone, 2015). Nørreklit et al. (2012) raised a question of relevance with regard to the BCS use and concluded that there are no valid criteria to prove relevance. This leads to an assumption that the BSC is a mythical concept that can be both efficient and relevant or not. The lack of evidence and hard facts inevitably creates a space to be filled in by beliefs, interpretations, values and expectations (Czarniawska & Joerges, 1996; Zilber, 2006). In one of the recent studies on the BSC interpretation, Madsen and Stenheim (2014) point to difficulties in understanding conceptual aspects of the BSC by adopters and how they have difficulties with the concept ambiguities and causal relationships inconsistencies. For instance, Madsen (2014) found that different interpretations took place among Danish actors who used the same concept for different purposes – measurement and strategic management. As any other social practice and concept, the Balanced Scorecard also consists of both technical and institutional dimensions and one aspect simultaneously originates from and results in another (Friedland, 2001; 2002). Friedland and Alford (1991) defined institutions as a simultaneously symbolic and material substance. To them, institutions are material practices through which “*individuals and organizations produce and reproduce their material substance and organize time and space*” and “*symbolic systems, ways of ordering reality, and thereby rendering experience of time and space meaningful*” (Friedland & Alford, 1991:243). Green et al. (2009) claim that the symbolic systems through rhetoric provide material practices with meanings and cognitive legitimacy, while, at the same time, material conditions can shape the structure of arguments and reasons behind the practice they support. Westphal et al. (1997) and Fiss and Zajac (2004) suggest that due to this duality researchers should treat innovations as belief structures rather than simple tools or techniques and pay attention not solely to the fact of adoption but to the way adopters perceive, understand, define and interpret innovations. In the case of the Balanced Scorecard, too general and abstract guidelines provided by Kaplan and Norton makes it difficult to define what is the core of the concept, what is adopted in

each case and what spreads from setting to setting (Ax & Bjørnenak, 2005; Madsen & Stenheim, 2015). The concept is open for various interpretations (Benders & Van Veen, 2001) and the fact that “*few firms truly understood the assumptions behind that claim by Kaplan and Norton*” (Malmi, 2013:41; Madsen & Slåtten, 2015) makes the BSC sensitive for multiple meanings and values. In her works on the role of meaning and shared understandings in institutionalization process, Zilber (2008) emphasizes that “*meanings are encoded in structures and practices, while structures and practices express and affect those meanings*” (2008:152). To analytically recognize and distinguish intangible meaning systems one should compare the founding technical formulations and purposes for which the practice was designed to serve with discourses created, combined, shared and sustained over time in new locations.

The features and patterns of rational myths suggest that the focus in methodology should be made not so much on motivations such as legitimacy-seeking or performance improvement/problem-solving rationales, but on the sources of information adopters search, interpret and utilize and on their definitions and interpretations of an innovation *per se* (Fiss & Zajac, 2004). In other words, not why they adopt but what is adopted and how the nature of the concept is understood. This allows understanding and distinguishing between local institutional meaning systems and meaning systems prevailed in other settings. Clarifying technical foundations elaborated in a former institutional environment will allow capturing the process of value infusion in a new setting, where innovation is interpreted in the light of the local dominant institutional order. I will describe methods of distinguishing technical realities from social constructions employed in this study in greater details in the next section.

3. Research Context

In Central and Eastern Europe, the transition from central planning to a free market economy in post-communist countries is meant to reflect a need to adapt to modern business environment (Conbere & Heorhiadi, 2006; Kornilova et al., 2016). In terms of management style and philosophy, a transition from state socialism to oligarchic capitalism has a substantive impact on managerial behavior and patterns (Kerr & Robinson, 2009; Firsova & Orobets, 2012; Firsova & Kornilova, 2009). Management philosophy and culture in post-soviet countries in general and in Ukraine in particular requires taking a different approach to management and distinctive understanding of organizational and corporate culture. Management philosophy and culture in Ukraine is still associated with a Theory X management approach where employees' behavior is micromanaged, restricted and sanctioned rather than enabled. Such a management model promotes a vertical management system with enhanced accountability and restricted transparency, responsibility trust and autonomy among employees.

In terms of management accounting and control techniques and concepts, it can be expected that its features and functions will partly reflect local institutional logics.

In particular, for Ukrainian context, Aksom (2017b) suggested that radical change like Beyond Budgeting transfer from Scandinavian context to Ukrainian business realities is not impossible. Rather, local context absorbs and modifies western management concepts to Ukrainian management culture. As such, “institutional logic that shapes Ukrainian business traditions relates to more tight control, command-and-control culture and top-down hierarchy” (Aksom, 2017a:26).

3.1. Research methods

The methodological approach chosen for this research is a comparative multiple-case study (Kaplan, 1986; Eisenhardt, 1989; Scapens, 1990; Zilber, 2002; Arena et al., 2006; Siebert et al., 2016) designed to find out and analyze institutional influences on the adoption process and practices interpretation and utilization by organizations located in the same geographical and cultural business area. Case studies do not capture any “objective reality” but reflect social reality that must be interpreted by the researcher, after organizational participants themselves made sense of complex events and their reality (Scapens, 1990; Scapens & Roberts, 1993; Ahrens & Chapman, 2006). “Case studies comprise “interpretations of interpretations” and as such they do not represent unproblematic “facts” concerning some absolute reality” (Scapens & Roberts, 1993:3). Therefore, while generalizability is problematic, the research methods adopted for this study seem to fit well the former objectives of this research and especially the social constructionist epistemology of institutional processes (Zilber, 2002). According to Lok (2010), “*a qualitative-constructivist methodology has a unique advantage for exploring the work of the symbolic in institutional processes as it stresses the embodiment of experience in shared sociolinguistic meanings and practices*” (2010:310). This study is qualitative and interpretative in nature, which allows departing from traditional quantitative research that treats institutionalization as a matter of volume and focusing on the actors’ perceptions, interpretations, decision making, judging and understandings, thus distinguishing between material and symbolic aspects of the Balanced Scorecard (Green et al., 2009). This is especially important in studies on institutional logics which aim to capture different logics, find patterns of dissimilarity between different institutional orders and explain how institutional effects shape the actors’ subjecthood (Reay & Jones, 2016; Zilber, 2017).

Two major logics have been identified: the logic of a measurement tool and the logic of a control device. The first is focused mainly on the ability of the company to measure and thus manage its tangible and intangible assets, while the latter is more concerned in controlling and micromanaging employees’ behavior.

3.2. Data collection

The study approached nine private sector organizations, Companies 1–9 (the names are disguised for confidentiality since most interviews were arranged on a confidential

basis) that had introduced the BSC and either are still using or have rejected this innovation before the data collection for this study had started. According to the time-scale of the BSC adoptions in Ukraine, all companies belong to early adopters, introducing balanced scorecards in the period between 2003 and 2007. Semi-structured interviews with the members and key decision makers of each BSC implementation team were selected as a primary data collection method. Interviews were conducted at the time when the BSC had already been implemented and either utilized or rejected as in the case of two organizations. Interviews lasted between 40 minutes and two hours. In most cases, primary data gathered through interviews were complemented by internal documents, such as implementation plans, reports, strategic progress documents, brochures, information from companies' websites. In total, 18 interviews in nine organizations were conducted between November 2015 and September 2016.

Preparing for interviews, I first and foremost sought to recognize, capture, define and collect some common discourses surrounding the BSC interpretation and adoption (Green et al., 2009). The aim was to discover common social accounts, a kind of an arithmetic mean among opinions, beliefs, understandings and, probably, clear empirical facts and undistorted former meanings attached to the concept (Jepperson, 1991; Zilber, 2002). The starting set of questions for discussing in each organization aimed to uncover motives for adoption and designing and use of the patterns as well as to understand how the information from the BSC is gathered, reacted upon, communicated and disseminated (Agostino & Arnaboldi, 2012).

3.3. Data analysis

The research design of the study is built around qualitative interpretative methods of capturing and following informants' understandings, beliefs and expectations regarding events and objects (Tukiainen & Granqvist, 2016). For the purpose of this paper empirical findings were analyzed and categorized according to identified common patterns and unique peculiarities. Following previous studies which categorized the purposes for which organizations use balanced scorecards (Malmi, 2001; Speckbacker et al., 2003; Wiersma, 2009; Madsen, 2014; Madsen & Stenheim, 2014), I initially classified the meanings and functions of the BSC in each case along two dimensions – interactive vs. diagnostic use (Agostino & Arnaboldi, 2012) and performance measurement vs. performance management purposes (Madsen, 2014). Agostino and Arnaboldi (2012) distinguished between two modes of the Balanced Scorecards use – diagnostic and interactive. According to the authors, these two modes reflect the style of control adopted by managers (Agostino & Arnaboldi, 2012:330). The former is associated with the low number of non-financial indicators, explicit targets, and no link with the reward system, while the latter is opposite: “an evenly balanced set of financial and non-financial measures, cascading of the BSC, implicit targets, and a link to the reward system” (Agostino & Arnaboldi, 2012:337).

At the same time, Madsen distinguishes between two major interpretations of the BSC – “performance measurement system” and “strategic management system”. He found this difference both in the interpretation of the BSC by consultants and by the users of the BSC themselves. Even in these two archetypes, supply and demand side of the BSC were able to make different interpretations which varied from the former Kaplan and Norton’s ideas directed at performance measurement to more recent ones, focused on strategic management. Additionally, a variety of approaches were undertaken by organizations in their search for the balance between financial and non-financial indicators.

Organizations were initially approached and interviewed for the purpose of generating general understanding of patterns and peculiarities of adoption and use of balanced scorecards. First considerations with regard to cross-sectional comparison were connected with performance measurement vs. performance management objectives for the BSC adoption. Over time, as the field work was moving on and the impact of the local context started emerging from discussions and observations, it became evident that none of standard BSC classifications can be fully applied to Ukrainian organizations. The extent of control rigidity was approached as a substitution for an interactive vs. diagnostic use dimension since, in fact, all cases dealt with the interactive mode. Therefore, three ideal types of logics have been identified (Reay & Hinings, 2009; Nicolini et al., 2016), and all nine companies were clustered according to the BSC role and type of use in each organization. In addition to performance measurement and management function, control perspective was added as a third logic of the BSC usage.

Contrary to earlier institutional studies, qualitative interpretative methodology allows emphasizing the process of institutionalization over outcomes and focusing on how and why actors cast meaning, generating, translating or maintaining specific symbolic values (Zilber, 2002). Via close examination it becomes possible to observe and understand how actors intentionally or unintentionally infuse material practices with meanings and vice versa. Rarely does institutional research capture the process of meaning constitution and transmission when actors perceive and accept subjective categories as objective reality and social facts (Berger & Luckmann, 1967; Zucker, 1977; Meyer, 2008).

4. Results

4.1. *Consumption of the Balanced Scorecard*

This sub-section provides the description and analysis of the adopters’ rationales for the BSC adoption and how and where they learned about the concept. A summary of the key findings from the interviews is presented in Table 1 and further discussed in the following sections.

TABLE 1. An overview of the adopters' motives for adoption, implementation process and perceived outcomes

Organi- zation	Reason for adoption	Interpretation and design peculiarities	Outcome
1	Identification and integration of non-financial KPIs in the firms' strategy	To increase each employee's responsibility and accountability for their work segment	Performance measurement and management system
2	Making employees accountable for work outcomes	The main aim of the BSC approach is to implement collective and individual responsibility for the result as a key management task	Serves mainly as control, monitoring and coercive functions
3	Implementing strategy	Former considerations have been shifted towards acknowledgement of the need for top-down management control system	Control system
4	Performance measurement and decision making system	The former reason for adoption was maintained during the implementation phase and resulted in expected outcomes	Performance measurement system
5	Control system	Implementation stage proceeded as planned	Control system
6	Control system	No different interpretations were made since the initial understanding of the BSC	Control system
7	Implementing strategy	Has been transformed into a control device several years after implementation	Control system
8	Implementing strategy	BCS project has been launched as a tool for accountability and responsibility allocation	Rejected the project after no adequate and relevant non-financial KPIs were found
9	Implementing strategy	Rejected at the stage of KPIs design	Rejected the project after no adequate and relevant non-financial KPIs were found

Additionally, Table 2 demonstrates characteristics of the case companies, positions of the interviewees and exemplary quotes that indicate rationales of adoption and use of the BSC.

TABLE 2. Characteristics of organizations, interviewees and relevant quotes from the study.

	Industry	Size	Interviewees positions	Exemplary quotes by designers and/or users, or declared reason
1	Financial	Large	Senior management accountant (BSC project leader)	Senior management accountant: “... From the beginning of the project there was a clear understanding that we need a more appropriate management control system...”
2	Telecom	large	CEO, Senior management accountant (BSC project leader)	“We already had our own performance measurement tools and systems for both financial and non-financial indicators, so the only objective of the BSC we saw relevant is a means to control and force employees to deliver expected results.” (CEO)
3	Financial	medium	Chief executive officer, Chief financial officer	“We are, of course, aware of the former purpose of the BSC as an alternative to solely financial measurement, but still, our need is to measure financial performance first and foremost. And our version of the BSC does satisfy this demand.” (CFO)
4	Manufacturing	medium	Chief financial officer	“... this tool we have developed has not so much in common with traditional BSC but still it is. The major difference is that we do not rely on non – financial KPI but try to manage the company within financial indicators.” (CFO)
5	Manufacturing	large	Chief financial officer, management accountant	“Already at the pre-adoption phase we had realized that the BSC can hardly work in its “western form” as the more coercive and top-down approach will be needed, even though it could lead to resistance and even demoralizations among the staff (and it actually did). Nevertheless, the BSC in Ukrainian reality requires tight control and it, in turn, helps to establish it.” (CFO)
6	Financial	medium	Chief financial officer	“We use both financial and non-financial indicators... though the former is more common and needed. I think one cannot rely too much on the non-financial KPIs in Ukrainian business” (CFO).
7	Financial	large	The head of accounting department, the head of strategy department	“The major task of our BSC is to measure profitability, while KPIs are cascaded downward across our branches. Branch managers and employees thus are accountable monthly and responsible for delivering their KPIs” (the head of strategy department).
8	IT	medium	Chief executive officer, Chief operation officer	“We have decided to implement the BSC and designed KPIs first and foremost for field managers in order to facilitate control over their daily activities” (COO).
9	Retail	large	Chief financial officer	The balanced scorecard provides us with the measurement and management system for the company's performance. It is hard to distinguish any coercive control aspect but it clearly exists.” (CFO).

4.1.1. Sources of learning about the BSC

Most adopters (7 out of 9) became aware of the Balanced Scorecard concept from Kaplan and Norton's books and numerous conferences and internet forums focused on the then novel management innovation. Other two companies launched the BSC projects due to consultants who were already working with them on other projects and recommended the BSC as a new attractive management model. Conferences and seminars, therefore, were the most important source of learning about the BSC, its objectives, patterns, benefits and potential disadvantages. Consequently, both success and negative stories had been circulating across these sites, contributing greatly to common beliefs, meanings and understandings of the balanced scorecard in Ukrainian organizations. Consciously or unconsciously, almost all interviewees distinguished between "western norms and standards" in the BSC adoption and use and "Ukrainian business, economic and cultural realities". This distinction emerged from the beginning, as most speakers and presenters at conferences and seminars repeatedly referred to specific circumstances and conditions in Ukrainian contexts that prevent balanced scorecard from traditional mode of use. Former BSC meanings were quickly removed and substituted by Ukrainian management traditions, briefly described by the vast majority of adopters (6 out of 9). As the CFO in Company 5 summarized the Ukrainian management perspective on the BSC:

"We launched the project in 2007, aiming to design KPI for all employees in order to enhance greater control over all activities and responsibilities... We were inspired by Kaplan and Norton's articles and books where they at that time began to conceptualize their innovation as a performance management tool. Already at the pre-adoption phase we realized that the BSC can hardly work in its "western form" as the more coercive and top-down approach will be needed, even though it could lead to resistance and even demoralizations among the staff (and it actually did). Nevertheless, the BSC in Ukrainian reality requires tight control and it, in turn, helps to establish it."

Another organization clearly viewed the BSC as a means to control and monitor employees after discussions with local consulting firms:

"We already had our own performance measurement tools and systems for both financial and non-financial indicators, so the only objective of the BSC we saw relevant was a means to control and force employees to deliver expected results. This was consistent with views of the consulting firm we worked with." (CEO, Company, 2).

Most companies based their final decisions and evaluations of the BSC functions and characteristics on the comments and opinions of their colleagues, consultants.

"We studied the few cases of the BSC adoption that were available at that time. Beside this, the consulting firm that designed the BSC for us together with our project team previously worked on two other BSC projects, so they had some prior experience" (CFO, Company 9).

In general, all organizations had access to key BSC publications but their final decisions with regard to why and how to adopt and use the concept were based on com-

mon agreements and meanings elaborated in Ukrainian professional environment. A common belief among our interviewees is that the BSC requires specific conditions in Ukrainian originations and, moreover, the main task of the concept is to establish a tighter and more vertical management system.

4.1.2. Rationales for adoption

During the course of the research three distinctive types of balanced scorecards modes of use were identified. These are: 1) performance measurement system; 2) performance management system and 3) control device. The latter is the most used one. Contrary to previous findings in different countries, industries and organizations, the dominant approach to the BSC in Ukrainian companies was controlling and micromanaging. Specifically, four companies explicitly declared they were using a BSC mainly for control over the employees. Other two adopters mentioned these purposes in the context of strategic management objectives but it became evident during the further discussions and internal documents observation that coercive control was of a primary importance. It appeared that the main objective, of the new system was to establish a total control over the employees and force them to carry out their duties. Although Kaplan and Norton did list these functions among the BSC purposes, definitely, the “Ukrainian way” is rather hyperbolized.

Normative pressures have been constructed for years at various conferences, workshops, courses at business schools and websites. The latter played a crucial role in sustaining particular views on balanced scorecards and KPIs as a means of control and micromanagement.

As we have seen through the repeated answers given by our interviewees, the main objective behind the BSC adoption was to establish a management control system as a means of achieving hierarchical control. For example, the Chief Operation Officer in Organization 8 explained the purpose for the BSC introduction:

“We have decided to implement the BSC and designed KPIs first and foremost for field managers in order to facilitate control over their daily activities”.

Furthermore, the CEO from this company confirmed that the main objective of the BSC adoption was to establish a tighter control system that could ensure that managers understand and deliver their goals and provide security when they fail.

The BSC as a communication-, information- and learning-tool is almost absent in Ukrainian organizations. Only three out of nine firms mention these functions as important components of their versions of the balanced scorecard, but in practice management did not use these dimensions extensively, allowing them to be a minor part of the overall scorecard purpose.

Interestingly, former rationales behind the BSC adoption in almost each company were uncovered not from conversations with interviewees but from archival data sources, primarily from design projects and plans. For example, in the introductory statement

issued by the project team in organization 2, the objective of the BSC adoption was announced as “to identify both financial and non-financial indicators and align them with the overall organizational strategy”. In organization 5, the intention was to “contribute to the overall management by integrating long-term strategy with operational terms”. The then emerging project in organization 6 aimed at developing personnel KPIs for each employee as he/she “could have a better understanding of his/her role and responsibilities in the firm and better contribute to the common business”.

4.1.3. Implementation outcomes and the BSC use in practice

As the study began investigating perceived outcomes of the BSC adoption in each case company, it became apparent that the brand new logic of understanding and use of the Balanced Scorecard took place in most organizations. Apart from the well-known purposes and functions of the BSC there was another point of view on this innovation, coined under the influence of domestic management philosophy and approaches. The more we interviewed organization members from field workers to senior management, the more obvious it became that this innovation serves as a tool to tighten control. Being understood in the light of prevailing traditions of command-and-control management style that traditionally “demands” managers to tighten control over employees and micromanage every aspect of their work, the Balanced Scorecard in Ukrainian organizations served not so much as a strategic decision-making tool or an information reporting system but turned into a punishing machine.

The Head of the BSC Implementation Group in Company 6 stressed the importance of accountability and control for the company as the primary objective expected from the balanced scorecard:

“The project was launched in order to achieve more accountability across the departments, and the BSC seemed to be a perfect choice for this need.”

It became evident from our interviews that most organizations clearly perceived the balanced scorecard as a means of achieving control over employees’ activities and tasks, contributing to shifts towards coercive management control systems. For some organizations this view on the BSC was rather natural and obvious, while others came to this conclusion through trial-and-error learning, concluding that this innovation does not work in traditional ways. For example, Company 5 designed their balanced scorecard as a performance management tool with enabling controls, they later concluded that this model does not fit their organization and turned to a more command-and-control mode. The case of Company 6 demonstrated top management’s former beliefs regarding the BSC as a means of coercive control and accountability as the only function of the scorecard.

Together, the data demonstrates a discourse in managers’ understandings and expectations with regard to novel practice towards coercive controls that wait to be established in organizations. At the same time, it is evident from the interviews that the enabling aspect of the BSC is played down in all organizations.

4.2. Two logics of the BSC interpretation

From our interviews with key informants it became possible to distinguish between two types of logics that guide the balanced scorecard adoption and use – the logic of performance measurement and strategic management, which is consistent with traditional BSC ideas, and the logic of coercive formalization (Adler & Borys, 1996; Ahrens & Chapman, 2004) (depicted in Table 3). Conceptualizing the first logic as enabling and the second as coercive allows contrasting between the two types of the BSC exploitation. Furthermore, the characterization of the BSC interpretation and implementation along the two dimensions captures institutional influences on decision making and choice in organizations as the final impact is exerted by the local cultural context.

TABLE 3. Two logics of the Balanced Scorecard interpretation, adoption and use.

The type of the BSC	The BSC as a performance measurement and strategic management system	The BSC as a coercive control system
The form of organization	Enabling	Coercive
The main purpose of the BSC	Decision making, strategy description, translation, implementation and communication, self-monitoring	Control, strategy description, implementation and communication

5. Concluding discussion

Much has been said about ambiguity and generalizations regarding the BSC design and mobilization (Cooper & Ezzamel, 2016). The only management control innovation more ambiguous than the BSS is the Beyond Budgeting concept which, if decontextualized, offers a set of tools and postulates without roadmaps and instructions, while the BSC is at least provided with a step-by-step implementation guide (Becker et al., 2010; Aksom, 2016). This is, however, not enough for removal of ambiguity and uncertainty, and still the BSC lends itself to various interpretations and meanings (Madsen & Stenheim, 2014).

The results of the study both confirm and extend previous writing on the BSC diffusion/adoption and institutional concept infusion (Zbaracki, 1998; Green et al., 2009; Aksom, 2017). The first contribution of this study has been to show how the meaning of the management concept changed in the new institutional context under the local logic. Specifically, the study contributes to the individual-level research on the impact of institutional logics on the actors' actions (Glaser et al., 2016) by showing the process of individuals' responses to the two macro-level meaning systems materialized in the BSC – prototypical and home institutional logics. The initial purpose of this study was to test institutional and management fashion theory predictions with regard to isomorphic pressures. Given the international spread of the BSC, it was natural to assume that Ukrainian organizations will follow this fashion in attempts to depict themselves as

modern and rational (Abrahamson, 1996; Arnaboldi & Lapsley, 2004; Järvinen, 2006). However, the more companies have been explored, the more obvious it became that they follow domestic institutional logics, adopting not for legitimacy but for solving their specific management problems. As new treatments of the balanced scorecard were found, the focus of the study changed and research question was revised and expanded in scope (Daft, 1983; Alvesson & Sandberg, 2011; MacIntosh et al., 2016). The research question shifted from isomorphism and legitimacy towards explaining interpretations under local institutional definitions to show whether different meanings of the same management concepts prevail depending on institutional locations. For this purpose two theoretical frameworks, namely institutional logics perspective and Scandinavian institutionalism have been mobilized as complementary concepts for explaining diffusion and adoption processes. The findings showed how local actors reinterpreted macro cultural logic into a specific version. The results confirm that the discourse around the balanced scorecard among Ukrainian managers turns their attention towards control issues and redirects away from more enabling processes. In Zimmerman's (1997) terms, the BSC is understood by Ukrainian managers as a means of control rather than a decision-making tool (Malmi & Brown, 2008). Referring to local business environment and corporate culture, decision makers tend to neglect many positive effects the Balanced Scorecard can offer. Unlike in the case of Beyond Budgeting (Aksom, 2017a), managers had a direct access to most Kaplan and Norton's publications, followed the evolution of the concept together with western practitioners and academics and had opportunities to observe countless implementation cases in Ukraine as well as in European and North-American business units.

More broadly, the BSC in Ukraine and western countries reflects two different institutional logics that epitomize different management philosophies and cultures. Traveling between the fields (Lindberg, 2014; Pallas et al., 2016), the Balanced Scorecard landed and became embedded in local institutional orders and definitions of management, control, strategy, performance management or efficiency (Sahlin-Andersson, 1996; Røvik, 2016). A typical Ukrainian management style originated from the Soviet centralized planning economy still associated with a Theory X management approach (Adler & Borys, 1996). The purpose of the management is to control and monitor every aspect of staff behavior and actions, making them responsible and accountable and, at the same time, restricting, coercing and sanctioning them. In its extreme forms, such a type of management controls channels the behavior of people not so much for achieving results but for micromanaging the very process of the work. As such, a balanced scorecard appears to be "a perfect management tool", able to control employees in all details and be an indispensable tool to increase accountability and responsibility. Therefore, the difference between these two management styles materialized via the Balanced Scorecard is so substantial that can be easily conceptualized as two different institutional logics.

The BSC had emerged in Ukrainian business environments containing the same meanings it had in western countries. During the last one and a half decade the meaning of the concept has been gradually collectively reinterpreted by Ukrainian practitioners who tried to fit the BSC to their understandings of national business environment and corporate culture and mentality. The concept has been discussed at numerous business conferences, workshops and websites. Ambiguity of the concept allowed practitioners to reach a consensus regarding key purposes and values of the BSC as a mainly control device. Since then, the interpretation given to the concept has been supported by many opinion leaders in Ukrainian business media and then shared by practitioners as a former and the only right meaning of the balanced scorecard. Interestingly, no one among interviewees opposed Ukrainian version of the BSC to former western meaning as if alternative viewpoints did not exist at all. Financially-oriented and for-control-mainly established logic has been accepted as obvious and at least optimal perspective on the BSC utilization.

The second contribution relates to the BSC diffusion and adoption literature and more broadly, to the studies on diffusion and translation of management concepts (Røvik, 2011; Heusinkveld et al., 2013; Nijholt et al., 2014; Madsen & Slåtten 2013; 2015; Madsen & Stenheim, 2015; Arena & Jeppesen, 2016). The implication from the present study for the BSC diffusion and adoption research relates with the issues of adaptation, that is, whether adopters translate, transform and sometimes reinvent the former concept to fit their specific interests, or it is a process that occurs largely unintentionally and independently from both the concept promoters and adopters. The results of the study suggest the second. Institutional trajectories are sensitive to local institutional orders that shape novel practices adoption through the logic prevailed in this context so that implementation outcomes reflect local legitimacy criteria and institutional definitions of rationality, appropriateness, success and efficiency. The BSC adopters in Ukraine did not implement the concept in response to coercive pressures and did not make pragmatic decisions to depict themselves as modern and rational organization (Meyer, 1977; 1983; Ansari & Euske, 1987; Arnaboldi & Lapsley, 2004). Rather, it is a belief in the BSC superiority and performance improving value that was fueled by numerous success stories and information about adopters rather than what is adopted, how and with what consequences. Similarly, it is not a strategic use, exploiting and manipulation of the ambiguity surrounding the BSC in order to fit adopters' own interests and circumstances (Benders & van Veen, 2001; Boxenbaum & Strandgaard Pedersen, 2009) but an act of the concept's adaptation to local norms, understandings and beliefs (Sahlin-Andersson, 1996; Kirkpatrick et al., 2013). Adopters relied largely on the information about other adopters (Compagni et al., 2015), replacing critical analysis of the current situation and empirical data on the concept characteristics, benefits and disadvantages.

These interpretations resulted in generating a new form of the BSC as a management system that promotes a coercive type of bureaucracy. Adopters adapted the BSC

to local institutional understandings and definitions of appropriate management model, based mainly on control and centralization concerns as the BSC in most case companies has been designed in a way that promotes employees' behavior direction and restriction. The concept thus serves first and foremost as a formal control device that ensures monitoring, measuring and correcting disregarding such benefits as integration management processes, empowerment, strategy translation or organizational learning. With regard to the four indicators, the discourse toward the reinforcement of financial KPIs is evident, while non-financial indicators receive less attention.

Research methods adopted for this study are not without limitations as most social sciences rely on personal perceptions and interpretations of events. Thus, a common threat for validity is a possibility of the actors' ex-post rationalization (Lincoln & Guba, 1985; Jarvinen, 2006; Lok, 2010). Beyond this, there is a typical and inevitable limitation for all qualitative studies – a lack of generalizability. At the same time, the strength of this approach, as was discussed in the methodological chapter, is its ability to uncover unknown and less studied organizational phenomena and contexts.

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