5 Role of Organizational Culture and Actors on Success and Failure of Balanced Scorecard Operationalization: A Case Study of a Clustered Firm

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5.1 Introduction

5.1.1 Background of the Study and Research Issue

Management control systems (MCS) include decision supportive practices such as budgeting, activity-based costing (ABC), balanced scorecard (BSC), etc., which aid management in decision-making. These controls are shaped by various considerations, ranging from technology, competition, and management ideologies (Cobb et al. 1995; Innes and Mitchell 1990). Among these considerations, culture plays a vital role in shaping the MCS (Reginato and Guerreiro 2013; Jackson et al. 2012; Kapiyangoda and Gooneratne 2018). However, there is a limited number of studies in the area of culture focusing on how actors influenced operationalization of these controls (Zawawi 2018; Quattrone and Hopper 2005; Gamage and Goonerathne 2017).

Although there are studies on the BSC and its application under different phenomena (Chavan 2009; Kasurinen 2002; Olve et al. 2003), there is a dearth of research knowledge in the application of the BSC in a clustered firm (ABC Company Ltd.) in which BSC operates smoothly in one cluster (Cluster Y) and its operationalization is a failure in the other (Cluster X). Different influences of organizational actors forming diversified cultures within the organization have affected this success and failure of BSC operationalization. Hence this study explores how the

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subculture which existed within a cluster (Cluster X) influenced operationalization of the BSC. Our study examined how the actors (human and non-human) influenced a clustered firm in the Sri Lankan apparel manufacturing industry to result in success (Cluster Y) and failure (Cluster X) of BSC implementation by incorporating ANT and exploring how the subculture within a cluster (Cluster X) influenced its operationalization. This paper seeks to capture the diversity of culture which prevailed within ABC Company Ltd. and identify how this diversity influenced the operationalization of BSC.

5.2 Literature Review

5.2.1 Organizational Culture

Drawing on Schein (1985), organizational culture can be defined as the pattern of basic assumptions and shared meaning among members within an organization. There are different types of organizations, and accordingly the values pertaining to these organizations vary significantly (Sheridan 1992; Dhingra and Pathak 1972). According to Cameron and Quinn (2006) and Denison and Spreitzer (1991), types of organizational culture can be classified as hierarchy culture, clan culture, adhocracy culture, and market culture. Hierarchical culture (Corley 2004) creates a structured work environment; procedures decide what people do; leaders are driven by their efficiency-based coordination; keeping the organization functioning smoothly is most crucial; and formal rules and policy keep the organization together (Meyer and Rowan 1977). Trustful delivery and smooth planning define success, and the personnel management has to guarantee work and predictability. In a clan culture, the working environment is friendly (Sugita and Takahashi 2015), and the leaders or the executives are seen as mentors. The organization is held together by loyalty and tradition which emphasize long-term human resource development; such organizations promote teamwork, participation, and consensus. In an adhocracy culture, employees take risks, and leaders are seen as innovators and risk takers; experiments and innovation are the bonding materials within the organization, and the long-term goal is to grow. Market culture-based organizations are result-based, emphasizing finishing work and getting things done; people are competitive and focused on goals, reputation and success are the most important, and the organizational style is based on competition (Cameron and Quinn 2006).

5.2.2 Organizational Subcultures

An organization is best interpreted as interactions of subcultures in a macro context driving towards forming the organizational culture. Subcultures of an organization are essentially based on the education level, shared tasks, and similarity of organizational experiences (Schein 2010), which is based on distinctive patterns of shared ideologies and sets of cultural forms (Trice and Beyer 1993) that deviate subcultures

from the core ideology of the organization (Trice 1993). Hence subcultures are more likely to be seen in complex, large, bureaucratic organizations because these have a variety of functions and technologies (Rose 1988; Trice and Beyer 1993; Van Maanen and Barley 1985), which are reflected in diversified management practices (Jones 1983).

Studies have shown how organizational subcultures have influenced shaping controls (Ahrens and Mollona 2007; Goddard 1999). Ahrens and Mollona (2007) demonstrated how the subcultures of different shop floors (hot and cold) of a steel mill constituted practices of controls which enabled organizational members to pursue diverse objectives related to their various wider cultural aspirations. Goddard's (1999) study of three governmental organizations in the UK and Canada's Ontario and Quebec showed a departmental culture and how department heads significantly influenced departmental culture and the financial control systems.

5.2.3 Organizational Culture and MCS

Studies have explored the direct relationship between organizational culture and MCS (Reginato and Guerreiro 2013; Jackson et al. 2012; Hofstede et al. 1990; Kapiyangoda and Gooneratne 2018) and have confirmed that corporate culture directly affects the success of management tools (Rigby and Bilodeau 2007). As a result of observing such relationships, Herath (2007) included organizational culture as a component when designing a framework to study MCS. Baird et al.'s (2007) study, which was based on O'Reilly III et al. 1991, revealed that organizational culture-related factors (i.e. outcome orientation, respect for people, team orientation, innovation, attention to detail, and stability) affected successful operation of ABC (Baird et al. 2004).

5.2.4 Cultural Influences on BSC Implementation

As studies reveal, the BSC should match the existing organizational mission, strategy, technology (Kaplan and Norton 1993; Chavan 2009), and culture in order to make its implementation a success (Markus and Pfeffer 1983; Kasurinen 2002; Chavan 2009; Kaplan and Norton 1993; Olve et al. 2003). Kaplan and Norton (2004) report that companies that successfully implemented the BSC had a culture in which "people were deeply aware of and internalized the mission, vision, and core values needed to execute the company's strategy" (Kaplan and Norton 2006; Lipe and Salterio 2000). Studies have confirmed that there is a direct relationship between organizational culture and successful implementation of the BSC (Assiri et al. 2006; Deem et al. 2010) because the BSC is part of the belief system unique to a particular organization (Gibbons and Kaplan 2015; Kaplan and Norton 1993).

Chavan (2009) has revealed that the BSC requires understanding, commitment, and support from the very top of the business, and this encourages a risk-taking culture to facilitate smooth operationalization of the BSC (Rhodes et al. 2008).

When focusing on the leadership styles that are appealing for the BSC, a collaborative leadership style stimulates empowerment and aligns goals and decisions with corporate objectives while facilitating the BSC operation (Rhodes et al. 2008).

5.3 Theoretical Framework

5.3.1 Actor-Network Theory (ANT)

ANT (Latour 1987, 1999, 2005; Law 1992) originated in the field of science and technology-related studies. It is a framework to examine the infrastructure surrounding technological achievements through assigning agency (Law 1992) to both human and non-human actors (Bijker et al. 1987), while treating social relations, including power and organization, as network effects (Law 1992). According to Law (1997) as cited in Quattrone and Hopper (2005), organizations are viewed as interconnected networks:

> We have… different organizations. A series of them. Alongside one another. So to speak a multiple reality, not one that is singular. [However] these different organizations do not inhabit entirely separate worlds. They do not happily co-exist in parallel universes. Instead they support, undermine, and in general interfere with one another in complex and uncertain ways […] they are partially connected. (p. 761)

ANT is distinctive because it shows that networks are materially heterogeneous and it argues that society and organizations would not exist if they were simply social. Agents, texts, devices, and architectures are all generated by, form part of, and are essential to networks of the social. Therefore all humans and non-humans should be analyzed equally (Law 1992). This concept is known as a *principle of symmetry*; that is, humans and non-humans (e.g., artifacts, organization structures) should be integrated into the same conceptual framework and assigned equal amounts of agency (Law 1992).

5.3.2 ANT in Management Control Research

The ANT has been widely used in MCS related research in order to understand interorganizational (Chua and Mahama 2007) and intraorganizational relationships (Cuganesan and Lee 2006; Sandhu et al. 2008; Quattrone and Hopper 2005).

Lowe (2001) highlighted that ANT has been widely incorporated in the area of management accounting, especially in studies focused on the implementation of accounting tools such as ABC (Briers and Chua 2001; Alcouffe et al. 2008). Similarly, ANT has been incorporated in the area of budgeting of a state-owned commercial bank in Sri Lanka (Gooneratne and Hoque 2013) which explains how MCS is exercised while integrating ANT and new institutional sociology and illustrates the influence of human actors and non-human actors in the process of budget implementation and continuation. Incorporating ANT, Quattrone and Hopper (2005) identified that the information systems which support the MCS of a

multinational company should be aligned with the culture of the operating country in order to make the operationalization of MCS a success. Adding to this literature, Sandhu et al. (2008) showed how interorganizational and intraorganizational relationships impact long and short ties that affected localization of the BSC of a security company in Singapore incorporating ANT. However, they did not reveal the specific cultural dimensions (i.e., hierarchy culture, clan culture) related to organizational culture which affected this BSC implementation.

Under the theoretical backdrop above, it is clear that there is a lacuna in research in identifying how organizational culture influenced successful and unsuccessful operationalization of BSC in a clustered firm. Therefore, in order to fill this gap, ANT was incorporated to illuminate the actors (human and non-human) who shaped the cultures unique to Cluster X and Cluster Y of ABC Company Ltd., and this also facilitated understanding the existence of subcultures within Cluster X and how these unique and complex cultural considerations determined the success and failure of BSC operationalization of the two clusters.

5.4 Research Design

5.4.1 Qualitative Methodology

The socially constructed nature of reality, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry are acknowledged in qualitative research. The way that social experience is created and meaning is given is answered through such research (Vaivio 2008), while capturing the actor's perspective by detailed interviews and observations (Denzin and Lincoln 2000). Therefore it was decided to incorporate qualitative methodology in order to capture how the actors and organizational culture influenced BSC implementation in the focused clustered firm.

5.4.2 Case Study Approach

A case study is an empirical inquiry that investigates contemporary phenomenon, within its real-life context, when the boundaries between the phenomenon and context are not clearly evident and in which multiple sources of evidence are used (Yin 2009). The researchers had direct contact with organizational participants, particularly through interviews and direct observations that provide primary research data for an in-depth analysis of organizational conditions that is essential for understanding organizational and cluster-specific culture (Ferreira and Merchant 1992). Accounting and other controls cannot be fully understood in isolation, and a more contextual approach is required to comprehend the BSC (Otley and Berry 1994). Thus, in order to analyze and understand how organizational culture and its actors influenced BSC operationalization, a case study methodology was most suitable for our research.

5.4.3 Data Collection Methods

In-depth interviews were the mode of primary data collection. Through this method different views of the key actors of the organization were captured. Probing questions were raised in order to facilitate gathering rich data (Qu and Dumay 2011). A documentary analysis was also conducted on management reports in order to compare and contrast the present level of operationalization of the BSC within the two clusters. Documentary evidence was utilized as a part of data triangulation. Managerial reports, training manuals, performance reports, financial indicators, and regulatory documents were analyzed to gather supportive information.

5.4.4 Stages of Data Collection

Data were collected in two stages: a pilot study and the main study. General interviews were held in the pilot study which were designed to obtain an overview of the culture and the BSC implementation in ABC Company Ltd. The head of finance and head of planning and risk management from each cluster were interviewed. During the pilot phase, the culture of the organization was explained by the interviewees as structured and hierarchical, with each cluster having a different board of directors. It was evident from the pilot study that the BSC operation within each cluster was influenced by its unique culture.

During the main study, the interviewees were selected based on purposive sampling, selecting the most appropriate people to provide the most relevant, rich data. Fourteen top and middle-level managerial employees were interviewed from each cluster. Table 5.1 shows the designations of those interviewed in each cluster. The interviews were based on an interview guide which contained open-ended questions for rich, in-depth data.

5.4.5 Data Analysis

Special attention was given to the thematic analysis of Braun and Clarke (2013), which was followed in the analysis of data. As the initial step, the data collected through interviews were transcribed, then all the transcribed data were read and familiarized while taking note of the items of potential interest. Next the data set was coded, giving words or phrases for groups of ideas expressed by interviewees (Miles et al. 1994). Then the themes were searched and identified. Similar ideas expressed by different interviewees were easily identified and categorized through the identification of themes. The themes were reviewed to identify and understand similar themes while analyzing relationships among different themes. After review, each theme was defined and named, ensuring that similar themes were not repeated, and then these were related to the ANT. Finally, discovered themes were written, elaborating on each and finalizing the analysis.

Table 5.1 Details of interviewees

Designation of the interviewee	Cluster
Chief financial officer (CFO)	X
General manager – risk (GM-Risk)	
General manager IT (GM-IT)	
Chief marketing officer (CMO)	
Chief operations officer (COO)	
Chief planning officer (CPO)	
General manager – supply chain (GM-SC)	
Chief financial officer (CFO)	Y
General manager – risk (GM-Risk)	
General manager IT (GM-IT)	
Chief marketing officer (CMO)	
Chief operations officer (COO)	
Chief planning officer (CPO)	
General manager – supply chain (GM-SC)	

5.5 Findings: Influence of Culture and Actors on Operationalization of the BSC in Cluster X and Cluster Y

5.5.1 Case Study and Its Organizational Culture

ABC Company Ltd. is one of the leading mass-scale apparel companies in Sri Lanka, producing a range of garments for the local and foreign markets. It includes the main hub (head office), 14 local factories, and 2 foreign factories operated in Bangladesh and Vietnam under its central control. Altogether, the company possesses more than 20,000 employees of whom 12,000 belong to Cluster X and 8000 to Cluster Y.

The prevailing culture within the organization was expressed by key informants, elaborating its cultural aspects. The organizational culture is hierarchical, as the organizational rules and regulations determine the task assigned and duties to be performed by each employee within a formal environment. Figure 5.1 shows the hierarchy, with four directors assigned to Cluster X and three to Cluster Y. The cross-communication between these directors governing each cluster has been identified as poor and inadequate, because they independently govern each cluster, which causes differences between the two clusters in terms of culture, performance, and operationalization of the BSC.

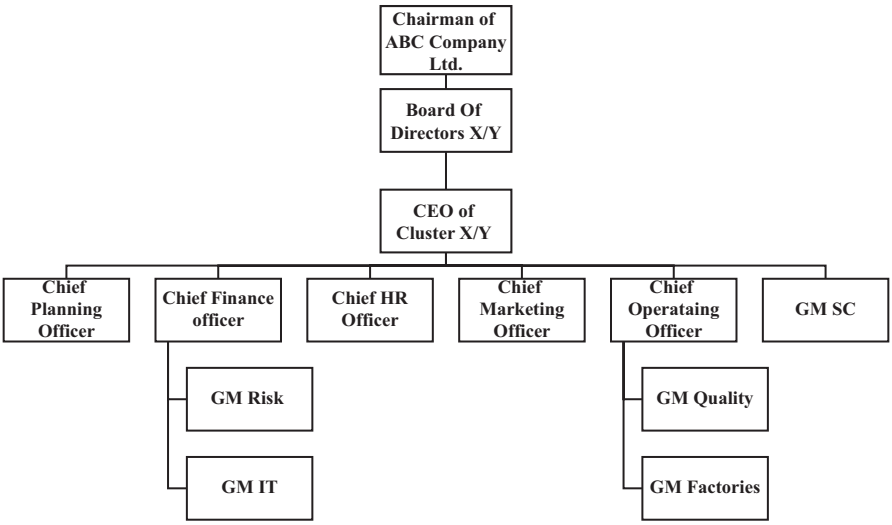

Fig. 5.1 The organizational hierarchy of Cluster X and Cluster Y

5.5.2 Prevailing Culture of Cluster X

Cluster X includes eight manufacturing units. The CFO of this cluster (young and a recently joined member in charge of 18 employees) expressed that Cluster X consisted of a hierarchical and less democratic culture run under formal and stringent rules and regulations:

> Currently the cluster has a more hierarchical culture where authority determines everything. Work environment is more formalized, rules determine what people need to do. Always leaders or the top management try to follow the rules which exist within the organization. Cost is one of the main driving forces and everybody had to work to reduce cost as it has a direct relationship with the financial KPI achievement.

The GM-Risk observed how management and employees within the cluster were reluctant to change and adapt innovations:

> They do not like to change or accept new things easily and they want to keep on doing same practices which have been implemented by previous generations of management. I believe this is mainly because there are a lot of executives who have being working at this cluster for more than five years and their knowledge about the changing world has not been upgraded.

This view on the prevailing culture within Cluster X was shared by several employees, including the GM-IT, who has more than 8 years' experience in the organization: in her view, the culture is "friendly," but pressure from the top management acts as a driver for target achievement.

5.5.2.1 Subculture Within Cluster X

Key informants explained that the culture of the finance department could be viewed as a subculture when compared to the overall culture of the cluster. According to the CFO, the prevailing culture within the finance department was different to the hierarchical culture and was influenced by himself. As the CFO he initiated an open culture in order to promote innovative practices within the department:

> When it comes to the finance department, I always try to create an open culture in order to encourage innovation with the control in my hands. I always go into details when we review performance in order to determine reasons and to locate what went wrong. However, I have given freedom for the employees to work independently, but I hardly see this culture in any of the other departments of the cluster.

In contrast, the COO believed that the best mechanism to manage the operations team was to follow a bureaucratic, top-down management style rather providing democracy:

> I believe there are subcultures within the organization based on the nature of the job, performance targets and employee background and the expected job role. When it comes to the operations team, it is mandatory to monitor them and follow up for day–to-day targets, otherwise we won't be able to track them nor their work. Therefore, I always try to monitor them very closely.

The CPO observed that the formation of the subculture within a cluster was enforced by the leader of the division and his way of managing employees. These ideas were confirmed by the GM-IT and CMO.

5.5.3 Prevailing Culture Within Cluster Y

The culture within Cluster Y is result-oriented but more flexible and less autocratic in nature compared with Cluster X. The COO perceived the existing culture in Cluster Y was more participatory and encouraged suggestions of employees when decisions were made:

> The culture is very welcoming and encourage the participation of every employee within the organization in decision making. Everyone is willing to help each other to meet their objectives thereby ensuring a very collaborative culture.

Similarly, the CPO, with more than 3 years' experience in the division, regarded the culture as decentralized; suggestions, innovations, and novel practices were acknowledged. Cultural aspects made employees more supportive towards tasks and responsibilities of the department.

5.5.3.1 Nonexistence of Subcultures Within Cluster Y

Data revealed that subcultures did not exist within Cluster Y, and confirming this idea the CFO elaborated:

> As far as the finance department is concerned, there is no major differences between cluster-specific culture and departmental culture. As the head of the finance department of Cluster Y, I facilitate more open, flexible and empowering and participative culture in order to improve innovation and business skills. So that people can think differently and act correctly in different market situations and competitive environments.

The COO, CPO, and GM-SC also affirmed that subcultures were not evident in Cluster Y. Supporting these claims the CMO said:

> There is no major variance in the cultures among the departments in our Cluster, everyone is focused on customers and their satisfaction. I will also not allow to have subcultures within the merchandising department where I always try to keep whole team as a one unit and move forward.

5.5.4 Prevailing Culture of the Clusters and BSC Implementation

The interview data unraveled the differences of culture in the two clusters, where Cluster X consists of an authoritarian rule-driven culture (hierarchical culture) and Cluster Y consists of a more flexible, democratic, team-oriented culture (clan culture). The influence of these diversified cultures on BSC implementation was investigated in order to identify how it made BSC implementation a success in Cluster Y and a failure in Cluster X.

The CFO of Cluster X recognized that the hierarchical culture, intention to maximize profits, and lack of knowledge among employees on the BSC have made it unsuccessful in Cluster X:

> I feel that the existing culture of Cluster X is having some negative impact towards the practice of BSC as there is lack of congruence and support from the employees extended towards the operationalization of BSC. Employees are dictated to do what they should do. There is no thinking out of the box. As the hierarchical culture demands, their major orientation is profit maximization, the other aspects of the BSC seems to be less focused. Less exposure and training on BSC implementation is provided. People are busy obeying rules.

He recognized that BSC implementation within the cluster was a failure because of manual computation of KPIs and lesser usage of the ERP system. The other interviewees in the cluster confirmed the same viewpoints as reasons for the failure of the operationalization of the BSC.

Officials from Cluster Y conveyed a rather different message: BSC implementation had yielded successful results. The CFO of Cluster Y commented that the supportive nature of the open and flexible culture of the cluster had facilitated the operationalization of its BSC:

> Obviously the friendly culture of Cluster Y supports having an effective BSC. Mainly having an open culture provokes learning avenues and opportunities for the entire staff to be trained on BSC.

The CPO of Cluster Y elaborated that the management information system which was facilitated by the ERP system also affected the successful operationalization of its BSC. As he explained, a clan culture facilitated adaptation of novelties while triggering cluster-wide incorporation of the ERP system, which produced KPIs easily in order to facilitate BSC operation.

5.5.5 Influence of Subcultures on BSC Implementation

The interviewees revealed that there were subcultures operating within Cluster X whereas in Cluster Y there were no subcultures observed. The GM-Risk of Cluster X recognized the prevailing subculture of the finance division was an obstacle to BSC implementation in Cluster X:

> I feel the subculture of the finance department in Cluster X works as an obstacle in BSC operationalization because they are working in isolation to achieve their own objectives which doesn't support to drive as one cluster to achieve common objectives. This creates competition among departments within the same cluster in which they try to work to highlight their own department.

However, the subculture that prevailed in Cluster X (the finance department) demonstrated a clan culture, in which ERP implementation was encouraged and provision of training and exposure set the correct environment to operationalize the BSC within their subculture.

The CPO of Cluster Y reported that they did not encourage subcultures within the cluster, which was one of the reasons for successful BSC operationalization:

> I believe subcultures can deviate an organization from its common goal if they are principally different. Therefore, we don't encourage sub-cultures and make sure everyone is in the right path and to ensure goal congruence, likewise, we have managed successful BSC implementation.

The CFO and CMO of Cluster Y also believed that subcultures should not be encouraged within clusters to ensure that divisions did not vary from the organization's common goal, which led to successful BSC operationalization.

5.5.6 Data in Light of ANT

This section shows how the data collected were illuminated through the ANT. The information was placed in the network context, identifying the human and non-human actors that formulated the culture that was unique to each cluster (hierarchical culture in Cluster X and clan culture in Cluster Y), while identifying the formation of subculture (X1 – a clan culture) within the finance department of Cluster X. Within the context of ABC Company Ltd., the BSC was identified as an element which draws together human and non-human actors (Sandhu et al. 2008),

and therefore it was recognized as a boundary object in relation to the ANT. Figure 5.2 shows this interplay between human and non-human actors within Cluster X and Cluster Y which influenced the operationalization of BSC.

5.5.6.1 Human Actors

The senior management (leaders of divisions) of Cluster X and Cluster Y, which includes the CFO, CMO, COO, CPO, CHRO, GM-IT, and GM-SC, was identified as the key human actors who influenced BSC operationalization. They could be identified as the actors who defined the culture of the cluster and drove the BSC. More importantly, the CFO (leader) of the finance division of Cluster X took prominence in establishing a clan culture which facilitated the successful adaptation of the BSC. The middle and lower-level employees also had a considerable role when accepting and following the MCS (i.e., BSC), as they had a responsibility to operationalize the BSC within the cluster from the grassroots level.

5.5.6.2 Non-human Actors

Non-human actors include the nonliving entities of the network which perform vital functions in the network. These are often identified as the facilitators or intermediaries between human actors. In ABC Company Ltd., ERP system and training on the BSC have been identified as the non-human actors of the two clusters.

ERP Systems

Both of the clusters incorporated ERP systems as a means of gathering data, but the level of incorporation in each cluster to process data differed. Cluster Y, which inculcates an open and an innovative culture, seemed to embrace ERP systems to a greater extent when generating and processing data in order to operationalize the BSC.

In Cluster X, where a hierarchical and traditional culture is embedded, managerial information was processed manually, maintaining the traditional top-down information processing system in which ERP system is less used. The COO of Cluster X confirmed this:

> Most of the reports that we currently use are not taken from ERP system. As a result, these reports have the problem of duplication of data and include errors, which has a negative impact on the decision-making ability and BSC operation of the cluster.

It was evident that the culture of the cluster had influenced the level of incorporation of technology to process data, which in turn influenced BSC operationalization.

Training and Exposure on the BSC

Training and exposure on the BSC influenced successful or unsuccessful operationalization. As the GM-SC of Cluster X explained, in a hierarchical culture in which opportunity for learning was limited and employees were expected to follow the guidelines and rules, knowledge transfer or training was less a focus, leading to

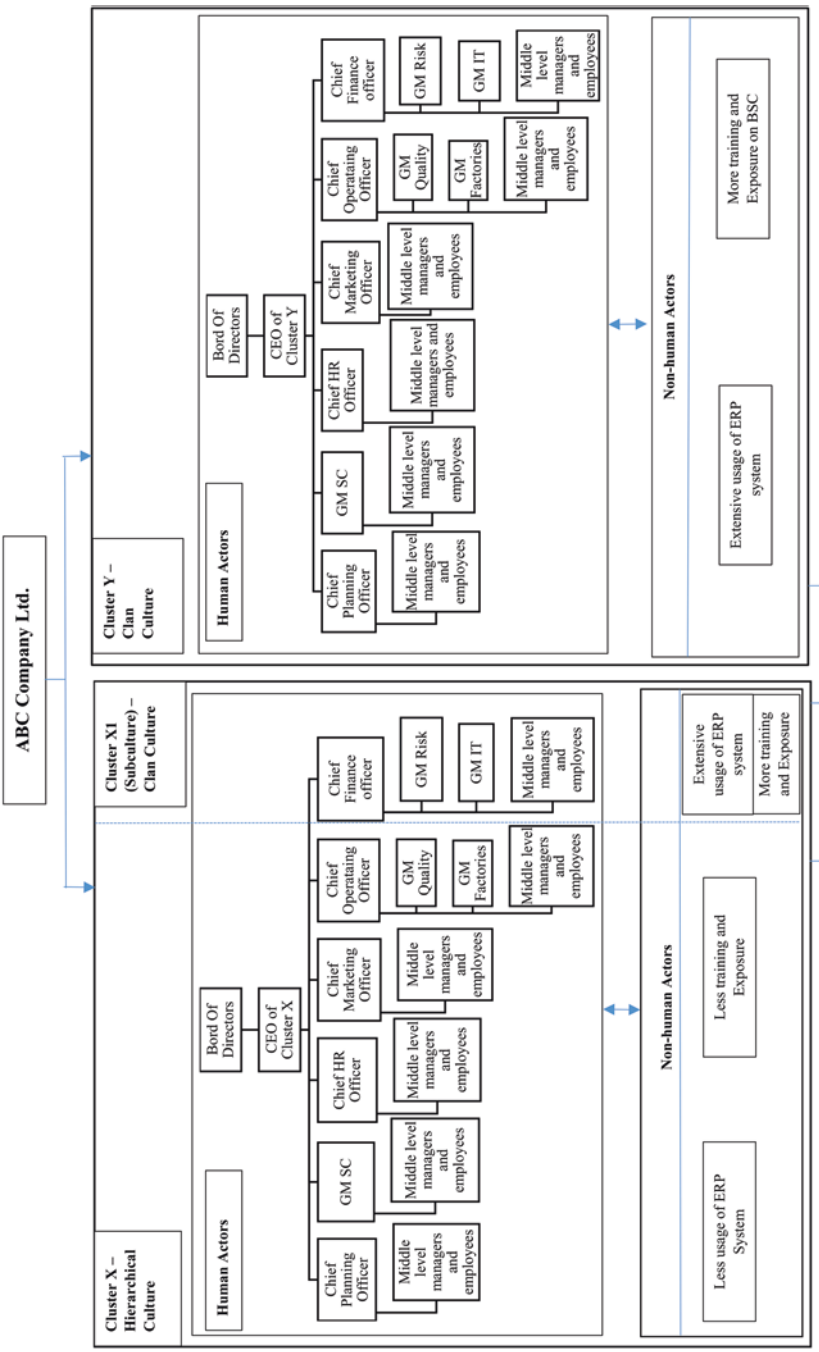

Fig. 5.2 Operationalization of the BSC in Cluster X and Cluster Y in light of ANT

BSC failure. Cluster Y encouraged knowledge transfer mechanisms, backed by the friendly and open culture, and adequate training on the BSC was provided for newly recruited employees, maximizing their exposure to BSC operationalization and aided the smooth functioning of BSC within the cluster.

5.6 Data Analysis and Conclusion

5.6.1 Data Analysis

5.6.1.1 Organizational Culture and MCS

Organizational culture affects implementation (Rigby and Bilodeau 2007), improvement and removal of controls (Tessier and Otley 2012; Schäffer et al. 2015). Our study based on ABC Company Ltd. also revealed similar findings, while further extending the literature through elaborating that, in addition to the organizational culture, a cluster-specific culture had an impact in successful MCS operationalization. As the respondents revealed, the cluster which consisted of a hierarchical culture failed in BSC operationalization due to its rigid operations, but Cluster Y, which had a friendly, team-oriented culture operated the BSC well. Hence the organizational or divisional culture should match with the operationalization of BSC in order to make it a success (Markus and Pfeffer 1983; Kasurinen 2002; Chavan 2009; Kaplan and Norton 1993; Olve et al. 2003; Assiri et al. 2006; Deem et al. 2010).

5.6.1.2 Analysis in Light of ANT

ANT has been incorporated as a theoretical lens in many management control-related studies exploring implementation of ABC (Briers and Chua 2001; Alcouffe et al. 2008) and budgeting (Gooneratne and Hoque 2013), showing how human and non-human actors are involved in shaping of controls. Similarly, our study also reveals how BSC has been operationalized in a clustered firm in the apparel industry through identifying how the various actors which constitute organizational and divisional culture contribute in BSC operationalization within a cluster.

The literature has highlighted how organizational members are involved in selecting, continuing, and changing the MCS (Schäffer et al. 2015; Bhimani 2003; Reginato and Guerreiro 2013; Tessier and Otley 2012; Gamage and Goonerathne 2017). Some studies have also explained how these changes in MCS and their implementation were driven by the diverse objectives of organizational actors, which includes managers, workers (Ahrens and Mollona 2007), and especially leaders who are connected with financial operations and strategic functions (Kapiyangoda and Goonerathne 2014; Gamage and Goonerathne 2017; Tessier and Otley 2012). Corporate culture and departmental leaders or heads significantly influence departmental culture and respective financial control systems (Ahrens and Mollona 2007). Similarly, our study also reveals that the divisional leaders, such as CFO, CMO, COO, CPO, CHRO, GM-IT, GM-SC, and GM-Risk, play a key role in shaping the divisional culture and influence operationalization of MCS (i.e., BSC). The CFO of Cluster X embedded an open and friendly culture which facilitated the smooth

operation of BSC; in Cluster Y, less support was extended by the CFO backed by the rule-driven hierarchical culture, and failure ensued.

Similar to Quattrone and Hopper (2005) and Lowe (2001), our study has also revealed that non-human actors such as the information system (i.e., ERP systems) play a crucial role in operationalization of MCS. Cluster X, which depended on the manual system of record keeping failed in BSC operationalization, whereas the finance department of Cluster X and Cluster Y, which utilized the ERP system across their divisions, operated BSC successfully. Lack of knowledge of employees on the BSC, reflected in a lack of training in Cluster X, led the cluster to fail in BSC operation. Similar findings have been shown by Kapiyangoda and Goonerathne (2014) in discussing how a BSC failed in a commercial bank in Sri Lanka due to lack of BSC-related knowledge among organizational members.

5.6.2 Conclusion

5.6.2.1 Objective 1: How Has Organizational Culture Influenced Successful or Unsuccessful Operationalization of the BSC in the Two Clusters of ABC Company Ltd.?

ABC Company Ltd. is a clustered firm which operates BSC successfully in one cluster and unsuccessfully in another, which is mainly influenced by diversity or difference of culture prevalent within the two clusters. This study also showed how successful BSC operationalization was influenced by the nonexistence of subcultures within the Cluster Y, whereas in Cluster X where subcultures existed, BSC operationalization failed, because the cluster could not move in one direction.

5.6.2.2 Objective 2: How Does the Involvement of Human and Non-human Actors Which Form Part of Organizational Culture Contribute to the BSC Operationalization in the Two Clusters of ABC Company Ltd.?

Application of ANT has illuminated the key human and non-human actors who influenced operationalizing BSC. The senior management and leaders of the divisions could be identified as the key human actors who influenced the BSC operationalization through their leadership. Middle and lower-level employees also played a considerable role as they had the responsibility to understand and operationalize the BSC. In addition, the incorporation of ERP systems and training on and exposure to the BSC were identified as the non-human actors which closely linked the human actors within the network of the clustered firm and triggered the operationalization of BSC.

Chapter Takeaways

1. An organization which inculcates an open, friendly, and a flexible culture is more likely to succeed in operationalization of BSC.

2. An organization which possess a hierarchical and a less democratic culture which is run under formal rules and regulations is more likely to fail in operationalization of BSC.
3. The successful operationalization of BSC is influenced by the nonexistence of subcultures, whereas in the cluster where subcultures existed, hindered operationalization of the BSC, as it deviated the cluster from moving towards achieving one goal.
4. ANT could be used as theoretical lens to illuminate the key human and non-human actors that influenced operationalizing BSC within the two clusters leading it to be successful in one cluster while unsuccessful in the other. The senior management/leaders of the divisions were identified as the key human actors who influenced BSC operationalization through leadership. Middle and lower-level employees also played a considerable role as they had the responsibility to understand and operationalize the BSC.
5. ANT illuminates that non-human actors such as ERP systems and training and exposure on the BSC closely link the human actors within the network of the clustered firm, and this drives the operationalization of BSC towards success.

Reflection Questions

1. What type of an organizational culture facilitates operationalization of BSC?
2. What type of an organizational culture hinders/disturbs the operationalization of BSC?
3. How does the existence of subcultures within a cluster of an organization affect operationalization BSC?
4. Incorporating ANT, briefly explain how the human actors influence operationalization of BSC in an organization.
5. Incorporating ANT, briefly explain how the non-human actors influence operationalization of BSC in an organization.

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