



EKONOMI
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the AIESEC²⁰¹⁰ SCORECARD

STUDENTS BALANCING HUMAN CAPITAL
THROUGH SCORECARD.
- a study of non-profit organizations

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2007-01-15
HT 2006
FEK582

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ABSTRACT

TITLE: Students balancing human capital through scorecard
– a study of non-profit organizations

SEMINAR DATE: 18/01/2007

COURSE: FEK 582, Bachelor Thesis in Business Administration, 10
Swedish credits (15 ECTS)

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KEY WORDS: Balanced Scorecard, Non-profit organization, performance measurement, performance management

PURPOSE: By analysing collected data using theory, we aim to interpret the design, implementation and the usage of BSC in NPO's to be able to contribute to the research.

METHODOLOGY: A case study design has been made through semi-structured interviews and backed up by a quantitative survey and internal documents.

THEORETICAL PERSPECTIVES: Based on the sources given from the creators of the scorecard together with some sceptics and some followers, we have outlined the bases of balanced scorecard. To map out the non-profit sector and its strategic needs, the theories have tried to settle the specific need for the strategic tool given.

RESULTS: We conclude that the scorecard in NPO's has the foremost shortcomings within the creation and usage for those at local level using it. Within the local levels we also clearly see in our findings that there are too many focus areas creating all but focus, and a need for an IT-system to move forward within the usage. The benefits are that there is a strong drive from management, that there is a set revision of the scorecard annually. Another positive factor is that there is stability within the scorecard and its design. Although, it is used in a foremost strategic purpose, which is not aligned with the initial purpose.

SAMMANFATTNING

TITEL: Students balancing human capital through scorecard
– a study of non-profit organizations

DATUM FÖR SEMINARIUM: 18/01/2007

KURS: FEK 582, C-uppsats i företagsekonomi C, 10 poäng (15 ECTS)

FÖRFATTARE: Maria Sundin, Björn Wigeman

HANDLEDARE: Ola Mattisson

NYCKELORD: Balanced Scorecard, Non-profit organization, performance measurement, performance management

SYFTE: Genom att analysera insamlat data med hjälp av teorin, ämnar vi att tolka design, implementering och användandet av Balanserat styrkort I ideella föreningar för att bidra till forskning på området.

METOD: En fallstudie har genomförts genom semistrukturerade intervjuer, ett kvantitativt frågeformulär och internt material.

TEORETISKT PERSPEKTIV: Baserat på källorna givna av BSC grundare tillsammans med följetångare och motståndare har vi ramat in grunderna för det balanserade styrkortet. För att kunna presentera den ideella sektorn och dens strategiska behov har vi i teorin satt de specifika behoven för det strategiska verktyget som diskuteras.

RESULTAT: Vi sammanfattar att det balanserade styrkortet i ideella organisationer har sin största framgångar när det gäller skapandet, utformningen och användandet på lokal nivå. På de lokala nivåerna kan vi också se från våra undersökningar att det finns alldeles för många fokus, vilket skapar allt annat än just fokus, och ett behov av IT support och system för att kunna avancera I användandet. Fördelarna är att det finns en stark drivkraft från cheferna och det finns även en bestämd utvärdering av styrkortet årligen. Att det finns stabilitet inom styrkortet och dess design och utformning är ännu en positiv faktor. Dock används det främst i ett strategiskt syfte, vilket inte var det initiella syftet.

PREFACE

Learning by doing, this study has not been straight road. Many discussions back and forth have finally led us in the right direction, we believe. And this could not have been done without the support of several entities. First and foremost, we would like to thank the non-profit organization AIESEC, who provided us with the material at hand.

During our writing of this thesis we have had the opportunity to meet and interview certain characters that have increased the content of this paper and we have been doing these interviews at challenging and severe surroundings. We would like to take this opportunity to thank these individuals Chris Meijlink, Anton Steen, Leo Hansson, Martina Nee, Linus Kendall, Mattias Baldinger and Shantanu Bawari for doing all of the interviews with us. This work would not have been possible without all of them. We also want to thank other members answering the survey for contributing to the process of this work.

We would like to thank our supervisor, Ola Mattisson, who through this thesis has given us the support, advice and the words of encouragement as well as the words needed for guidance in order for us to succeed with the task at hand. Thank you for constructive criticism and valuable input for discussions.

Last but not least, I would like to take the opportunity to thank my lovely friend, thesis body and fellow colleague, Maria Sundin, for always taking this assignment to new heights and giving it the touch needed. /Björn

And I would like to give my appreciations to my research partner Björn who have showed me the strength of discussing for alignment in differences in opinion, and always stressed the group feeling as important, and hence, as a group we have reached further depth in our analysis and study as a whole. Many thanks for a learningful period filled with interesting discussions. /Maria

Lund 2007-01-15

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CHANGE DEMANDS BALANCE

In the following section we will treat the background to recognized problem as well as the definition of the problem so that the reader will understand where the problem derives from and also to get an overview on the actual area of investigation.

1.1 BACKGROUND

Our society is constantly driven by change and globalization. The development of the welfare state combined with the increased literacy and communications has made it easier for people to organize and mobilize. Therefore, we can see a significant rise in the world's interest for non-profit organizations (NPO's) as well as their increasingly important role in providing services like health care and education (Salamon 2001). Many researchers (Boris, 1999 and Salomon, Sokolowski, List 2003) declare that the rise of the non-profit sector has shown an enormous growth and some are even talking about a "global associational revolution" since the innovation is showed in every corner of the world (Salamon 1994).

One of the most common definitions however is expressed by Weisbrod (1988) "*A nonprofit organization may not lawfully pay its profit to owners or, indeed, to anyone associated with the organization*" and he further explains the distribution restrictions. Note that economical surplus can be created from one year to another and the restrictions do not stop the organization from paying staff and volunteers a salary.

To distinguish, the International Classification of Nonprofit Organizations (ICNPO) developed five key criteria's to identify the sector of non-profit organizations: **Organized, non-governmental, non-profit-distributing, self-governing** and **voluntary** (Salamon and Anheier, 1996).

Robert D. Katz argues that NPO's today are facing challenges in raising funds and finding financial support partners as a result of bad management, the changing values and democratic shifts which is aligned with the growth and globalization (Katz, 2005). Accordingly, Bryson means that the necessary solutions for non-profit organizations facing environmental changes are development of management strategies.

Since the 1990's organizations have identified problems in handling the membership expansion together with an increased business activity and therefore the world today is speaking about a mix of the strategies and business models in the private for-profit sector and organizations in the non-profit sector (Wijkström, 1998).

To generate the results wanted, meaning the effect management has on its members, their actions and behaviour so that they operate in the same direction, and to be sure an organization is run effectively; strategic methods and strategic planning is introduced, as it is

a tool originally designed to help organizations respond effectively to their new situations (Bryson, 1999).

The way of managing has through history had different outlooks. The conventional management control is recognized by its focus on measuring financial information and productivity of an organization, and it is said by both Kullvén (1994) and Lindvall (2001) to be too mechanical and insufficient since it undermines the means of communication. Today the management perspective is broader and there is a need to connect strategy and control systems. (Lindvall, 2001)

The management and leadership of an organization often demands opportunities for communication and control. These can be reached through economic strategies like strategic management that work to affect the decision makers and leaders to align the direction of an organization with its aims and objectives. These objectives need to reflect the organization's vision statement and its values on how it wants to be perceived by stakeholders in the future. In these organizations, it is also of high importance that the clarification of objectives and centres of excellence with distinctive competencies is ensured and preserved. (Nutt and Backoff, 1995).

To sum up, a non-profit organization can not depend solely on the strategy of economic and financial management tools, nor solely on the vision and values. It demands a mixture of indicators, both financial and non-financial to get a more balanced view of the company's performance. During the 1990's, the acceptance of measuring efficiency and performance through strategic management became more and more dominant (Brown and Laverick, 1994) and together with several other models the Balanced Scorecard (BSC) emerged. It soon became the most accepted and most successful tool for measuring and managing with both financial and non-financial measurements, introduced in 1992 by Robert S. Kaplan and David P. Norton.

THE BALANCED SCORECARD IN NON-PROFIT ORGANIZATIONS

In a NPO it is important that there is a wide perspective on the management to facilitate the individuals involved in embracing the management (Olve et al, 2004). There is also a great need for alignment and focus to decrease ineffectiveness and commune goals for all individuals within the organization. There is a potential of using the BSC in nonprofits, since they have difficulties defining clear strategies and goals. Therefore, they are becoming an increasingly urgent group of interest for performance measurements and accountability. Nonprofits have to focus on limiting their resources and concentrating on a core set of goals, since it is not sustainable to do everything for everyone. (Kaplan, 2001)

Since non-profit organizations consists of a high volume of voluntary workers as well as their core competencies being human resources one should not forget motivation which is a prerequisite within such an organization (Dameri, R.P, 2005). The balanced scorecard has action plans that work as guidelines for how the goals are to be met and it also measures if the objectives have been reached, which contributes to the motivational aspect (Lindvall, 2001).

1.2 PROBLEM DEFINITION

Whilst many researchers argue that the expanding sector of non-profit organizations in the world are faced with increasing challenges in the area of management and control, the strategic tool that has emerged more than others during the same period of time is the Balanced Scorecard mentioned above. Looking at the gaps of strategic management within nonprofits, the BSC can help to provide a structured and strategic external and internal efficiency, a balance in measurements and it can also contribute to the motivation of employees.

Our interest awoke for investigating if, and if so; how this tool can help a non-profit organization. By seeing if the balanced scorecard can work effectively and how the NPO's can use it at its best in managing their organizations, there is a gap of knowledge ready to be filled, which leads us to our problem:

Depending on the initial purpose, how is the Balanced Scorecard used in Non-profit Organizations, and what are the positive and negative factors on these prerequisites?

1.3 PURPOSE

Our purpose is to analyse the design, implementation and usage of BSC in NPO's to be able to contribute to today's research within NPO's.

1.4 DEFINING A NPO

To define a NPO, the ICNPO – the International Classification of Non-profit Organizations developed a strategy consisting of five criteria. This was developed to identify and define the sector of non-profit organizations. A non-profit organization should:

1. be organized and institutionalized in some way
2. be private and non-governmental, NGO
3. be non-profit distributing, not returning profits to owners, stakeholders or members.
4. be self-governing, govern its own activities
5. be voluntary, have some degree of participation voluntarily.(Salamon and Anheier, 1996)

The ICNPO has developed a basic structure based on “economic activity” to simplify comparability of the classification of nonprofits. It is divided into 12 major activity groups, 24 subgroups and further activities within each subgroup. Often times, a specific NPO falls under several activities, but either way it is easier to facilitate comparisons.

1.5 DELIMITATIONS

The theory researched and applied has been narrowed down to only balanced scorecard, leaving out any comparable performance measurement tools. We have also tried to exclude as many for-profits theories since they would not have given us as much information on the subject.

We do not aim to compare different organizations; hence our research is concentrated to interviewing people in one organization. This gave us the possibility to go in more on a deep level on the interviews and analysis drawn from that. Further, we also restricted the study to two out of 95 possible member countries. This depends on the access to information and ease to obtain material we behold.

1.6 GLOSSARY

NPO	Non-profit organizations
NGO	Nongovernmental organizations
AIESEC	Global, student-run, nonprofit organization (NPO)
BSC	Balanced Scorecard
MCP	Member Committee President
MC	Member Committee
LCP	Local Committee President
LC	Local Committee
AI	AIESEC International

PROCESS WAY

Many people argue that there is no right or wrong when it comes to method, it is all about finding the appropriate procedures and motivating them. The following section will describe the perspective and methods that have influenced the study, as we want the reader to understand our approach and perspective.

2.1 LINE OF APPROACH

Considering that this is a small scale study and the purpose, to analyse the design, implementation and usage of the BSC in NPO's, it is preferable, according to Denscombe (2000) to use case study as a research strategy. With the case study being concrete and used in context, Merriam (1994) too promotes the case study as a desirable research tool, most suitable for specific situations where the possibility to examine in depth and detail exists and where you can address a certain problem area (Merriam 1994). Hence, it is a fact that the use of case study as research strategy is necessary for us to find and interpret data on the issues around the design, implementation and usage of the BSC in a non-profit organization. Another strength with the case study is the possibility of using diverse sources and methods, which diversifies and simplifies the collection of data. (Merriam 1994)

As we have the ambition to analyse the current situation, rather than presenting new theories, focus will be the qualitative method, the interviews, with the purpose to understand and interpret the study objective. To seek further information, and to support our results and conclusions; we have used a quantitative method of collecting data, in form of a questionnaire as well as internal information.

2.1.1 PERSPECTIVE

A thesis is affected by the perspective chosen and our approach is driven by the problem recognized. It is also said that all research is originally based on the pre comprehension of the researchers. As we, in the role of researchers agree on above facts, it is only natural that we will have our primary baseline in hermeneutics, which has its equivalence in interpretation.

Within the hermeneutical research ideal, it is important to note that both theory and data should contribute to conclusions and interpretations, not one over the other. As we see it, the theory will work as a framework, building the foundation for our interpretation phase within the analysis.

*'Hermeneutics is aligned with the **qualitative** way of doing research and objective is to **understand** how other people perceive their realities and what **consequences** this has, to **take active part** in the study phenomena, to **interpret** and most importantly, to get a **comprehensive view**' (Lundahl and Skärvad, 1999)*

Within the world of research methods, there are two principal approach ways, the deductive and inductive method. In this study, we have considered both approach ways and finally

chose to have the focal point on the deductive approach, since it is a tool to enhance understanding. (Backman, 1998)

2.1.2 PRE COMPREHENSION OF THE PROBLEM

Our pre comprehension derives from the fact that we are involved in AIESEC and we have noticed that the balanced scorecard is not being used nor recognized by all members on a local level. The consequences are that we started to dig deeper into the subject, and asked questions about what the benefits and shortcomings are, or if a strategic management tool like the BSC really is needed in a NPO. Therefore this study has to be to some extent characterized by subjectivity.

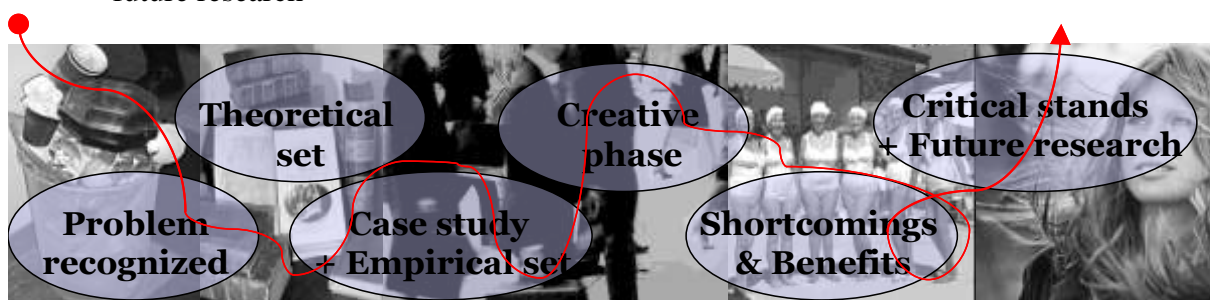
Björn is currently a local committee president in AIESEC and has taken an active role in the organization since 1, 5 year back, in two different local committees. Given is that he from the beginning has a positive perception of the organization. *Maria* has recently joined AIESEC as a local project leader. She is still learning and revising about the organization, somewhat sceptical as she has a hard time seeing the holistic picture of the organization.

The effects on the study, from our involvement in the organization are both beneficial and unfavourable. The benefits are easily accessible materials as well as an openness, trust and honesty from the respondents. Another benefit is the possibility we had to conduct the questionnaire quickly through conferences. The negative aspects however is that the study might be affected from one of us having used the BSC in AIESEC and therefore already has the benefits and shortcomings clearly identified which not necessarily are transferable to other users within AIESEC.

2.2 DISPOSITION

To be able to follow easily through the essay, we started by constructing a disposition, as we felt the need to concretize our work since it is from the beginning hard to grasp with its large dimensions. It is also important to let the essay follow a structure since we are able to affect our thoughts and the contents to develop (Backman, 1998). Another issue of importance is to see to that the red thread is thick and stable throughout the whole essay, meaning a clear and comprehensive understandable structure.

- **Problem recognized** – background to the problem area and actual problem
- **Theoretical set** – the knowledge collected from literature: books and research articles
- **Case study + Empirical set** – case study is the material collected from interviews and empirical set is the interview material and the questionnaire on the current situation.
- **Creative phase** – the collection of the different parts and a comprehensive analysis.
- **Shortcomings & Benefits** – the end product, thus results of the problem recognized
- **Critical stands + Future research** – critical review of the study and implication for future research



2.3 THEORETICAL SET

Within the theoretical set, we aimed to present the most relevant theories according to the problem studied, and here we will explain how we approached this matter.

2.3.1 THEORETICAL SELECTION

A well performed selection of theory is fundamental for a high-qualitative, worked-through essay. We have based our essay on the general knowledge field of the three different generously proportioned areas:

(1) Strategic management in non-profit organizations

Oster (1995) and Bryson (1999) have conducted research on the area strategic management in non-profit organizations, where they are aligned in stressing the importance of a commune vision and mission and the need for strategy for a non-profit organization. Findings by Johnson (2001) enhance the previous statement since the majority of the organizations studied use the overall mission to work from.

(2) The Balanced Scorecard

Kaplan and Norton (1992, 2000, 2001) have since the original Balanced Scorecard theory developed and adapted the theory to nonprofits, which in line with the findings of researchers above states the importance to put the mission on top and work from that.

(3) The design, implementation and usage of the balanced scorecard in non-profits.

Olve et al. (1997, 1999) have focused on the actual implementation process of the scorecard, both in private and the non-profit sector, and have found the ultimate “good circle” for an organization to complete, in order to be successful in the BSC implementation.

Further, Müller (2005) and Simons (1995) have studied the phenomena BSC when it comes to usage of control systems and found four different approaches on how to use the BSC, which can be applied to non-profits as well.

Our selection of theory has been concentrated to above shown researchers. In addition, we have focused on using research articles since they are focusing on the actual problem area aligned to our purpose, as well as the fact that we can have an updated version aligned with today’s problems and today’s global society.

The theory chapter as for now is according to us a comprehensive collection of the most relevant theories for the problem recognized.

2.3.2 OTHER RESEARCH

On the concept of the balanced scorecard in non-profit organizations, there are few findings, whilst on the subject of performance measurement in nonprofits, there are somewhat more, although often times appointed to geographical regions.

Kald and Nilsson (2000) have in their study on three concepts of performance measurements in companies in the Nordic Countries come to the conclusions that most frequently, the use of performance measurements is as input for decision-making at the top management level and also as decision support at a middle management level. The negative aspects are that the

performance measurements puts overly focus on the overflow of information as well as the financial performance, which results in the measurements being centred to the past and to short-term stability. Above all, they mean that companies have a need for some kind of overall and integrated tool, which includes all dimensions. Further on, Kald and Nilsson (2000) states the need to consider their results as “*rough indicators*” as the perception of different concepts may vary.

A researcher (Nørreklit 2003) who directs critique towards the balanced scorecard, has come to many implications to why organizations are positively put to the scorecard concept. *For one*, it is an excuse to put pressure on the employees, *secondly*, the organizations have to show that they are in control of an uncertain environment, and *thirdly*, it may be an efficient persuasive tool in order to justify a hierarchical control. The study implies two shortcomings, the by Kaplan and Norton suggested cause-effect relationship does not exist, especially not between customer satisfaction → loyalty → profitability, as it is unlikely that financial success derives from either of these two.

‘Similarly, although we know that, if it is raining, then the streets will be wet, we cannot conversely conclude that, if the streets are wet, then it is raining’(Nørreklit, 2003)

Further, the study stresses that the balanced scorecard is a top-down control model since the top management sets the conditions for the lower levels, which can result in dysfunctional behaviour and no control over strategy.

2.3.3 COLLECTION OF THEORY

The literature was found through reading the articles on the actual subject, starting with the primary source of the balanced scorecard, namely Kaplan and Norton (1992). By going through the list of references, not only belonging to Kaplan and Norton, we found literature connected to the subject and frequently cited researchers. The sources and databases used for this were mainly the search base *lovisa* at the university library of Lund University, with the Stockholm City Library and Umeå University Library as support. We believe that we have found the most recent and as well the researchers of development and depth on the subject.

Research articles were found through the Google Scholar website where we primarily searched words like balanced scorecard, performance measurements, bsc, non-profit, strategic management, strategy, motivation, management and measurement tools, Kaplan, Norton and combinations of these words. As we found our way to the relevant articles, we also searched for the cited researchers like Forbes, Johnson, Kald and Nilsson etc. When finding the articles, we typed in the article name in the search base *ELIN* of Lund University Library, the university library site for research articles, and in that way we fast forwarded our search time.

2.4 EMPIRICAL SET

The choice of method should be carefully chosen since this affects all parts of the study, but according to our previous choices, it is natural to have the main focal point of the case study on the qualitative method. Here, the advantages are the depth of the information from the key people, based on opinions and their ability to explain their point of view as well as what they consider the central factors to be. (Denscombe, 2000)

2.4.1 IDENTIFICATION OF CASE

The criteria for choosing the study case should be in line with the research literature and normal is to choose a random and most typical case (Backman, 1998). Based on this, we formulated the following criteria's:

- The balanced scorecard has been introduced in the latest three years, since both Kaplan et al. (1992) and Olve et al. (1999) states the time range to between 6 months and 2 years to see if it has worked to the organizations' advantage.
- A large and global non-profit organization which is not associated to a certain geographical region.
- An organization that falls under the classification of ICNPO.
- Accessible empirical material for the collection of data needed.
- The balanced scorecard is used at different levels.

Based on the expansion of non-profit organizations, its defined challenges with the management and control, and the above criteria's, the choice landed on AIESEC. AIESEC is a typical example of a non-profit organization operating globally and therefore, in an international and a research sense since the research literature is limited to geographical regions, this is an interesting study object.

The organization falls under the five key categories to identify the sector of non-profit organizations, of the ICNPO as it is: (1)organized, (2)non-governmental, (3)non-profit-distributing, (4)self-governing and (5)voluntary. To classify AIESEC according to ICNPO as a global organization, and in accordance with their core product, the AIESEC experience, it will therefore fall under two major out of the 12 activity groups mentioned in the last chapter:

1. *Group 9: International*

Organizations promoting intercultural understanding between people with different backgrounds and promote welfare and development abroad.

i. 9100: International activities

- a. Exchange/friendship/cultural programs: programs and services developed to increase respect and understanding internationally
- b. Development assistance associations: projects supporting social and economic development abroad.

2. *Group 4: Social Services*

Organizations providing social and human services to a community or a target population.

i. 4100: Social Services

- a. Youth services and youth welfare: Job programs for youths (here, YMCA, YWCA are categorized), job training programs, apprenticeship programs, internships, other traineeships (Salaman & Anheier, 1996).

2.4.2 SELECTION OF CASE STUDY PARTICIPANTS

Qualitative methods do not have to happen on the basis of random samples, and it can even be that a study will lose its validity if the wrong people are selected.

Consequently, we have chosen to conduct primarily qualitative interviews with members in different positions within AIESEC to get the most relevant data. We have chosen to conduct interviews with strategically chosen members. On the basis of our choice and in order to attain a holistic picture on the matter, we have interviewed seven AIESEC members with different perspectives and we have divided these members into different ranges of assumed knowledge based on position held in the organization. The problem with this particular choice is that we risk getting an opinion from the respondent based on what he thinks we wish to hear. We are well aware of this problem but these people are valuable to our study and to avoid the problem, we informed the respondents that their opinions are valuable for the study and we do not take these opinions into account.

- *Primarily*, we interviewed the creator of the AIESEC scorecard who is currently no longer active in AIESEC but used to hold the position of Director of Strategy within the AIESEC International board (AI). He was asked questions about his perception of the creation and implementation process.
- *Secondly*, two interviews were held with Member Committee Presidents (MCP), “the CEO” nationally, the person responsible for the organizational activities for a country. All MCP’s are working fulltime for AIESEC in each country headquarters. This makes them an interesting source of information since they have been working closely linked to both AIESEC International and also the local committee presidents.
- *Thirdly*, four interviews were held at a local level. Two interviews were held with local committee presidents and two interviews with members of the executive board within a local committee. The reason for this being the ability to spot the difference in knowledge of the scorecard depending on positions held locally and also to distinguish if the BSC has been successfully communicated from International level down to local levels.

As hermeneutics, there are several ways to gather a material with width and fullness. We chose an approach which often is referred to as triangulation, meaning the combination of methods, hence we conducted the qualitative method and also a questionnaire to complement the personal interviews, and to both increase validity and the holistic view. (Denscombe, 2000)

2.4.3 ACCESS

Having admission to the study object and access to information needed is a big part of our study and since we are active AIESEC members ourselves, we have access to organizational material demanding an approved membership. We also asked AIESEC International if they could provide us with the documents on information needed about AIESEC as well as members to interview.

2.4.4 PERSONAL INTERVIEWS

Qualitative interviews have the aim to engage in-depth in the problem recognized and they are usually divided into structured, semi-structured or unstructured interviews. We have used personal interviews and the semi-structured approach as the answers are open and the respondents are free to develop his or her ideas even though there is an interview guide helps the interviewer to touch all areas, either order. (Denscombe, 2000) We arranged a short manuscript with guidelines and agreed on a certain order to stick with, to ensure the quality of our methods.



As a researcher you can also solve misunderstandings at once as you are allowed to ask follow-on questions. As the human behaviour easily is passed on to the other, it is important that the interviewer does not feel stressed. (Lundahl and Skärvad, 1999) Therefore we made sure to be calm and have enough time set off for each interview, at least 60 minutes.

Another aspect which can easily affect the respondent, according to Denscombe (2000), is things that can not be changed like gender, ethnicity, accent, age and the identity of the researcher himself. Hence, to avoid these negative influences, the interviews were held by both writers where we discarded to interview people that we already knew, and we also stayed passive and neutral as well as careful if making statements. Denscombe (2000) further states that it is important to not ask leading questions nor take over the interview, and we believe that we as interviewers followed his advice.

Although, what we believe contributed to the interviewer effect is the fact that we are both AIESEC members, and the respondents were all aware of that. Often times, they left out an explanation that they assumed us to have the knowledge of, and to solve that, we asked for a clarification. Beneficial was the increased openness from the interviewees, by the fact that we are involved in the organization.

2.4.5 INTERVIEW CONDUCTION

Before the interviews, we made an interview guide consisting of facts, knowledge, attitudes and feelings divided into two parts: (1) design, implementation and usage of the balanced scorecard and (2) overall goals, entity goals and communication of goals. We chose to include the latter part since theory states the importance of alignment in vision and goals and since the part of the purpose is to answer how well vision and objectives are communicated from international level to national level to underlying local levels.

To control how the interviews were to be understood, we performed two test interviews beforehand on AIESEC local executive board members. During these interviews, there were viewpoints and attitudes that we did not think about from the beginning which worked satisfyingly for us, as we could then, reverse and modify our interview guide by adding one or two questions and changing the order of the questions.

The interviews were all conducted both in person and over the phone, with field notes as documentation, done during and after the interviews, since the equipment for sound recording was damaged and one can not trust the human memory by itself. (Denscombe, 2000)

All interviews were conducted in English, since AIESEC is a global organization and its official language is English. The interviews were made by conversational talks and lasted between 40 to 60 minutes.

Since the anonymity is important, we could have given the interviewed people fictive names as we presented their answers, but since they all approved on using their real name in the study, after we thoroughly explained that this study will be public, we did not see a need for fictive names.

2.4.6 QUESTIONNAIRE

Quantitative methods are useful when the respondents are placed at different places, when there is a need for standardised data and when the information asked is uncomplicated and brief (Denscombe, 2000). With the intention to reach as high cogency as possible, we supplemented the personal interviews with a questionnaire.



The selection in a small scale study should consist of between 30 and 250 cases, and not less than 30 cases as the statistical analyse will then loose its value. Another vital issue is to be attentive and careful when it comes to the grade of transferability, on the other hand, the limited size does not have to declare the result invalid. (Denscombe, 2000) We found a simple questionnaire suitable based on the above criteria's and our selection was limited to 80 questionnaires, amongst which we received approximately 50 answers.

2.5 CREATIVE PHASE

For us to form the basis to the analysis or as we call it, the creative phase, the field notes from each and every interview was calculated for separately, then reviewed and printed in order to be clear, understandable and accessible for both of us, which has been useful through the analysis, since it is possible to backtrack to the original material.

Both of us went through all of the interviews taking notes on different aspects where we found links between the perceptions of the respondents' and after discussions in between is to be aligned, we summarized the interviews into two and two according to the position of the interviewees. The reason being to exclude a lot of text and keep the relevant material for our purpose and particular problem.

The next step in the analysis of data was to divide the summarized material into different thematic parts, which were based on the recognized problem and our interpretation of the interviews (see figure 2.1 below).

Interviewees	Summarized material	Theme / Notes
MCP Meijlink Steen	"...some of the key performance indicators are still hard to measure" "...some of the KPI's are not involved since they are hard to measure"	Implementation <ul style="list-style-type: none"> - immeasurable KPI's - alignment and link between measurements at diff. levels
LCP Nee Hansson	"...difficulties to understand the documents and get an overview" "...it's easier to align the org. towards a common goal"	Design / Implementation <ul style="list-style-type: none"> - education, training - purpose, common goal, mission
LC-VP Kendall Baldinger	"...there is a need for one focus" "...too many focuses were found"	Design / Implementation <ul style="list-style-type: none"> - One focus, focus areas - theory Kaplan (2001), one focus, limited recourses
AI Bawari	"To start putting together the blueprint of what in the end would be the AIESEC scorecard, Bawari mapped out the different stakeholders"	Design <ul style="list-style-type: none"> - created by one person at top management

Figure 2.1: Model of the empirical analysis

By doing this, we have been able to find general patterns as well as differences between the interviewees perceptions both in relation to the position held and in relation to the theme.

Within the chapter of creativeness, we as hermeneutics have taken these summarized findings and analysed these with the theory here presented to, in the most balanced way, put these two pieces together to interpret and work up the material for a foundation to conclude the positive and negative factors, i.e. shortcomings and benefits.

2.6 POSITIVE & NEGATIVE FACTORS

This section will reflect the interpreted material in the analysis and we have concluded the shortcomings and benefits, meaning that the assumptions made will be the end product, it will bring out a result answering the problem, positive and negative factors with using the BSC in a NPO.

THE BALANCED SCORECARD

The theory chapter is aiming to give the reader a basic knowledge on the relevant theory for the investigated problem. The chapter is introduced by one main theory on the balanced scorecard, and a sub theory on the balanced scorecard in a NPO. We continue by describing the usage and implementation within each theory.

3.1 THEORETICAL OUTLINE

We will begin this chapter by defining and explaining the phenomena non-profit organizations or shortly put, NPO's. Previously we rendered studies by authors Katz and Wijkström, whom argued about the increasing challenges facing NPO's and the need for strategies taken from the private for-profit sectors. Bryson specifically stated that strategic methods were introduced with the objective to help organizations respond effectively to new situations and to discover how to generate results wanted. Together with other researchers as Boris; Nutt, Backoff; Oster; Olve, Roy, Wetter; Lindvall; and Kaplan, Norton, they all agree to the fact that strategy, management and control of some kind, within NPO's is needed, although when it comes to what kind of strategy and the efficiency of the management, the opinions are separated. Subsequently, we will describe management and control as a background and basis for understanding. Since our focus in the management of NPO's is how to guide and manage individuals, the following theory will treat the issue of managing with the balanced scorecard.

Our theoretical framework has its foundation in the balanced scorecard theory as this is our focal point. It further consists of creation and implementation theories of the BSC to evolve in the practical usage and the causal strategy map.

3.1.1 DEFINING A NOT-FOR-PROFIT ORGANIZATION

To distinguish between a non-profit organization, a NPO earlier defined, and not-for profit organization, it is important to keep in mind that the not-for-profits are all NPO's but with the objectives and the existence based on other criteria's than profitability.

Except for looking at the tax status, when describing and explaining a not-for-profit organization, there are other factors to look into as well. Firstly, nonprofits tend to raise more questions concerning governance structure since there are no share holders or owners. Secondly, these organizations are normally laboured intense with both professionals and volunteers. Thirdly, because of the labour intensity there is a deep need for Human Resource management. A difficult task thus is to motivate labour to work for the cause aligned with what the organization strives for. One can not force workers by any means, since they are there voluntary. Therefore, the labour in not-for-profits normally has their main alliance with a cause or a profession rather than with the organization they work for. Lastly, not-for-profits are almost always to some part reliant on donations to get revenue. (Oster, 1995)

To sum up, according to Sharon Oster one can distinguish not-for-profit organizations by the mix of goods and services they provide, the characteristics of the labour force and their source of revenue.

3.2 STRATEGIC OUTLOOK IN NOT-FOR-PROFITS

Every non-profit organization has to work on their strategy. From there, they start setting up their goals for the business in which they have chosen to act. Putting up the goals and finding their target market confines their mission, normally called their *mission statement*, together with evaluating the market to see if these goals are working together with the current state of the environment around them. This is the first and most crucial strategic decision for any NPO. The mission statement often gives answers two fundamental questions for non-profits; what business it is in, and what it hopes to accomplish in that business. (Oster, 1995) Findings from a study comprised by Johnsen (2001), on strategy and public management, showed that the majority of the studied public organizations were working from their overarching mission, their organizational goals and objectives. One of the problems detected was that managers seem to put focus on the available data instead of future outcomes, which may lead to low validity in the long run and low bearing of the decisions.

A common way to lead in nonprofits is to serve values instead of expansion and monetary growth. That way, labour and initiators can work towards a common goal based on common beliefs in their mutual values. (Oster, 1995)

Nonprofits need to be in control of their situation in today's rapidly changing society, which can be established by ensuring responsiveness to stakeholders, create strategies for the changed prerequisites and develop a basis for making decisions. One way to handle these aspects compiled is through strategic planning, which in the end of the 1990's received mounting interest from both researchers and non-profit organizations. And the reason: our changeable society's contribution to the managers increasing difficulties. (Bryson, 1999)

'Strategic planning is designed to help leaders, decision makers, and managers think and act strategically.' (Bryson, 1999)

Bryson (1999) states that strategic management in a NPO consists of strategic planning, budgeting and implementation effectively linked together. Strategic planning which is a first step towards strategic management starts in discussions where the top management talk about what the organization wants to achieve, the principal most important aim or purpose of the organization. According to Bryson there are several steps to follow when solving the increasing difficulties, starting with the initial agreement on the purpose of the effort of strategic planning. This is followed by clarifying directives or mandates, clarifying the mission and values for all stakeholders and conducting a SWOT-analysis. The steps are concluded in the strategy development which needs to stick to certain criteria's. (Bryson, 1999)

The study conducted by Bryson on NPO's show that there are many benefits concerning strategic management in nonprofits. The organizations can learn how to think in a strategic manner, focus on a clear future direction, improve performance and increase teamwork as well as expertise. In the study, it is concluded that strategic management will help an organization as long as the key decision makers stand behind it and invest time, attention and

recourses needed. Strategic planning is often times used as input for decision makers. (Bryson, 1999)

In line with Bryson are Hussey and Perrin (2003) who defines that the way to success starts by assessing a feasible vision that will drive the individuals within the non profit organization to work in the same direction. From this, the strategy will evolve and so, suggestively strategic management, which (if managed correctly) can provide better strategic decisions and coordination, a direction for the future, flexible in response to changes, reduction of threats and opportunities, basis for control, consultation and involvement to a broader extent.

Herman and Renz (1999) discuss in their article about Non-profit organizational effectiveness that new strategies and procedures successfully applied in the business world, are often adapted to NPO's. One expects that what works in the "real world" will also work in NPO's. Another reason to keep up with the development of new tools is that stakeholders perceive the organization to be effective when NPO's start using what is regarded as the best practices in the business world.

They further state that "*non-profit organizational effectiveness is multidimensional and will never be reducible to a single measure*", which can strike us as quite obvious. The discussions in the article are more so about what the actual dimensions of the effectiveness are, and Herman and Renz (1999) argue for one model by Paton and Foot from 1997 more than others, where five measurements are considered: (1) measures on current achievements, (2) underlying long-term performance, (3) financial sustainability, (4) renewal or decline and (5) impact of organizational development initiatives.

We have seen evidence presented above of several researchers having investigated strategic management in non-profit organizations, and the majority of these argue that to have feasible vision stating the main purpose and a common set of values, beliefs and goals that can naturally align the individuals. Subsequently, the human capital is of high importance in these kinds of organizations. Another researcher (Dameri, 2005) stresses that the core competencies of non-profit organizations are their human resources, since these consists of mainly volunteers, and that is also the engine of the organization. As the NPO's are strongly individually driven and the knowledge of the individual is what creates value in the organization, the management and control can be hard to define. (Renata Paola Dameri, 2005)

Conclusively, strategic management is mounting in interest and is a common way to manage a non-profit organization.

3.3 FROM STRATEGY TO SCORECARD

The way of managing has through history had different outlooks. There has emerged a conflict between the conventional management control with its strong focus on financial numbers, and the future ways of managing with the focus on long-term thinking in the increasing environmental changes, meaning the movement from the industrial era to our service- and communicational society today. Today's society enquires different and more complex demands along with more flexibility within the business activities. (Salamon et al. 1994)

Some organizations begun moving towards extending the relevance of the financial methods when measuring success in the conventional management control, whilst other company

representatives argued that financial numbers should be forgotten and total focus should be placed on the operational numbers to track performance. Point taken in mind is that the company management should not have to choose between the financial or operational numbers, they should make use of both when developing their activities. Many executives have found that when tracking performance, they cannot solely depend on just one out of these, hence with this background; the balanced scorecard emerged, to create balance between figures of both financial and operational character (Kaplan, Norton, 1992).

3.4 THE BALANCED SCORECARD

The Balanced Scorecard was created as a set of measures for executives to overview the progress of the organization fast and comprehensively. It uses financial measurements to track already made progress and balances this with operational measurements to track further performance (Kaplan, Norton, 1992).

“A well constructed scorecard tells the history of a company or/and a business units strategy”
(Olve et al. 2004).

The BSC is often just seen as a measurement system, but it is also a management system with a strategy purpose to clarify the organization’s vision and strategy and translate them into action. Instead of putting control at the centre, the scorecard focuses on strategy and vision. This way, it does not try to control the behaviour of the individual; rather, it sets up goals and assumes the employees to find the behaviour needed in order to reach these goals. To sum this up, the scorecard helps the organization to look forward rather than backwards. (Kaplan, Norton, 1992) Also Olve et al. (1999) agree with former statement that the balanced scorecard translates the vision and strategies to concrete measurements.

The Balanced Scorecard views the organization from four different perspectives which all are important in order to make activity work. Each and every perspective is connected to essential and central interrogatives of strategic form of the business activity.

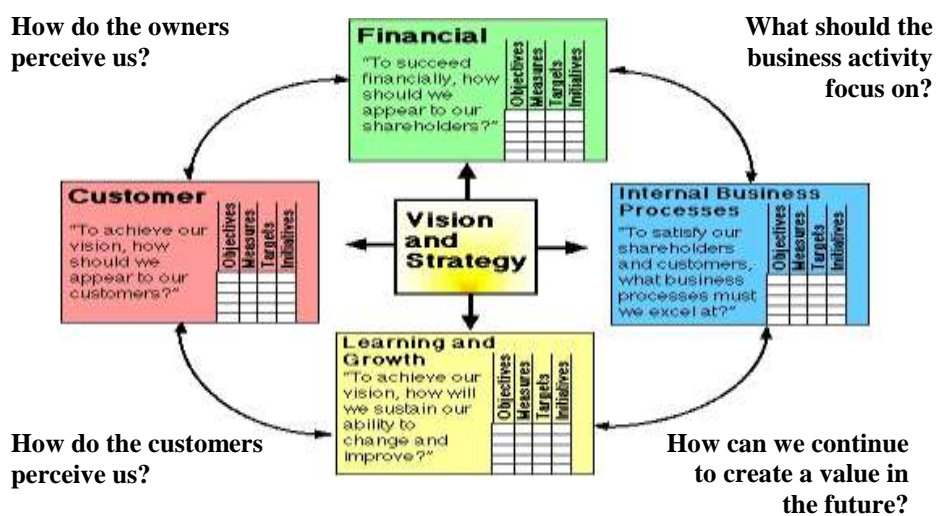


Figure 3.1 The Balanced Scorecard Provides a Framework to Translate into Operational Terms (Kaplan, Norton 1996, Image: the Balanced Scorecard institute)

The **financial perspective** is for companies supposed to be evidence for the results of the other perspective's choice of strategy, and it also decides on long-term goals and rules for the other perspectives. The owners' expectations in terms of growth and revenue together with economic risks and cost- and investment strategies are expressed here. It keeps track of the finances and the signals that an organization is giving to its stakeholders. (Olve et al. 1999) The **customer perspective** informs about who the customers are and how to create and deliver value to the customers. Without focusing on customer value, and hence losing customers, organizations will not exist in the long run. To note changes in values or actions at an early stage is therefore vital in this perspective. (Olve et al. 1999) The third perspective, the **internal business processes** tells about what kind of internal processes needed in order for the organization to work as a whole. These processes, except for the strategic management process, consist of both mission-oriented processes and support processes. (The Balanced Scorecard institute) The **learning and growth perspective** contains strategies for learning how the business activities have to function in order to obtain growth in the future and it is important to note the knowledge compatible and necessary to satisfy the customer needs. It is crucial to develop a core competence and therefore also a supportive function for this knowledge resource to enhance the organizational ability to survive in a changing society. (Olve et al. 1999)

3.5 STRATEGY MAP

Kaplan and Norton helped hundreds of organizations implementing the scorecard and from these experiences they detected a need for unifying the process of creating a comprehensive architecture for describing the strategy within the actual implementation process of the scorecard. This architecture was to be called a Strategy Map. Starting with finding the organization's stakeholders, it maps out critical factors to keep these sustainable and then links them together. By creating this map, an alignment of the reference points for all the organizational units and employees can be achieved. (Kaplan, Norton, McAnally, Smith, 2000)

To be able to visualize the strategy, Kaplan and Norton (2000) constructed a template for the strategy map, to create a comprehensive overview in one template for all individuals within the organization. The template is a logical map of relationships amongst shareholders, customers, business processes and core competences. (de Waal, 2003) We will further explain this template and its usage in the chapter "*Implementing the BSC in NPO's*".

3.6 BALANCED SCORECARD IN NON-PROFIT ORGANIZATIONS

Accountability and performance measurement in non-profit organizations are getting under increasing concern, and it is argued that the success should be measured by the effectiveness to meet the needs of their stakeholders (Kaplan 2001). Other researchers like Forbes (1998) argue that NPO's lack the ability to use financial measures like shareholder returns to assess performance, the goals are vague and unstructured, and furthermore, the services offered are intangible. (Forbes 1998)

According to Kaplan (2001), several NPO's have problems in defining their strategies clearly. Often times within NPO's, documents with the areas of programs and initiatives needed and what is being implemented exists, but not documents with the actual prognosis of the output, what outcome the organization intends to achieve, therefore, NPO's need to concentrate on finding focus and getting aligned. Since NPO's are generally strongly driven individually and voluntarily and the individual's belief in the mission of the agency is what creates value in the organization, the management and control can be hard to define. As the personal values motivate and drive these individuals, they come to the organization already equipped with a clear idea on how they want to achieve the organizational goals. And, usually, they find themselves in an environment where all opinions are heard and valued (Kaplan 2001).

'Nonprofits, like their private sector counterparts, have to focus their limited resources on a limited set of objectives and constituents. Attempting to be everything for everyone virtually guarantees organizational ineffectiveness'(Kaplan, 2001)

Non-profits in particular are known to cherish and value participation as stated above, so when strategy has been up for discussion, the result is frequently a strategy document consisting of a combined list (from 0 to more than 50 pages) from everyone of the participants interacted in the strategy process. Often times there are problems for the participants in NPO's to view and channel many suggestions into a few coherent core focuses as they are used to reaching conclusions based on compromises, and hence, they reject some suggestions and find it difficult to accept others. It is particularly those organizations, but as well all NPO's that need to understand that strategy is not all about what the intentions are or in which direction the organization wants to head, it is also what the organization decides *not* to do. (Kaplan, 2001)

The start of any kind of performance measurement, even the BSC, have to be a clear strategy statement to not fall into the wrong focus, which is local operational improvements rather than focusing on if the strategy is being achieved or not. Believe it or not, even with a clear set strategy, there are often times in NPO's disagreements behind the organizational goals and what the organization is trying to accomplish. (Kaplan 2001) Although, to reduce confusion about the objectives and the goals and to be able to gain consistency as well as focus, NPO's need to quantify and measure the strategy. (Kaplan 2001)

3.6.1 STRATEGIC DEVELOPMENT OF BSC IN NPO'S

For a new performance management system to be put in place and used successfully, the tendencies are the same seen in the private sector. Requirements are a committed and supportive leadership team who are engaged to strategy and the new management tool, in order to communicate this to all underlying units and individuals. (Olive et al.1999) A great

deal of value is put in trying to align all individuals with the new strategy and also inspire them to do the same. And so, Kaplan states that the balanced scorecard can enable NPO's to build a bridge between the mission and the day-to-day actions, find a strategic focus rather than doing everything to everyone and focus on the outcomes and outputs as well as find the alignment in divisions and individuals. (Kaplan, 2001)

In order to clarify the implementation of the BSC in non-profits, we have depicted a model of the BSC methodology adapted to the non-profit organizations. Here, the five perspectives are shown and we will further explain each perspective from a non-profit viewpoint this time around. The implementation experiences in previous studies of NPO's matches the experiences from the private sector, hence the implementation processes are similar and either one should be exclude. Although, there are a few differences and aspects to consider in a non-profit organization.



Figure 3.2. Adapting the BSC Framework to Non-profit Organizations (Kaplan 2001)

Non-profits need to rearrange the original structure to place their **mission** on top, to fit the primary objective of the NPO. This top of the balanced scorecard, the mission will reflect the organization's long-term objective, and the objectives within the scorecard will work to attain and achieve the top aim. The other four main elements of the scorecard, including the financial perspective, can provide the intermediate- to short-term objectives and show progress. (Kaplan, 2001)

In the private sector company there are normally two levers within the **financial perspective** strategy, revenue growth and productivity. Revenue growth often has two parts; get more revenue from existing customers by deepening the relationships with them and the other is to get more revenue from new markets, new clients and new products. (Kaplan, Norton, McAnally, Smith, 2000) In the third sector, the **mission** represents the accountability between the organization and the society, which is why the mission should take the place of the financial perspective on top. (Kaplan, 2001)

Secondly in turn is to start looking at the **customer perspective**. The customer value proposition shows the organizations' different set of product attributes together with how it wants to be perceived by stakeholders. It defines how an organization differ itself from its competitors on the market. Normally, the customer value proposition is chosen out of three

differentiators: operational excellence, customer intimacy or product leadership. Choosing product leadership shows that the organization puts effort into refining its product to the extent of being the best choice of product on the market. Examples of organizations in this category are detergent products like *YES* or non-profits like the Swedish help organization *Save the children* (Rädda Barnen), who time after time have to assure their customers (donors) that giving to them is the right choice. (Kaplan, Norton, McAnally, Smith, 2000)

One of the main points to consider when applying the BSC is that NPO's need to define the customer perspective to a broader extent. The customer can here be divided into both a provider and a recipient of a product or service. (Kaplan, 2001)

In order to achieve the chosen customer value proposition and what productivity improvements to take for the financial aspect to be covered, actions so called, **internal business processes** are needed. The choice here stands between four different options. *The first* is to innovate the product or service and look for new markets. *The second* is to increase the contact and deepening relations with existing customers. *The third* consists of achieving operational excellence by reviewing the supply chain management and *the fourth* and last is to "become a good corporate citizen by establishing effective relationships with external stakeholders". It is important to measure all of these to not loose track of different areas even though the organization is choosing to put focus into one of them. (Kaplan, Norton, McAnally, Smith, 2000) Exclusively for non-profit organizations, is that the internal processes have the objective to reduce operating costs on the measures of operating performance of significant processes that deliver value to customers. (Kaplan, 2001)

In for-profits, the foot of the strategy map is the **learning and growth perspective**, but in non-profits this perspective is usually placed higher up, for example at the top in alignment with the mission. Here an organization can link its information technology with its human resources and thereby see what corporate culture that is needed to support their chosen strategy. (Kaplan, Norton, McAnally, Smith, 2000) Typical measurements for this element in NPO's are employee motivation, retention, information system capabilities, other capabilities and alignment. (Kaplan, 2001)

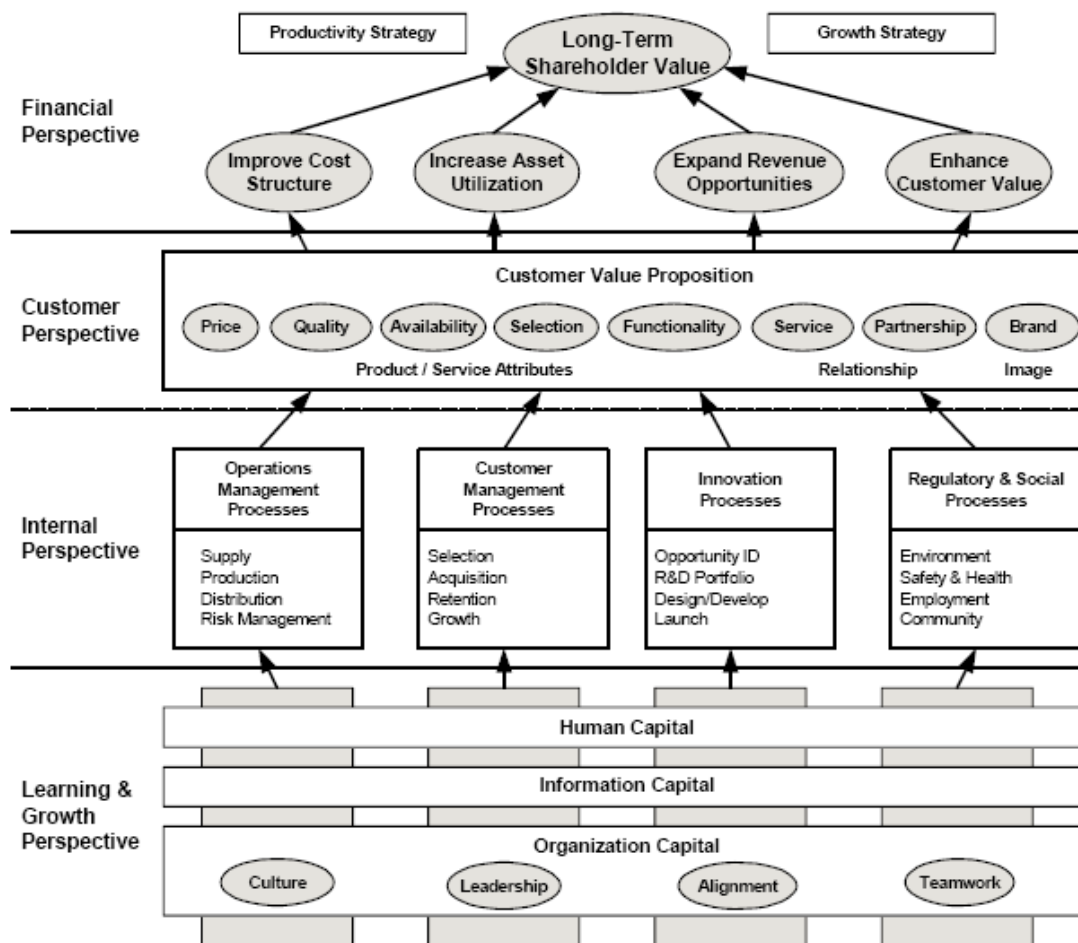


Figure 3.3. A Strategy Map shows how the organization creates value. (Business Process Trends 2004, taken from Strategy Maps Kaplan, Norton, Harvard Business School Press. 2004)

In the strategy map shown above, the financial perspective describes the tangible outcomes in numerical terms. The customer perspective defines the value proposition which is effected the internal process perspective as it identifies the strong processes contributing to the value proposition. The learning and growth perspective describes intangible outcomes and can be divided into three critical success factors which must be integrated with the internal process to support the value-creation: human capital, information capital and organization capital. (Kaplan, Norton, 2004)

Through the creation of a strategy map, an organization should start from the top to see their direction and work their way down to chart their ways that will have to lead there. The leaders of the organization should start by reviewing their mission statements and values to see why they are in the particular business and what they believe in. From there, they can create a strategic vision depicting where they want to go further. This will give the organization two simple things, firstly, a simple picture of the goal to where they want to head and together with that goal, what actions they need to take to get there. This strategy must define logic of how they can get there. (Kaplan, Norton, McAnally, Smith, 2000)

3.6.2 CREATION AND IMPLEMENTATION OF THE BSC

When applying the balanced scorecard to an organization, there are four stages that the process will pursue through, according to Olve et al. (1997). These four are represented by strategy development(1), activity-based management(2), IT-systems and procedures(3) as well as learning organization(4) seen in figure 3.4.

Every organization has their specific prerequisites that have different ways of affecting the creation process, such as business sector, the age of the organization, culture, existing management system, the age-group of the employees etc. Special conditions or not, the initiative takers usually derive from the top and it is normal to appoint a group working together with external consultants. In a project group assigned for the creation process it is vital that many parts of the organisation can bring up viewpoints and discussions, and the group should consist of between 4-15 people. Even though all different divisions should be included in the procedure, the number of people can not be too large as the extensiveness and demand on resources will be far too big. (Olve et al. 1999)

The starting-point for the creation however needs to be the development and the integration of strategies, established to detect if the strategy tool is well aligned with and reflects the organization. The basis is an analysis of the surroundings through for example a SWOT-model which should follow by, also recommended by the BSC creators, stating the overall vision and make sure all are aligned in their vision. Next, the vision is broken down to define perspectives and lastly into relevant CSF's and KPI's. To have well-defined and balanced measurements is a success factor since there is a risk that the non-financial measurements loose focus since they are harder to measure and the habit of measuring these is inexistent. (Olve et al. 1999) (Olve et al. 1997, 1999) Also Johnsen (2001) states the difficulty in measuring qualitative measures.

The next in order is the activity-based management where the strategies and are translated or modified into relevant measurements and focus areas with each having short-term and long-term objectives at the smaller levels in the organization. Within this box the workers are to get the feeling of ownership and seeing the natural link how they contribute to the overall strategies as an action plan is conducted.

According to Lindvall (2001) it is of significant value that the organizational strategy is linked to scorecard as this is the way of the modern activity-based management. (Lindvall, 2001)

When looking at the actual implementation, there are two ways to implement the BSC concept. For one, apply a pilot project to test it, win the trust of the employees and then be able to evaluate advantages and disadvantages expressed by the workers, to as a last step implement the BSC in the whole organization. On the other hand, companies argue for a complete implementation at once since the comprehensive view will be easier to understand and the organisation will focus on future goals, although a negative aspect is the lengthy and time-demanding process. (Olve et al. 1999)

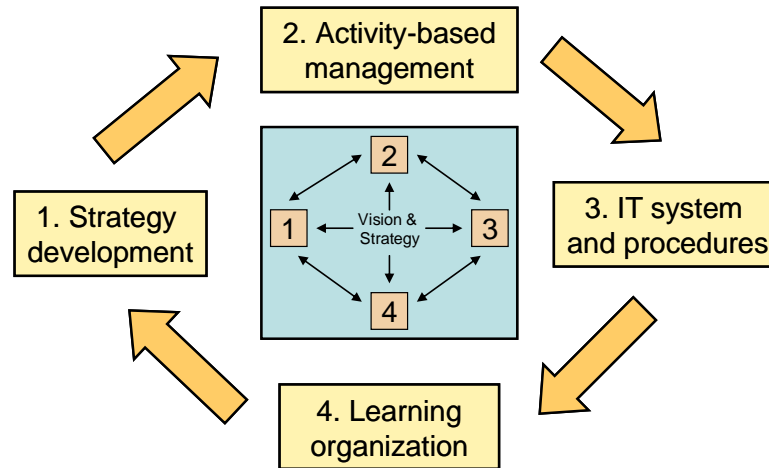


Figure 3.4. The Balanced Scorecard-process (Source: p.51 Olve et al. 1999)

Often times, the management in large companies have a hard time translating objectives, strategies and performance measurements to different levels within the organization, and professor and supporter of the BSC, T. Davis denotes the need for integration of objectives with strategies across levels and functions, to be crucial. (Davis, 1996) The big challenge accordingly (Olve et al. 1999) is the participation from all levels in the formulation of strategy.

In some organizations, the management develops the strategy and the participation from the lower levels takes place in measurements, goals and business plans, whereas others choose for all levels to be represented or neither of the levels during the entire process. (Olve et al. 1999) Both Davis (1996) and Olve et al. (1999) states that it is important that the lower levels of the organization are not forgotten. Noticeable is that measurements of high significance to the management team such as quarterly sales, market share, cash flow and growth, are not at all of interest to the department managers, supervisors or the project leaders and these latter individuals are actually the ones who have the direct effect on customers, hence contributing to achieving the organizational performance and goals. (Davis, 1996)

The workers need to feel active in the development with representatives from each part of the organization taking part in the creation process discussing vision, goals and strategy in the organization. If not, there is a risk that the BSC will work as a control tool, rather than to a tool to steer. (Olve et al. 1999)

The majority of the individuals within the organization, not including the leadership team, can not see the association on how they will be able to reach the grand organizational goals. To create an understanding for the middle managers, project leaders and supervisors, the organizational objectives must be translated into measurements and actions that can be controlled. Hence, a simplified BSC needs to take shape to create a meaningful tool for the individuals within the organization. Therefore, Davis has identified a number of general guidelines:

- 1) The BSC should be integrated at all levels and divisions down to the last individual, when it comes to organizational measurements. This resolves in the entire organization being focused on the same set of objectives.

- 2) All individuals should be involved in the development of the measurements as this contributes to the feeling of ownership, thus derives commitment and strive for accomplishment.
- 3) Involvement in the development of the BSC will show the individuals that they can be in control over their jobs, and will reach a greater level of satisfaction and pride in their job.
- 4) Realistic. Information on time to be able to solve problems and answer to objectives.
- 5) The measurements should focus on performance. Seek the root cause affecting the objectives to the highest extent, and begin there.
- 6) All new measurements that are introduced must be balanced and also reprioritized with the old scorecard measurements. Although, be conscious to not create too many measurements, as it can become overloaded.
- 7) The BSC measurements should be computerised so that current figures can be evaluated at once, along with different departments and individuals at different levels (Davis T. 1996).

Moving on, we will now discuss the two last “boxes” concerning the operational aspect of the scorecard, starting with IT-systems and procedures (see box 3 in figure 3.4.).

For the scorecard to be a natural part of the organizational strategic learning, it has to be continuously inserted with relevant information. Thus, there is a need to establish concrete measurement procedures and systems which helps to both collect and communicate the information and to develop the competency of the workers. Secondly, an analysis of the measurements chosen to see if validity exists and if it measures what it is supposed to measure. It is also important to discuss and reflect on how the measurements affect each other, the cause-effect relation, if there are needs for updates etc. Last, to be able to present the information in a pedagogic manner, in a user-friendly environment, to be able to quickly have access to and obtain the information, as well as to collect and measure with cost efficiency, an IT solution is needed. Also Kald and Nilsson stresses the significance in having an IT-system, mainly as it helps in measuring the qualitative non-financial measures that normally are quite difficult to measure. (Kald and Nilsson, 2000)

An IT-based presentation- and support-system exists in three types, ranging from advanced to ambitious IT systems. Not until these aspects are accomplished can the BSC work as it is designed to work. An aspect to keep in mind here is that the timing for introducing the IT-system. If it is introduced too early, the BSC project might be considered a “computer project” and be perceived as too abstract. However, neither can you fill in a scorecard with a few measurements and connect it to different systems. (Olve et al. 1999)

EDUCATION AND SUPPORT

The road towards a successful balanced scorecard goes through it being anchored in and driven by the management who also should encourage and support the employees as they then feel comfortable and secure with the tool. Knowledge is a basic need, primarily through a BSC introduction for the workers to understand why the scorecard is being used as well as what consequences this particular change will have on the organization. Secondly, the management should endow with time spent on education of the scorecard and its connections, as well as intranet and a handbook to be able to access information of the measurements easily. Participation and communication are here the key words. (Olve et al. 1999)

When the scorecard has been implemented within the organization, the experiences and opinions pile up and it is important to constantly question ones' strategy, evaluate the link between measurements and strategic goals, hence revise the results and the way to manage in today's changeable organizational sector, in order to stay on top of competition. The discussion should recommendable be held at least once a year but even once a month or once a quarter is possible. The BSC must be seen as a living business model, and if it is, this stage can lead to knowledge management, which is equivalent to the models' nirvana stage.

As there have been many different changes in companies in the latter years, a risk with introducing yet another "flavour of the month" tool is that many employees will mistrust and feel fed up with more news. To contradict this feeling, the key factors are timing, explanation for the purpose, and a connection tied to earlier similar projects or ways of managing.

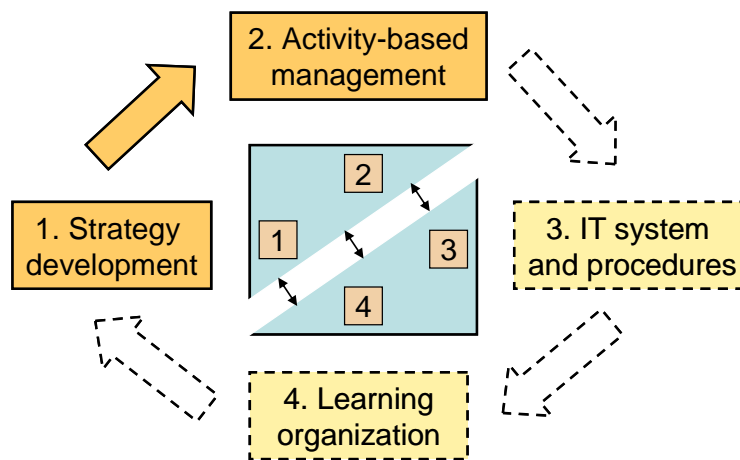


Figure 3.5. The broken Balanced Scorecard process (Source: p.285 Olve et al. 1999)

The utter conditions for success is going through the models' four stages and create a continuous circle, which according to Olve et al. (1999) consist of the most important measurements of modern times activity-based management, unified. He further states that the issue of time for implementing the scorecard is set to between 6 months and two years, (Olve et al. 1999) also Kaplan stresses that not until after 25-26 months can you revise if the BSC implementation was a successful one. (Kaplan, 2001)

If an organization does not pursue the scorecard to the operational stages, or if it settles to view the scorecard as an extension of a report system on an operational level without the aim to test the basic ideas about the organization, the risk is that the scorecard will loose the vital coherency between the strategic and the operational areas and the circle will be broken. (see figure 3.5.)

3.6.3 USAGE OF BSC IN NPO'S

We have now defined the Balanced Scorecard and also guidelines within implementation within the non-profit sector. In order to develop a deeper understanding, we need to examine further how the non-profits use the tool. We will look at a few other studies conducted on the subject and also see to how the creators, Kaplan and Norton, suggest organizations to use it.

In a study made on the *Swedish State Insurance* (Försäkringskassan), the author (Müller, 2005) used a model by Simons (1995) to analyze the usage of BSC. In this model, Simons emphasizes the importance of spreading the information on the result. He has created a way to categorize different systems of control in order to describe and analyze different steering tools, both one- and multi-dimensional. The four different categories are Beliefs-, Interactive control-, Diagnostic control- and Boundary systems of steering.

Diagnostic control is more or less the basis in traditional steering with follow-up on goals and measures. It is a way of securing the goals put up. There are three features to the diagnostic control system. The first is the possibility to measure outcome, second is the statutes these are build upon and the third is the ability to correct any diversions from the statutes.

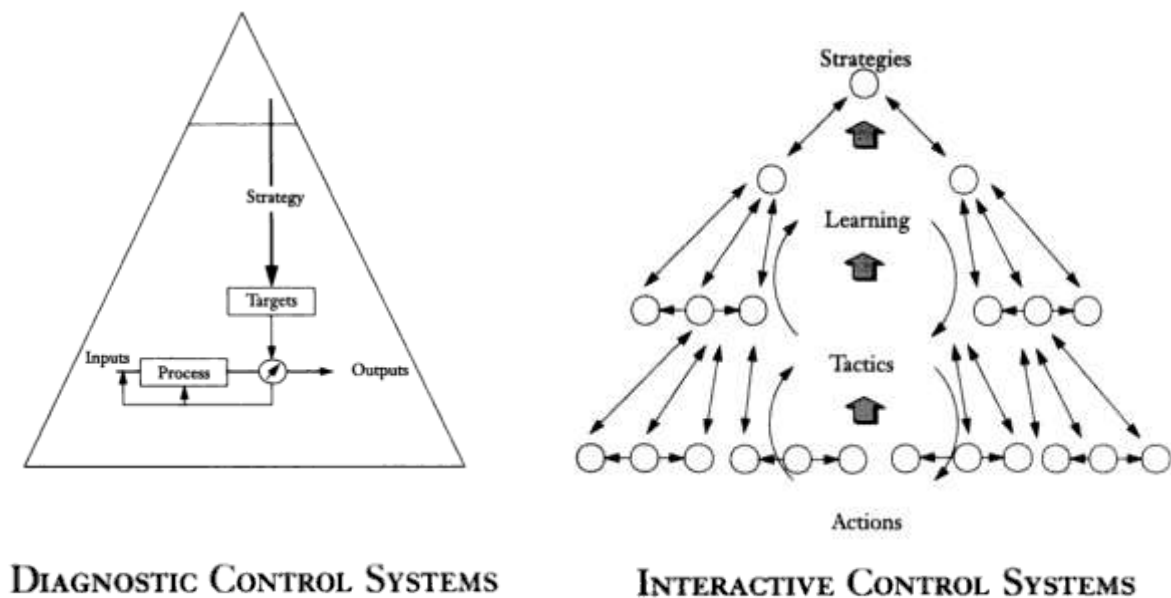


Figure 3.6. Diagnostic and Interactive Control Systems (Simons, 1995)

Interactive control indicates the interaction between executives and their employees. The management is turning to their employees for information on how to evolve and the way to work but also in order to affect them to work according to the management's image of the organization. An interactive control system is up when it stimulates and mediates new ways of seeing the strategies. The main focus in this system is communication.

These two are, according to Simons, 1995, the best suited controls for steering tools focusing on planning and follow-up using measures. According to Kaplan and Norton, 1992, the diagnostic control is emphasized but according to Müller their perception on how to use it came closer and closer to using the BSC as both a diagnostic and an interactive control. The

belief system category emphasizes the usage of vision and corporate culture to steer the norms and values of the organization. The boundary systems show in what interval the action in the organization should take place. All of the different features of the model are depicted below, see Figure 3.7. (Müller, 2005)

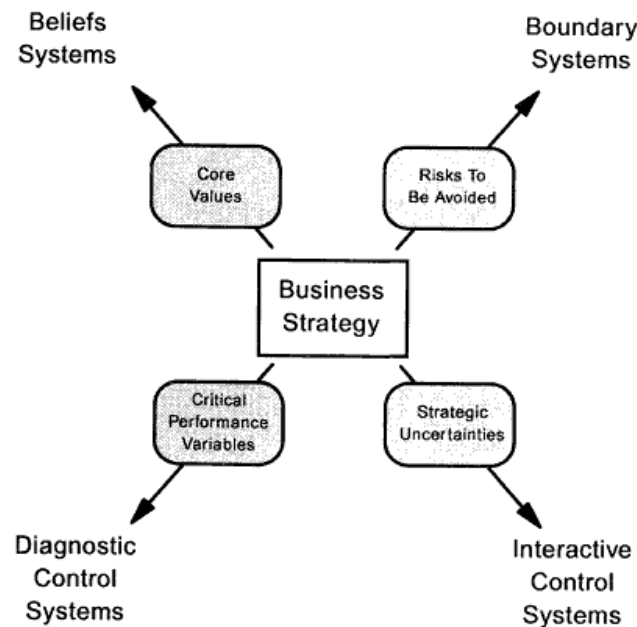


Figure 3.7. Controlling business strategy: framework for analysis. (Simons, 1994)

In his study, Müller (2005) has come to the conclusion that the *Swedish State Insurance* uses their BSC mainly as a diagnostic and interactive tool. These are in different entities used either together or on their own. Some entities use only the diagnostic control, meaning that they follow-up on goals and measures whereas other entities only use the control system of interactivity by communicating their wanted actions and getting feed-back from employees. The reasons for that the BSC is only used as either interactive or diagnostic are that it has been implemented for the same reasons in the entire organization and that the same consultants were used to help implementing it. On the other hand, they seem to use other methods such as their budget and regulations for boundary systems and the *Swedish State Insurance* vision documents, such as *Vision 2005*, which is their operational vision, for the belief system. (Müller, 2005)

Kald and Nilsson (2000) concluded in their study of the management in Nordic countries, that there have to be more focus on the interactive tool and analysis of strategic uncertainty since many companies mistrust the use of measurements internally.

In their first article, Kaplan and Norton, (1992), claimed that the BSC was suited for organizations aiming to put the strategy and vision at the centre and not the control. This means that instead of controlling the employees they put up goals and expect the employees to adopt certain behaviour and take the necessary actions needed to aim for the vision using the strategy. Management is communicating what to reach as an organization, although they will not interfere in the different internal departments of expertise. Here the employees are given a more responsible situation where they are expected to find actions and execute them towards the common vision.

3.7 THEORETICAL FRAMEWORK

In the theoretical chapter we have focused on the balanced scorecard as our foundational theory together with theories on strategic management in non-profit organizations and from there, we have withdrawn the process of creating, implementing and using the scorecard the balanced scorecard in non-profit organizations. From these theories, we have conducted our empirical research through interviews with seven members of AIESEC and we have also complemented this data with a quantitative method, a questionnaire of randomly selected AIESEC members. To be able to live up to the study's purpose, which is: to interpret the design, implementation and the usage of BSC in NPO's, we have studied the following areas (see figure below).

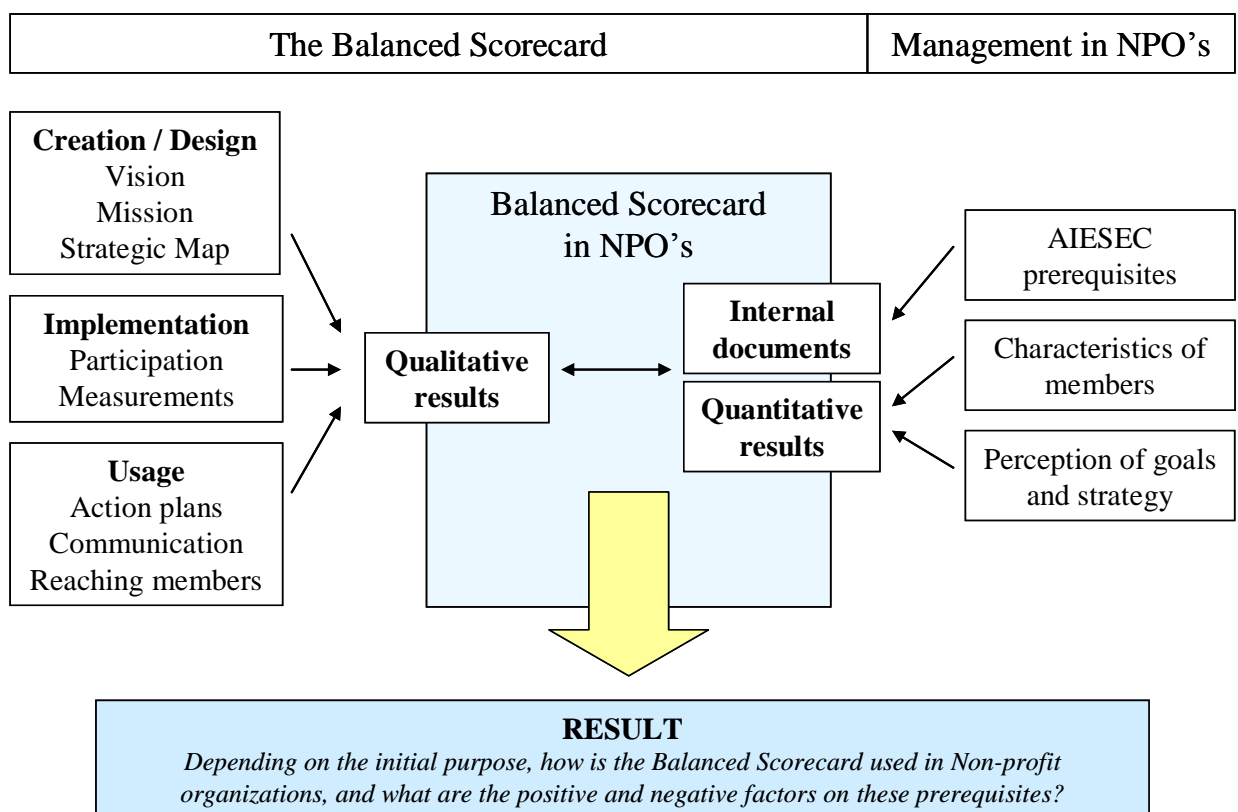


Figure 3.8. Theoretical framework

AIESEC IN FOCUS

Data collected through the organization AIESEC are below us compiled to see the results of the study. Further presented is, the balanced scorecard in AIESEC and the use of the scorecard within the organization, globally, regionally and locally. This is followed by a gathering of the conducted interviews as well as the presentation of the quantitative

4.1 AIESEC

AIESEC is a student-run, international, not-for-profit organization with the goal to activate leadership with exchange as the key activity.

AIESEC was created by students in the late 1940's at the School of business and economics in Stockholm after the Second World War, with the objective was to change the making of poor leaders the world had seen during the war, and to not discriminate on basis of race, gender, sexual orientation, religion etc, to create "friendly relations" and exchange between member countries was the key. The purpose was to strengthen the moral of coming leaders so that war would not happen again. Soon, the organizational motive became to discover and develop young people's potential, the *identity statement* of today.

Vision

Our desire

Peace and fulfillment of humankind's potential

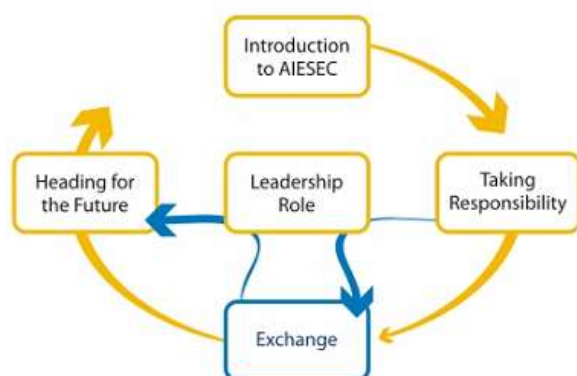
(AIESEC Annual Report 2005)

Role

Our purpose of existence

Our international platform enables young people to discover and develop their potential to provide leadership for a positive impact on society.

The activities done in AIESEC are mapped out in its core product, the AIESEC experience. It is a circle of personal discovery and development for the members including several areas in where the member gets to develop his or her skills and competencies. In different stages of the circle the members have the possibilities to work abroad, participate and facilitate various conferences, develop leadership skills, work on self-discovery and build a network on a local and global level.



The values penetrating the organization are following six:

- **Activating leadership**
- **Enjoying participation**
- **Striving for excellence**
- **Demonstrating integrity**
- **Living diversity**
- **Acting sustainable**

(AIESEC Annual Report 2005)

Figure 4.1. The AIESEC Experience circle

The AIESEC mission is to create a high volume of completed AIESEC experiences. A member, who has completed and fully gone through the AIESEC circle, has started with an introduction to AIESEC in a local committee. Secondly, he/she has taken on responsibilities in some form and worked in a learning environment where one issue has been in focus, issue-based experience. Thirdly, one has the possibilities to apply for a leadership role to further develop both personally and professionally. Next, the member has the opportunity to receive an internship abroad, which is going on exchange during 2-18 months, and at the end, one has completed the circle of the AIESEC experience and will be prepared to head for the future with practical knowledge and leadership skills in the baggage (AIESEC internal documents).

AIESEC's members are all students and therefore between the age of 18 and 32 and in general, by means of our survey, 92 % are between 20 and 26 years old. Out of the respondents, a majority, 88 % are in leadership positions and out of these; 86 % have been in AIESEC from 1 month to 3 years. (see appendix B, quantitative survey)

4.1.1 ORGANIZATIONAL STRUCTURE

The different country entities within AIESEC work independently but with a responsibility to report to the head office in Rotterdam, AIESEC International. In every country, there is a similar structure with Local Committees reporting to the country headquarters. In Sweden, there are seven different local committees in six different cities reporting to the head office in Stockholm (Steen, MC).

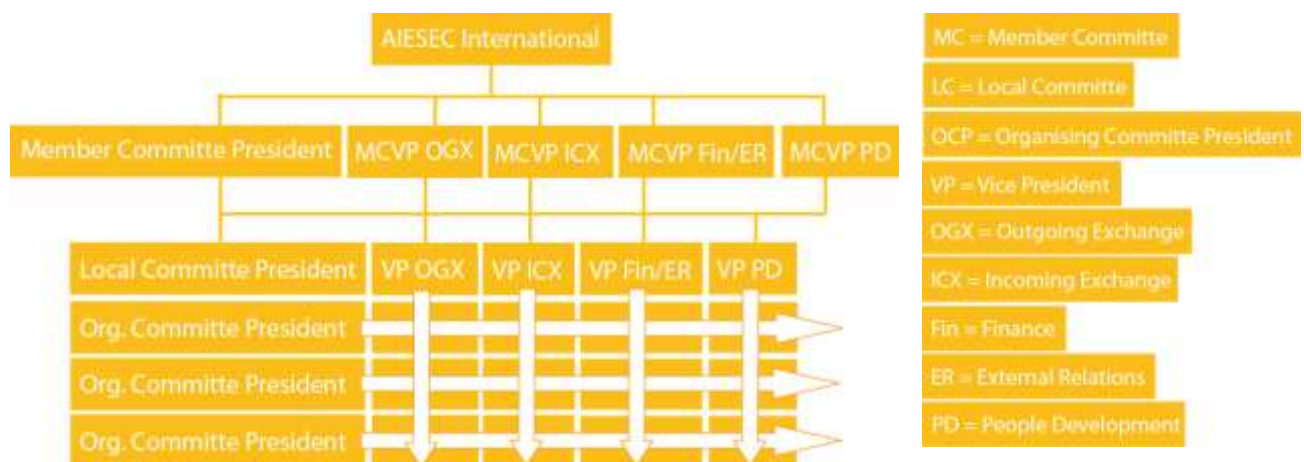


Figure 4.2. The matrix structure in AIESEC, (AIESEC internal documents)

The organization is structured in a matrix form, meaning that it has a cross-functional aspect to it on a local level. Every local entity, called a Local Committee, has an executive board whose purpose is, as a group to think strategically, find focus areas in their planning and communicate these to the members. As individuals the members of the executive board has responsibilities to drive functional lateral areas such as incoming exchanges, also referred to as sales (VP ICX), people development (VP PD), finance and external relations (VP Fin/ER) and PR and marketing, namely outgoing exchange, together with preparation and support for the interns sent out to other countries (VP OGX) (Bawari, AI).

The members are working in subgroups or projects organized by project managers who are working horizontally. These objectives of the projects are to create, issue-based learning experiences concluded through various activities. Through the issue of the project, the goals are to reach a higher volume of exchange figures and a higher volume of the members completing a high qualitative AIESEC experience, the core product of AIESEC mentioned above (Nee, LCP).

Every country is supervised and managed by a national committee (Member Committee) consisting of different Vice Presidents with focus on different functional roles much alike the roles of the Local Committees' executive boards. The different countries' Member Committees are being supervised and managed by AIESEC International, which is the global headquarters situated in Rotterdam. The model above is a figurative construction of how the different layers of the organization can look like, but of course there are various differences from country to country and Local Committee to Local Committee. The complete structure from headquarter down to the last member is not set to a certain standard, since there are many differences between each country. Moreover, the management from entity to entity is set to be loose, according to Mr. Bawari (Bawari, AI).

4.1.2 GOALS

The goals for AIESEC consist of the triangle of goals and the five numerical goals. The three areas in the triangle are to increase the volume of AIESEC experiences described above, connecting high potential people around the world, meaning to enhance the quality and the quantity of the exchange between countries as well as promoting cultural understanding, and as number three, to be the first choice for activating leadership, which contains the objective to inspire leaders through actions and results and develop their potential through offering high quality leadership opportunities.



Figure 4.3. The triangle of goals in AIESEC, (AIESEC, annual report 2005)

The organizational numerical goals that express the vision of 2010 are following: By 2010 AIESEC will have:

- **8'000** *International Exchanges*
- **9'600** *Members Completing Leadership Experiences*
- **5'000** *Exchanges of Members after their Leadership Experiences*
- **40'000** *Members*
- **110** *Countries and Territories*

4.2 AIESEC SCORECARD

To start explaining the AIESEC Scorecard it is important that we begin at the foundation. Therefore, the initiative followed by the creation of the scorecard in AIESEC will be explained starting with the creation of the strategy, continuing with the stakeholders and lastly the set scorecard with its strategy map. (AIESEC internal documents)

AIESEC decided to use the BSC as it would build a clear relation to the AIESEC Identity and it would ensure and track that the AIESEC operational vision for 2010 and real activity would happen on a local level. The BSC also would help in communicating the direction in a simple and understandable manner which can help to decrease the high turnover of members. Further on, it would unify different aspects of the organization and provide an effective measurement framework for needed actions, which could solve the problem of AIESEC before the scorecard of not being able to measure what they are striving towards through the activities. (AIESEC internal documents)

By creating a common vision statement accepted by the whole network, the process of building the scorecard was started. The vision statement was called AIESEC 2010 and depicted how the members wanted their organization to evolve in the coming years (Bawari, AI). It was based upon information that came directly from the Identity statement of AIESEC, which depicts AIESEC's core-work, role, nature, values and vision. Together they give the organization its purpose and ambition for the future.

The AIESEC Vision 2010 aims for the following

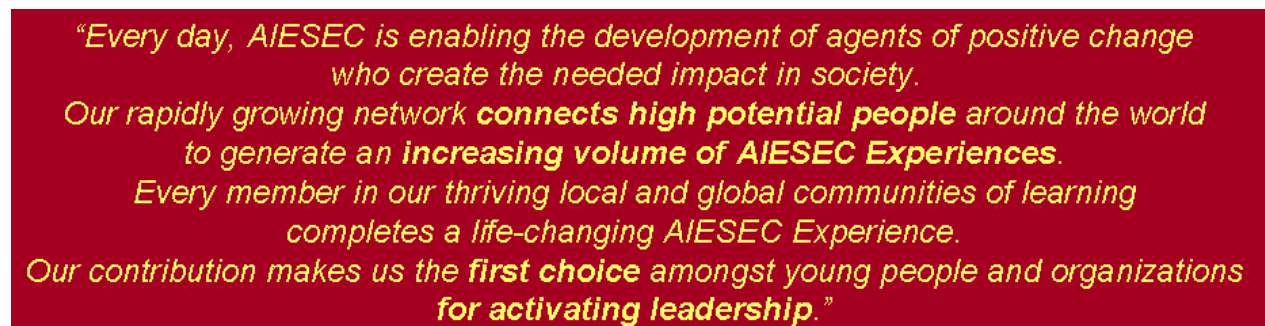


Figure 4.4. AIESEC 2010 vision(AIESEC internal documents)

4.2.1 STRATEGY: PRODUCT LEADERSHIP

Over the years, AIESEC has not had one clearly defined strategy for the whole organization, therefore such a definition was lengthy desired and through the operational vision for 2010, a strategy was set to:

- Find and understand what needs to be in focus
- Effectively communicate the direction through clarity, simplicity and consistency
- Ensure continuity over longer periods of time
- Improve current results and achieve the operational vision, AIESEC 2010. (internal documents)

With AIESEC 2010 as input together with the numerical goals seen above in the triangle together with the Identity statement, they started working on their strategy.

The different strategies AIESEC chose between were Low Cost Producer, Product Leadership and Customer Intimacy. Low Cost Producer is particularly linked to standardized production with the goal being reduction in costs to be able to win the market by penetrating with low prices. This way, there is a risk in having to reduce quality and diversity, which contradicts the basic AIESEC's values.

The second strategy, Customer Intimacy focuses on delivering the product according to the specific needs of a customer and the uniqueness of the customer is at heart. By choosing the latter customer intimacy approach, AIESEC would have to change and adjust its product for every customer and the consequences would be difficulties communicating its vision which states the current AIESEC product as a particular product standing out from competitors and is hard to compete with.

The third strategy option, Product Leadership, puts focus on the quality and uniqueness of its product. This is also the one strategy that AIESEC has chosen to work with. The organization aims to develop its members through the AIESEC Experience described above, and believes that by following this cycle of experience, a member is challenged and developed in the most qualitative and unique way on the market. The latter sentence describes the reasons for AIESEC to choose the product leadership strategy (Bawari, AI). All of the different strategies are depicted in model 4.4 below.

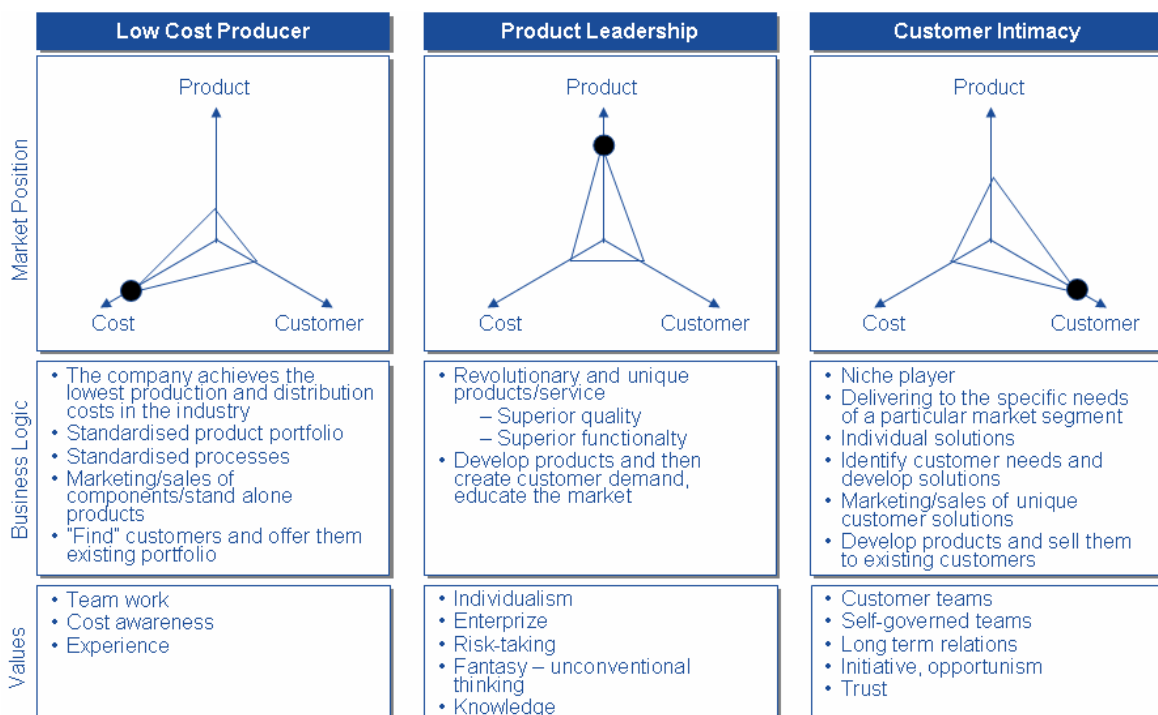


Figure 4.5. The choice of strategy (AIESEC internal documents)



In the model to the left, the process of developing the AIESEC scorecard is pictured.

Here, it is specified how each of the different steps starting with the AIESEC Identity, continuing with the creation of the 2010 Vision, and the strategy product leadership. This finally led to the scorecard that AIESEC is using today.

Figure 4.6. The making of AIESEC Scorecard (AIESEC internal documents)

When the vision and the strategy were finalized, AI with Mr. Bawari in the forefront could start creating the scorecard itself with its stakeholders, CSF's and KPI's. The next chapters will take you through the process of that creation and end in the next step of the process, the implementation.

4.2.2 THE STAKEHOLDERS

The main reason why the AIESEC Scorecard was implemented was to define the direction on a long-term basis and to maintain sustainability, which resulted in the creation of a five-year vision (see AIESEC 2010 in subchapter 4.2 above). To keep this vision accountable and properly supported, the need for a structured plan was distinguished and the scorecard was introduced. Another reason came from the wish to align the different parts of the big and widely spread organization, since by having a reciprocated measurement system throughout the whole organization it is possible to easily work unified to track consistent problems and solve them.

Another view on the sustainability was the fact that AIESEC is changing rapidly with a lot of different initiatives taking place simultaneously all over the organization. With this in mind, the importance rose to find a tool to communicate AIESEC more efficiently in a common language. In addition to the above reasons, the organization had seen LC's using the original BSC, not personalized to AIESEC, but rather to the local realities. From seeing how it worked and the results created, the anticipation was high on what a BSC could do for the entire organization, to measure performance and to get an effective management tool. (Bawari, AI)

To start putting together the blueprint of what in the end would be AIESEC Scorecard, Mr. Bawari mapped out the different stakeholders AIESEC has. He found 11 such as the community, alumni, members and mentors for example. These were grouped into four coherent groups: members, enablers, impact and supporters. A group not found but still important to take into consideration is processes. Together, these five groups stood as AIESEC's stakeholders. They are also called AIESEC's business perspective and they are all depicted below with the effect they have on each other as well. (Bawari, AI)

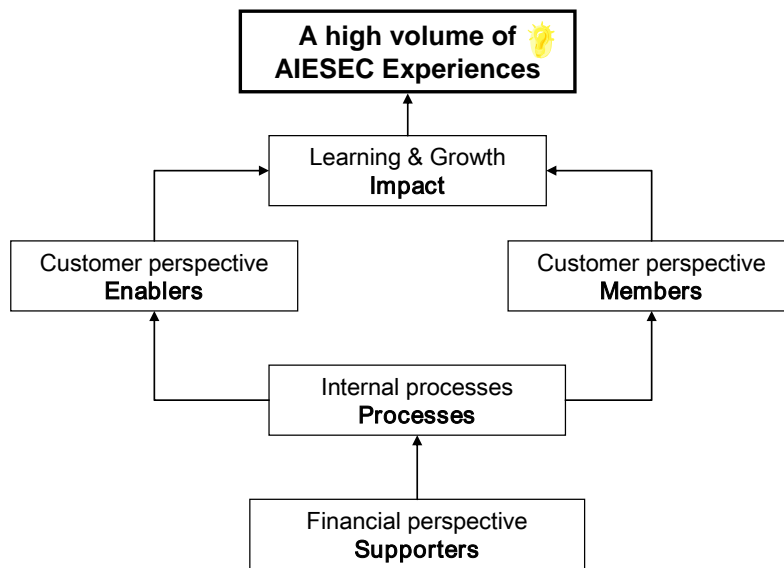


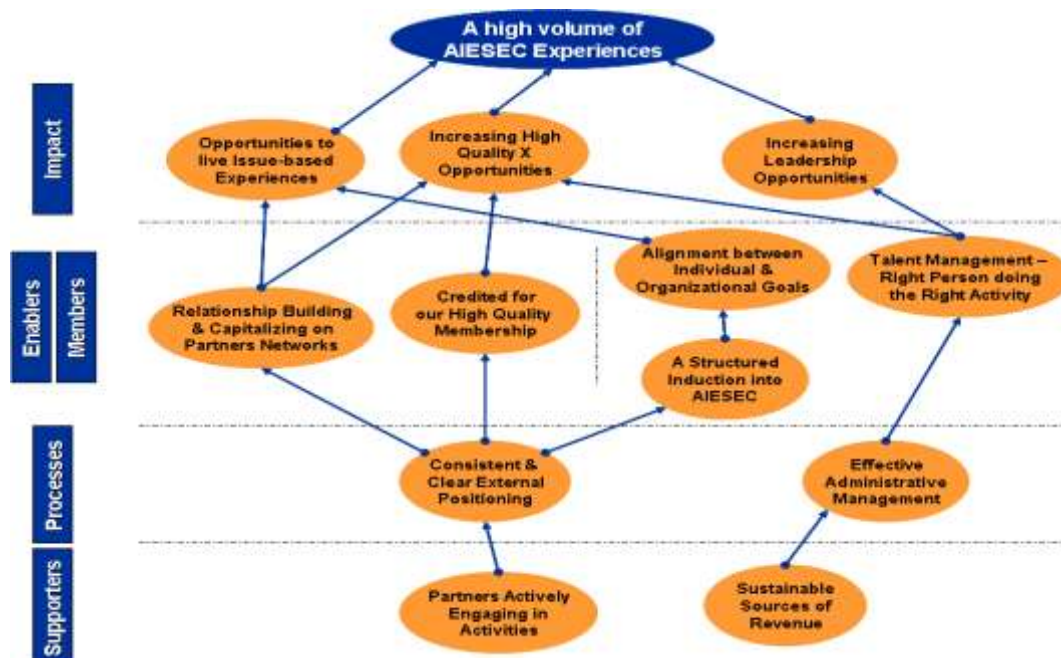
Figure 4.7. Adapting the Balanced Scorecard Framework to AIESEC
(Constructed with the Kaplan & Norton model and AIESEC strategy map, internal documents)

4.2.3 AIESEC STRATEGY MAP

Each stakeholder demands certain areas of activities to stay sustainable, so called Critical Success Factors (CSF's). The different CSF's demonstrate the areas of uppermost importance to act upon in order to keep the whole organization sustainable. There are in AIESEC 12 CSF's and they are in turn measured by several KPI's. KPI's are the areas more tangible so that it can be measured and therefore secured if the CSF is sustainable or not. One example of the structure from the AIESEC scorecard is demonstrated below:

The CSF concerning high quality membership aims to keep the members sustainable. In order to succeed, the members need to get a "structured induction into AIESEC", which is measured by KPI's such as "numbers of members", "absolute and relative growth in membership" and "number and percentage of people with clear goals and plans for their future". Each stakeholder has its CSF's as shown below in the model.

Figure 4.8. AIESEC Strategy Map (AIESEC internal documents)



When using the scorecard in AIESEC, each acting body maps out the current state for his/her responsibility area by measuring the actual results of the KPI's and comparing these to possible future results. Using these figures, one can map out the different CSF's into three different colours: green for good quality, yellow for on-going quality and red for still-standing quality (AIESEC internal documents).

In the AIESEC Strategy map the financial perspective is put at the bottom and Impact is at the top of the map, which is a perspective showing the AIESEC indirect impact thinking. In between these are the processes, enablers and members as shown below.

Every CSF is linked to the other CSF's that it affects. An example is that "A structured induction into AIESEC" effects "Alignment between individual and organizational goals" for the members. This means that if the new recruits are given a clear and structured introduction into AIESEC so that they know what is expected of them they will know what the organization wants to achieve and are therefore in the organization for the right reasons.

For every entity in AIESEC it is communicated that it's necessary to act upon each of the different CSF's and therefore keep up activity within these areas. A sound entity is therefore the one that takes care of each of the CSF's and sees to that the whole of the organization is being taken care of. AIESEC's scorecard is intentionally made to suit every part of the organization.

4.2.4 PERCEPTION OF GOALS

The goals within AIESEC are to provide as much complete, high quality AIESEC experiences as possible. The goal is to provide each of the three pillars (leadership opportunities, exchange opportunities and opportunities for a learning environment) in a high amount and high quality (Meijlink). Nee and Kendall in Sweden agree with Meijlink Switzerland about the goal being to create as many exchange possibilities and high quality AIESEC experiences as possible which connects to the long-term vision (Nee, Kendall). According to Steen and Hansson, the goals of AIESEC are to create change agents that have the ability to have a positive impact on society (Steen, Hansson). Further away stands Baldinger, as he states the AIESEC goals being to make things easier and not focus as a core work on changing the world, on the AIESEC experience or on issue-based experience, instead create one simple focus; raise the amount of exchanges (Baldinger).

Nationally in Switzerland, the goals are to deliver quality and quantity on each one of the four focus areas and achieve numerical targets for each of the three pillars, using the KPI's (Meijlink). On the other hand, the national goals in Sweden are to be supportive with resources and a capacity building entity towards the local committees, enable members to create and live experiences and their passion, as well as concentrate on the focus areas (Steen).

Nee states that the main goal locally is to develop people through the AIESEC Experience, in order to have a positive impact on society and also the AIESEC goals are applicable here (Nee). Kendall agrees with above, as the goals here locally are to provide a large and qualitative number of exchanges, but he also states the goals to be having well-maintained relationships with people in the student markets and a sustainable high membership base (Kendall).

At another direction, Baldinger means the main goals locally to be financial sustainability, through partners or support groups. Other goals are to change the fact that people are aware of AIESEC but do not see the point, show students opportunities of life and increase the number of members (Baldinger).

4.2.5 IMPLEMENTATION OF THE SCORECARD

When working on the creation and implementation of the scorecard in AIESEC, there were many problems and complications, but also successes. One of the major complications encountered was to fit all the different realities of the network in a tool that in the end had to stay simple and easily comprehended. Forming the KPI's that are supposed to measure and track the activities was also difficult since there are only so many ways to carry out the activities within the network. An important aspect in the creation was to consider that each entity should feel an ownership over the KPI's and have the ability to overview the activities, and for this to work, all entities should be entitled to a well-working information system.

When created, the scorecard was made to help planning, review performance regularly, enhance, focus and simplify the vision, goals and objectives of the organization to members and stakeholders, continuously reporting and last but not least communicating at all levels. When working with the scorecard from an executive perspective it is important to find focus areas synchronized with answers to larger questions like purpose and goals. In the AIESEC scorecard, the business logic is also embedded in the organization. Without seeing this in a cohesive way, it is impossible to follow the same structure and strategy (Bawari, AI).

The next step for AIESEC in the process of implementing the scorecard was to educate the members in the network on how to use it and why it is important to have a reciprocated tool in this area. It is not vital that everybody in the network knows how to use it, but it is good if everybody knows of the AIESEC scorecard as the management tool being used. Further on, when the time perspective has a longer distance, it is important to be attentive and listen to the members and their opinions about the scorecard. Based on these observations, the scorecard can then be modified to the best possible which can work in all elements of the organization. (Bawari, AI)

On a global level, the AIESEC scorecard was first thought of in 2005 and introduced to the organizations member committees in February 2006. To focus on a holistic solution and move the organization towards the fulfilment of the AIESEC 2010 scorecard, four global focus areas were selected for the national levels to contribute to:

- Planning and performance tracking
- Competency management
- Governance and accountability
- Market focused, interest based AIESEC experiences

The AIESEC scorecard was implemented nationally in April 2006 in Switzerland; a strategy group together with the member committee came up with four national focus areas:

- Corporate support and involvement
- Issue based experience
- Time management
- Planning, performance tracking and accountability

The LCP's chose at least two of the above, and it resulted in everyone of the LCP's choosing all four of the focus areas. However, the MC experienced difficulties in letting the local levels contribute to the national focus areas (Meijlink).

The only time given to introduce the BSC to the becoming users in Switzerland was a session at a conference and this was not enough to give the local entities a feeling of ownership over the scorecard. (Baldinger)

In Sweden the AIESEC scorecard was also nationally implemented in April of 2006 and the yearly plan was applied with five national focus areas, and each month Sweden puts up another three focuses.

- Issue based experience
- Financial sustainability
- Balanced Scorecard
- Learning processes
- PR and Media

Steen expresses that the link between the BSC and the monthly plans is missing and some of the key performance indicators are still difficult to measure (Steen).

The problems when implementing the BSC nationally had more to do with the actual measurements, the CSF's and the KPI's.

- To divide the CSF's was hard as it created too much paper work and administration because of overlapping within the different CSF's.
- The KPI's were also hard to define and adapt to Sweden, which are one of the reasons of the MC in Sweden modifying some existing KPI's, although they are aware of the danger of losing the primary idea with the scorecard. These modifications make it harder to compare and contrast measurements globally, but either way, the Swedish committee sees greater good in measuring the measures of their interest and of value in the Swedish organization than the performance immeasurable (accordingly) to be comparable (Steen).

According to Steen, the implementation from AIESEC International was a contributing factor to the complications and lack of knowledge from the national side depending on the lack of information and demonstration (Steen). Other concerns about the weaknesses are that being implemented nationally on top by a few members, not involving all entities contribute to the ownership getting lost, and hence also the motivation (Meijlink).

Even from a local standpoint, one agrees that during the implementation of the BSC towards the local entities, a greater integration and involvement from the LC's is needed (Baldinger). This can also be seen in Sweden, where one of the LCP's gave as the answer to the question "Why are you using the Balanced Scorecard?" that it is a global initiative. (Hansson)

Other complications when implementing the BSC was difficulties in finding one focal point at a local level, instead too many focuses were found (Kendall). Other complications both applied to a national and a local level have been too much planning and too much time spent on administrative work, and on how to use the tool, rather than actually using it (Kendall, Meijlink). Although, at a local level, the success came after 4-5 months when one focal point developed and a clear link between the focus, the actions and the results could be observed. But, still to this day, there are at one local committee in Sweden no clear measurement system since working according to plan takes too much time. There is not enough capacity to

implement a measurement system, which contributes to the tracking and measurement still being half hazard (Kendall).

On another local level, when implementing the scorecard, the difficulties have been to understand the information on different documents and to get an overview, since the different parts were interlinked to (Hansson).

There are some complications concerning the KPI's, which are that half of the at least half of the interviewees find them immeasurable (Nee). An example given is that it is impossible to measure how AIESEC is looking from an external perspective but it is fairly easy to measure how many exchanges that has been done. The templates for KPI's when it comes to the qualitative circumstances are almost impossible to measure and should therefore be updated (Nee, Hansson). This contributes to the reporting at times is inconsistent since some KPI's are difficult to report on.(Nee) Steen agrees with this and states that many of the KPI's in the global scorecard are subjective and therefore in need to be changed so that they can more easily be measured.

Using the BSC for planning has been thought of being done by the strategic bodies in the committees. However, with implementation of the new structure, having projects, it becomes more and more clear that the projects' plans should follow the plans of the strategic bodies or vice versa. The BSC was not adapted to fit project plans (Nee). Further on, an update is needed since they aren't linked to the projects (Meijlink, Nee, Steen). The project plans and the local committee plans were also hard to link as well as the global alignment on different levels (Nee, Hansson).

Although five of the respondents argue that the BSC is an excellent tool for tracking, Kendall agrees with the fact that the scorecard has a main purpose in tracking but disagrees on point; he means that to use the tracking, there is a need for complementary tools like IT-support and practical tools (Kendall).

4.2.6 USAGE OF THE SCORECARD

Nationally in Sweden, it is stated that the scorecard is difficult to use as a management tool since it cannot be used daily. Hence, the scorecard here is used more when making large strategic decisions as a planning tool, and not as a reporting tool (Steen).

In Switzerland the BSC is also used for planning but for both a short-term numerical goal-setting and in a long-term sense too. It defines the processes and also the factors that the Swiss focus areas should be contributing to as well as it helps to get an overview of what needs to be improved and what the satisfactory areas are. The scorecard as a management tool involves the majority of the Key Performance Indicators (KPI's) but not all, since these are hard to measure, and the usage of the Critical Success Factors (CSF's) is not yet clearly defined and therefore not being used to a great extent (Meijlink). Another aspect on how the scorecard should be used in Switzerland is stated by Baldinger, as he sees a long-term usage to get an overview and for planning, but not in a short-term sense.

The BSC at a local level is used for planning in terms of quarterly plans, half year plans and yearly plans and each of the planning strategies can be adjusted to fit the different local committees depending on the slight difference in focus areas. A chain of planning can look like this:

Reflection of vision → Brainstorming on CSF's, actions and activities → Discussions & creation of timeline with milestones → Action steps → Allocation of responsibilities (Hansson)

At a local level, the advantages are seen within planning as the CSF's provides an overview on activities needed to achieve the goals (Hansson, LCP Sweden). This makes planning quicker and more efficient (Hansson, Kendall, Nee) and also more focused and structured (Nee).

The BSC in Switzerland locally is used as an informational tool, to receive input and ideas on future possibilities, although it is not put into practice more than for one planning session of the yearly plans, on a national initiative (Baldinger).

The reasons for not using the scorecard locally are both local stability issues and general issues related to time and efficiency. With AIESEC being a voluntary organization, there are not enough resources or time locally to implement such a complicated, insubstantial and big tool. Locally, there is a need for focus but from another standpoint than the national committee on where focus should be, and locally the opinion is on exchange, which here put, is also the main purpose of AIESEC. Another reason to not use the BSC is the need for simplicity which is already lacking in external communication of the organization. The BSC is here seen as one more reason why AIESEC is not moving forward in results (Baldinger).

In addition, it is a local choice to use the AIESEC scorecard, although the yearly plans are made with it since they are conducted together with the national member committee level, who presented the BSC as a tool for planning and not for usage which contributes to almost no knowledge in how to use the scorecard (Baldinger).

From a national viewpoint, the reasons for using the AIESEC scorecard are to obtain an organizational overview, find efficiency in management and team planning to help as a planning tool for yearly, quarterly and monthly plans as well as obtaining a structured view and finding focus areas (Steen, MCVS Sweden). Further on, it is all about structure, to simplify performance measurements, to communicate with the different stakeholders and it is an accountability system as it holds every LC accountable for their actions, as it puts pressure on the local committees (Meijlink, MCP Switzerland).

The tool has its benefits locally as it certifies the plans being aligned with the national goals and the AIESEC international goals (Nee, Kendall). Also the Swiss local level sees the importance to use the BSC for information on the direction of AI, and to align this direction with the local direction (Baldinger, LCVP Switzerland). The scorecard is all about structure and defining measurements and deliverables (Meijlink, Kendall) and a great strength is that it is easier to align the organization towards a common goal using these (Meijlink, Nee).

The BSC's main strength is that it is easy to get an overview of the current situation and the direction of the organization (Hansson, Kendall, Baldinger), and hence conduct a gap analysis (Hansson, Baldinger). Furthermore, the scorecard is a tool for performance tracking (Meijlink, Kendall, Nee), to give a complete and diverse picture as well as the possibility of seeing the entire health of the LC (Kendall, Hansson).

The BSC also has the advantages that it's easier to spot synergies of activities, the compiled CSF's will help in finding the crucial areas and then to get an overview from the map to see how this affects other CSF's. For example, having an external event gives credit to "*Credited*

for our high quality membership” because of interaction with members, and links as well to “Consistent external positioning” (Hansson).

The majority of the respondents argue that the tool demands a lot of extra work, and too much administrative work (Meijlink, Steen, Hansson, Kendall) as it consists of too many templates and it is also too complicated (Hansson, Baldinger). If the administrative work load would diminish, the short-term use of the scorecard would increase (Steen). Baldinger sees weaknesses in the extensiveness of the scorecard. It is too detailed, contains too much information with too much strategy and focus on the future, and it is too ineffective in addition to that it lacks a tracking tool.

The Swiss MC means that the BSC really helps to make the goals more visual and shows how they contribute to the overall AIESEC goals. Especially the strategy map contributes to the clarification. In turn, the national MC is communicating the KPI’s as measurements to the different local committees, so that the clear targets get measured in the right way, and the KPI’s at the moment are hard to promote when it comes to its relevance. The BSC is an external tool and is questioned by the local committees, but it does make the goals more visual and the tool is relevant for the organization in terms of planning and reporting (Meijlink). The Swedish MC however states that since the national focus areas are placed outside of the BSC, it confuses more than clarifies (Steen).

The two local committee presidents state that the BSC definitely helps to communicate the goals and view the goals more clearly (Nee & Hansson). The action steps within the LC are being taken all around the country to reach the goals for each CSF and in turn, it helps to involve higher experience, which leads to a higher understanding for everyone (Nee).

Within the local committees, the story goes accordingly, the BSC does not help to view or communicate the goals, but it helps to view the status of the LC (Kendall). The BSC helps more for planning, and to see the goals internationally and nationally, but on a local level, no.

Also, when it comes to reaching out to the members, the appreciations seem to be agreeing between to the respondents. The rate of reaching the members all depends on the type of interaction but the greatest response is received through coaching meetings that are done in small groups and individual conference meetings as these are more on a personal level (Meijlink). Steen agrees on the fact that it is important to reach the members and Nee believes that all members understand more and more for every time the information is repeated; appreciatively 50 % have a good understanding about the goals (Nee).

“The larger the distance to the very last member, the harder it is to reach out with communication”(Meijlink, 2006-12-02).

Locally according to Kendall, the members are still lacking the logic and wonder a lot about where the goals come from and why (Kendall) and at another local committee, Baldinger believes that once the members have fixed roles, the LC are reaching the members when communicating the goals (Baldinger). Hansson at the other hand states that the goals are most definitely reaching all members (Hansson).

4.2.7 THE AIESEC SCORECARD AS MEANS OF MOTIVATION

Within AIESEC in Switzerland, there is a strong critical feedback culture and people tend to discuss the current state, rather than the future opportunities and goals. Hence, to communicate motivation through the scorecard as you get an overview of the urgent needs, is hard; it is also hard to measure satisfaction amongst members (Meijlink). At a local level in Switzerland, one believes that using the BSC for motivation is not at all possible (Baldinger).

A constant communication of the goals nationally within the coaching sessions to the members contributes to motivation. Furthermore it is important to set up strategic division goals, visit the local committees, functional meetings and conferences, and vital during the communication is to create an engaging spirit and a comfortable atmosphere. Another aspect on how to motivate individuals in AIESEC is to create as much ownership as possible, to involve them in planning, and facilitate a way for these members to make them realize that the national strategy is actually a part of the LC and MC strategy as well (Steen). A reward and recognition system for the LC's is an important aspect for one of the LC's, in order to take a pole position. In addition to this, small competitions within different functional areas where individuals are rewarded for their contributions work motivational (Meijlink).

Through demonstrating locally what the goals can lead to the members can then actually see that actions here can affect other members and people all over the world and the numerical goals are actually people developing. All these activities provide an AIESEC experience and it is then important to show the members a live AIESEC experience coming to the end. To see the bigger picture and where the goals fit in works motivational (Nee). Other motivational tools are to promote the national awards and pop up the competitive spirit (Hansson).

Locally it is motivational to have personal talks, give positive feedback and think on how to put a team together. Another motivational aspect is to offer support at for example company meetings (Baldinger). According to Swedish values, it can be good to set high standards, to motivate actions by reward actions and accountability. Else, follow up on actions towards goals that were not performed and try to recognize performance as well as holding members accountable every week can work motivational (Kendall).

4.2.8 DEVELOPMENT OF THE SCORECARD

With all these complications set aside, the people working on the creation and the implementation of the scorecard were all sure that this was the right tool for AIESEC to use at this time. The different entities seemed to be positive and at the end 2006 year's planning, the conclusion was that 2006 has so far been the most sufficient and successful planning year ever globally (Bawari).

The scorecard is set to be revised every year by the Strategy Director working at AI. The revision is going to be based upon the opinions and practices of the members at all level planning, measuring, communicating and using the BSC (AIESEC internal documents). There will also in short be an updated version available for the users (Hansson)

It is today a global recommendation to use the BSC but Hansson believes changes should be possible to make nationally since the difference country wise is huge, to be able to apply the same BSC around the world, although the comparison globally is something to think about.

For different LC's, there is a need for modifications on one hand but a need for alignment for comparable figures on the other, which is a problem that needs to find balance (Hansson, Kendall, Nee, Steen). On the other hand, the balance is found in the scorecard and it needs to be more similar all over AIESEC and there should not be any room for modifications (Meijlink).

There is missing information on how to use the KPI's more effective, in order it does not become only a planning tool (Nee). Nationally, Steen agrees and the need for a clear strategy on how to use the BSC to its proper extent exists as there are still several misunderstandings on how to implement the scorecard (Steen). Some kind of consultant, training or education and computer skills for all using the scorecard, including OCP's is a local and national argument containing information on how you can leverage on different levels in using the BSC, how to be creative around the BSC (Nee, Steen, Kendall, Hansson).

All of the respondents agree on the need for a strategic tool of some kind, and the BSC is the preference for several (Nee, Steen, Meijlink, Hansson, Kendall). Baldinger argues for the BSC to definitely be needed nationally, but locally, there are other ways to put down the most important aspect (Baldinger).

Baldinger on the other hand is missing at a local level, the encouragement on evaluation and updates as well as including a tracking tool in the BSC (Baldinger).

4.2.9 AWARENESS AND USAGE RATE

Nationally, 100 % of the executive boards, or leadership teams in each local entity of the country are aware of the AIESEC scorecard, both in Sweden and in Switzerland. In Sweden, approximately 80 % of the EB's locally use the BSC and amongst all 175 members of AIESEC Sweden, the appreciative awareness rate is 20 % (Steen). Also Nee and Hanson supports this argument of 100 % in awareness, and further, 95-100 % of these two LC's are also aware, whereas the usage concerns the members' active in the EB (Hansson, Nee). However, according to Kendall, 20 % of the local committee is aware and the usage also here concerns the EB (Kendall).

Going national again and over to Switzerland where 60 % of the leadership teams, the EB's are using the BSC, in comparison to the Swedish number 80 % (Meijlink). Baldinger enhances this argument as the EB locally is aware of the BSC, but 0 % is using it.

The general awareness in both countries, amongst the total amount of members seems to be very low.

CREATIVE PHASE

Following chapter will compare the theory and empirical facts, discuss the factors that enable or inhibit the use of BSC in a non-profit organization. The chapter will analyse the creation, implementation and usage of the BSC in the specific case, and present a framework for the positive and negative factors.

5.1 AIESEC SCORECARD

Kaplan (2001) identifies that NPO's have a hard time defining their strategy and from findings in the interviews, the interviewees seem to agree to the fact that AIESEC is in need of some kind of strategy. Baldinger suggests a simplified strategy with a combined list of the yearly objectives from the members in his local committee. What you loose here is alignment, sustainability and future goals prognosis. The point of having superior forces like the MC and AI would diminish. Hence, this is a typical situation within NPO's, and here Baldinger has been given too much room to create his own idea of how to perceive AIESEC. This goes not only against the idea of the entire BSC but also against the specific CSF "Alignment between individual and organizational goals", seen in the strategy map.

5.2 CREATION AND DESIGN OF THE SCORECARD

Primarily in this section, we are aiming to look at the AIESEC creation process to see if it is in accordance with Kaplan and Norton's recommendations for the non-profit balanced scorecard development. Next we will have a look at the extent of involvement of different levels in the process of creation compared to the outlook of both Davis and Olve et al.

Kaplan, Norton together with Olve all suggest that the vision and strategy should be at the very core of every BSC. By using the vision statement, AIESEC 2010, and the chosen strategy, product leadership, as input to the design of the scorecard, AIESEC has made sure that these are put at the centre.

Their strategy choice, product leadership, indicates a passage to their product stated to be the "AIESEC Experience" and that is what their competitive advantage is towards others on the market. Looking at their scorecard, this choice of product is also at their mission and put at the very top of the BSC as "A high volume of AIESEC Experiences" to raise both quality and quantity. By putting their mission at the top, AIESEC clearly emphasizes the need to communicate a mission to all of their stakeholders, which is according to Kaplan and Norton the drive of a non-profit organization, as well as the feeling of cohesiveness amongst the members.

From what we can conclude from the interviews, a well defined mission is needed to fill the purpose with alignment within AIESEC, since there are somewhat different opinions from the respondents on what the main goal of AIESEC is. Though, five out of six respondents are co-linked in their view on AIESEC.

The theory states that disagreements are common within NPO's when a mission is created and communicated which we have also seen in our interviews, therefore it is of great importance that AIESEC finds a common mission that everyone can stand unified beneath and communicate this in a positive and self-critical manner. Using the BSC when communicating the mission will, according to Kaplan, help unifying a coherent set of objectives.

5.2.1 THE FIVE PERSPECTIVES

To look at AIESEC through the NPO balanced scorecard methodology was the next step in order to align AIESEC to the new strategy. Also the AIESEC scorecard has been created in the same way, with the five perspectives, commencing with the top perspective the mission. Out of the four original perspectives, the learning- and growth perspective, called impact, has been placed at the top in alignment with the mission in AIESEC in order to enhance the cause-effect relation leading to fulfilling the mission.

Next, is the customer perspective which is divided into two, members and enablers. Why both of these are considered in the customer perspective is because they are both consuming the AIESEC product. Members are individuals taking part in the circle the AIESEC experience and thereby both contributing to give members and themselves a chance to grow and learn within the organization as well as going on internship in order to complete the full AIESEC experience. Hence, the members can be seen as both providers and receivers of the product. The enablers on the other hand are companies, organizations and governmental departments taking on interns from AIESEC, content and learning partners as well as mentors. The enablers can then be seen as both suppliers to the learning and growth and as receivers of talents from AIESEC.

In line is the internal processes perspective concerning in AIESEC external positioning and effective administrative management. NPO's have according to theory the possibility to choose out of four actions and the aim here is to reduce operational costs. The two chosen actions for AIESEC seem to be reviving their choice of strategy as well as being more efficient in operations.

The financial perspective in AIESEC called supporters is, as in many other NPO's, placed at the very bottom of the scorecard. Just like in for-profits, the revenue growth perspective has in AIESEC been divided into the two parts: increase revenue from existing customers which is equivalent to "partners engaged in activities", and increase revenue from new markets and clients alike in AIESEC "sustainable sources of revenue".

5.2.2 INITIATIVE TAKERS DESIGNING OR TEAM EFFORT?

Olve et al. has stated the essentiality of participation and involvement of representatives from all levels within the creation process. Since a project group should on suggestions of the researchers not consist of less than 4 or more than 15 people, a vital aspect is to compose a balanced group so that a valid and structural discussion with all project members being heard can occur. The creation process in AIESEC however was conducted on the initiative of one person, with the input from ten member committee presidents and the headquarters, but mainly by Bawari himself. One of the risks stated in theory is hereby fulfilled as the lower level's active involvement and their operational knowledge in the creation process has been excluded. Not including representatives at operational level, will create a great risk for AIESEC in terms of the BSC working as a control tool, rather than as a tool to manage.

An additional risk is that designing the BSC for AIESEC can be seen by the members as “yet another flavour of the month” news, which evidently according to empirical facts is the perception at one local level, where they mistrust the whole concept of the AIESEC experience, which within the AIESEC scorecard is the overarching mission and the purpose. To not be aligned when it comes to the core mission is a fundamental flaw, which the scorecard also is meant to erase since its main point is to align the organization towards a common set of objectives and focus. The “leadership”, “exchange” and “learning” opportunities as well as the “issue-based projects” is what together builds the AIESEC experience, and these three opportunities all existed before the scorecard. By connecting the scorecard to these earlier similar projects, which AIESEC has done in the process of creation, they are acting preventative in order to avoid these distrust issues amongst the members. To be sure to eliminate this problem AIESEC could improve the explanation of the purpose for the implementation in a clear way and set off resources and time for training and education, as this particular aspect is essential.

Although, a positive effect of the current creation process in AIESEC, is that there is a driving force from the top management, which is a vital aspect for substance and support of the scorecard. This way, it has speeded up the process of creation to make the tool available for usage sooner, and the AIESEC scorecard was designed in time for the transition period nationally and locally in April. The scorecard would have affected the resources like cost and timing to a greater extent having a whole team working on the creation.

5.2.3 NO STANDARD SOLUTIONS

Although we can not argue for a standard solution for the creation process of a BSC in AIESEC, as every non-profit organization has to consider their special conditions. One of the special conditions for a NPO and especially affecting AIESEC is the age of the members since AIESEC’s members are all students and therefore between the age of 18 and 32. In general, by means of our survey, 92 % are between 20 and 26 years old. A big part of AIESEC is to provide leadership opportunities through the AIESEC experience circle, and facts tells us that they do, these students take on leadership positions with little experience. Out of the respondents a majority, 88 % are in leadership positions and out of these; 86 % have been in AIESEC from 1 month to 3 years.

One side of this emphasizes that the young students in leadership positions have little experience and are in a position within AIESEC where they are given a lot of responsibility and get the chance to give a lot of input without really having enough experience. Another side though, is that without experience there is small risk of the students being trapped in habitual management and steering based on conventional management. A positive aspect therefore is that the younger generation contributes with a lot of new and innovative thinking which will generate new ways with interesting and dynamic settings. The process of creating the BSC in such an organization can therefore be half-hazard because of the lack of experience and little practical knowledge, but it can also be a success thanks to the openness of the members towards any tools given. Change is considered easier to deal with amongst younger people, and as AIESEC is changing rapidly, the age-group is for AIESEC an aspect important to consider when creating a new form of managing.

Olve et al. states that successes of the BSC can be a flexible environment resistant to change, and together with the age aspect, AIESEC certainly have a big possibility to stand out as a dynamic and flexible organization.

5.2.4 DESIGNING MEASUREMENTS

The creation of the different measurements, both the 12 CSF's and the 29 KPI's in AIESEC, are crucial and a part of the strategic development according to Olve et al. who further point out that if one have not involved all entities in the creation yet, now is a good time to do so. Since theory states the need for balance between the KPI's in each perspective and also that the non-financial measurements usually are difficult to measure, it is important for AIESEC to make use of this theory. Created KPI's that are immeasurable will loose focus and might not be used at an operational level since there is no habit of measuring this way, and hence loose its purpose.

Because of the KPI's being so hard to define, and the AI has not ensured the validity of them, as Olve et al. recommends an organization to do, one has modified some existing KPI's on a national level in Sweden in order to make them measurable. The same problem occurs in Switzerland where some KPI's are removed on a national level because of difficulties in measuring and at many local levels, the arguments against immeasurable KPI's are in discussion. The AIESEC scorecard is in need for evaluated, revised and updated KPI's, detected from our interviews and also Olve et al. recommends evaluations once a month, quarter or at least once a year.

A complication have been the sudden planning for the projects since there has been a change to a structural matrix organization, and the BSC was not adapted to fit the issue-based project plans (Nee).

Some of the interviewees' state that the templates for KPI's when it comes to the qualitative circumstances are almost impossible to measure and further on, an update is needed since they aren't linked to the issue-based projects (Meijlink, Nee, Steen). The project plans and the local committee plans were also hard to link as well as the global alignment on different levels (Nee, Hansson).

The scorecard should be usable at every level of the organization and at the same time stay aligned throughout the organization. Here, conflict is likely to arise. From looking at the interviews, many feel that the KPI's are not showing and measuring the results and the goals wanted in their local reality. This creates a regression towards using it and creates extra work load, having to rearrange the KPI's. If it does not seem relevant to the people using it, there will not be any reasons for them to use it.

If, on the other hand, every local entity would start cutting and pasting their own KPI's, there would in the end exist a lot of different valid measurements throughout the whole organization but the scorecard would not be aligned at all, hence not able to be used in a comparable purpose.

When creating the scorecard, AI should have gotten more representatives in from different levels helping them understand the needs of every level in terms of measurements so that the BSC would have felt more relevant for all. Another solution is to have different scorecards done for different entities so that they are more tailored and will feel better for the users.

5.2.5 EMPLOYEES' PARTICIPATION IN DESIGN

Davis suggests in three of his seven steps for integration and involvement of all levels when designing the scorecard, to be able to achieve great qualitative results on the human capital. Also Olve et al. agrees that the lower levels should be integrated in the process starting from breaking down the vision and points out participation and communication as leading words.

But, letting the AIESEC members take part in these processes can result in either one out of these two scenarios. For one, to coordinate meetings or forums where everyone can feel that their voice is heard in the designing process will take a lot of time and effort, both practically to coordinate and collect people at one spot since it is a large global organization and also lengthy and time-consuming discussions. Secondly, it can create one scorecard per entity, as the members now make the necessary changes to adjust the scorecard for their reality.

The purpose of the AIESEC scorecard though is clearly to align members to a common vision, mission and objectives. A purpose agreed upon by all of the respondents. The study conducted tells us that AIESEC wants an alignment in measurements to be able to compare and communicate over the boundaries within the organization, which is also one of the theoretical purposes with the scorecard. An important aspect to keep in mind, also raised by several of the interviewees, is that if valid measurements do not exist, a valid comparable situation will neither arise. Hence, the primary stand is to make sure validity at all levels exist in measurements. We have in the case of AIESEC not found any participation on the lower levels when it comes to the designing process.

5.3 IMPLEMENTATION

At first sight, there seems to be more complexity behind implementing the scorecard than according to Kaplan and Nortons' (1992, 2001) normative explanations. When reading their articles, the sense of simplicity evolves, which is not at all true. Several researchers imply the difficulty in implementing the scorecard (Norreklit, Johnson, Kald & Nilsson) and Olve et al. (1999) provides general guidelines, the process, of four stages, to follow (see figure X).

As mentioned in previous chapter, AIESEC has created a strategy, and designed the AIESEC scorecard out of the vision statement, which belongs to the first stage, strategy development. Although, material for discussion is the conduction of the strategy development interpreted earlier in the analysis, and note that we will not imply a right or wrongfully process, as AIESEC is a specific case with its specific conditions. It seems to us that AIESEC have from cost and time restraints chosen a top-down design and communicates the vision and strategy mainly through the committee presidents down to an operational level, although the scorecard does not reach all the way down. This is the exact question to deal with in order to move into the next stage, activity-based management, where it is important to define measurements and goals at smaller operational levels before conducting an action plan. AIESEC evidently has the need to revise the objectives and measurements at the lower divisions so that the scorecard will not cascade over the operational level's conditions, which in AIESEC are decided from the top (Norreklit 2003). We can conclude from the interviews that this has been the problem in AIESEC. The local committees in comparison to the national level and to the top management, all have different needs for measurements, although this has not been taken enough into account.

According to Kaplan (2001) there is a need for one focus, and not to focus on everything. All three levels in AIESEC represented by the different interviewees have found the need for a focus within the organization. From the scorecard design, a framework for several global focus areas derived in AIESEC meant for all national levels to contribute to. These four global focuses are not giving anybody a chance to focus, rather they imply to act as whole covering factors. Considering the width of these focuses and the fact that they seem to be constructed in a way so that each focus is binary has resulted in the focus areas being a summary of the CSF's, thus the strategy map. The risk of initially having too many focuses on a top level is that national and local levels will be affected by negative synergies and follow by example.

When defining focus areas in both Sweden and Switzerland the number and size of the focus areas has also become too extensive and therefore not contributed to the mission given, they instead work likewise to the global focuses, as an organizational summary. Too many focuses have also been the result at a local level (Kendall). Consequently, there is a clear connection between the given global focuses and the poor results of finding focuses locally. Since the AIESEC Scorecard has been designed with the measurements most convenient for the management team, AIESEC International, these questions at operational levels about how to choose focus and measurements should be taken seriously.

Another important strategic concern is the discussion on whether the scorecard on different levels should be connected to each other. (Olve et al. 1997) AIESEC has chosen to implement the "top scorecard" at every level, and these are all connected to one another, with the idea that the figures needed for the higher scorecard are distributed from the level below. This way

is desirable according to Olve et al. since the collection of data is efficient, although what might be lost are both the overall measurements and the focus on what distinguishes the different local entities in each country. It all comes down to the purpose of the AIESEC scorecard.

To analyse the current stage in the implementation process, we will use the model of the four stages by Olve et al. (1999) Findings from our study places AIESEC in between the two stages, strategy development and activity-based management. It seems that AIESEC has partly moved to stage two as goals are being translated into measurements, but as the focus areas are too extensive and there are problems with measurements at different levels, they still have not reached a successful activity-based management. *Secondly*, the usage justifies our placement of AIESEC, as the interviewees' tells us that on a national level, one uses the AIESEC scorecard more as an informational tool and a strategic tool, for input when making large strategic decisions and for long-term planning (Steen, Hansson, Baldinger), as well as for the alignment in goals (Nee, Meijlink, Hansson, Kendall).

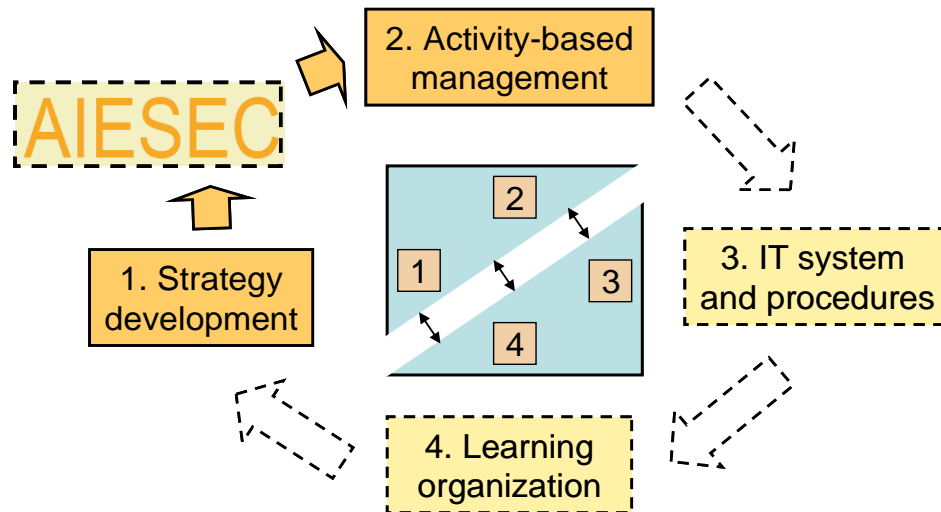


Figure 5.1. The broken Balanced Scorecard process in AIESEC
Source: p.285 Olve et al. 1999 (edited by us from the original)

Thirdly, we have not been able to detect any initiatives towards the operational part of the implementation, as no IT-system nor fully developed procedures for the collection of measures exist or are being developed. Therefore, AIESEC seems to be in between stage one and stage two (see figure above), which would mean, according to Olve et al. (1999) that they have a broken circle and no link between the strategy and operation.

What we can conclude though is that usually the BSC implementation process takes between 6-25 months (Olve 1999, Kaplan 1999) and it is not until after about two years that an evaluation can be conducted on whether the scorecard has increased the effective management and results, or not. In larger organizations like AIESEC, the process is extensive and it takes time to spread the information to underlying levels around the world and also to change working habits. Since AIESEC implemented the scorecard in April 2006, it has been 8 months since implementation point excluding the months of designing the scorecard, and theory does state that an IT-system introduction too early, will risk turning the project into an abstract tool.

We can see that AIESEC has followed the main recommendations from the creators to develop their strategy and scorecard foundation. And we see that it is very important that the strategy is linked to scorecard as the way of the modern activity-based management just as stressed by Lindvall (2001).

5.3.1 TRAINING FOR UNDERSTANDING

Within AIESEC, there is unmistakably a feeling of confusion and lack of understanding for how to actually use the BSC at the different levels. A need for a proper introduction is at hand, to be followed up by sufficient amount of time put aside to training and education in both the overall usage and the specific measurements. As the problems on finding focus and measuring the qualitative measures have taken up a lot of administrative work for the students at the local levels, but also the national levels, AIESEC need to concentrate on developing easily accessible information, like a manual on measurements. A start on an information site on the AIESEC net has been constructed where members can collect the templates for measuring and information on the scorecard, which is a first step towards understanding.

5.3.2 IT-SYSTEMS AND PROCEDURES

Looking at the three aspects – (1)the concrete measurement procedures, (2)the measurement analysis and (3)the IT-system - responsible to make the scorecard work as it was intended to, according to Olve (1999), we have in our interviews found AIESEC to be insufficient at some parts here.

A concrete measurement procedure is used in AIESEC as the measurements are collected monthly and put into storage files, one document for each CSF, and then reported. Since they are also put into the strategy map for the communication of the results, an overall view of causal relations and possible improvements can be detected, which all of the interviewees have a positive attitude towards. Hence, AIESEC seems to have started to put a certain type of procedure in progress. Although the procedures used in AIESEC are highly not recommendable by Olve et al. (1999) since the procedure here is to fill in documents with a few measurements and then connect it to different systems.

An analysis of measurements is by Olve et al. (1999) said to be conducted at least once a year, and AIESEC has the intention to perform an evaluation after a year from the implementation (April 2006), with the opinions and inputs from all the different users, to be able to modify and improve the scorecard. This is aligned with theory and they are on this aspect following the books. Through an evaluation, AIESEC can be able to detect the immeasurable KPI's, the lack of involvement and education for example.

Talking about the IT-systems, we have in the interviews and in AIESEC internal documents only once heard or seen IT-systems being mentioned, which is a concern as the collective and the communicative potential now is lacking, and without an IT-system, the BSC can turn from an effective strategic tool to a simple document.

Since only one of the respondents has stated the desire for IT-support, we presume as hermeneutics that the knowledge in general on how to use the scorecard efficiently is too low, resulting in that the members are not aware of that they are supposed to be helped in their collection of qualitative non-financial data by IT-support.

5.3.3 EMPLOYEES' PARTICIPATION

The question raised here is whether to let the AIESEC members take part of the implementation of the BSC. If they do, they get a larger feeling of ownership and the members with the operational expertise like the local committee interviewees can give input to the prerequisites locally to help creating valid measurements. The majority of the respondents are expressing complaints towards difficulties in defining and finding focus, and by involving them, they will therefore go from seeing the AIESEC scorecard as yet another tool for the headquarters to control them and create more administration, to hopefully seeing the benefits of it and feeling motivated from using it.

To some extent are the representatives from a local level involved in the national implementation process, as the national focus for each local committee are selected by the LCP's, and this in turn affects the focus and results of the national member committee. On the other hand, one can argue that it is only natural for the local committee presidents to be able to choose their local focus areas by themselves. According to Baldinger, it is crucial to be able to choose your own focus, but still receive information from the national and international level. He further states that the need for the scorecard is definitely certified on those two levels but not at a local level, since it is hard to relate to the mission, goals and the given focuses from the top management..

The AIESEC scorecard is a top management initiative and it is also clear to be implemented from the top-down. There is a loss in operational knowledge, which could contribute to more valid measurements by integrating the local levels in the development. From our study, we can see that the opinions on both a national level and on a local level reveal in Switzerland the lack and desire for involvement and ownership. On a national level, one has reached realization about the integration of the local levels in the creation process. At the moment the possible positive aspects from the integration are instead lacking at the local level in Switzerland, for example the satisfaction and pride in the job, the feeling of ownership and the focus on the same objectives.

Even in Sweden, there has not been any active participation from representatives at local levels of the scorecard, which we can also detect in our study. Despite the exclusion in the creation process, both the local and national levels have the same perception of the AIESEC product and goals meaning that they are aligned with the global organizational direction as the focus is on the same set of objectives. Therefore the foundation is stabile, which is a prerequisite, at least from the Swedish perspective. The consequence of the exclusion though has been in the lack of knowledge in usage. Most of the respondents use the scorecard for planning and are not knowledgeable on how to manage the next step.

5.4 THE DIFFERENT WAYS OF USAGE

Within Simons' model (see figure 3.7 in the Balanced Scorecard chapter), it seems that Bawari, when implementing the scorecard in AIESEC, wanted the entire organization to use the scorecard as a diagnostic and interactive control system. He says that one of the reasons of implementing BSC in AIESEC is that it can be used at any level of the organization and being such a diverse organization, AIESEC needs to be able to communicate similarly.

DIAGNOSTIC CONTROL SYSTEM USAGE

In Switzerland, both the member committee (MC) and the local level have seen the importance in involving the ones who will use it at an early implementation stage. (Meijlink, Baldinger) Their previous communication was not enough to give the local entities a feeling of ownership over the scorecard. The MC and the local entities know this and they want to give more ownership to all different levels. (Meijlink) By not giving time and involvement to the users when implementing it, they have contributed to using the scorecard from a diagnostic approach only.

Another reason that the scorecard is kept diagnostic in Switzerland is that when making the yearly plan, the BSC is used in Switzerland but it is up to the different local committees whether they should use it during the rest of the year or not and the education on it is therefore lacking, according to Baldinger. This one time per year is not enough practical time to learn how to use it and this feeling of not knowing enough about the AIESEC scorecard can therefore easily turn into resisting using it since it will feel too complex and unsuited. Baldinger too stresses the complexity and extensiveness of the scorecard.

Meijlink sees the BSC as giving accountability as well. When using it in the reports with the local committees they can easily see what they do and what they do not. Therefore it is a system for keeping them accountable and making sure they follow the guidelines given. This kind of hierarchical attitude from the MC can easily decrease the usage rate in the LC's. If the local committees only use the tool to satisfy the MC with input and for them to hold the local level accountable, there will be a great reluctance against using it. It will also be hard opening up a two-way communication needed to take it further than diagnostic, due to that mistrust will be created around the BSC usage.

When we have gone through the interviews, we came across that many uses the AIESEC scorecard as a tool to enhance the process of planning. If we summarize the collected theory by Kaplan, planning is never mentioned as one of the major reasons for implementing the balanced scorecard. Therefore, having no theory on the subject, we are not sure if this is where the scorecard most preferably should be used. However, if AIESEC is going to use it as input to planning, it is important, first of all that, with the new structure with projects, these are getting a hold of the BSC for planning too when conducting their project plans. Having it as input to the strategic body's planning is in every sense to keep the BSC very diagnostic, setting up goals and follow-up on the measures.

INTERACTIVE CONTROL SYSTEM USAGE

By not using the local committee's for input when implementing, it will not help the MC to get a two-way communication, mentioned by Simons (1995) in the interactive control system. An even harder challenge for Switzerland will be to start the two-way communication from the strategic boards on local level to its members. There are negative synergies of themselves having been left out in the implementation nationally, which may result in that they will find it easier to also leave out their members and therefore make it even harder to create an interactive approach. This will perhaps change over time but it will take more time since the local committees might see that aspect as too difficult and unnecessary due to that they never got that treatment.

In Sweden the scorecard is being used in different ways throughout the whole country. If you want that your members use the BSC you should make sure that they have a certain feeling of ownership over it, according to Davis (1996). This can be created in different ways. One does not only have to include them in the creation process, one can simply use it as a tool to show results and raise the motivation amongst the members simply by showing that their efforts contribute to the whole network. However, if the organization wants to increase the usage of the scorecard, more involvement from members in the tool should help to raise the motivation to use it. As seen here, there has been an effort trying to communicate using the BSC but the two-way communication has not been initiated. However, this seems to be a step in the right way towards an interactive control system.

Although the national entity only use the scorecard as an input to planning (Steen), some of the local entities are still trying out different ways of usage where involvement of all is at the core. Assessing this from Simons' model makes the national entity less interactive in its usage. However, since the local entities report to the national office through the KPI's of the scorecard, one can say that the national office also is using it for reporting and therefore also has an interactive approach. Though, from using the scorecard as input to planning and not for accountability or setting up an IT-system makes the usage still very diagnostic.

The final question here will be whether you want all entities and levels to use the AIESEC scorecard throughout the organization and also to what extent. There is a definitive positive aspect of using it all-over when looking at alignment of activity and communication, but the risk might be that the activities and ways of communication might kill the spirit of creation if the users do not feel any ownership over it.

5.4.1 EMPLOYEES' PARTICIPATION IN USAGE

Davis stresses the importance of involving the employees' in the organization in the usage of the BSC. Throughout the interviews, we have detected a clash in opinions between the different interviewees in this matter.

According to theory, one can draw the conclusion that the more an organization empowers its scorecard on different levels and in different aspects of the scorecard itself, the more it will help them. To start working on transforming the usage of other tools into the scorecard will take time and effort. AIESEC seems to use its scorecard to a certain degree, not using each aspect of it. The BSC has existed in the organization since April 2006 and is therefore fairly newly installed. The usage has come deeper into the members in some places more than others. A question for the interviewees has been if it is possible or even desirable to try and incorporate the BSC to the members. Therefore it will take a little bit longer. The risk is that waiting too long and not trying might make the scorecard loose importance and might let it be forgotten.

POSITIVE & NEGATIVE FACTORS

Following chapter will conclude what we have found in our study of the non-profit organization AIESEC, hence, what we can conclude from the analysed material. At last we will discuss the factors that enable or inhibit the use of BSC in a non-profit organization. An answer to the problem stated is at hand in this chapter. Enjoy!

6.1 DISCUSSION

We have now taken you through a long and informative journey of theory and empirical findings on the subject balanced scorecard in non-profit organizations. As most of the NPO's are in need of some kind of strategy usually starting with the overall vision, before starting, we had found interest in analysing one of the strategic measurement tools within this sector, namely the balanced scorecard. Our purpose with this study was to analyse the design, implementation and usage of the balanced scorecard in non-profit organizations. The problem that we recognized and the question we wanted to answer was:

Depending on the initial purpose, how is the Balanced Scorecard used in Non-profit organizations, and what are the positive and negative factors on these prerequisites?

What we have showed above is that the usage differs depending on where in the organization the BSC is used, meaning on which level it is used. We can further conclude that many interpretations from our empirical findings come down to one question, what is the initial purpose for the BSC in the organization? It was from AIESEC International stated clearly both in documents on their Intranet site as well as from talking to the creator Bawari. It seems that the initiative is taken from the top management with the driver Bawari behind it, who also stated the purpose: *to align the members in the network under one common goal and communicate the direction in a simple manner, to be a support for the vision statement, to make real activity happen on a local level and to help to measure goals which will all lead to a decrease in the high turnover of members.*

To be able to answer the question in our recognized problem, we will clarify the significance of each out of our principal three analysed areas.

In the specific case study of AIESEC, the crucial factors we have withdrawn from our analysis, within the creation and design process are the importance of a strong initiative taker and profile driving the BSC project from the top, the alignment in core beliefs such as mission and vision, the participation and involvement from members when it comes to deciding the conditions for each entity and from that; translating the valid measurements.

Within the implementation process, the key aspect is the link from a strategic level to an operational level in the "the Balanced Scorecard process", as well as the need for IT-support and education and the effect of defining the right amount of focus areas. Moving on to the

current usage within AIESEC, the essentiality we have found is the form of using the scorecard; mainly in a diagnostic way, meaning planning, performance tracking, and reporting.

6.2 NEGATIVE FACTORS

- **Design:** Design of KPI measurements is not adjusted to each local entity, only to the top management. Because of different local realities, many entities have found it necessary to adjust the KPI's accordingly.
- **Education:** Confusion amongst members, incomprehensive tool
- **Education:** Lack of introduction, time for training and education, manuals and accessible information material
- **Implementation:** AIESEC is stuck in the broken circle and do not fulfil the demands for success, the good circle with IT, procedures to reach the stage of a learning organization – the nirvana stage.
- **Implementation:** Too many focus areas, creating negative synergies at all levels.
- **Usage:** Exclusive use of the AIESEC scorecard as a diagnostic tool, a strategic tool.
- **Employees' Participation:** No involvement of representatives from all levels. alignment in common goals and ownership feeling

6.3 POSITIVE FACTORS

- **Design:** A strong drive and support from the management
- **Design:** Yearly evaluations are planned, to revise, involve input from all levels and distribute an update
- **Design:** A basic stability in the strategic development, with a strong vision, mission and goals
- **Employees' Participation:** The short time gone by creates possibilities to improve the scorecard by involving the representatives at all levels, updating the KPI's, introducing IT-support and revise the initial purpose.
- There is a positive attitude for a strategic tool, and most support the BSC.
- **Usage:** A more efficient planning and performance tracking, as well as reporting.

6.4 CONCLUSIONS

What we have seen is that a NPO should let the BSC go through all levels and entities to function as it should. In order for the BSC to succeed, the NPO needs to involve as many as possible but still manageable in the creation/designing, implementation and usage. To make this relevant, certain aspects and tools needs to be mutually designed and provided. Examples of these are IT systems, measurable and valid KPI's as well as ground stability.

Conclusively, the BSC in NPO's should strive to be used interactively. To use the BSC as an interactive control system NPO's need to educate the users to increase understanding. On top, it is also crucial to keep the BSC as simple as possible to eliminate confusion. When used in this manner, the communication on a two-way basis is vital.

To fix the broken process (see figure 5.1), move to the "activity-management box" and complete a continuous circle, NPO's need to install an IT system and to transfer the goals into valid measurements. The KPI's need to be both measurable as well as valid and aligned. In order for all of the KPI's to be measurable, also the non-financial, qualitative measurements

need to be concrete and supported by education. Constructing valid measurements means that the entity measures the health of their reality in the best representative way. Lastly, aligned KPI's refers to the measurements being constructed to be comparable in between the different entities.

To help moving into the operational stage, it is essential to concentrate on one focal point or very few focus areas, which is a common problem in NPO's.

What we can conclude is that all negative aspects depend on each other in a cause-effect related way and the main aspects noticeable over and over again are the three measurement issues on KPI's, employees' participation, the need of simplicity and education and lastly the implementation of IT systems and procedures.

6.5 TRANSFERABILITY

AIIESEC is as earlier stated classified under ICNPO categories and focused on core activities under the subcategories: international and social services. Since our study is conducted on an international NPO providing social and human services to community or a target population, it will be for similar types of NPO's that our findings will apply.

Therefore, we have chosen to use the classification, earlier mentioned, to narrow down the area of transferability. In other words, our study will be able to apply to all international NPO's providing social and human services to a community or a target population. It can be used as a guide for national NPO's as our research is based on national levels since the organization is managed geographically.

CRITICAL STAND & FUTURE RESEARCH

Our study has not been a straight road with goal in sight. Here, we take a critical stand to our study and review the aspects in a need for consideration. We also discuss future research and questions of interest that came up during our study.

7.1 CRITICAL STAND TO SOURCES

It is important to take a step back and look at one's own study from a further perspective, we felt. And so we did. What could we have done differently, and is here important to consider for other research studies likewise ours?

7.1.1 CRITICISM OF PRIMARY SOURCES

Four of the interviews were conducted face to face in a settled environment where we primarily asked the respondents to book an appointment of at least 1 hour so that they wouldn't feel stressed during the interview.

Two of these interviews were conducted during an international conference in Switzerland which could have affected the interviewed people in a stressful way since the conferences have a pressed schedule during four hectic days, with no personal spare time.

The other two interviews were conducted in connection to a national leadership conference in Sweden, which could have the same effect on the respondents as discussed above, since the schedule is very compressed.

Three interviews in total were held over the phone. One was due to the fact that we did not have the possibility to travel to USA for an interview with the person who was in charge of creating and implementing the BSC in AIESEC. Although, we found this person valuable for our study, therefore a phone interview was necessary. Two other people abroad were hard to get in touch with in person, therefore the choice of conducting even these two interviews over the phone.

Another aspect is that one of the interviewed people was in a bad mood the specific day for the interview which could have affected the outcome of the interview answers. This was an unaware choice made from our side and thus can not be excluded from the study.

7.1.2 CRITICISM OF SECONDARY SOURCES

As we were able to find a large amount of research articles relevant to the subject (approx. 30), we had to riddle to minimize our article selection. We found that the original theory by Kaplan and Norton has not developed much, hence this is the foundation of the study. Although, the development we did find when we focused implementation and usage as well as on the subject BSC in non-profit organizations, were articles we based our theories on. Moreover, there are other researchers we have referred to, but these are the basis of our study. Some of the methodological books we have used dates back to the 1990's, although we do not

see this as a problem, since these books are used to describe phenomena that are not attached to a specific point in time.

We have stayed critical to the collected empirical material from the organization, as this informant can be turned in a certain perspective, to gain the organization, but considering we have had access to internal information, we believe that these sources of information are relevant and trustworthy.

7.1.3 REDUCTION / BIAS

In total, we handed and sent out 80 questionnaires. We printed 60 of them to give out by hand and 20 of these 80, we sent out by email directly to the mailboxes, through the local committee president at each local committee. We have a total reduction or falling off, of 31 questionnaires, meaning, 37 % which is quite high. Out of these 31 questionnaires, 75 % of the reductions were email based and 25 % were from the hand-outs. We believe that this reduction depends on the fact that through the aiesec.net mailboxes, there are in general 2 email send-outs per day, spam emails are frequent today and other surveys and questionnaires are frequently used within AIESEC. Many people probably stop paying attention to each and every one of the emails, since they have less and less time, and they get tired of surveys. In addition, the fact that the questionnaire was sent out at a bad time, during the last month of the year when all students are at their busiest, and since all AIESEC members are students, this counts as another effect. We believe that above aspects have had negative effects on the data and contributed to the large falling off. The internal reduction was larger on the question about the Balanced Scorecard and could depend on inexistent knowledge.

7.1.4 VALIDITY AND RELIABILITY

Validity measures the relevance of the information collected and if it is valid. (Denscombe 2000) The information collected is based on the background of NPO's and theory perspectives on the BSC. To make sure we stuck to the relevant information of each area, we based the first section, the BSC on the original creators' theory of the BSC along with other research articles and to complement this theory, we looked into the design, the implementation and the usage of the BSC. Further on, we studied the theory on the subject NPO together with the balanced scorecard. We feel that this structure has covered the relevant information on the subject with these two comprehensive perspectives combined with several perspectives on the issue, and therefore we can reach a high validity.

As a measurement tool, validity is divided into internal validity, which concerns the issue on results being intact with reality, and external validity, meaning the grade of the results being applicable in other situations, in other words, the grade of generalization also called transferability (Merriam, 1994). We believe that the result of this study can be generalized as a tool for guidance and direction in other situations when one is about to begin a study within the same area. Although, keep in mind when generalizing that AIESEC has its specific conditions, as any non-profit organization, although identified under the classifications of ICNPO. Some of these special conditions to take into consideration are aspects like work experience and age of the individuals within the organization, size and organizational age are other aspects to consider.

Thus, the internal validity, the study's ability to match reality (Merriam, 1994), is high as we have used triangulation as a method, and the external validity seems to be lower, although can

very well be used as a good indication as other studies show similar results. We believe that our results show the correct reality of AIESEC and as transferability counts, we believe that non-profits categorized under ICNPO, are best applicable.

Reliability treats the issue of the measurements within the study being reliable and trustworthy, meaning, to what extent there is a context or logic in the results achieved (Merriam, 1994).

When analysing the usage of our survey, we found out that we could have made it different in order to get the answers needed for our research. Had we known when distributing the survey what we know now, had the survey been very different in terms of content. Therefore, we have not used the results of the quantitative method since we believe it does not contribute to our results more than in one or two cases.

Our interviews have been quite sufficient, but if we would have had time and possibility, we would have interviewed the current director of strategy within AIESEC International, to get an insight on the development for the year within the AIESEC scorecard. We would also have made an interview with an executive working for a long time within NPO's to see the long-term evolution of strategy within NPO's.

As researchers, we believe this study to have a high reliability, since the interviews and the internal documents richly have contributed to the results. This together with the fact that we excluded the quantitative questionnaire for not bringing the results relevant for the problem recognized give reason for the high reliability.

7.1.5 FUTURE RESEARCH

This study as we believe has provided a complement to existing research and we have filled the gap of knowledge stated initially in the purpose as the results in shortcomings and benefits are transferable to use as indicators for future research. Questions generated from the study have been, how can one effectively involve employees in the development and implementation of the scorecard? And for whom is the balanced scorecard? How does the chronological creation and implementation process look ideally in a global NPO? It all comes down to the purpose of the scorecard being implemented.

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AIIESEC Internal Documents

Available: <http://www.aiesec.org/students/>

Demands registration, exclusive for AIESEC members

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Figure 3.1

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Figure 3.7

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APPENDIX

Appendix A: Qualitative interview guide 1
 Qualitative interview guide 2

List of interviewees:

Bawari, Shantanu, AIESEC International	2006-12-13
Meijlink, Chris, MCP Switzerland	2006-12-04
Steen, Anton, MC Sweden	2006-12-10
Hansson, Leo, LCP Sweden	2006-12-14
Nee, Martina, LCP Sweden	2006-12-18
Baldinger, Mattias, LC Switzerland	2006-12-04
Kendall, Linus, LC Sweden	2006-12-18

Appendix B: Quantitative questionnaire 2006-12-04 - 2006-12-20

AIESEC documents of the scorecard, given upon request. (Essay no. 12976)

GOALS AND OBJECTIVES

1. What are the goals of AIESEC?
2. What are the goals of your LC?
3. How are you communicating the goals?
4. Do you think you are reaching your members when communicating the goals?
5. How do you motivate your team to reach the goals?
6. Does the BSC help you to view the goals clearly? Help to communicate the goals?

SUPPORT WORDS

Obvious – concrete things

- a. Material
- b. Members
- c. Questions
- d. Roll calls
- e. Simulations
- f. Results
- g. presentation
- h. friendliness
- i. professionalism
- j. vision
- k. goals

Feelings – abstract things

- l. confusing
- m. understanding
- n. agreeing
- o. motivational - engaging
- p. accept
- q. environment
- r. friendly

QUALITATIVE INTERVIEW GUIDE 2

Name: Age: Position in AIESEC:

Education:

How long have you been in Aiesec?

BSC - IMPLEMENTING PERSON

1. What is the vision with the BSC in AIESEC?
2. Why (and what was the need) did you see a need for AIESEC to use the Balanced Scorecard?
3. Is this the most effective way to manage a nonprofit org. like AIESEC? How so?
4. How did you implement the BSC in AIESEC?
5. Were there any complications/successes when implementing the Balanced Scorecard? If so, explain how.
6. Are there still any complications when using the Balanced Scorecard? If so, explain how.
7. How are you using BSC? Note to self: find out whether it is measuring, motivation (communicating the goals), strategy, reporting or planning, or all together.
8. How do you find the BSC useful/not useful?
9. To what extent do your subordinates use it? MC:s, LC:s. Appreciate a percentage.
10. And to what extent are these people aware of the BSC? Appreciate a percentage.
11. How do you follow up on this?
12. Weaknesses & Strengths of the BSC / performance measuring today? Change for the future or are there any other tools that you would rather like to use?
13. What are the actions from now on concerning the BSC?
14. Do you have a clear picture to provide us with about the organizational structure from AI to local level? If not, does our work?

APPENDIX B – QUANTITATIVE INTERVIEW GUIDE

Dear respondent,

We are two students at Lunds School of Business and Economics in Sweden, and we are currently writing our bachelor thesis. We are therefore performing a research study and are investigating nonprofit organizations and we have chosen to dig deeper into AIESEC, since we are both a part of the organization ourselves. We constructed a survey with closed answering alternatives according to your preferences and experiences in AIESEC as well as other factors according to the subject.

Your answer is very important to us and we really hope you can take your time answering this survey. Your participation is completely anonymous and will be used by us to create an image of nonprofit organizations as a subject of study and it will be published at the Lunds university network.

If you are interested of the outcome, you are more than welcome to contact us on e-mail address: bjorn.wigeman@aiasec.net or phone no. +46 (0)736291657.

For this survey to be as good and reliable as possible, it is of high importance that you answer all the questions according to your utmost ability.

Thank you!

- 1. Gender:** Male Female
- 2. Nationality:** Country of Origin: _____
AIESEC Active in Country: _____
- 3. Age:** Under 19 19-22 23-26 27-30 Over 30
- 4. Time in AIESEC:** Under 6 months 6 – 12 months 13 – 24 months
 25 – 36 months (3 yrs) 37 – 48 months (4 yrs) 4 yrs - 6 yrs
 6 - 8 yrs More than 8 yrs
- 5. Type of position:** MCP LCP OCP
 MC - VP LC – VP OC

6. AIESEC Role: “Our international platform enables young people to discover and develop their potential to provide leadership for a positive impact on society”.

	Do not Agree	Partly Agree	Totally Agree	Don't Know
1. The AIESEC role is well-known and well rooted amongst the members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The AIESEC role works as a guide in the daily working environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The AIESEC role expresses well the purpose of the core work in AIESEC.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. AIESEC Vision: “Peace and fulfilment of humankind’s potential”.

	Do not Agree	Partly Agree	Totally Agree	Don't Know
1. Vision & strategies are important instruments in the management of AIESEC.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The vision is well related to my own opinion about the future of AIESEC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The knowledge of the AIESEC Vision is well known at my committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. AIESEC Strategy: Product Leadership

	Do not Agree	Partly Agree	Totally Agree	Don't Know
1. I am well aware of the strategy within organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The strategy is helping me in my daily working life in AIESEC.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Goal management and the BSC are aligned with my actions/assignments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. We discuss strategy & goal setting in my committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. The Balanced Scorecard (BSC)

	Do not	Partly	Totally	Don't
1. BSC is an important instrument to mediate the AIESEC Vision	Agree	Agree	Agree	Know
2. BSC is an important instrument to measure results	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. BSC is an important instrument for reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. BSC is an important instrument for planning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. If so, how?	Long-term	Short-term	Both	Don't

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. BSC is an important instrument to mediate the goals to members	Do not	Partly	Totally	Know
7. BSC is an important instrument to track goals / goal setting	Agree	Agree	Agree	Know
8. If so, how?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Long-term	Short-term	Both	Don't

10. How important are following characteristics in AIESEC?

	Not at all Important			Very Important	Don't know
Fellowship, friendship	1	2	3	4	5
AIESEC vision	1	2	3	4	5
Common goals	1	2	3	4	5
Management	1	2	3	4	5
Issue-based learning	1	2	3	4	5
Completing AIESEC XP	1	2	3	4	5
Structure	1	2	3	4	5
Personal development	1	2	3	4	5
Team spirit	1	2	3	4	5
Team cooperation	1	2	3	4	5
Contribution to society	1	2	3	4	5
Motivation	1	2	3	4	5
Engagement & Drive	1	2	3	4	5
A good leader	1	2	3	4	5
Strive for exchange	1	2	3	4	5

Thank you for your cooperation!