

# **Exploring Gross National Happiness using Balanced Scorecard and Appreciative Inquiry**

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## **Introduction**

This proposal explores the use of two organizational methodologies for the operationalization of Gross National Happiness. These methodologies are Balanced Scorecard and Appreciative Inquiry. I propose that these methodologies are compatible with the principles of Gross National Happiness. For example, Gross National Happiness is holistic. Unlike Gross National Product, which is only concerned with the economy, Gross National Happiness is also concerned with the well-being of the people. Similarly, Balanced Scorecard and Appreciative Inquiry also move in the direction of viewing organizations more holistically.

Balanced Scorecard is a strategic management system that translates the organization's strategy into operational objectives. The organization's strategy is mapped out, performance measures identified and strategic initiatives planned.

Appreciative Inquiry uncovers an organization's areas of excellence, best practices and innovation. It translates these findings into goals that become the ideals for the daily processes and practices of the organization's work.

Both of these methodologies are very practical. They include adaptable processes for implementation. They complement each other nicely. Appreciative Inquiry keeps the focus on a positive approach, whereas Balanced Scorecard provides the data to determine progress and make course corrections.

The next section provides an overview of Balanced Scorecard, which is followed by an overview of Appreciative Inquiry. Following that is an exploration of how Balanced Scorecard and Appreciative Inquiry can be used in the service of Gross National Happiness.

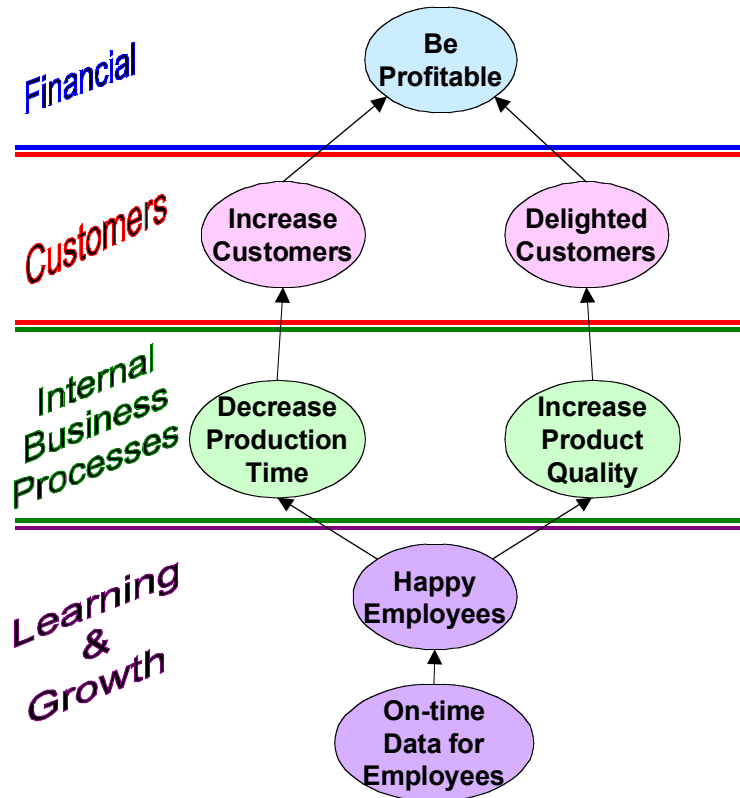
## **Balanced Scorecard**

Balanced Scorecard is a strategic management system. It goes beyond planning strategy to implementing strategy and managing strategically on an ongoing basis. Balanced Scorecard is a framework that helps organizations translate strategy into operational objectives that drive both behaviour and performance. Although Balanced Scorecard uses data for implementation, it is more than a measurement system; it is a management system.

Balanced Scorecard was developed by Robert Kaplan and David Norton in the 1990s. Historically, organizations were managed based on financial data. Kaplan and Norton developed a system that takes all aspects of an organization into account. Not only is management based on financial data, it uses additional data such as that about customers, processes and employees. It is a more holistic approach for managing the organization.

The following possible steps for developing a Balanced Scorecard illustrate some of the structural concepts:

1. Identify the guiding ideas of the organization. This includes identifying the vision, mission, etc. The guiding ideas provide the general direction of the organization.
2. Build the strategy map. The strategy map tells the story of the organization's strategy. It imbeds the long-term strategy. The following figure shows an example of a simple strategy map.



This example of a strategy map contains four perspectives: Financial, Customers, Internal Business Processes, and Learning & Growth. These are the commonly used perspectives, although many organizations define their own unique perspectives. The bubbles are strategic objectives. They identify the key strategies of an organization in each of the perspectives. A strategy map may contain from 6 to 25 strategic objectives. The arrows show the cause-and-effect linkages between the strategic objectives. For example, the assumption behind the arrow from “Delighted Customers” to “Be Profitable” is that if customers are delighted with the product, the company will be more profitable.

3. Identify performance measures. Performance measures are indicators of the health of the organization. For each of the strategic objectives in the strategy map, identify a performance measure. For example, the performance measure for “Be Profitable” might be corporate profit. The performance measure for “Delighted Customers” might be the result of a survey that measures customer satisfaction. Performance measures parallel the strategic objectives and tell the organization how they are doing on each strategic objective. They also provide an indication of the validity of the cause-and-effect linkages.
4. Identify strategic initiatives. For each strategic objective, determine the initiatives that will cause progress towards the goal identified by the strategic objective. This is the action-planning step.
5. Write the implementation plan. The purpose of the implementation plan is to ensure that the developed Balanced Scorecard is fully implemented and used by the

organization. It contains three sections. First, the communication plan identifies how the Balanced Scorecard will be communicated to the organization to maximize alignment to the guiding ideas and strategy. Second, the management plan identifies how the Balanced Scorecard will be used for managing the organization on an ongoing basis. Third, the information systems plan identifies changes to IM/IT (Information Management / Information Technology) systems for gathering the data for the performance measures.

The newly developed Balanced Scorecard becomes part of the management system. It is regularly used to ensure that the organization is managed strategically. The performance measures show whether the organization is making progress on the strategic objectives. The performance measures show whether the assumptions behind the linkages in the strategy map are valid. Management clearly sees where adjustments need to be made to reach their goals. Not only does the Balanced Scorecard become part of the management system, it is communicated to the entire organization so that all employees can see whether or not they are in alignment with the organizational goals. Through these practices, the strategy is brought to life for the organization.

A Balanced Scorecard is always a work in progress. The linkages and assumptions that comprise the strategy map are always being tested and revised. The Balanced Scorecard might undergo more major changes annually.

All of the performance measures can be combined into a single number that gives an indicator of how the organization is doing overall. The performance measures would be normalized, weighted and rolled up into a single measure.

A more participative approach for developing the Balanced Scorecard ensures greater buy-in. Well planned communication of the Balanced Scorecard ensures that the employees are working towards the organizational strategy.

A good Balanced Scorecard reflects the organization-as-system. It ensures that the big picture is kept in mind and connects the big picture to the details. It translates strategy into action.

## **Appreciative Inquiry**

Appreciative Inquiry is a positive approach for organizational change. It uses unconditional positive questions to discover the best in an organization. It is a highly participative process, often involving the whole organization. Although Appreciative Inquiry can be viewed as an emerging paradigm, it is largely attributed to David Cooperrider. In the 1980s, he realized and began to use the power of positive questions for organizational transformation.

Many organization change initiatives attempt to find the problems in an organization and then fix them. This puts the focus and energy on the problems. It causes the wall of resistance to be encountered. Employees do not easily go along with the proposed changes. The Appreciative Inquiry approach, by putting the focus and energy on what works, does not encounter the wall of resistance. The organization is energized by this approach.

Some of the principles underpinning Appreciative Inquiry are:

1. The Constructionist Principle – Words create worlds. Reality is socially created through language and conversation. Meaning is made in conversation, reality is created in communication, and knowledge is generated through social interaction.
2. The Anticipatory Principle – Human systems move in the direction of their images of the future. Our collective imagination and our discourses bring the future into the present.
3. The Positive Principle – The more positive the questions we ask, the more positive and long-lasting the change. Momentum is generated through positive questions that amplify the positive core.
4. The Simultaneity Principle – Inquiry and change are not separate; they are simultaneous. The moment we ask a question, we begin to create change.
5. The Wholeness Principle – Wholeness brings out the best in people and organizations. It leads people to focus on higher ground rather than common ground.

The Appreciative Inquiry process uses interviews to discover the life-giving factors in an organization. The wording of the interviews is positive and generates excitement. It is through these stories that Appreciative Inquiry connects the future to the past. Appreciative Inquiry uses images of the future created by workshop participants. This shows the desired future. Workshop participants then write a provocative proposition. This is a statement similar to a mission statement written in such a way that it speaks to the deepest desires of the participants. With the stories, images, and provocative proposition, employees move more easily to the desired future.

Appreciative Inquiry is profoundly factual. It is an empirical process grounded in experience. The data is gathered from the brains of the employees. It makes tacit knowledge explicit.

The transformation starts when you ask the first question. Ask the right questions and the change can be powerful. According to Jane Magruder Watkins and Bernard J. Mohr, in *Appreciative Inquiry – Change at the Speed of Imagination*, “Appreciative Inquiry recognizes that human systems are constructions of the imagination and are therefore capable of change at the speed of imagination.”

By sharing stories, the employees become more connected. They become more of a community. Community allows people to be authentic, to communicate from the depths of who they are. They listen intently to the other. They see their connectedness both through sameness and differences. They see that they are all part of a bigger picture. They are part of a whole.

An organization with shared meaning and purpose is more effective. When people share language, they share meaning. When they have a shared purpose, they have a clearly shared intention. People are energized when they have shared meaning and purpose. They are more creative.

Meaning and purpose exist within community. We determine meaning as a community – the determination of meaning is through its relationships. Kenneth Gergen, in *An Invitation to Social Construction* helps us understand that meaning is in the relationships when he says “Our modes of description, explanation and/or representation are derived from relationship.”

This potential impact of community with purpose is nicely expressed by Margaret Wheatley in her book *turning to one another – simple conversations to restore hope to the future* where she says “There is no power for change greater than a community discovering what it cares about.”

Appreciative Inquiry stimulates creativity. The positive approach is fun and engages the brain. Appreciative Inquiry engages both the left and right halves of the brain. For example, creating the image of the future is a right-brained activity. Creativity requires both the left and right halves of the brain to be functional and in communication.

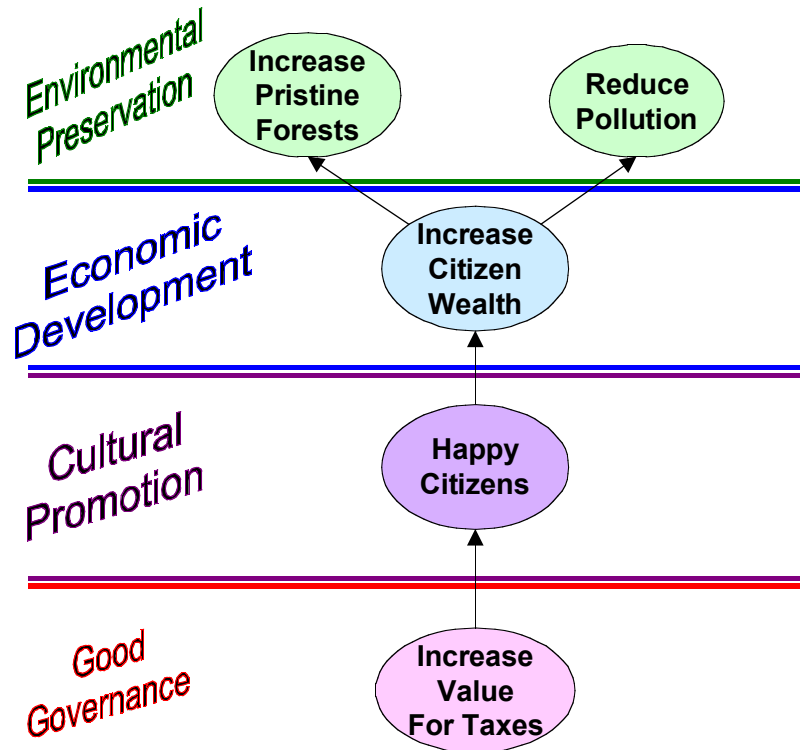
Through a recognition of the power of language, positive questions, the desire for wholeness and by holding a clear image of the future, the best traits of an organization are brought forward. They become the defining elements of the organization. They energize the organization.

### **Putting It All Together in the Service of Gross National Happiness**

This section proposes how Balanced Scorecard and Appreciative Inquiry could be used in the service of Gross National Happiness.

Appreciative Inquiry interviews could be used to discover the strategic objectives and the cause-and-effect linkages. The exciting challenge would be to involve as many citizens as possible. The perspectives could be the four platforms already identified for Gross National Happiness: economic development, environmental preservation, cultural promotion, and good governance.

A simple strategy map for Gross National Happiness could look like:



Images and the provocative propositions of the desired future would be created in workshops. Subsequently, performance measures and strategic initiatives would be identified either in the same workshop or in smaller, more focused groups. The data for the performance measure relating to the strategic objective of “Happy Citizens” would be collected through surveys. This is the same technique that is used by corporations to collect customer satisfaction or employee satisfaction data.

All of the performance measures could be normalized, weighted and rolled up into a single measure. This would be the Gross National Happiness measure.

This would be followed by planning to ensure that progress is made on the strategic objectives.

A unique feature of combining Balanced Scorecard with Appreciative Inquiry is that a smaller Appreciative Inquiry intervention can be used to cause progress to occur on some of the strategic objectives. Because of the simultaneity principle, change starts simultaneous with the Appreciative Inquiry interviews. The intervention can also be structured to provide data of progress on the strategic objective.

## Conclusion

I feel that the combination of Balanced Scorecard and Appreciative Inquiry are, for a number of reasons, appropriate methodologies for developing Gross National Happiness.

Firstly, an appreciative, positive approach is compatible with the goal of happiness. A positive approach is fun. The process itself spurs on happiness.

Secondly, this is a whole-systems approach, which is in the spirit of Gross National Happiness. The world has found itself in a situation where the whole must be taken into consideration. This is the only way to get us out of our current problems. We need to rise to a new level of being.

Thirdly, the participative approach will cause people to think and better understand the goals of Gross National Happiness. By building on the experiences of the citizens, through narrative, the process is grounded in reality. The knowledge that already exists will be fully deployed.

Fourthly, the move by a country from Gross National Product to Gross National Happiness parallels the move by corporations from managing using financial measures to using a Balanced Scorecard.

I see many similarities between the above-mentioned methodologies and my understanding of the goals of Gross National Happiness.