

THE BALANCED SCORECARD AS A STAKEHOLDER REPORT FOR PUBLIC SECTOR AGENCIES

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This paper explores a Canadian public sector agency's employment of Kaplan and Norton's (1992) Balanced Scorecard (BSC) to provide progress reports on achievement of its strategic plan. This research contributes to the BSC literature by expanding the framework to include stakeholder involvement in developing the strategic plan and related targets and to improve dissemination of the report.

Introduction

The purpose of this paper is to explore a Canadian public sector agency's employment of Kaplan and Norton's (1992) Balanced Scorecard (BSC) to provide stakeholders with progress reports on the achievement of its strategic plan. This exploratory study compares the agency's BSC to Kaplan and Norton's (1992) original commercial scorecard and then to Kaplan's (2001) modified NPGO scorecard. Since the agency's BSC was based on its strategic plan, the paper also examines stakeholders' level of satisfaction with the strategic plan and its measures as well as the consultative approach taken by the agency in developing the plan. Finally, the study explores stakeholders' awareness of the strategic plan.

It is important to study utilization of the BSC in a public sector context since many organizations rely on it as their main reporting tool. Therefore, it is beneficial to evaluate how well this particular tool meets stakeholder accountability needs. This exploratory case study contributes to the body of literature on public sector stakeholder reporting by examining the implications of using the BSC as the chief reporting mechanism for public sector agencies. The paper further contributes to the literature through its extension of the BSC framework.

The Balanced Scorecard and Stakeholder Reporting

The BSC is described by Talbot (1999) as a holistic approach to accounting for organizational performance since it encompasses several management initiatives: total quality management, just-in-time, lean production, customer focus, activity based costing, employee empowerment and process re-engineering. Multidimensional performance reporting models, including the BSC, have become popular in the public sector because they counteract the traditional emphasis on financial measures (Modell, 2004). Moreover, the BSC has been used to implement various government initiatives. Wisniewski and

Olafsson (2004) and McAdam and Walker (2003) have analyzed its role in assisting with the implementation of the United Kingdom's Best Value initiative introduced in 1997 as part of the government's modernization program. Further studies examine public sector use of performance measurement and the BSC. For example, Chan (1984) focused on the BSC in municipalities in Canada and the United States. Chow et al (1998) studied the BSC in the healthcare sector. Likierman (1993) explored the role of performance indicators as managerial tools in the public sector. Similarly, Johnsen (2005), Propper and Wilson (2003) and Freer (2002) examined how performance measurement has impacted the public sector. Many of these frameworks on their own are insufficient in meeting the needs of a public sector organization. Therefore, researchers have introduced other models such as the Public Service Excellence Model (Talbot, 1999) to incorporate the best of other frameworks. While the Public Service Excellence Model extends the concept of the BSC, it does not address stakeholder involvement and broad dissemination.

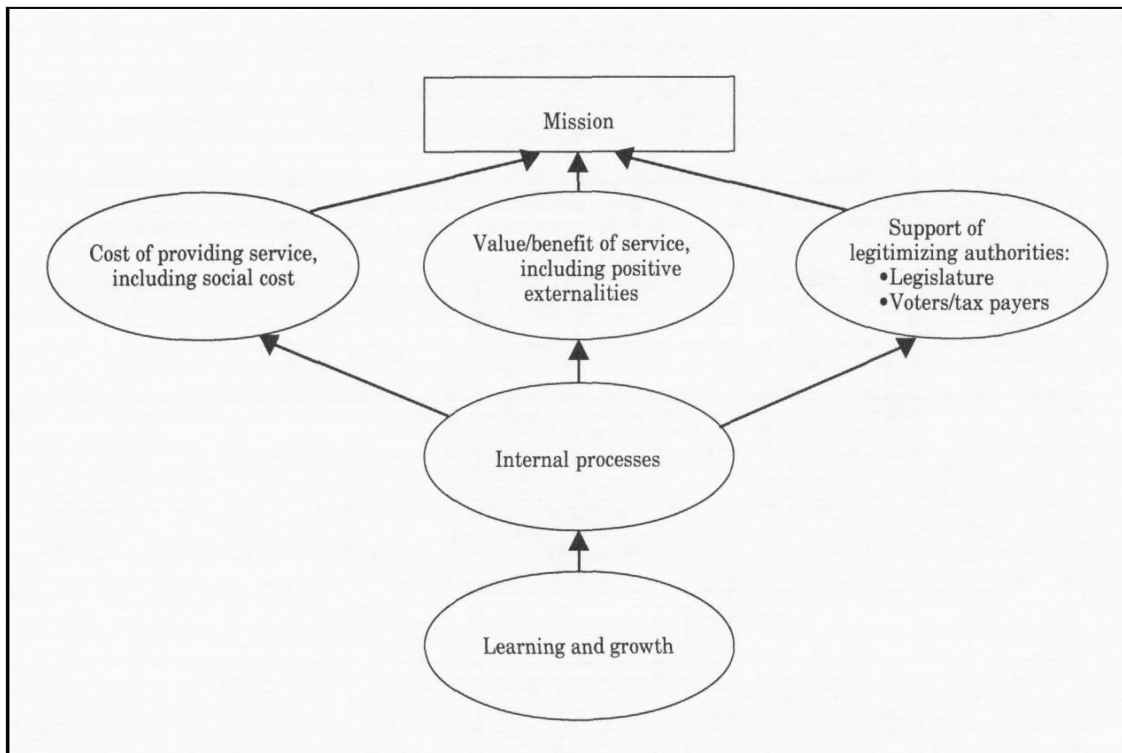
Since its introduction, Kaplan and Norton (2001a) have expanded on the application of the original BSC concept by adding a strategy map that specifies how critical elements of these perspectives are linked to organizational strategy. According to Kaplan and Norton (2001b), the BSC has evolved from a performance measurement system to an organizing framework for strategy implementation. Kaplan and Norton (1996) maintain that the BSC is not intended to replace an organization's day-to-day measurement systems. Instead, BSC measures are chosen to direct the organization toward achievement of its strategic objectives.

McAdam and Walker (2003) found that the lack of adaptation for the public sector resulted in somewhat simplistic views of customers and stakeholders. Kaplan (2001) also recognized the difficulty in implementing the original BSC framework in non-profit government organizations (NPGO's) and subsequently recommended that an organization's mission, as the overarching objective, be featured with customers/constituents placed at the highest level on the BSC. When adapting the BSC for the public sector, Johnsen (2001) concurs with Kaplan (2001) that the focus on shareholders, employees, customers and financial results must be replaced with public management concerns with other stakeholders such as clients and citizens. Kaplan's (2001) modified NPGO framework for public sector organizations is comprised of three high-level perspectives which he suggests be identified before organizations determine their objectives for the internal processes as well as the learning and growth perspectives (Figure 1):

- 1) Cost incurred: includes expenses of operating the agency and the social costs imposed on citizens. The framework is based on the assumption that agencies should minimize the direct and social costs required to achieve benefits.
- 2) Value created: refers to surrogates for value such as improved mortality rates and public safety. This aspect of the modified NPGO scorecard assumes that public sector organizations tend to use more output than outcome measures.
- 3) Legitimizing support: assumes the organization strives to meet the objectives of its donors.

Figure 1: Modified Balanced Scorecard for NPGO's
 Source: Kaplan (2001)

Various researchers have illustrated the BSC's role as an external communication tool.



Forgione (1997) points out that in the insurance and financial services industry, one Swedish company, Skandia, used the BSC to communicate information to external market participants. Similarly, Aidemark's (2001) study also found that the BSC was regarded as a communications tool since it clarified goals, fostered dialogue and articulated the complex work of health care professionals to management and politicians. However, these studies focused on one-way communication of results to stakeholders rather than on soliciting their input in strategic plan development. In other words, many of the previous studies did not emphasize the importance or role of two-way communication with stakeholders.

While the modified NPGO scorecard (Kaplan, 2001) recognizes the differences in focus of private versus public sector organizations, it does not provide a mechanism to engage stakeholders by inviting them to be involved in the development of the strategic plan and related targets. Sanderson (2001) contends that the viewpoints of all major stakeholders should be considered in the selection of key measures and targets and that a participative approach is needed. Ultimately, to ensure the BSC is meaningful, it is beneficial to give stakeholders a proactive say in the strategic direction of the organization (Friedman and Miles, 2006; Rixon, 2010a). Friedman and Miles define involvement as providing stakeholders with an opportunity to present their own proposals. Consultation is a passive approach whereas involvement is a proactive approach. Without this level of stakeholder engagement, managers tend to provide information based on their subjective perceptions of what they believe stakeholders want (Daake and Anthony, 2000).

In addition to fostering a two-way communication process, the accountability value of a strategic plan and BSC is enhanced when it is broadly disseminated to stakeholders. Indeed, the existence of a BSC in and of itself does not automatically guarantee that an organization will meet its stakeholders' accountability expectations. While the provision of information is viewed as one means of fulfilling accountability expectations (Chandler, 1998), accountors must do more than merely publish information; they must distribute it as well as ensure the public is aware of its existence and has access to it (Stewart, 1984). Therefore, it is important for a public sector agency to make a reasonable effort to increase stakeholder awareness that the annual report is available (Coy et al, 2001). This responsibility can be discharged through press releases, websites and newspaper inserts (Hooks et al, 2002; Hodges et al, 2002). It has also been suggested that public attention can be gained through cross-jurisdictional comparisons (Ammons, 1995) since benchmarking has developed into an accepted approach to compare an organization's functions and processes (Talbot, 1999).

Methodology

This exploratory case study is based on the Workplace Health, Safety and Compensation Commission in the province of Newfoundland and Labrador, Canada. All Workers' Compensation Boards (WCBs)¹ in Canada are similar in that they are public sector agencies established by provincial government legislation to provide wage loss, health care, rehabilitation and long-term disability benefits to workers who are injured during the course of their employment. This mandatory, collective liability system is compulsory for employers and workers (Rixon, 2010b).

The methodology for this case study is comprised of a documentary review of the Newfoundland WCB agency's strategic plan and BSC as well as face-to-face in-depth interviews with representatives from the two main WCB stakeholder groups and senior agency officials. Fifteen respondents selected for the semi-structured interviews were comprised of representatives from six trade unions, six employer associations and three WCB executives. Employer and trade union respondents were selected from 17 employer associations and 15 trade unions which participated in the agency's semi-annual round table meetings. Respondents selected for this study reflect a cross-section of industries, rural and urban regions as well as small and large stakeholder groups.

The interviews were conducted at the workplaces of the respondents and were of one to two hours duration each. During the semi-structured interviews, after the researcher posed a series of open-ended questions, respondents completed a questionnaire comprised of checklists and Likert-scale questions. The responses to the open-ended questions were audio taped,

¹ Most provinces in Canada refer to their workers' compensation agencies as "Workers' Compensation Boards" (WCBs). Others such as New Brunswick and Newfoundland and Labrador use the term "Commission". However, for simplicity, the term WCB will be used to refer to all workers' compensation agencies in Canada

transcribed, analyzed and coded using NVivo software. Checklist and Likert-scale questions were summarized and tabulated using spreadsheets. Responses of industry associations are identified as ER, trade unions as TU and agency executives as EX.

Case Study Findings: Discussion and Analysis

The Newfoundland WCB introduced its first BSC in 2001 for the five-year period 2002 – 2006 to monitor performance and report on its strategic plan. It was issued semi-annually to industry associations and trade union representatives attending its round table meetings and it was also included in the annual report. The agency’s BSC included the financial, customer, internal business processes and learning and growth perspectives (Kaplan and Norton, 1992). The scorecard design reflected the original version of Kaplan and Norton’s (1992) BSC rather than the NPGO version (Kaplan, 2001) since the agency’s BSC was developed prior to the introduction of the NPGP version.

The WCB’s six goals, the number of strategies for each along with an indication of Norton and Kaplan’s (1992) corresponding BSC perspectives as depicted in Table 1. Three goals (A, B and D) were aligned with Kaplan and Norton’s customer perspective, whereas there was one goal for each of the remaining perspectives: financial, internal business processes and learning and growth. This finding is consistent with the agency’s mandate to provide services to injured workers and employers. Therefore, it makes sense that 15 of the 28 goals (54%) would be targeted towards its customers, defined as workers and employers.

Goal	BSC Perspective	Number of strategies
A. Prevention focus achieving results B. Injured workers and employers better served C. Financially secure D. Stakeholders sharing responsibility for changes E. WCB operating more efficiently F. Knowledgeable employees satisfied and retained	Customer Customer Financial Customer Internal Business Processes Learning and Growth	4 7 4 4 4 5

Table 1: WCB Balanced Scorecard

Source: WCB Balanced Scorecard 2002-2006 and Kaplan and Norton (1992)

Although the agency’s BSC design was based on Kaplan and Norton’s (1992) scorecard framework, for the most part it can also be correlated with each of the levels of Kaplan’s (2001) modified NPGO framework. Kaplan’s (2001) modified BSC overarching objectives were reflected in the WCB’s mission statement, which emphasized the agency’s dual objectives to prevent and manage workplace injuries and to provide a reasonable level of benefits based on reasonable assessment rates (premiums). The modified BSC’s ‘cost incurred’ to provide service correlated with Goal C – ‘to be financially secure’. The value or benefit of the service incorporated two of the WCB’s goals – Goals A and B. Goal A, which focused on prevention, created value by reducing the cost of injuries and replacement workers for employers by minimizing wage loss for workers, and through

containing health care costs. Goal B emphasized service to employers and workers, and this fits with the value/benefit of the service under the NPGO modified model. The legitimizing support category correlates with Goal D due to emphasis on co-operation and partnership with the agency. Legitimizing support is provided by the funders (employers) and beneficiaries (workers). These groups correlated with voters and taxpayers under the NPGO modified BSC. The agency's objective with this goal was to attain greater co-operation from workers and employers in achieving the strategic plan. When the plan was developed, the agency was in a financial crisis and required full co-operation from employers and workers in reducing and managing injuries. Finally, the Minister of Labour, through legislative responsibility, provides legitimizing support. The modified BSC's internal processes correlates with the agency's Goal E, operating efficiently. Learning and Growth is reflected in Goal F: knowledgeable workers satisfied and retained.

However, despite this correlation, there were several subtle differences between the intent of the modified NPGO scorecard and its 1992 version as utilized by the WCB. Kaplan (2001) contended that NPGO's should minimize the direct and social costs associated with provision of benefits. This is a slightly different connotation than that ascribed by the WCB whose objective, as indicated in its mission statement, was to provide a 'reasonable level of benefits to injured workers based on reasonable assessment rates for employers' (Workplace Health, Safety and Compensation Commission Annual Report, 2005). The WCB's objective is not necessarily to minimize costs since the agency's goal is to provide reasonable benefits, not the lowest level of benefits possible.

Another aspect of the NPGO scorecard differentiation relates to its legitimizing support category. Kaplan (2001) contends that agencies should aim to meet the objectives of their funding source, which is assumed to be government. This is different for the WCB since its source of funding is provided solely through premiums from employers. Therefore, the WCB has to not only satisfy the needs of its funders (employers), but also to meet the needs of beneficiaries (injured workers). Thus, the legitimizing support for the WCB is derived primarily from the funders and beneficiaries and secondarily from government, which has legislative responsibility for the agency. It is interesting to note that the WCB's strategic plan did not make any specific reference to support government. This can be attributed to the its self-funded status, which avoids a dependence on government funding. That being said, the agency reports to a Minister and, therefore, it could be argued that there needs to be greater linkage to government.

The semi-structured interviews identified several concerns with the WCB's strategic plan. These include low employer awareness of the plan, moderate stakeholder support of the plan and related targets, exclusion of certain critical performance indicators, shared responsibility for goal achievement, weak targets, insufficient stakeholder involvement in selecting the targets and the need for more relevant comparisons. Each of these concerns is discussed in the following section.

Stakeholder Awareness The semi-structured interviews revealed a lack of awareness of the strategic plan by three of the six employer respondents. In contrast, all six trade unions were aware of the WCB's strategic plan. One explanation for three employer respondents' lack of strategic plan awareness is that the same representatives did not attend all the round table meetings where the BSC reports were disseminated. This suggests an opportunity to improve communication among the stakeholder groups since the agency may not have had a process to internally disseminate information gained at the round table deliberations. Since attendees could vary, the round table meetings may not have been an effective consultation and feedback tool for all stakeholder groups. Clearly, communication between

stakeholder group representatives attending the round table meetings and their underlying constituents is important in improving the value of the BSC as an accountability tool.

In addition, it is also incumbent on the agency to increase stakeholder awareness of this report (Coy et al, 2001). Distribution of BSC reports at round table meetings and in the annual report is a fairly narrow dissemination. Attendees at the round table meetings include 17 employer associations and 15 trade unions, while the annual report was published on its website and hard copies were mailed upon request. As suggested by Hooks et al (2002) and Hodges et al (2002), increased stakeholder awareness of the report could be achieved through the media.

Stakeholder Support for Strategic Plans and Targets Although most stakeholders were aware of the strategic plan, this did not necessarily translate into support. Only four employer and four union respondents believed the plan was appropriate, as illustrated in Table 2.

Table 2: Support for Strategic Plan and Related Targets

	Strategic Plan Support		Appropriate Targets												
	<i>ER</i>		<i>TU</i>	<i>EX</i>	<i>ER</i>	<i>TU</i>	<i>EX</i>								
Strongly Agree	0	4	0	1	1	0	1	0	5	1	0	0	2	0	1
Agree	0	4	1	0	1	1	0	0	0	0	0	0	2	0	1
Neither Agree/Disagree	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Disagree	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Strongly Disagree	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Source: semi-structured interviews

Table 2 shows that five of the six union respondents supported the strategic plan targets. Meanwhile, there was only moderate employer support; two agreed and one strongly agreed with the targets. In response, one of the WCB executives concurred with the employers' view that the targets were not ambitious enough. The moderate level of support by both primary stakeholder respondents, four each for employers and unions, is somewhat surprising since both groups were given an opportunity to have input into this plan through their Board representative. This may indicate that members of the Board of Directors did not adequately consult their constituents before agreeing to the strategic plan targets.

Even more surprising was the finding that the WCB executives were divided on the appropriateness of the strategic plan. One executive disagreed with the plan and one disagreed with its related targets. Although the Board of Directors was ultimately responsible for the strategic plan, there was a collective responsibility among the Board of Directors and WCB executives for its development, implementation and achievement. The lack of full WCB executive support suggests there may have been a gap between the approved plan and what the strategic plan would have contained had the executives been solely responsible for its development. An alternative explanation may be that as the agency neared the end of the strategic plan cycle, WCB executives recognized that the original plan needed to be revised to reflect the organization's early achievement of its

targets.

A further issue raised by respondents related to the WCB achieving targets well ahead of schedule, but not adjusting them accordingly for the subsequent years. It is essential that strategic plan targets be realistic, attainable and challenging. Some of the employer and agency respondents claimed that the targets were not set high enough, particularly since many of the five-year targets were achieved in the first two years. Artificially low targets may cause constituents to lose faith in the strategic planning process and may negatively impact the organization's credibility. If it appears that the five-year targets have been achieved after the first year or two, as an example, one employer respondent indicated the agency should adjust them accordingly. This view was shared by a WCB executive who noted:

‘There should some provision...that we can modify the goals at some predetermined interval, that you go back and revisit your goals. The current strategic plan right now is so far ahead in certain goals that the original goals are really meaningless, we should go back and revisit those and if we have to, revise the targets.’

Shared Responsibility Some of the strategies to achieve Goal A were the joint responsibility of the WCB and Occupational Health and Safety (OHS)². One employer respondent expressed concern that the strategic plan involved goals over which the organization did not exercise full control. Another respondent did not consider this joint goal to be very practical or realistic due to the difficulty in holding both parties accountable. It is difficult to hold the WCB accountable for a goal which requires the cooperation and involvement of another organization. Conversely, it could be argued that this is an area where government could play an oversight role by ensuring the objectives for both the WCB and OHS are complementary and mutually supportive.

Key Performance Indicators Lacking Respondents identified several deficiencies with the key performance indicators (KPIs) used in the BSC. There were a number of areas where the WCB did not provide performance information desired by the respondents (Table 3). The performance indicators were selected by the Board of Directors with assistance from the WCB executives, without consultation with stakeholders. Arguably, had stakeholders' input been solicited, indicators such as return-to-work success rate, denial rate, total claims costs and average cost per claim would have been included in the strategic plan targets.

² Occupational Health and Safety (OHS) is a division of the Department of Government Services.

Table 3: Key Performance Indicators Not Provided by the WCB

Key Performance Indicator	ER	TU
Return-to-work success rate	5 5 4 6 6 4	5 6 3 3 3 3
Number of claims denied		
Number of claims paid directly by employer		
Total costs (employer paid and WCB paid)		
Cost per claim (WCB portion)		
Investigation results		

Source: semi-structured interviews

As illustrated in Table 3, there was a high level of employer and union interest (five each) in the return-to-work success rate indicator. In view of the role of the WCB in facilitating the medical recovery and return-to-work of injured workers, it was surprising that a key performance indicator for this crucial outcome did not exist. Data were available on the number of claimants who were no longer in receipt of benefits, but there was no follow-up to determine if they returned to work and if so, whether they returned to the same employer, in the same job or another job, or to a different employer. Without this data it is extremely difficult to evaluate the WCB's success in administering claims. Rather, the approach taken by the agency was to view claimants who were no longer in receipt of benefits as a proxy for success. This may be viewed as a success for the agency in reducing costs, but does not reflect success for injured workers if they did not fully recover and resume their earning potential.

The performance indicator addressing number of claims denied reflected the WCB's diligence in evaluating acceptable claims. A claim can be denied if it is determined that the injury did not occur during the course of employment. The high level of interest of all union respondents reflects their concern that potentially legitimate claims may be denied. Five out of six employer respondents were also very interested in having this information. Employers would also be interested in the denial rate since having more claims denied would reduce costs and consequently their premiums. Despite availability of data on the number of claims denied, this performance indicator was not reported.

Four employers and three unions indicated interest in the number of claims paid directly by employers. Union concern with the number of claims paid directly by employers is lower than expected in light of the potential for this practice to introduce a two-tier system. Claimants who continue to be paid by their employers do not experience any delay in obtaining benefits, whereas the majority of claimants are removed from their employers' payroll and have to wait for payment from the WCB. A possible explanation for the low interest may be lack of stakeholder awareness of this practice, coupled with its limited utilization. However, this information is available and could be reported.

Total cost information (costs paid by WCB and cost paid by employers) was of interest to all employer respondents, but only three unions expressed interest in this data. The financial statements and BSC report included costs incurred by the WCB, but not the costs borne by employers related to workplace modifications and accommodating workers in new jobs. Total employer and WCB cost data was of particular interest due to the increased expectations for employers to participate in the Early and Safe Return-to-Work (ESRTW)³ program. Data on total cost (WCB and employer paid) were not captured.

As depicted in Table 3, all six employer respondents were interested in cost per claim information, while only three unions desired this data. This information was readily available and could have been reported by the agency. Cost per claim statistics would aid in the evaluation of claims cost trends on a longitudinal basis. Given the significant level of concern by government, the Board of Directors and other stakeholders with the agency's financial condition, it is surprising that cost per claim information did not play a more prominent role in the strategic plan and BSC reports. Cost concerns were frequently raised by employer respondents, whereas trade unions did not emphasize costs since funding is the responsibility of employers. The contrasting levels of interest on the part of employers and unions in the performance indicators reflected the multi-faceted and often conflicting objectives of these key stakeholders.

Employers were slightly more interested in investigation results than trade unions, with four employers compared to three unions desiring this information (Table 3). This stands to reason since investigations could potentially result in denial of claims or in the termination of benefits. The agency had this information available, but did not report it. The publication of this information is a sensitive issue since employers may lobby for increased investigations while unions would be concerned about loss of benefits. The use of investigations has a negative connotation since it implies that some workers may be fraudulently receiving benefits. Clearly, there is a delicate balance in maintaining the financial stability of the system while balancing the rights of workers to obtain benefits.

It is important to note that all the indicators used in the BSC were designed to help the organization achieve its six main objectives. Therefore, it could be argued that the six KPI's that stakeholders desired but that were not provided may not have been relevant for achievement of the strategic plan. Conversely, it could be argued that if these measures were important to stakeholders, they should have been included in the strategic plan. However, use of the BSC did not preclude the WCB from gathering and publishing additional KPI's that were of interest to stakeholders. The BSC measures are not intended to replace an organization's day-to-day operational measures (Kaplan and Norton, 1996a).

Stakeholder Involvement The study found that stakeholders preferred to play a greater role in developing strategic plan targets. While employer and union stakeholder groups participated in developing the strategic plan, respondents indicated they were not sufficiently involved in selecting the specific performance indicators and targets used to monitor and measure the success of the plan. It is important to distinguish involvement from consultation. According to Friedman and Miles (2006), consultation is comprised of the agency soliciting feedback on management's plans, whereas involvement provides stakeholders with an opportunity to present their own proposals. In spite of the significant role played by the Board of Directors in developing the five-year strategic plan, it appears that there was insufficient engagement of the stakeholder groups in the process. This also points to a governance issue since Board members may not have had an adequate level of consultation and input from their

³ Early and Safe Return to Work (ESRTW) is a program requiring all employers and workers to cooperate in the worker's early and safe return to suitable and available employment with the injury employer. This usually occurs at the same time as the worker's active medical rehabilitation. constituents. The strategic plan and BSC report should reflect stakeholder needs in order to be a relevant accountability and reporting mechanism. Stakeholder involvement would improve the accountability value of the plan and the resulting targets.

Comparative Referents As illustrated in Table 4, all six employer respondents and five

union respondents identified regional Atlantic⁴ WCB's as their preferred comparative referent. The second most desired referents were national WCB key performance indicators. National statistics were readily available from the Association of Workers' Compensation Boards of Canada, which is an umbrella association of the WCB agencies in Canada. All the same, the WCB did not provide any national comparative referents in its annual report and published only two Atlantic referents. While stakeholders were interested in interjurisdictional comparative information, they also continued to value year-over-year actual results. Of the six employer respondents, five also preferred year-over-year actual results; in contrast, only three union respondents had this preference.

Table 4: Comparative Referents

Source: Semi-structured interviews

Preferred comparative referents	ER	TU	EX
Regional (Atlantic) workers' compensation agencies	6 5 3 3	5 4 2 3	2 0 3 2 0 3
National workers' compensation statistics	1 5 4 0	1 3 2 1	2 0
Budgets Targets Private sector insurance companies			
Year-over-year actual results 5-year actual results Canadian average			

Given the emphasis on accountability, the limited stakeholder interest in comparing actual results to budgets or to targets is perplexing, particularly since this is the practice of government. This suggests that stakeholders viewed the reporting requirements of the WCB as somewhat different from government. While the WCB did not publish its budget, actual results for selected performance indicators were compared to targets in the BSC report. The lack of interest in comparing to the private sector insurance companies is interesting given the public demand for government services to be provided in a manner that is as effective and efficient as the private sector.

Year-over-year comparisons were desired by employers, but were of limited interest to unions. In contrast, the WCB executives indicated more interest than employers and trade unions in comparisons to budgets than year-over-year results. Comparisons to budgets could portray the agency in a favourable light when they do not exceed the budget, whereas year

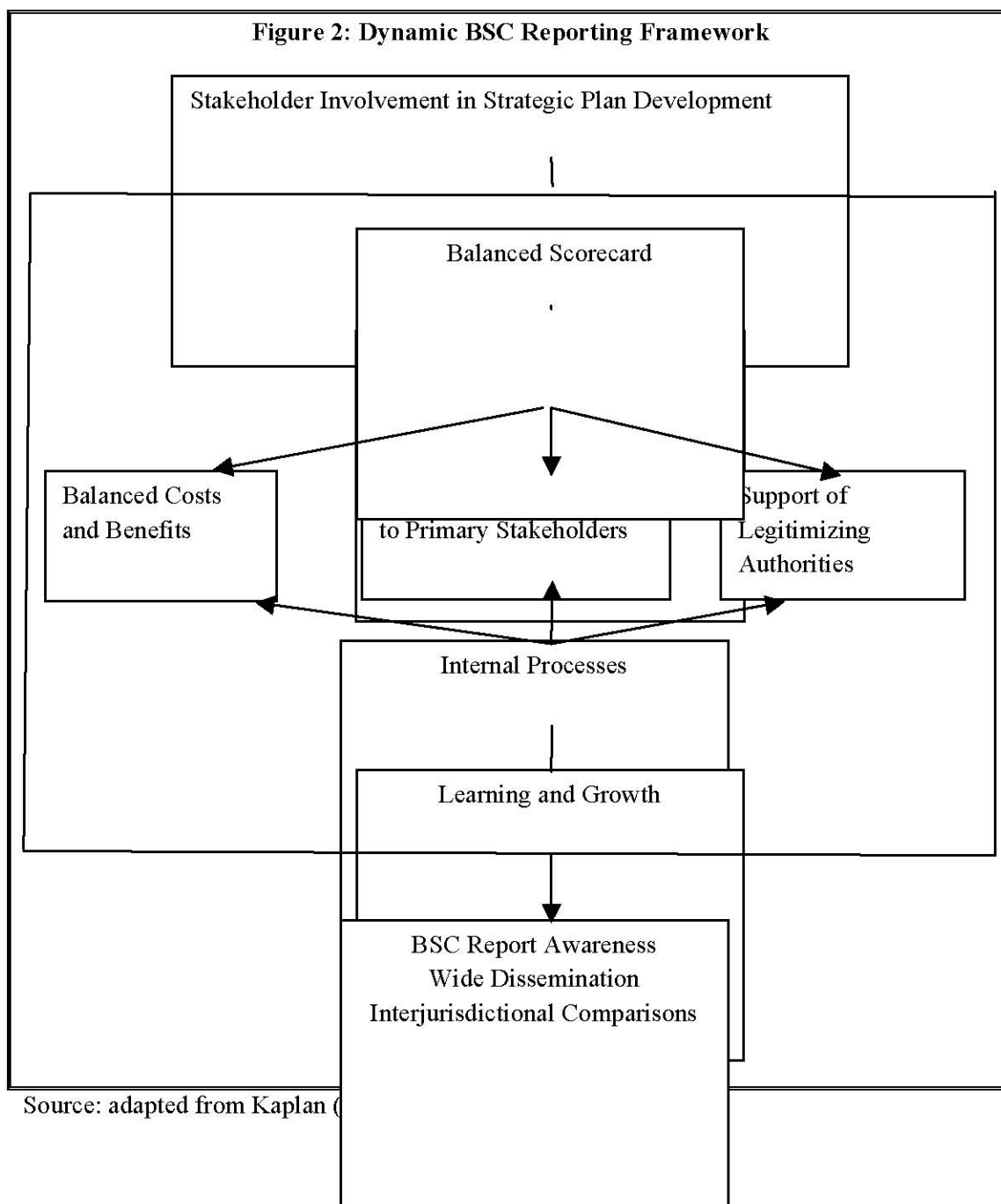
⁴ Atlantic Provinces refer to the region comprised of four provinces: Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island.

over-year comparisons could highlight unfavourable cost trends. In addition, comparisons to other jurisdictions may lead to stakeholder requests for variance explanations in situations where the agency's costs were higher than some of their counterparts. Five-year actual results were of interest to more employer respondents than union respondents. Only one union respondent and no employer respondents identified the Canadian average as a desired comparative referent. This stands to reason since the Canadian average would not be all the meaningful as a result of the varying sizes of the WCB agencies. Overall, the addition of interjurisdictional comparisons, where applicable, would improve the accountability value of the BSC and, as noted by Ammons (1995), this will likely increase public awareness of the agency's BSC.

In summary, the WCB's use of the BSC as a stakeholder reporting mechanism was only moderately successful. A pervasive theme that emerged throughout this study concerned the lack of two-way communication with stakeholders. In particular, the study revealed an insufficient level of communication among the Board of Directors and their constituents, minimal stakeholder involvement in selecting the BSC indicators and low stakeholder awareness of the strategic plan. Furthermore, the respondents indicated that they would like to have more input into the strategic plan and selection of its related targets. These findings are consistent with Sanderson's (2001) contention that all stakeholders should participate in the selection of targets and measures. However, the approach taken by the WCB was reflective of the communication style described by Aidemark (2001) which was more of a one-way communication approach with the organization explaining its work.

Figure 2 illustrates how the modified NPGO balanced scorecard framework could be extended to include stakeholder involvement in developing the strategic plan and to increase awareness of the report through broader dissemination. The Dynamic BSC Reporting Framework is based on the modified BSC for NPGO's (Kaplan, 2001), but also incorporates a significant level of stakeholder communication in its development and dissemination. In addition, the Dynamic BSC Reporting Framework includes interjurisdictional comparative referents to further enhance its accountability value.

The objective of this exploratory case study was to examine the implications of using Kaplan and Norton's BSC as a stakeholder report to demonstrate accountability for public



sector agencies. This study has shown that while an organization's BSC may reflect all the elements of Kaplan and Norton's (1992) BSC as well as Kaplan's (2001) modified NPGO scorecard, this does not necessarily indicate that it will meet stakeholder needs. This study found that accountability is enhanced when stakeholders are invited to participate in developing the strategic plan and its targets. In addition, where feasible, the accountability value of BSC reports could be improved by including interjurisdictional comparative referents.

Furthermore, if the BSC is to fulfill an accountability role, the agency should ensure that there is increased public awareness of the report.

This research contributes to body of literature on the BSC as a reporting tool by expanding the framework to include stakeholder involvement in developing the strategic plan and related targets and to improve dissemination of the report. While this study is based on a single organization, its findings are expected to be applicable to all other Canadian WCB jurisdictions. Further research is needed to determine the applicability of the Dynamic BSC Reporting Framework for other public sector agencies.

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