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# **An exploration of people's experiences of the performance measurement process in social enterprises**

by

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A thesis submitted in partial fulfilment of the requirements for the  
degree of

**Doctor of Philosophy in Management**



University of Warwick, Warwick Business School

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## **List of Abbreviations**

BSC – BALANCED SCORECARD

KPI – KEY PERFORMANCE INDICATOR

LSW – LEARNING, SKILLS, AND WORK

OE – ORGANIC EARTH

PDR – PERFORMANCE DEVELOPMENT REVIEW

PM – PERFORMANCE MEASUREMENT

SMT – SENIOR MANAGEMENT TEAM

SROI – SOCIAL RETURN ON INVESTMENT

SEWM – SOCIAL ENTERPRISE WEST MIDLANDS

SVM – SOCIAL VALUE MEASUREMENT

UK – UNITED KINGDOM

YF – YOUTH FUTURES

## **Declaration**

This thesis is the personal work of Haley Allison Beer. The thesis is submitted in partial fulfilment of the degree of PhD in Management at the University of Warwick. The thesis has not been submitted for a degree at any other university.

Parts of this thesis have been published:

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## **Abstract**

Performance measurement (PM) is the process of attributing value to organizational phenomena such as people, resources, and activities. Over the past two decades, research on PM has shifted from defining the measurement process and designing measurement tools to understanding the implications of the process. However, more research is needed, particularly to illuminate the intricacies between people and performance measurement. This study therefore adopts a social constructionist approach to explore individuals' subjective responses to the measurement process in social enterprises. Social enterprises offer a rich context because of the complexity of stakeholders who contribute to the definition, financing, and accomplishment of performance, and the requirement to evidence the social, in addition to the financial, outcomes of their work. It is assumed that what is important to the measurement process is how it shapes individuals' experiences of the organization, the meanings allocated to organizational phenomena, and relationships with others. A naturalistic multiple case study methodology is adopted to investigate the lived experiences of individuals involved in measurement processes. Semi-structured interviews, observations, and documentary analysis are conducted to collect data, which is then triangulated into thick descriptions of people's uses of PM. The various measurement mechanisms utilized (e.g., key performance indicators, social value measurement tools, meetings, and funder reports) are found to be associated to particular meanings (e.g., social welfare, commercial, or public sector logics), and people's uses of the mechanisms found to involve an individual level interpretation. This interpretation will depend upon where in the organization an individual is located, the beliefs the individual has in relation to the object being measured (i.e., the measurand), and furthermore affect their emotions and attitudes. The measurement process is therefore characterized as an experiential one, and its results found to depend not only on the structure of the practice (e.g., formal or informal), but on the subjective elements implicated (i.e., symbols, meanings, and beliefs of individuals involved in the measurement process and measurands). Three themes are elaborated which elucidate how and why people respond in multiple ways to performance measurement. Firstly, measurement is a multi-tiered process which occurs at an organizational and individual level

simultaneously; therefore, measurement designed to be aligned solely with organizational strategy is insufficient to guarantee a positive response. Secondly, measurement generates an array of responses due to the (mis)alignment between type of properties measured by a measurement mechanism (e.g., cost, quantity, quality, efficiency) and what people view as important. As measurement mechanisms carry particular meanings, the properties of objects which are measured (and then communicated or discussed) do not always align with what individual's interacting with the measurement process see as important in relation to the measurand. Three overarching responses are uncovered: 1) reinforcement (alignment of the measured property and the individual's beliefs: positive response in the form of motivation and engagement); 2) reconciliation (mediated alignment of the measured properties across multiple people's beliefs): positive response through coordination and collaboration; and 3) inhibition (misalignment of the measured property and an individual's beliefs): negative response through negative emotions and wasted resources. Finally, the conditions which lead to positive experiences of measurement are investigated in-depth and explained by a new concept: personally powered performance. Ultimately, when people's beliefs are aligned with what the measurement mechanism captures, this activates a personal level of interest and energy within the individual throughout the measurement process, thereby enhancing their experience of performing. This activation of personal power is expressed through positive emotions, strengthened relationships, motivation for goal achievement, and better organizational performance. Theoretically, this research proposes that a subject be invoked into the theory of performance measurement by highlighting that the process is not only about organizations understanding performance, but also about how people value and understand their own experience of performing towards organizational aims. For social value measurement processes this is especially important, as the measured object typically concerns the subjective wellbeing of beneficiaries. Understanding the ways in which measurement enhances people's capacities to understand themselves, others, and organizations in more meaningful ways is central to ensuring the measurement process has beneficial effects.

## Acknowledgements

My motivation to conduct this study stemmed from a desire to understand social enterprise performance, and how to improve it. After an undergraduate degree in Business Administration and multiple volunteer endeavours in the social sector, I developed a genuine interest in the concept of social enterprise: using the vast powers of business to generate social good. A summer in Africa working with a group of women who were running an agricultural based social enterprise to mitigate starvation in periods of drought, a year of consulting with the Canadian Centre on Substance Abuse to develop messaging for young people at risk of harmful drug use, and periods of partnering with the Aboriginal communities in my home province in an attempt to integrate their young people into social groups outside of the Reserves had completely transformed my viewpoint on the potentiality of organizations. For me these organizational forms held a promise that traditional businesses were letting humanity down upon – that of actually enhancing well-being, equitably disseminating jobs, opportunities, and resources, and overall making people's lives better.

My initial research goal was to develop a performance measurement tool specific to social enterprises in order to help them be 'efficient' and 'effective', yet these motivations slowly dwindled away as I was confronted with a greater reality- attempting to define performance solely by these terms in this context seemed limiting at best, and damaging at worst. Many of the internal stakeholders of social enterprises felt measurement tools were a burden, and even a distraction, from the positive work they were there to do- helping beneficiaries and communities ameliorate their lives. At the same time, managers struggled to pass the message to employees that resource management and efficiency is necessary in a capitalist economy. This complexity at the intersection of measurement and individuals is what opened-up the floodgates of a different type of question. How do performance measurement practices shape people's experiences, and capacities to contribute to, organizations? This thesis outlines an initial answer to this query which may just take me a lifetime to understand fully.

This work would not have been possible without several wonderful beings who defined and shaped my experience. I would like to express an

immense amount of gratitude to the following people. To Dr Edward Gamble, who inspired me to do a PhD in Management in the first place. “Haley, who do you think helps more people, the social enterprise who makes \$1 million, or the one who makes \$10 million”? Let’s just say I believe the latter and have been chasing this cause ever since. For his encouragement and zany sense of humour all the way through the process, and for being the co-author on my very first paper. To my thesis supervisor Dr Pietro Micheli, who inspired my work on performance measurement, contributed enormously to my evolving theoretical ideas, who held me to and helped me achieve high quality research and standards as an academic. To Professor Eivor Oborn, who second supervised me and always provided a wealth of academic guidance and rich philosophical discussions. To my Mom, who came to Europe multiple times to see me, weathered the excitement, madness, and sadness of a PhD with me, and listened patiently while I tried to explain my research. To my Dad, Stepdad, brother Tanner, and sister Stephanie for cheering me on. To my Nanny and Poppy who have showered me with love and encouraged me to keep going when I was frustrated. To my godmother Carol-Anne who told me a long time ago that one day I would be a Doctor- your visions will now be a reality! To my amazing husband, who I met during the PhD, who has been an incredible support throughout this process. For the late nights, crazy eating schedules, long walks to clear our heads, and listening to me philosophize about social sciences- you are remarkable. To the Hopkinsons, who opened their home to me in my first years in the United Kingdom and who have become such close friends and confidantes. Your zest for life helped me feel at home in Britain. To Charlie, my beautiful British friend who I met at a Bonfire party during my first term and have grown so close to during my time in the Midlands. Our Wednesday night sessions made the weeks so much more colourful. Also, to my fellow colleagues at Warwick, especially my office mate Chelsea, who enriched my final student experience in more ways than I could have ever anticipated. And to Gary, the soulful Brit who was always ready to explore the meanings of life and the (hidden) potentiality of organizations. It makes all the difference to share open-heartedly about the PhD process and evolving theoretical ideas with kindred spirits. Finally, to the University of Warwick, for providing me with the opportunity to conduct and distribute this research which has become my passion.



*“Make for thyself a definition or description of the thing which is presented to thee, so as to see distinctly what kind of a thing it is in its substance, in its nudity, in its complete entirety, and tell thyself its proper name, and the names of the things of which it has been compounded, and into which it will be resolved. For nothing is so productive of elevation of mind as to be able to examine methodically and truly every object which is presented to thee in life, and always to look at things so as to see at the same time what kind of universe this is, and what of use everything performs in it... what each thing is, and of what it is composed, and how long it is the nature of this thing to endure which now makes an impression on me, and what virtue I have need of with respect to it, such as gentleness, manliness, truth, fidelity, simplicity, contentment, and the rest.”*

Marcus Aurelius

# Chapter I – Introduction

---

Whether it be as a manager, an employee, a customer, a volunteer, a student, and/or a citizen, once involved with organizations, interactions with performance measurement (PM) are inevitable. PM is the process of attributing value to the properties of organizational objects (people, resources, and activities) (Micheli & Mari, 2014). The information generated through PM is typically used to establish contextual knowledge, coordinate stakeholder behaviors, align organizational decisions with enhanced profitability and sustainability, and ensure accountability for such decisions (Bititci et al., 2012; Franco-Santos et al., 2012; Neely, 1999). The United Nations espouses that PM ensures ‘responsive, inclusive, participatory and representative decision-making at all levels’ (UN Sustainable Development Goal 16.7) and is using PM as the bedrock for its newest round of global goals. According to the Chair of the UN Statistical Commission, “Member States have recognized the need for quality, timely and reliable disaggregated data to monitor the progress of sustainable development and ensure that no one is left behind”. Overall, organizational PM is considered integral to the development, management, and strengthening of our global economies and society as it provides information for understanding contexts, using resources advantageously, making knowledgeable decisions, and guiding behaviors (Micheli & Manzoni, 2010; Micheli & Mura, 2016; Sydenham, 2003).

A significant body of research has investigated the content, design and use of PM in organizations since at least the 1950s (e.g., Blau, 1955; Eccles, 1991; Johnson & Kaplan, 1987b; Ridgway, 1954). Over time debates have evolved from the worthiness of measures beyond financial indicators (Kaplan & Norton, 1992; 1996), towards broader discussions on the design of measurement systems (Bourne et al., 2000; Chenhall & Langfield-Smith, 2007; Neely et al., 1995; 2000; 2002), how measures may be used and applied (Henri, 2006a; Ittner et al., 1997), and eventually onto how they affect people in different ways (Artz et al., 2012; Bourne et al., 2013; Franco-Santos et al., 2012; Hall, 2008; Marginson et al., 2014). More recently, the discussion has turned towards dismantling the epistemological assumptions of organizational measurement as a

purely objective process, and likewise individuals' comfortableness with 'truth claims' stemming from the typical positivistic approaches to PM (Hall, 2016; Kunz, 2015; Micheli & Mari, 2014).

Historically, research on PM attempted to validate the process by utilizing surveys or longitudinal data with organizational performance as the dependent variable to investigate meso-level effects of use (Koufteros et al., 2014). Currently, an important shift is happening from investigating PM as an organizational process towards exploring how PM affects and is shaped by people (Kunz, 2015; Marginson et al., 2014; Woods, 2012). The underlying aim of this shift is to explain 'the behavioral assumption' (de Leeuw & van den Berg, 2011; Hall, 2008) in PM theory, which presupposes that measures directly influence people's behaviors. Ultimately, while PM has gained credence as a useful managerial and accountability tool, there lacks consensus on why in some circumstances it generates anticipated behaviors and in many others it results in undesired actions (Gray et al., 2014; Kerr, 1975; Pavlov & Bourne, 2011; Smith, 1995a). Particular gaps exist in our understandings of why and how individuals' subjective responses to PM vary greatly (Hall, 2008; 2016; Micheli & Mari, 2014).

This thesis provides an expanded conceptualization of the PM process by demarcating the experience of the subjects involved in the measurement process (e.g., the measurer and the measured). An intimate analysis of the perception, use, and experiences of PM across multiple stakeholders (e.g., managers, employees, donors and partners) in two large United Kingdom social enterprises is conducted to detangle the interrelationships between various PM processes and people's subjective responses. Subjectivity in this study is rendered visible to investigation through an invocation of the ontological lens of institutional logics, a multi-level theory that has emerged in the past decades to explore the meanings and values people and organizations allocate to decisions and actions (Friedland & Alford, 1991). The theory is used here as it defines the roots of potential meaning by outlining idealized institutional logics as particular sets of values,



beliefs, and rationales embedded across organizations' material and symbolic elements (Thornton et al., 2012; Zilber, 2002)<sup>1</sup>.

Important contributions are made to PM theory by elucidating the subject in the measurement process and then presenting aggregate themes which enable a consideration of the subject's needs when measuring performance: a multi-tiered design, and the (mis)alignment of measured properties and an individual's beliefs (DeNisi & Smith, 2014; Hall, 2016; Micheli & Mari, 2014). Finally, a new theoretical concept is proffered as the outcome of positive subjective responses to PM: personally powered performance. Additionally, significant contributions to contemporary debates in the institutional logics literature concerning the inter-linkages of the material and symbolic are provided (Friedland, 2013; Klein, 2015; Quattrone, 2015). Accompanying practical contributions are made to the burgeoning literature on measuring and managing social enterprises and other hybrid organizations (Battilana et al., 2015; Battilana & Lee, 2014; Mair et al., 2015).

The thesis is structured as follows: for a graphical depiction of the trajectory, see Figure 1.1. Chapter II covers literature reviews of the cornerstone areas of this thesis. A review of performance measurement literature spanning the historical evolutions, overviews of the components (e.g., key performance indicators, targets, and goals), and an exploration of the known effects is conducted. From here newer forms of PM, in particular social value measurement, which are especially utilized in social enterprises, the particular context of this study, are also reviewed.

---

<sup>1</sup> The utility and appropriateness of institutional logics for investigating organizational phenomena, including performance measurement, is exemplified by its exponential growth in publications in top management journals and the record number of submissions to the Academy of Management Organizational Theory Division in recent years (Reay & Jones, 2015). The aptness for this particular study is discussed throughout the thesis and therefore will not be touched upon in-depth here.

The review of PM literature culminates with a key point: the traditional epistemological assumptions of organizational PM (e.g., validity, precision, objectivity) may limit the potentiality of the process by ignoring how it influences people's interpretations, and construction, of organizational phenomena and performance (Micheli & Mari, 2014). For social enterprises, the conundrum is even greater because they have a high dependence on various stakeholders, particularly for funding, and they have difficulty in estimating outcomes of their core activities (e.g., environmental protection, improvements in the subjective wellbeing of beneficiaries, reductions in poverty, etc.) (Ebrahim et al., 2014; Kroeger & Weber, 2014). Ultimately, these challenges circumvent the present roles of PM as a tool for deriving objective and valid depictions of results stemming from organizational interventions (Kroeger & Weber, 2014; Micheli & Mari, 2014; Mook et al., 2015). Therefore, in order to address these theoretical puzzles, it is argued that it is necessary to invoke an ontological lens for subjectivity into the study of PM, and institutional logics is selected (Friedland & Alford, 1991; Thornton et al., 2012). The literature review therefore covers the genesis of institutional logics, its applications and theoretical extensions since inception, and its particular usefulness for elucidating the context of hybrid organizations such as social enterprises (Pache & Chowdhury, 2012; Pache & Santos, 2010; 2013).

Chapter III moves onto the introduction and presentation of the philosophical stance and methodology. Social constructionist philosophical foundations enable the prioritization of the individual creation and exchange of meanings at the intersection of PM, subjective responses, and organizational action (Berger & Luckmann, 1967; Gioia et al., 2013). A naturalistic multiple case study methodology is employed to explore the nuances of these understudied phenomena in their natural setting (Stake, 1995; Stake, 2013). The ethical considerations are reviewed, and a detailed case protocol outlined (Voss et al., 2002). The construction and implementation of the research instruments (semi-structured interview protocol, observations, and documentary analysis) are elaborated. An emphasis on the semi-structured interview method is made, as this is the keystone of collecting individuals' interpretations and perceptions of the PM process (Gioia et al., 2013). Chapter III concludes by highlighting the

analytical approach of abductive reasoning, as proposed by Dubois and Gadde (2002), for case study research.

Chapters IV through VI unravel in a tri-layered analysis, juxtaposing the intimate interplay between initial frameworks, the empirical world, data, and theoretical findings (Dubois & Gadde, 2002). Initially, PM is positioned as both formalized and subjective. That is, it is assumed that both the formal practices of PM and the meanings people attach to its use (e.g., the institutional logics) will matter for how people respond. In viewing the use and conceptions of PM in both cases separately, it becomes apparent that indeed people are associating different PM practices to different logics. These reactions are not explainable solely through the consideration of the objective characteristics of the PM practice (e.g., the language, content, and design), but require also the implication of the characteristics of the institutional logics of the practice (e.g., commercial, social welfare, and public sector (Pache & Chowdhury, 2012)), as semiotic factors such as attitudes and beliefs are involved. This is interesting as it suggests that individuals can and do use PM to achieve more than just the stated aims, even if the organization invokes the practice for enhancing profitability.

The second part of the analysis delves deeper into the responses to PM practices by comparing particular practices (e.g., key performance indicators, meetings, social value measurement, funder reporting, etc.) across the organizations. For the sake of unveiling unhelpful assumptions embedded into our current conceptions of PM unexpected findings are honed in on (Chia & Tsoukas, 2002). The interplays of people and PM practices are explored through thick descriptions, enabling a view of the ontic experience of individuals undergoing the measurement process (Thompson & Wilmott, 2016). Individuals are indeed found to interpret, respond, and enact measurement practices in various ways across the organizations. For one, this instigates a move to broaden the conceptualization of the measurement process as an objective and formal practice for describing organizational phenomena to both a formal and an experiential process. Building on these discoveries, the third part of the analysis returns to the data in order to uncover patterns in how individuals' experiences are implicated into the process. Three themes are defined: a multi-tiered design,

(mis)alignment of the properties captured by the measurement process and the individuals' beliefs, and personally powered performance.

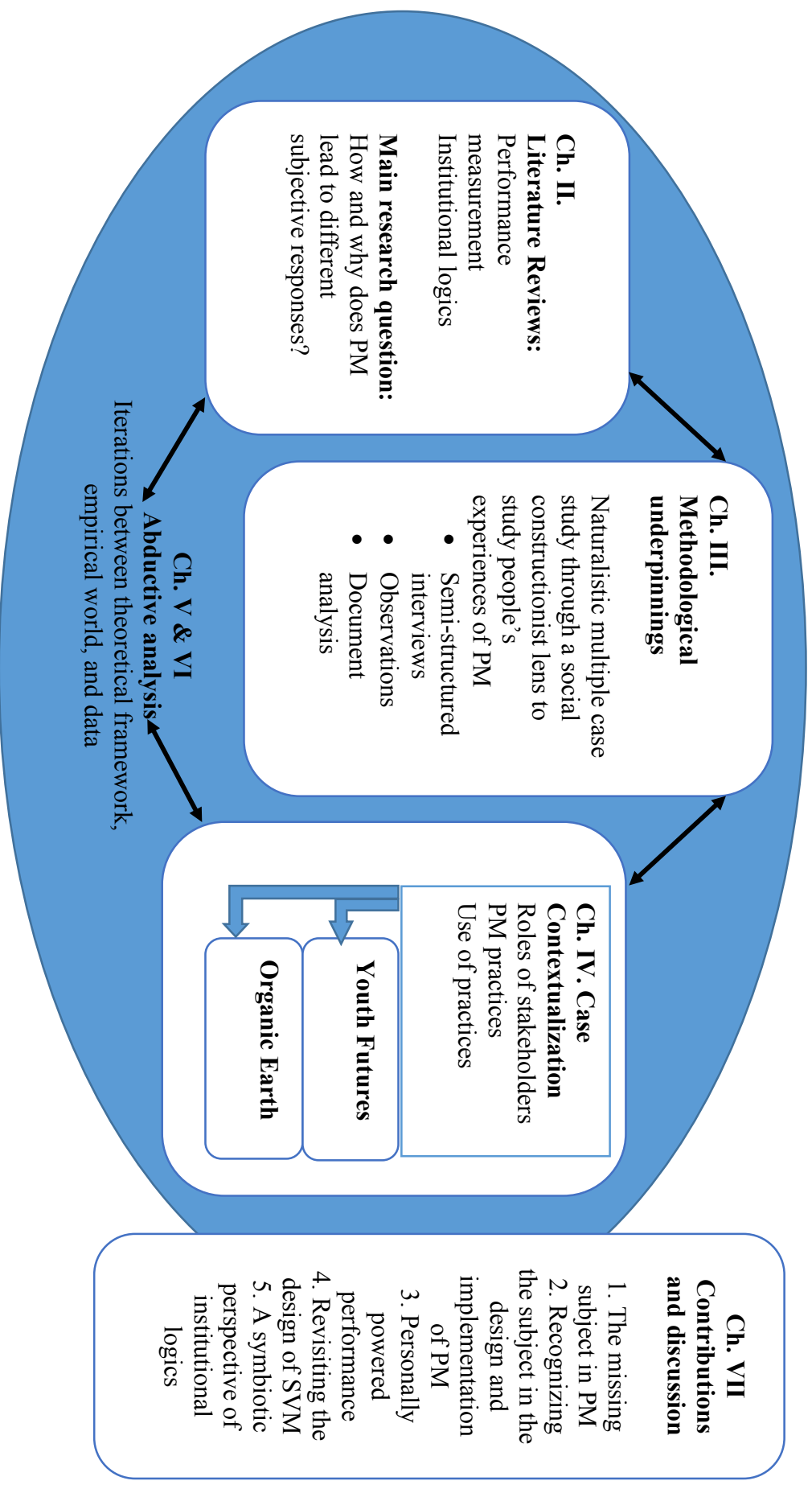
Chapter VII discusses the implications of these findings for performance measurement, social value measurement, and institutional logics theories. For PM theory it suggests that without the consideration of the subject and their experience within the measurement process, it is likely PM will continue to have variegated, and many times unwanted, results in organizations. For social value measurement specifically, the uncovered experiential facets of the measurement process offer a mechanism for the thus far elusive aim of attributing a value to social value (e.g., the subjective improvements in the lives of individuals and communities), by enabling the inter-subjectivities of people's experiences of generating performance to be heeded (Maier et al., 2015; Manetti, 2015). By designing social value measurement mechanisms in respect of the subjects embedded into the process (e.g., the measurer and the measured), the attribution of value to properties of measurands (e.g., the determination of the improvement in subjective wellbeing of beneficiaries from organizational interventions) will inherently involve considering the inter-subjectivity of the social performance, rather than attempt to ascribe pre-determined values to it (Kroeger & Weber, 2014). Furthermore, the reconciliation response to measurement processes provides suggestions for how to embed multiple stakeholders' views into the definition and enactment of complex organizational goals (Ebrahim et al., 2014), and thereby render achievement of such goals more manageable. For institutional logics theory, it suggests that the supposed failure to 'bring values back in' to organizational studies (Friedland, 2013; Klein, 2015) may be due to focusing too much on categorizing the evolving rationales for performance during institutional shifts (e.g., from an editorial rationale to a market rationale in higher education publishing (Thornton, 2004)) (Pache & Santos, 2010; 2013; Thornton, 1999; 2004; Thornton et al., 2012). Instead, or at least in addition, attention must be paid to how the meaning of performing transforms for institutional actors during shifts. That is, while we may be able to label and discuss the shifting values and norms in an industry or organization, the categorization at this level is not sufficient for determining people's experiences of the transformations. Instead, institutional logics scholars should consider how evolving institutional values

enable, or hinder, people involved with organizations to substantiate their (working) lives with meaning and purpose (Hallet & Ventresca, 2006; Munir, 2015; Voronov & Vince, 2012; York & Voronov, 2015). Harnessing the precepts of personally powered performance may assist in exploring the institutional conditions which recognize and foster people's needs for self-development and self-esteem in relation to changing roles of institutions (Colbert et al., 2016; Voronov & Weber, 2016).

Concluding remarks and suggested avenues for further research are provided in Chapter VIII. Practically, these findings suggest that the design and implementation of measurement practices become a much more interactive process between the organization, the measurers and the measured (where for instance the object of measurement is an individual employee or beneficiary). The work further calls for managers to develop an awareness of how imposed measurement processes affect employees' experiences of performing, rather than assume that all selected measurement mechanisms will necessarily guide behaviors towards strategy achievement. This will involve paying much more attention to how measurement processes influence emotions and attitudes (Hall, 2016). As highlighted here, and in previous studies (e.g., Marginson et al., 2014), when PM generates positive emotional reactions, the organization benefits by receiving energized and concerted efforts towards goal achievement. It is therefore in the best interest of both organizations and individuals to seek to create environments whereby personally powered performance is nurtured. Furthermore, in hybrid organizations, this research demonstrates that it is insufficient to selectively couple organizational structures and practices across the available institutional logics (Pache & Santos, 2013), instead the institutional logics of practices must be purposefully aligned to the values and beliefs stakeholders hold for objects in the different areas of the organization. Individuals, as well organizations, develop over time alongside the institutional logics available and co-constructed in the environment (Quattrone, 2015). Measurement plays a role in navigating complex environments by offering a reference point for what is rational or irrational in relation to particular organizational objects (e.g., processes, activities, and people). Mounting responsible business initiatives may be supported by these findings (Baden &

Higgs, 2015) as measurement designed for subjects can be applied to guide stakeholders in understanding and utilizing alternative meanings for organizational actions and resources (Kazmi et al., 2016).

Figure 1.1. Diagram of thesis chapters



# Chapter II: Literature Review

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This chapter reviews the bodies of literature encompassed within this study: performance measurement, social value measurement, and institutional logics. A history of each stream of academic work will be introduced, followed by a discussion of the evolving theoretical concepts, and practical applications where relevant. The chapter concludes by examining the intersections of these bodies of knowledge, and highlighting the particular theoretical puzzles which will then be addressed through a naturalistic multiple case study.

## **2.1. Performance Measurement**

### **2.1.1. History of performance measurement**

Performance measurement is presently understood as the process of obtaining and expressing descriptive information about the property of an organizational object (e.g., process, activity or people) (Micheli & Mari, 2014). The desire to attain and express information about organizational objects has existed since the earliest organizations and management philosophers, largely in attempts to understand, and render manageable, the antecedents and drivers of organizational and institutional performance. Affluent business families such as the Italian Medici were known to keep financial records of their bank and textile trade as early as the 14<sup>th</sup> century (Wilcox & Bourne, 2003). Adam Smith, in his foundational treatise on free-market capitalism (1776), spoke flagrantly of the fulfilment of the performance objects of contracts and agreements being of utmost importance for nations' developments. Frederick Taylor, often regarded as one of the first to develop management as a practice, heavily applied measurement to break down operational processes in his factory into the smallest repeatable configurations of employee movements and equipment capabilities. Taylor's method - 'Task Management' or 'Scientific Management' - used detailed measurement results to assign workers an order of tasks that delivered



output in the most cost and time effective manner, in order to maximize organizational performance (Taylor, 1914).

As organizations began to expand the number of production processes, build larger factories, and increase regional span (Chandler, 1962) measurements of productivity, inventory, and financial results became a necessity for planning, budgeting and reporting purposes. Cost accounting and financial measures of performance such as amount of work hours, profit margins, revenues, inventory levels and costs of operations prevailed during this time. Yet, by the 1950s scholars were suggesting that many ‘intervening factors’ (Likert, 1958: 42) were being overlooked by focusing purely on inputs and outputs of humans and tangible resources as measurements of organizational performance. The emphasis on scientific management principles and cost accounting was argued to be rendering the human elements of performance, such as motivation, loyalty, self-efficacy, and decision-making all but invisible, thus harming organizational performance by inhibiting human potentialities (Ridgway, 1956; Likert, 1958).

Other scholars identified that undesired behaviors were being generated when organizations focused too heavily on measuring easily quantifiable aspects and actions such as time and costs, e.g., wasted resources, goal displacement, and cheating (Ridgway, 1956; Kerr, 1975). With mounting evidence that financial-based PM was generating narrow, short-sighted, lagging, and incomplete information for organizational decision making, some authors proclaimed cost accounting’s ‘fall’ from the measurement limelight (Johnson & Kaplan, 1987a).

In response to the criticisms of these early measurement practices, a throng of multi-dimensional performance measurement frameworks was proposed. These frameworks expanded the scope of measurement systems to include non-financial indicators of performance. Ultimately, more emphasis was placed on recognizing and embedding the needs of more stakeholders into the measurement processes (Tannenbaum, 1968; Child 1974). For instance, Caplow (1976) and adjoining Davies and Francis (1976), proposed ‘four components of performance’- resource utilization, adaptation to environment, morale, and goal achievement- as a better representation of organizational performance because “there is more to performance than profits or growth” (p. 51).

Likewise, in France, engineers had developed a PM system, the Tableau de Bord, by which to track and predict the processes of strategy, operations, and

management across business units and departments (Lebas, 1994). The purpose of the 'Tableau de Bord', which translates to 'dashboard', was to enable predictability of outcomes and hence informed decision making by providing all relevant information concerning operations to engineers and managers in one place. In order to be capable of tracking financial and non-financial performance across large companies, Tableaux de Bord were generated at each hierarchical level (e.g., head office, departments, and sub-units) by deriving a set of 'key success factors' and 'key performance indicators' from the company mission and core objectives. However, in practice, Tableaux de Bord failed to really prioritize beyond financial indicators, continued to focus on internal performance, and generated such an extant of information that it was difficult to utilize succinctly (Epstein & Manzoni, 1998).

Following this trend, in 1992 Harvard scholars Kaplan and Norton released the Balanced Scorecard (BSC), a multi-dimensional performance measurement framework that translates strategy into financial, customer, internal process, and learning measures. The intent of the BSC was to determine the actions needed within each strategic objective to achieve overall organizational performance, thereby enabling managers to monitor and improve performance of each dimension in line with the needs of the organization (Kaplan & Norton, 1992; 1996; 2008). Underpinning this drive to measure and manage financial and non-financial performance were the tenets of goal setting theory (Locke & Lantham, 1990; 2002). Firstly, if organizations could set challenging but achievable goals and targets aligned with strategy, they would be able to focus the attention and energies of their workforce (Neely et al., 2005). Secondly, using measures to reward desired behaviors would lead to enhanced performance, motivation, and increased efforts (Ittner et al., 1997; Locke, 2004).

The development of the BSC coincided with the New Public Management movement by governments to become more effective and efficient in their use of public funds, thus leading to a large uptake of the framework by public institutions (Brignall & Modell, 2000; Smith, 1995b). Indeed, the BSC's multi-dimensional framework of performance measurement grew rapidly in popularity and was adopted by institutions and organizations of all sizes and in many industries (Hoque, 2014).

The academic and practical significance of the BSC's contribution to performance measurement was highlighted when it was awarded the 'best theoretical contribution' prize in 1997 from the American Accounting Association (Nørreklit, 2003). Many noted benefits of the BSC emerged, such as an overcoming of the lagging nature of cost accounting measures, clarification of managerial expectations and goals, and delivering a 'balanced' amount and type of information (Kaplan & Norton, 1996; Mooraj et al., 1999). Yet, the BSC has over the years been criticized for failing to recognize employees' and suppliers' contributions or needs, enabling only top-down communication, overlooking important strategic dimensions such as competition, and having unjustified assumptions of certain cause-and-effect relationships (e.g., that customer satisfaction will result in profitability) (Atkinson et al., 1997; Nørreklit, 2003; Hoque, 2014).

Alongside and in addition to the BSC momentum, since the 1990's much of PM research has focused on the design, implementation, and usage of multi-dimensional performance measurement systems with the aims of formulating and executing strategy, supporting decision-making, communicating with stakeholders, and improving performance (Bourne et al., 2000; Eccles, 1991; Neely et al., 1997; 2002). A vast array of empirical and theoretical work on different compositions of performance measurement systems, the types of measures, their appropriate usages, as well as the effects of PM have emerged with the aim to achieve such epitomes. The following sections will now review in greater detail these streams of PM literature.

### **2.1.2. Performance Measurement Systems**

A performance measurement system has two major components: performance measures, and a supporting infrastructure to gather, record, and communicate information related to the measures (Franco-Santos et al., 2007). Typically, performance measurement systems are used by organizational members to identify and design measures, collect and manipulate performance data, manage and distribute performance data, allocate rewards, and conduct reviews (Franco-Santos et al., 2007). The mechanisms involved may be formal (e.g., pre-defined

and regularly used) or informal (e.g., cultural or belief based), and evolve over time (Ferreira & Otley, 2009).

The creation of a performance measurement system is generally composed of four, partly overlapping stages: 1) design: when organizations select key objectives related to strategy and create measures representative of identified objectives and desired behaviors; 2) implementation: the systems for collecting and reporting performance information are put in place; 3) use: assessment of progress on strategic objectives and critical analysis of underpinning assumptions; and 4) review: performance is reviewed and objectives amended due to performance measure analysis and organizational changes (Bourne et al., 2000).

The appropriate structure and content of measures for any particular performance measurement system will vary depending upon the role it is intended to play for the organization and its stakeholders: pure quantification, strategy implementation, communication, behavioral influencer, or learning mechanism (Franco-Santos et al., 2007). However, for performance measurement systems to be truly strategic - that is, capable of collecting and communicating information relevant for managerial and stakeholder decision making - attention must be paid to the manner of portraying content and the use of the system (Ferreira & Otley, 2009; Micheli & Manzoni, 2010).

To address the development of appropriate content and presentations of measures, the debates in PM moved onto how best to populate performance measurement systems (Neely et al., 2000). In the next section, several of the proposed guidelines for developing specific measures, which often take the form of 'key performance indicators' (KPIs), will be reviewed.

### **2.1.3. Key Performance Indicators, targets, and goals**

A performance indicator is a multidimensional tool, which enables and supports the acquisition and analysis of information about the property of an object, e.g., a process, an activity, a group of people (Micheli & Mari, 2014). For instance, a performance indicator can be used to gather and analyse information on the satisfaction, cost, or success (properties) of beneficiaries (the object). Originally,

measurement research concentrated on the quantification of activities and processes (Johnson & Kaplan, 1987a; 1987b). The focus then evolved to ‘strategic PM’, or the development of accurate and precise measures that articulated and communicated strategy aligned with organizational goals (Neely, 1999; Bhimani & Langfield-Smith, 2007; Bisbe & Malagueño, 2012). The intent was for measures to direct stakeholder behaviors and attention towards important activities and processes for strategic achievement (Micheli & Neely, 2010). In order to enable directed behaviors and attention from the measurement process, templates for designing useful measures arose. As a synthesis of these emergent recommendations, it was suggested that for employees to understand and utilize measures for the benefit of the organization, several key characteristics should go into the design of each measure. 1) a relatable and understandable name, 2) a specific purpose, 3) be connected to organizational strategy, 4) have an accessible calculation, 5) be collected at a healthy frequency, 6) be allocated to a specific employee or team, 7) be used to inform actions, 7) be worth the financial cost, and 8) motivate desired behaviors (Neely et al., 1997; Gray et al., 2014). Furthermore, the measures should be constantly updated and assessed for relevance (Ittner & Larcker, 2003). These tenets for the design of performance measures were summarized by Kennerly and Neely (2003), and adapted by Gray et al., (2014) as ‘the performance indicator template’, displayed in Table 2.1, and ‘the ten tests of measurement’, displayed in Table 2.2.

**Table 2.1: Performance indicator template**

<b>Name</b>	Title of the indicator (if necessary, provide an operational definition)
<b>Owner</b>	Who will be responsible and accountable for this indicator?
<b>Purpose</b>	Why do you want to measure this?
<b>Strategic objective</b>	To which of the organisation's objectives does this indicator relate?
<b>Links</b>	What are the links between this and other indicators?
<b>Formula</b>	How will you measure? How will you count?
<b>Data quality</b>	Will there be issues in relation to the collection of data (e.g. sampling vs. complete enumeration)?
<b>Source of data</b>	From where will you get the necessary data?
<b>Frequency</b>	How often will you measure?
<b>Target</b>	What level of performance are you targeting?
<b>Design process</b>	On what basis and by whom was this target agreed?
<b>Rewards / Penalties</b>	If we (don't) hit the target, which rewards (penalties) will we receive (incur)?
<b>Who measures?</b>	Who will gather the data?
<b>Who acts on the data?</b>	Who will act on this indicator?
<b>What will be done?</b>	What action / behavior is this target intended to promote?
<b>Feedback</b>	How often will you report and to whom?
<b>Notes</b>	Any other notes and/or comments?

Although the design and implementation of measures intends ultimately to align people's behaviors with organizational strategy, this is not necessarily the case during implementation. Presently, organizational use of PM continues to struggle to generate only positive, or even anticipated, effects on stakeholders (Franco-

Santos et al., 2012). The next section will explore the many ways in which people ultimately do react to various measurement practices.

***Table 2.2: The ten tests of measurement***

<b>Accuracy</b>	Is the indicator definitely measuring what it's meant to measure?
<b>Focus</b>	Is the indicator only measuring what it's meant to measure?
<b>Precision</b>	Is the indicator consistent whenever or whoever measures?
<b>Access</b>	Can the data be readily communicated and easily understood?
<b>Clarity</b>	Is any ambiguity possible in interpretation of the results?
<b>Action</b>	Can, and will, the data be acted upon?
<b>Timeliness</b>	Can the data be analysed soon enough so that action can be taken?
<b>Cost</b>	Is it going to be worth the cost of collecting and analysing the data?
<b>Management</b>	Which effects is this indicator likely to have on other indicators and areas of the business?
<b>Gaming</b>	Which undesirable behaviors could this indicator encourage?

#### **2.1.4. Effects of performance measurement**

Initially, researchers focused mostly on understanding whether or not PM was having an effect on financial performance. Quantitative comparisons of organizations, or between individual departments within larger organizations, were conducted between those who had implemented a PM system and those who had not. Largely, the belief that PM systems helped drive better financial performance was supported (Davis & Albright, 2004). However, a considerable

body of research has emerged around the effects of PM on other organizational aspects.

With the great influx of non-financial indicators of performance alongside financial ones, the resource intensity of measurement rose, leading to reductions in morale, ‘gaming’ of measures, and ‘effort substitution’, on behalf of employees in order to meet performance targets (Kelman & Friedman, 2009). Gaming involves outright manipulation of resources to exploit measurement results, neither improving desired performance nor quality of processes. For instance, when state orphanages are paid based on the number of children in their care, they end up using measures as reasons to hold children back from being placed with foster carers, leading to an overburdened care system (Kerr, 1975). Likewise, automobile companies have been known to game measures by reclassifying quality criteria so that fewer parts are rejected, without ever increasing actual quality (Ittner & Larcker, 2003).

Effort substitution occurs when employees focus so heavily on the results of measurement that their actions diminish the overall quality of products and/or services. For example, a hospital emergency department allocated measures for speed of service delivery often ends up compromising quality (Kelman & Friedman, 2006). A similar fate could come to fire departments and/or police services (Micheli & Neely, 2010).

Lowered morale occurs when employees faced with measurement obligations struggle to understand its relevance and applicability. This occurred when the Canadian government forced its funded museums to adopt quantitative measures related to number of visitors instead of continuing with the traditional qualitative measures related to engagement with artworks. The imposed measures led to high levels of managerial-employee conflict and rising staff turnover rates (Townley, 1997). Other identified distortionary consequences of PM include ossification (measures that reinforce old routines), and myopia (a focus on quick results) (Smith, 1993).

One way of summarizing the diversity of reactions to PM, is through the concept of ambiguity: “There are limitations in *focusing attention in* organizational performance measurement, limitations in *memory*, and related sensibilities in recording systems, limitations in understanding *cause-and-effect relationships* of complex organizations, and limitations in *communicating* for



and about organizational performance” (Vakkuri & Mekklin, 2009: 236). Vakkuri and Mekklin argue that there are thus two separate issues when it comes to PM usage: managing the factors that influence PM, and managing the factors that are influenced by PM (2009: 238). As highlighted in the above discussions, authors have over time refined the understanding of what influences PM. Lately, more energy has been channeled towards understanding these factors influenced by PM from an individual’s point-of-view rather than the organization’s (Hall, 2016). Notably, the particular effects PM has on individuals’ behaviors, understandings, and interpretations of PM information and the organization.

An extensive review of PM studies established that PM does in fact have an impact on organizations in three ways: people’s behaviors, organizational capabilities, and individual, team, and organizational performance (Franco-Santos et al., 2012). There is further evidence that measurement systems can make organizations more efficient (Neely, 2005), trigger performance improvement (De Leeuw & Van den Berg, 2011), and lead to improved capabilities, which then impact performance (Koufteros et al., 2014).

Several researchers have turned to Simon’s Management Control Systems theory (1995) to explain these various PM uses and effects. For Simons (1995) management has four levers through which to influence employees’ performance: belief systems (related to culture and value), boundary systems (rules and regulations), diagnostic (monitoring past performance), and interactive (actively investigating the future and competitors). Several studies, however, show that many performance measures are used in a diagnostic manner, leading to lower levels of learning, and missed opportunities to adapt to changing environments (Henri, 2006a). Diagnostic measures, however, do in fact deliver beneficial results when it is only financial indicators that are being monitored (Koufteros et al., 2014). Yet, overall those organizations that managed to design and implement interactive measures fared better, attaining innovativeness, learning, and stakeholder engagement (Henri, 2006b; Widener, 2007). A large systematic literature review on the effects of PM (Koufteros et al., 2014) has confirmed the evidence that the link between PM systems and positive performance effects depends not simply on how systems are structured, but how stakeholders use them. Increasingly, it has become apparent that in order to maximize the potential of PM, research should pay attention to the ‘behavioral

assumption' underlying PM theory- that measures will positively effect stakeholders' behaviors, enabling them to achieve organizational objectives (Hall, 2008; De Leeuw & Van den Berg, 2011).

### **2.1.5. Examining the behavioral assumption in PM: subjective responses to measurement**

Inspection of the link between measures and behavioral consequences has illuminated new aspects of PM. In particular, 'subjective' elements of measurement – i.e., the attitudes, beliefs, and values stakeholders hold for PM - affect the interpretations, experiences, and results of its use (e.g., Woods, 2012; Marginson et al., 2014; Kunz, 2015). As such, research in PM has progressively shifted from the design of effective tools (e.g., frameworks and systems) onto the exploration of how PM practices can enable positive behaviors, such as creative discussions (Chenhall et al., 2013), high levels of workforce participation (Groen et al., 2012), instantiations of organizational values (Chenhall et al., 2015), and individual improvements (Micheli & Mari, 2014).

For example, Hall (2008) found that certain performance measures affect role clarity and levels of empowerment amongst managers. Bourne et al. (2013) uncovered intimate links between human resource management practices, PM, and their cumulative affects on stakeholders' motivations, efforts, and abilities to contribute to overall organizational performance. These authors conclude, "we need to understand how the practices, mechanisms, processes and routines in an organization deliver performance" (p. 1615). Groen et al. (2012) discovered that to engage employees in performance improvement initiatives, they needed to be involved in the co-construction of measures related to the project. Artz et al., (2012) explored how properties of specific measures lead to different behavioral outcomes. In addition, Marginson et al., (2014) found that PM enhances psychological experiences at work, leading to higher levels of organizational performance. Others have found that it is not only the type of measure being used that is important to generating positive effects, but stakeholders' characteristics, such as source and type of motivation, that matter for successful PM implementation (Kunz, 2015). In depth studies of specific contexts such as public

sector organizations highlight how the ‘contractibility’ of measures (e.g., the clarity, control over, and ability to choose) determines how stakeholders receive measures and then are subsequently able to affect organizational performance (Verbeeten & Speklé, 2015).

Cumulatively, these studies suggest that PM processes and practices are inextricably related to behaviors, as individuals’ interpretations of performance measures influence their actions, which ultimately affect organizational performance. Therefore, to extend the theory and practice of performance measurement, research should be conducted on the behavioral consequences of PM, such as how managerial perceptions of measurement systems affect the use and effectiveness of performance information (Bititci et al., 2011), how measurement influences stakeholders, and how to apply PM for the engagement and satisfaction of employees (Micheli & Mari, 2014). Hence, ambiguity remains as to *how* exactly performance measurement is used to intentionally and effectively stimulate these effects (Vakkuri & Meklin, 2009; Pavlov & Bourne, 2011).

#### **2.1.6. The alignment of performance measurement with organizational strategy and people’s behaviors**

Historically, ways of understanding and enabling alignment and coordination of organizational efforts have largely stemmed from two areas of research<sup>2</sup>. One, which has mostly been adopted throughout this literature review, suggests decisions and behaviors can be aligned to an organization’s strategy through the use of performance measurement systems - consisting of objectives, performance indicators and targets - and by allocating responsibility for the indicators across the organization (Burdett, 1994; Kaplan & Norton, 1996; 2008; Neely et al., 1997; 2000; 2005; Scherpereel, 2006). The cascading of performance indicators enables managers to clearly communicate organizational requirements to stakeholders, offers a mechanism to monitor stakeholder progress on the achievement of those requirements, and justifies rewards for results or punishment to rectify undesired behaviors in order to maintain intended

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<sup>2</sup> Other perspectives on alignment include Powell (1992): alignment is created by the presence of particular skills needed for strategy achievement; and Edelman et al., (2005): alignment is a function of the resources available in an environment.

alignment (DeNisi & Smith, 2014; Ittner et al., 2003; Melnyk et al., 2004; Melnyk et al., 2014; Micheli & Manzoni, 2010).

A second camp has viewed organizational alignment as the result of powerful stakeholders yielding their influence over other organizational actors through practices which impose structure and language (see, e.g., Hoedemaekers & Keegan, 2010; Oakes et al., 1998; Townley, 1993; 1997; 2002). In these circumstances, stakeholders' responses and actions are limited to those which are in line with the confined demands (e.g., language, rationales, meanings) of the practices within their environment (Gendron et al., 2007; Townley et al., 2003). Practices such as performance measurement thereby render particular aspects of organizational life "thinkable, calculable, and thus manageable" (Townley, 1993: 236).

However, research findings within both domains are inconclusive. For example, the connection between strategy, measurement, and actions is not immediate, as misalignment can occur even with PM in place (Micheli & Mura, 2016). Furthermore, it is not only the case of 'powerful stakeholders' either, as PM is evidenced to have positive impacts on individual level behaviors (Franco-Santos et al., 2012). Overall, there has yet to be a full understanding of how and why individuals respond differently to performance measurement mechanisms (Hallett, 2010; Hoedemaekers & Keegan, 2010; Koufteros et al., 2014; Micheli & Mari, 2014). Several studies have shown how stakeholders may remain in detrimental conflict (Townley, 2002), or with organizations having unbalanced efforts towards one goal at the expense of others (Battilana et al., 2015; Binder, 2007). In extreme circumstances, the inability to properly enact multiple goals has been known to lead to organizational demise (Tracey et al., 2011).

As the popular adage 'what gets measured gets done' suggests, the alignment of stakeholders' attention and energy to accomplish organizational goals seems to only require the establishment of linkages between strategy and performance indicators (Kaplan & Norton, 2008). The problem with this reasoning is that it overlooks relevant technical and behavioral aspects, i.e., it suggests that behaviors, actions, and outcomes are easily accessed and managed (Tannenbaum, 1968; Child 1972). Research therefore suggests that, if stakeholders' interactions with performance measurement are conceived as subjective - and inter-subjectivity and intra-subjectivity are treated as goals of

measurement processes, rather than inherent attributes (Micheli & Mari, 2014) – the focus shifts to how stakeholders perceive, value, and use performance measurement to maximize benefit for the organization and themselves.

It is imperative to note that in parallel to this ‘traditional’ stream of PM literature covered up until this point, there has been a burgeoning body of work which attempts to measure ‘social value’. Social value refers broadly to those organizational activities which lead to positive or negative changes in people or populations on physical and/or cognitive dimensions (Barman & MacIndoe, 2012; Kroeger & Weber, 2014; Vanclay, 2002). To fully explore the state of PM theory and be able to provide a novel contribution, especially in the context of social enterprise as this study intends to do, the literature on social value measurement will now also be reviewed. Much of this work has been conducted in the not-for-profit domain, which is relevant to the social enterprise context due to the sharing of aims to generate both financial and social performance (Gamble & Moroz, 2014).

## **2.2. Social Value Measurement**

### **2.2.1. History of social value measurement**

In the 1930s, governments started labelling and discussing the effects of urbanization on people: physical, biological, and social heritage; changing occupations; shifting social habits, etc. (Ogburn, 1933). With an emerging awareness that economic growth also entailed inequality, poverty, crime, congestion, and pollution, government and science bodies began developing ‘social indicators’ (e.g., quality of life metrics, program evaluations and social statistics) to assist in monitoring and managing these effects (Wilcox et al., 1972). However, it was not until the late 1960s that any big movement towards developing social value measurement (SVM) policies and tools for organizations themselves occurred. In 1969 the National Environment Policy Act was founded in the United States along with the Environmental Impact Assessment (now known as the Social Impact Assessment) (Burdge & Vanclay, 1996; Freudenberg, 1986). Tracking mainly social, cultural, and environmental impacts of the extraction of natural resources and construction and infrastructure

expansions, the assessments were intended to provide a prospective evaluation of how people and communities would be affected by a project. Impacts were defined as anything that “alter[s] the ways in which people live, work, play, relate to one another, organize to meet their needs, and generally cope as members of society” (Burdge & Vanclay, 1996: 59).

Eventually, the use of Social Impact Assessments led to the desire by governments to ensure greater amounts of positive social impact was created through all public expenditure on social initiatives. An adoption of ‘outcome measurement’ tools directed the attention of evaluations to be less on policies (the means) and more on the social outcomes created (the ends) (Boyne & Law, 2005). Through this evolution, not-for-profits receiving public funds, for example, were pushed towards new levels of accountability and transparency (Ebrahim, 2003), leading to a momentum in SVM developments. However, this movement was not without its challenges, as organizations struggled to define at the local level outcomes that were robust and did not generate perverse behaviors (e.g., cheating and gaming) (Etzioni & Lehman, 1967; Smith, 1995a).

Most recently, SVM has blossomed into a multi-faceted mechanism for engaging a broader array of stakeholders into definitions of value, effectiveness, and performance goals. In the words of Gibbon and Dey (2011: 64): “[The purpose of SVM is] to understand (in social terms) what difference an organization’s activities make to the world and to communicate that value to the organization itself and to its stakeholders”. Newer public procurement models, such as the Social Value Act 2012 in the UK, institutionalize SVM by requiring any bid over £30,000 to be accompanied by a social and environmental depiction of value created. Furthermore, the social investment market has flourished to millions of pounds every year, leading to a host of new institutions and funding models which base decisions on social value measures (Déjean et al., 2004). In the for-profit sector, the practice of SVM is usually subsumed in Corporate Social Responsibility reporting and it is interesting to note that, of the 250 largest companies in the world, 95% are actively measuring for and publishing reports on social impact to generate transparency along the supply chain, enhance reputation, and increase loyalty (Epstein & Yuthas, 2014).

### **2.2.2. Components of social value measurement**

Since inception, those attempting to measure for social value have struggled with the discrepancy between inputs, outputs, outcomes, and impacts, otherwise known as the conceptual chain of influences (Plantz et al., 1997), the value chain (Clark et al., 2004) or the theory of change (Ogain et al., 2012). Over the years the definitions of these components of SVM have been refined, with inputs and outputs becoming known as the means to social value creation, and outcomes and impacts as the ends (Boyne & Law, 2005). Outcomes often refer to lasting results in the lives of individuals, whereas impacts indicate lasting results at the societal or root-cause level (Ebrahim & Rangan, 2014; Thomson, 2010). Social measures can be classified around certain categories: health and well-being, quality of the living environment, economic and material well-being, cultural, family and community, institutional, legal, political and equity, and gender relations (Vanclay, 2002).

### **2.2.3. Social value measurement tools**

While the complete introduction and analysis of existing SVM tools are outside the purview of this thesis<sup>3</sup>, the global membership body for SVM, Social Value International, estimates that there are over 300 developed tools for measuring social value<sup>4</sup>, and over 1,000 already established social value indicators<sup>5</sup>. Those designing SVM are recommended to consider the already developed metrics in order to save time and capital (Ellis & Hogard, 2006; Kroeger & Weber, 2014). Doing so also addresses weaknesses concerning comparability and validity that flank the broader use of SVM (Mook et al., 2015). Generally, SVM tools are found to vary along six dimensions: 1) Purposes (screening, monitoring, reporting, evaluation); 2) Time frame (prospective, ongoing, retrospective); 3) Orientation (input, output); 4) Length of time frame (short or long term); 5)

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<sup>3</sup> For work that considers the greater detail of the individual tools please see Mass and Liket (2011) or Clark et al., (2004).

<sup>4</sup> Social Value International Resource Centre: <http://socialvalueint.org/resources/> and Inspiring Impact's Impact Hub: <http://inspiringimpact.org/listings/>

<sup>5</sup> Global Value Exchange: <http://www.globalvaluexchange.org>

Perspective (micro, meso, macro); and 6) Approach (process, impact, monetization; standardization; assuring quality) (Maas & Liket, 2011). A cluster analysis of seventy-six SVM tools utilized these classification criteria to identify the most popular types of in use mechanisms: 1) Simple social quantitative (retrospective); 2) Holistic complex (quantitative and qualitative covering economic, social, and environmental); 3) Qualitative Screening (largest group); and 4) Management (ongoing activity management) (Grieco et al., 2015). Ultimately, each organization will have different reasons for measuring impact, and therefore should design and adopt existing SVM approaches to suit these needs.

In studying the various SVM approaches available, Polonsky and Grau (2011) developed a seven step model for identifying appropriate SVM tools: 1) develop a culture where social value is valued; 2) involve internal and external stakeholders in defining SVM criteria; 3) establish measures, utilizing existing models where existing; 4) train internal employees; 5) integrate external evaluations into routines to minimize disruptions; 6) consider auditing for reliability; and 7) communicate measures and processes internally and externally. It is likely that a host of approaches will be needed to capture the multi-faceted nature of social value and the diverse stakeholders involved (Hall et al., 2015; Polonsky & Grau, 2011).

At present the most well-known and lauded tools for measuring social value are Social Return on Investment (SROI), the Outcome Star, Social Accounting, and Randomized Control Trials (Denny & Suddon, 2014; Maier et al., 2015). Interestingly, they are found to play completely different roles for organizations applying them, most distinctively as either mechanisms for understanding internal social value performance or alternatively to report to funders. For instance, the SROI methodology is an analysis of a social impact through an estimate of the monetary value of social value created. Although it is found to enhance transparency and assist not-for-profits in securing renewals of contracts (Maier et al., 2015), internally the method is cumbersome and time consuming (Millar & Hall, 2013), overlooks financial performance (Mook et al., 2015), and has even been said to ‘dumb-down’ (Gibbon & Dey, 2011) the social



value activities within an organization. Due to conflicting assumptions (financial proxies of intangible items) and practical problems (time and cost demands; the calculation of discount rates and inflation) the methodology is heavily criticized for its incomparability across organizations or even projects (Mook et al., 2015; Ryan & Lyne, 2008). Some authors purport there is an over-emphasis on validity and reliability with the SROI rather than authenticity and adequateness which are more relevant to the qualitative nature of social value (Maier et al., 2015).

The Outcome Star is an independently developed SVM tool that tracks the progress of vulnerable people receiving services along dimensions related to physical, emotional, and mental health (Hall & Arvidson, 2014). There are over twenty variations tailored to different types of services, such as the Family Star, Work Star, Homelessness Star, and Autism Star. It has proven to be very effective at assisting with service delivery, but of minimal relevance to funders seeking standardized measures of efficiency as the results are incomparable across projects (Hall & Arvidson, 2014). Social accounting is presented as sitting somewhere between SROI and the Outcome Star as it involves ‘a systematic analysis of the effects of the organization on its communities of interest or stakeholders, with stakeholder input as part of the data’ (Mook et al., 2015; Nicholls, 2009). Purportedly, Social Accounting enables the blending of social and financial value created inside an organization and is thus applicable in all sectors (Nicholls, 2009; Quarter & Richmond, 2001). Randomized Control Trials, when conducted correctly serve to validate the social value effects of an organization (Ellis & Hogard, 2006) but are expensive and typically require the assistance of an expert (Hall & Arvidson, 2014). Furthermore, the selection of a treatment group can be ethically tricky (Denny & Suddon, 2014).

Given the shortcomings outlined above, organizations are increasingly applying qualitative measures to capture social value, ranging from focus groups, to case studies, to narratives (Maas & Liket, 2011; Millar & Hall, 2013; O’Dwyer, 2013). These approaches are arguably less complicated and costly to apply and are therefore more appropriate for a vast majority of organizations seeking to have information on social value. However, while there is a vast amount of literature that looks at the methods in general social sciences (e.g.,

Denzin & Lincoln, 1994; Patton, 2005; Silverman, 2010), these methods have yet to be studied empirically for their usefulness in measuring organizational social value.

Finally, a team of academics has attempted to overcome the noted limitations of most present methodologies by constructing a SVM apparatus which enables a comparison across sectors, interventions, and socioeconomic contexts. Utilizing existing Life Satisfaction and Domain Satisfaction scales (e.g., Gallup World Poll and OECD's Better Life Index) in conjunction with organizational effectiveness and social enterprise literatures, Kroeger and Weber's (2014) SVM technique results in a uniform social value measure by calculating how well a social intervention improves the lives of those individuals living below the average life satisfaction scores. However, while a huge contribution, the technique is arguably a tool for external stakeholders, and offers minimal information for internal decisions.

Ultimately, the mounting empirical investigations suggest that an organization seeking to measure for social value outcomes and impacts must utilize a mixture of qualitative and quantitative approaches, based on the purposes of measurement (e.g., funder reporting, internal management, or wider stakeholder communication) and the value-sets of those involved (Denny & Suddon, 2014). Yet, the reasons for adopting and using SVM are quite varied; this aspect of SVM literature will now be reviewed.

#### **2.2.4. Motivations for and uses of social value measurement**

Authors generally agree that financial, political, and normative pressures most greatly influence the adoption and use of SVM (Denny & Suddon, 2014; MacIndoe & Barman, 2013; Thomson, 2010). In one of the first studies to investigate how organizations behaviorally respond to SVM adoption, Arvidson & Lyon (2014) invoke institutional theory to illustrate how two major factors are determinant: 1) the coercive pressures from external funders (the nature of the relationship) and 2) the normative pressures embedded within the measurement practices for disclosure of information (the nature of social impact

measurement). Based on these pressures, organizations may respond in five different ways with varying levels of decoupling: 1) comply (acceptance of directions and funder norms), 2) reject (maintain independence), 3) resist control (symbolic adoption), 4) accept (benefits accrue), or 5) proactive ‘strategic decoupling’ (self-conceptualizations of SVM that lead to a competitive advantage). The final response, ‘proactive strategic decoupling’ is suggested as the most beneficial response, as it occurs when organizations purposefully align SVM use with their particular needs. However, Arvidson & Lyon (2014) provide little detail in the way of knowing how to move between the adoption of the particular responses.

From an analysis of ten professional guidebooks on SVM implementation, the normative guidance is found to be rather weak (Benjamin, 2013). In particular, professionals in the field, including an array of funders who impose the method, were found to overlook important elements of the process. Namely, these guidebooks unheeded how to involve beneficiaries in the process of SVM, how to report findings in order to encourage participation of broader stakeholders, and how to measure the quality of experience (Benjamin, 2013). Alas, even if there is evidence that coercive pressures, mostly from funders, may motivate organizations to allocate a budget for and adopt SVM, these pressures are found to have little effect on whether or not it is actively used (MacIndoe & Barman, 2013). Furthermore, access to resources did not mean that SVM was implemented appropriately. Instead, only those organizations, which had secured positive perceptions of SVM on the frontlines, were reporting extensive benefits from measurement (MacIndoe & Barman, 2013).

Internally, organizations are said to utilize SVM for several key reasons: screening, partnership formation, managing operations, scaling, justifying use of resources, exiting, and retrospective evaluation (Arvidson & Lyon, 2014; Clark et al., 2004). There is a spectrum of maturity which helps explain the variation in content of measures (e.g., the elements of the theory of change which are included), purpose of use (e.g., to evaluate internal effectiveness, to communicate with external stakeholders, or to meet accountability requirements), and connection to overall strategy (Epstein & Yuthias, 2014).

These characteristics are summarized in Table 2.3, and ultimately show the progression of using SVM as a nascent idea unrelated to strategic decision making, all the way to a mature system that nurtures SVM with an equal emphasis to other performance objectives. Ultimately, the motivation for adoption of SVM has to come from an entire organization in order for SVM to be successful. If this is accomplished, the research suggests that benefits in the form of effectiveness and improvements in services accrue (Ogain et al., 2012). A major part of evolving SVM maturity is engaging the interest and energies of stakeholders. This is an important challenge within the SVM domain which will now be explored.

**Table 2.3: The spectrum of social value measurement maturity**

<i>Maturity</i>	<i>Measures</i>	<i>Use</i>	<i>Strategic connections</i>
<i>Emergent</i>	Operational performance	Accountability	Presumed
<i>Established</i>	Inputs, processes, and outputs	Monitoring	Planned
<i>Goal-driven</i>	Immediate social outcomes	Execution	Defined
<i>Integrated</i>	Longer-term social outcomes and sources of change	Improvement	Embedded
<i>Evolutionary</i>	Social impacts	Transformation	Reciprocal

(Adapted from Epstein & Yuthias, 2014: 184)

### **2.2.5. Embedding multiple stakeholder needs into the social value measurement process**

Reconciling multiple stakeholder demands and embedding their views into the SVM process is perhaps the greatest challenge to effective implementation (Smith, 1995b), and also an integral component distinguishing the practice from traditional financially-oriented measurement practices (Boyne & Law, 2005). Of the five aspects found to contribute to high quality SVM: 1) agency culture (levels of internal buy-in and value for SVM); 2) management support (clear message, time allocation, feedback); 3) technology; 4) involvement (inclusiveness of decision making processes); and 5) funder approach (Poole et al., 2001)- only one is not directly dependent on stakeholders. Authors argue that the inclusion of stakeholder views is imperative to SVM as it moves the practice past positivistic perspectives of measurement as an objectified truth towards one that appreciates the interpretivist nature of social value (Ellis & Hogard, 2006). Instead of seeking validity and reliability, the SVM process should strive for adequacy and accurateness (Freudenburg, 1986), which also means there is no 'judge' of success but instead a democratic decision that social value has been attained. As Smith (1995b: 15) summarized from an early conference on outcome measurement: "Realistically...the analyst examining outcomes has no choice but to delve directly into the preferences and perceptions of all those with a legitimate interest". In other words, there is no single way to interpret SVM data.

Therefore, according to some authors, the focus of SVM should be to enable an understanding of the lived experiences of stakeholders (Mook et al., 2015), rather than attempt to estimate performance as SROI does. From this perspective, social value measures must be designed with a variety of stakeholder needs in mind, and then incentive given for them to participate in discussions and trigger change (Smith, 1995b). One approach that has been developed to address this challenge is called the 'Stakeholder Impact Statement', which is essentially a blending of accounting with SROI calculations in the form

of an income statement presented by important social value activities and associated to particular stakeholder groups (Mook et al., 2015).

However, in practice involving stakeholders into SVM is ripe with complexity, as it seems to depend more on managers' epistemic beliefs (the type of knowledge they believe is valid) and the amount of overall resources available (technical and material) (Hall et al., 2015), rather than any particular tool. In a historical analysis of the SROI method in both UK and US, Hall et al., (2015) demonstrate how the different contexts and managerial positions led to completely different uses of the methodology, and therefore different scope of outcomes targets (governmental costs vs. personal welfare), presentations of the main social value data (in main report or as a supplement), and whose voice was represented (governments vs. beneficiaries). It seems that attention must not only be paid to generating stakeholder interest for SVM, but also awareness of the value-sets inherent in particular tools (Denny & Suddon, 2014).

## **2.2.6. Performance and Social Value Measurement Literature**

### **Summary**

Over the past few years the definition and focus of traditional performance measurement has expanded from that of a formalized technique that describes 'valid' and 'accurate' measures of organizational performance, to an empirical and formal process aimed at obtaining and expressing descriptive information about the property of an object (e.g., process, activity and people) (Micheli & Mari, 2014). This newer definition allows to open up more explicitly the interactive nature of deciding what to measure, configuring a measure and the tool that will measure for it, as well as the collection and dissemination of information for said measure, will matter. What it leaves unanswered, however, is how to understand the essence of the entwined and unfolding interactions so that it can be brought to bear on organizational and individual decision-making.

From a SVM perspective, measurement particularly focusses on the description of how people are physically, cognitively or emotionally affected by organizational activities (Kroeger & Weber, 2014). Several reviewed studies concluded there was a need to work differently with stakeholders in order to

achieve social value- considering multiple perspectives, embedding divergent needs, and communicating across value sets (Ellis & Hogard, 2006; Manetti, 2014; Smith, 1995b). The traditional underlying assumptions for measurement as generating effectiveness and efficiency are insufficient for the task; instead, interpretivist measurement processes which aim for authenticity and collaboration are required.

Therefore, this research extends the noted present definition of performance measurement (which henceforth is considered to include social value measurement as one potential form of measurement) to allow for a broader characterization. Within this research study, performance measurement is defined as ‘a formal and subjective process, aimed at obtaining and expressing descriptive information about the property of organizational phenomena (e.g., objects, activities, people, and processes)’. This definition supports the assumption that it is not only the effects of measurement practices on organizational performance that matter, but also the experience of individuals engaging with those practices (Hall, 2016). For clarity, aspects of PM will be understood in the following way for this research:

- 1) Measurand: the organizational phenomenon being measured;
- 2) Measurement mechanism: the formal or informal PM practice used to attribute value to properties of a measurand;
- 3) Property: the particular characteristic of a measurand to which value is attributed (e.g., cost, quality, quantity, demographic, behavior, emotion, usability, accessibility, efficiency, etc.);
- 4) Formal PM: routinized and/or standardized processes of attributing value to the properties of organizational objects;
- 5) Informal PM: non-routinized and/or random processes of attributing value to properties of organizational objects;
- 6) Symbolic: the individual meanings and beliefs associated to organizational objects (i.e., measurands);
- 7) Experiential: an individual’s emotions and attitudes<sup>6</sup>.

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<sup>6</sup> Experiential is purposefully separated from symbolic here to denote potential layers of an interpretation. That is, people ascribe meanings (i.e., symbols) to objects through experiences of them. While a symbol can arguably only be recognized by those who have

To investigate the proposition that PM theory can be conceptualized as an interpretive process which influences individuals (rather than objectively pre-determines behaviors) (Micheli & Mari, 2014), it is necessary to adopt an ontological lens that discriminates between organizational and individual levels. To this end, the researcher selected the ontological lens of institutional logics - a multi-level (societal, organizational, and individual) theory describing the material embodiment and interpretation of particular overarching institutional symbols (e.g., state, market, family, religion, profession), which imbue subjectivities such as values, meanings, behaviors, and reasons underpinning rationality with discernibility (Friedland & Alford, 1991; Thornton et al., 2012). This literature and its particular bearing to this study is covered next.

## **2.3. Institutional logics**

### **2.3.1. The advent of institutional logics**

Institutional theorists have long focused on how individuals and organizations respond to pressures exerted by external stakeholders in order to acquire legitimacy and goodwill within their environment (Meyer & Rowan, 1977). In the beginning, the interest of institutional theorists was to uncover why so many organizations were similar, or became so over time (DiMaggio & Powell, 1983). Research lead to theoretical concepts such as isomorphism, which suggests that organizations become increasingly similar over time to maintain legitimacy in the eyes of their stakeholders, e.g., they may succumb to professional pressures from associations in their field (normative isomorphism), or be forced to change due to evolving political demands (coercive isomorphism), or purely be trying to align themselves with the practices of competitors (mimetic isomorphism) (DiMaggio and Powell, 1991).

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experience with it, the experiential is the state of being while interacting with (in this case measuring) an object (e.g., positive, neutral, or negative) and that object's recognized symbols at each interaction with it (e.g., first, second, tenth, fiftieth, etc.). For the performance measurement process, this denotation assumes that the symbols associated to measurands by individuals may affect the experience of measuring.



Friedland and Alford (1991), sociological theorists, supplanted another possibility into the discourse on institutions. As they put it: “*We conceive of institutions as supraorganizational patterns of activity through which humans conduct their material life in time and space, and symbolic systems through which they categorize that activity and infuse it with meaning...These institutions are potentially contradictory and hence make multiple logics available to individuals and organizations. Individuals and organizations transform the institutional relations of society by exploring these contradictions*” (p.232).

The ‘logics’ of institutions they spoke about, now known as ‘institutional logics’, are the beliefs, values, rules and assumptions embedded within organizations, and interpreted by individuals that ascribe the legitimate purposes and meanings for being of and acting for an organization (Thornton et al., 2012). Logics stem from the overarching societal institutions of religion, family, market, state, community, corporation, and [added by later theorists] profession (Friedland & Alford, 1991; Thornton et al., 2012) and are recognized by how organizations define their core goals, use resources, and by where and how the focus of attention is placed (Thornton & Ocasio, 2008). The identifying characteristics of the idealized overarching institutional orders are provided in the Table 2.4.

**Table 2.4: Overarching institutional orders**

<i>Identifying</i> Ideal Institutional Orders						
<i>Characteristic</i>	<b>Family</b>	<b>Religion</b>	<b>State</b>	<b>Market</b>	<b>Profession</b>	<b>Corporation</b>
<b><i>Source of legitimacy</i></b>	Unconditional loyalty	Sacredness	Democratic participation	Share price	Personal expertise	Market position
<b><i>Basis of norms</i></b>	Household	Congregation	Citizenship	Self-interest	Associations	Employment
<b><i>Basis of attention</i></b>	Household	Relation to supernatural	Interest group	Market status	Status in profession	Hierarchy
<b><i>Basis of strategy</i></b>	Family honor	Religious symbolism	Community good	Profit	Personal reputation	Size of firm
<b><i>Informal control mechanisms</i></b>	Family politics	Worship	Backroom politics	Industry analysts	Celebrities	Organizational culture

(Adapted from Thornton et al., 2012: 56)

Early institutional logics researchers took Friedland and Alford's ideas to study how our overarching societal institutions change over time (e.g., banking, education system, agriculture). For instance, researchers used the theory to explain shifting priorities in higher education publishing (Thornton, 1999; 2004). Subsequently, institutional logics flourished as a way to explain how the institutional orders were instantiated and transformed at an organizational level over time, leading to a whole host of different categorizations of meso-level institutional logics. However, most studies focused on the bureaucratic and capitalistic institutional orders (Greenwood et al., 2010).

By 2010, institutional logics were receiving increasing attention as a suitable and promising multilevel theory for describing and understanding organizations (Greenwood et al., 2011; Thornton et al., 2012). Institutional logics were applied as a method of analysis (Pache & Santos, 2012; Smets et al., 2012) at the macro (field) level to understand how new organizational forms such as social enterprise gain legitimization from important actors (Tracey et al., 2011), at the meso (organizational) level to explore how shareholder perceptions shape the definition of shareholder value (Meyer & Hollerer, 2010), to explain variations in practice adoption (Lounsbury, 2008; Townley, 2002) as well as to provide insight into the shaping of employee attitudes and preferences (micro-level) towards training policies (Luo, 2007).

### **2.3.2. The evolution of institutional logic theory**

Institutional logics were introduced within Friedland and Alford's (1991) seminal work on the topic as both constraining decision making and providing opportunities in the form of choice of interests, beliefs, and identities at the individual level. However, a theory was not developed concerning the interplay of these forces (Battilana et al., 2009). Until recently, the majority of authors focused on developing macro-level institutional logic theory (Tracey et al., 2011). The initial belief was that organizations had a dominant logic that could shift over time, causing periods of disruption, but then always returning to a point of

stability (Rao et al., 2003; Lounsbury, 2008; Weber et al., 2008). The ‘contradictions’ highlighted by Friedland and Alford were assumed to be temporary (Voronov & Yorks, 2015).

Therefore, while the earlier institutional logics literature first focused on the mechanisms through which one logic could become dominant, recent studies have investigated contexts of institutional pluralism where multiple logics must co-exist (Greenwood et al., 2011), in more or less constant contradictions. For example, in a social enterprise, hybrid commercial performance may support the achievement of social performance (in the capacity to have a better reputation and more resources for performing social goals), but social performance could inhibit commercial performance, as employees within organizations with a strong social identity are more likely to act in accordance with social goals, sometimes at the expense of revenues (Battilana et al., 2015).

By 2015, there were almost as many different classifications of organizational level institutional logics as there are studies (for a review of institutional logic studies up until 2011 see Greenwood et al., 2011). Mainly this is due to the fact that the theory enables each organization to express the logics in its own way- through their chosen basis of attention, goals, stakeholders, and means for attaining those goals (Thornton & Ocasio, 2008). As consensus moves towards complex institutions being the norm (Battilana & Lee, 2014; Scott, 2008), research has begun to flesh out the mechanisms that enable individuals to navigate or leverage the inherent intricacy of such environments (Jarzabkowski et al., 2013; Jay, 2013; Mair & Hehenberger, 2014; Smets & Jarzabkowski, 2013; Smets et al., 2015). Typically, these organizations are conceived of as ‘hybrids’ and defined as “...structures and practices that allow the coexistence of values and artefacts from two or more categories” (Doherty et al., 2014: 418).

### **2.3.3. Managing multiple institutional logics: hybrid organizations**

Hybrid organizations are subject to “multiple institutional logics that prescribe what constitutes legitimate behavior and provide taken-for-granted conceptions of what goals are appropriate and what means are legitimate to achieve these goals” (Pache & Santos, 2013: 973). The interconnections of institutional logics

along structural, practice, or identification levels have been identified as the essence of hybrid organizations (Battilana & Lee, 2014; Kodeih & Greenwood, 2014; Pache & Santos, 2010). Multiple institutional logics interplaying in a given organization therefore create an environment with divergent behavioral prescriptions, clashing values, and a plethora of possible actions for achieving objectives (Greenwood et al., 2011). This section provides a review of the existing theories of managing multiple institutional logics.

Extensive work has been undertaken to understand the conflicts and tensions derived from logic complexity at an organizational level, including types of logic multiplicity (Besharov & Smith, 2014), structural formations and generators of conflict (Pache & Santos, 2010), and the nature of tensions (Smith et al., 2013). Other studies have focused on what organizational activities contribute to hybrid value formation and transformation (Battilana & Lee, 2014; Mair & Hehenberger, 2014; Mair et al., 2015). To better comprehend how individuals within hybrid organizations cope with complexity, researchers have studied the effect complex environments have on individuals' abilities to perform (McPherson & Sauder, 2013; Pache & Santos, 2013), and how identities are (re)configured while belonging to a hybrid organization (Besharov, 2014; Tracey & Phillips, 2015).

Tensions that are likely to arise in hybrid organizations have been classified into the following dimensions: 1) performing (related to divergent outcomes); 2) organizing (concern complex internal dynamics); 3) belonging (divergent identity demands); and 4) learning (growth and change stemming from contradictions) (Smith et al., 2013). Furthermore, we can understand whether or not there will be contestation stemming from logic multiplicity at an institutional, organizational, and individual level if we consider the degrees of centrality (number of logics at the core of functions) and the degrees of compatibility (compatibility between the prescribed actions of logics). This leads to four levels of conflict: contested (extensive); estranged (moderate); aligned (minimal); dominant (none) (Besharov & Smith, 2014).

In one of the first studies to investigate how organizational fields withstand conflicts and tensions pursuant with a shift in dominant logics, Reay

and Hinings (2005) studied a large scale Canadian healthcare reform (from medical professionalism to business-like health care). The transformation processes were found to be temporally mitigated by actors, who have different levels of power. In this case, the government utilized its power to restructure the field (e.g., removing health boards and introducing centralized regional health authorities), but the physicians continued to assert their power by keeping to a medical professionalism logic on the frontline with patients. It was therefore established that not only structural shifts mattered for institutional change but also how local actors respond, as “actors hold values and beliefs that are consistent with certain institutional logics” (p. 352).

Reay and Hinings (2009) eventually extended the above framework by focusing further on aspects of the transformation which remained in slight conflict, such as the new relationship negotiated between business like healthcare logic and medical professionalism. Their second study established that rivalry between logics existing in an organizational field may be mediated by allowing stakeholder groups to maintain independent identities while simultaneously exploiting collaborative opportunities for mutual achievement of objectives. The particular collaboration activities highlighted were: differentiating decision making responsibility (e.g., between managers and physicians), seeking informal input (e.g., seeking others’ opinions resulted in engagement with efforts), working together against another stakeholder (i.e., physician groups in different hospitals combining to confront government), and the conduction of joint innovations, experiments, or activities (Reay & Hinings, 2009). This work paved the way for much more investigations of how two or more logics can co-exist and guide behaviors at the micro-level in an organizational field at the same time.

For instance, building upon Oliver’s (1991) model of responses to institutional demands, Pache and Santos (2010) borrowed the concepts of fragmentation (the amount of un-coordination across actors and organizations comprising a field) and centralization (presence of a dominant actor that enforces formalized processes in a field) (Scott & Meyer, 1992) to construct a model of possible responses to conflicting institutional logics. By demarcating the nature of demands as either ‘goals-ends’ (those demands which influence the core value

foundations of an organization) or ‘means-ends’ (those demands which alter courses of action towards goals) and considering the internal representations (the commitment by internal stakeholders to particular logics: absent, single or multiple) the authors explain how conflicting institutional pressures emerge in organizations and provide actors with a ‘latitude’ of possible actions (compromise, avoidance, defiance or manipulation).

Conflicts related to goals-ends and involving multiple stakeholders with different dominant logics are considered as the most likely to lead to organizational break-up. To manage conflicts, therefore, Pache and Santos (2010) recommend organizations reduce the amount of ‘goals-based’ tensions by diminishing interactions with powerful actors who have differing logics than the core ideological positions. Yet, while the model is helpful in understanding a broad perspective on organizational responses to conflicting demands, it lacks a deeper understanding of stakeholders’ underlying reasons for interpretation, coercion, motivation to represent, and/or reasons for remaining silent. Revealing the patterns in individual level responses would greatly enhance organizations’ abilities to cope with these forces, and perhaps foresee, manage, and prevent break-ups or paralysis from occurring.

Another suggestion for how to balance the pressures related to multiple institutional logics is to hire individuals whom have yet to be trained extensively in any of the present institutional logics, as this enables them to have a ‘blank slate’ from which to learn rules, norms, behaviors and beliefs concerning organizational life (Battilana & Dorado, 2010). Yet again, this suggestion, while helpful, stops short at the organizational level, and is not suitable for all organizations, especially those whom have a longstanding and loyal workforce.

In a subsequent article that utilizes the same Work Integration Social Enterprise context, Pache and Santos (2013) highlight how conflicts and tensions caused by multiple logics can be reduced by ‘selectively coupling’ the organization’s structure and activities (e.g., site governance, procedure localization, brand, monitoring, professional affiliation, mobilization of volunteers) across the different logics (e.g., commercial or social welfare). Although Pache and Santos’s (2013) research provides for the ‘how’, and under what conditions, conflicting logics can be identified and balanced within

organizations; the design, implementation, and usage of the practices is not explored. For instance, of the eight social enterprises investigated in the study, one (i.e., SOCYCLE) formally adopted standard operating protocols, but the degree to which each was adhered to across the other sites varied considerably. This leaves unanswered questions concerning how the combination of different selective coupling decisions affect efficiency, effectiveness, and overall performance. Therefore, there is an assumption that organization structure choices inform organizational practices which then influence stakeholder behaviors. However, this link is not actually established, especially around how the various structural designs led to different or homogenous effects on stakeholder motivation, engagement, or understanding.

Smets and Jarzabkowski (2013) bring the focus on managing hybrid logics a step closer to individual effects by demonstrating how hybridization of practices is a cyclical process that occurs through relational interplays between actors and organizational practices. Actors in hybrid environments will ultimately be confronted with various alternatives for performance, and therefore experience a crisis of how to respond. In order to compensate for the emerging hybridity and the sense of crisis, workers construct compatibility by expanding the amount, and uses for, practices. Yet, to date this work has limited industrial scope (e.g., the field of insurance trading, see also Smets et al., 2015), and has focused mainly on novel, rather than sustained complexity (Smets & Jarzabkowski, 2013).

In sum, institutional logics researchers have begun to understand the structural features which enable hybridity (Battilana & Lee, 2014; Pache & Santos, 2013), the conflicts and tensions inherent within such fused environments (Besharov & Smith, 2014; Smith et al., 2013), necessary hiring and socialization processes (Battilana & Dorado, 2010), and tactics stakeholders use to navigate these complex organizational spaces (Reay & Hinings, 2005; 2009; Smets & Jarzabkowski, 2013). However, the day-to-day effective management of hybridity across organizational operations, and how it may motivate, or harm, individual level performance is only beginning to be explored.

#### **2.3.4. How individuals understand, cope with, and apply multiple institutional logics**

One stream of literature has attempted to illuminate the individual nuances of complex institutional work by conceiving of organizations as ‘inhabited by persons’ (Hallet & Ventresca, 2006; Hallett, 2010), i.e., actors who have emotions, identities, and belief systems that shape and are shaped by institutional forces (Binder, 2007; Voronov & Vince, 2012). Adopting this view has enabled researchers to not discount that individuals are also affecting the complex environments in which they are embedded (Bjerregaard & Jonasson, 2014a). This stream of research has therefore focused on illuminating the differences in experience, enactment, and capability that are generated by multiple institutional logics interplaying within organizations.

For instance, Lawrence and Dover (2015) elucidated how geographical place of housing associations constrains, mediates, or complicates institutional work by defining what resources are to be used, who uses the resources, as well as how problems and solutions should be conceived and addressed. Lee and Lounsbury (2015) highlight how different types of community logics led to divergent interpretations of state and market based interventions. Communities embedded with a pro-environmental logic were more likely to alter and improve their practices when confronted with new environmental regulations than communities with a politically conservative logic (Lee & Lounsbury, 2015). However, in other milieus such as government funded museums (Townley, 1997), healthcare (Reay & Hinings, 2005) or international credit card companies (Bjerregaard & Jonasson, 2014b), sustained hybridity has been experienced as unresolved conflict, in the form of low morale, high staff turnover, and tensions between employees and management.

There is clearly much left to learn about managing multiple institutional logics in hybrid organizations, especially at the individual level. Yet, on top of these challenges there is a growing group of authors who dispute Patricia Thornton’s arguments and claim the development of institutional logics from a ‘Thorntonian’ angle, as has been illustrated thus far, is overlooking important elements.



### **2.3.5. Criticisms of ‘Thorntonian’ views of institutional logics**

In Patricia Thornton’s conceptualizations of institutional logics (1999, 2004, 2012), logics are depicted as static entities with set characteristics. From this perspective, conflicts and tensions arise because there are multiple logics in a given field interplaying for dominance, or the dominant logic of a field is changing (e.g., from an editorial logic to a market-based logic in higher education publishing (Thornton, 2004)). Quattrone (2015) challenges this present status-quo of logics as stable meanings informing shifting social orders by showing how Jesuit accounting practices did not pre-define rationality, but instead built practices which enabled them to enact it individually. Therefore, according to him, the institutional logics which comprise an organization are not fixed, but in a continuous state of ‘unfolding rationality’ with the people (e.g., being analytically ordered, represented and interpreted through symbolic images, motivating action, and inviting moral scrutiny) (Quattrone, 2015). While many scholars present the difference in logics as being based on agency, institutional shifts, or competing logics; what he finds is that logics are transforming alongside the individuals interpreting and applying them.

Through the combination of French Pragmatist Sociology and institutional logics theory, other authors are also beginning to argue for a more optimistic perspective on the capabilities and influence of individuals within the institutional orders of organizations (Pernkopf-Konhausner, 2014). Klein (2015) also critiques the currently popular Thorntonian (Thornton et al., 2012) view of institutional logics as being too categorical and mechanistic to be capable of capturing the essence of values which Friedland and Alford were originally trying to ‘bring back in’ to organizational study discussions by introducing the concept of institutional logics. Klein argues that by focusing on the material (e.g., structures, resources, professions, etc.) authors often overlook important aspects of institutional logics as intrinsic, personal, and constitutive of imagination and therefore growth and enrichment. In other words, by emphasizing the dynamics of institutional logics as symbols and meanings embedded in organizational features, the experience of individuals creating

organizational life and being changed by the process (perhaps even at the level of the psyche) is missed.

Thus, taking on board these criticisms, instead of considering logics as stable and enduring over time, what is needed is an admittance, or at least a presupposition, to study the potentiality that people can act decoupled from an organization's institutional logics. Furthermore, individuals may be able to transform and contribute to the development of institutional logics. This is not dissimilar to the tenets of the inhabited institutionalism perspective of institutional logics mentioned above in which people are in an ongoing process of becoming (e.g., Hallett & Ventresca, 2006; Hallett et al., 2009). Therefore, the present study of PM practices in social enterprises will be underpinned by the assumption that individuals' expressions of beliefs and attitudes towards measurement processes are attributions of value informed by organizational context *and* individual motives.

### **2.3.6. Institutional logics and performance measurement**

The existence of measurement as an institutional force has been recognized in institutional theory. Friedland and Alford (1991) spoke of the importance of "*the media by which values are expressed, the rules for the attainment of ends, and the valuation and conceptualization of those ends*" for people's understandings of institutions (p. 248). Fundamentally, PM is understood as a process by which the legitimate goals of an organization get communicated, enacted, and evidenced by and for the stakeholders (Townley, 1997; Modell, 2009). However, only a handful of studies have looked at the intersection of PM practices and institutional logics directly. For example, Déjean, Gond, and Leca (2004) demonstrated how PM tools helped to legitimize the Socially Responsible Investing market in France. Essentially, a definition of corporate social performance was developed which enabled the managing, monitoring, and evidencing of social investment portfolios in a quantitative and comparable manner. The practices reinforced the power – that is, supported the logics – of the investors, who were capable of demonstrating, evaluating, and communicating the progress of the 'ethical investments'. Lockett, Wright, and Andrew (2015) built on Déjean et al. (2004) to explore how, over time, the Higher Education

Institution in the United Kingdom legitimized third stream activities for knowledge exchange through performance measures and discourse. In this case, as measures were designed to speak to various stakeholders, they enabled a common conversation that was meaningful to resource acquisition and cooperation. Other studies also found that PM can connect new organizations and funders, by providing an understanding of ‘who we are’ and ‘what we do’, reducing divergent interpretations of organizational identity and ultimate goals (Grimes, 2010).

Other institutional research involving PM has examined stakeholders’ interpretations of balanced scorecard indicators (Adolfsson & Wikstrom, 2007), and how power struggles over performance indicators can lead to new definitions of customers (Østerger, 2006). Further studies exist which highlight the two concepts indeed affect each other. For instance, competing performance appraisal logics in a Canadian museum industry affected uptake of new performance appraisal practices (Townley, 1997). Likewise, conflict among actors in the Swedish health industry concerning the performance measurement system led to goals and performance indicators being disjointed (Modell, 2003)). However, little is yet known about how the interactions affect people’s interpretations and usage (Modell, 2009). Understanding individual contributions to institutional processes is important, as exploring the nuances means an increased ability to manage stakeholder roles, provide accessible and available schemas (Thornton et al., 2012: 95) for decision making in accordance with organizational goals, and higher overall coordination of strategic activities.

Two institutional research studies which looked at the creation stage of social enterprises highlights the importance of understanding further how institutional logics are communicated, disseminated, and used via management practices to create organizational resilience. In Battilana and Dorado’s (2010) study of two emerging micro-finance institutions in Bolivia, only one organization survived in the long term. Interestingly, the successful organization purposefully introduced employees to the hybridized logics informing organizational goals in the hiring and training phases. Secondly, Tracey, Phillips, and Jarvis (2011) studied a homeless shelter, Aspire, in the United Kingdom that was the first organization to blend ‘non-profit homelessness’ (e.g., organizational level social welfare logics) and ‘for-profit retail’ (e.g., organizational level

commercial logic) perspectives. Aspire unfortunately failed during the scale-up phase due to performance management issues, but the hybridized organizational form established has survived and been used in the creation of other social enterprises in the United Kingdom. Both studies highlight that indeed there is interplay between logics and PM practices, and point to importance in understanding and being able to manage the interactions.

### **2.3.7. Institutional logics summary**

Overall, the blossoming research on institutional logics suggests that organizational objectives, which reflect different logics, cannot be achieved simply by introducing a management system that encompasses multiple logics (Pache & Santos, 2013; Tracey et al., 2011; Townley, 1997), or by recruiting and hiring individuals associated to specific logics (Battilana & Dorado, 2010) or identity characteristics (Besharov, 2014). Instead, hybrid organizations, characterized by multiple logics, must become adept at leveraging the different logics at play through a mixture of organizational practices, stakeholder relationships, and individual capacities to recognize and interpret each logic (Bjerregaard & Jonasson, 2014b; MacPherson & Sauder, 2013; York & Voronov, 2015). Yet, while conceptualizations have been proposed and refined in a handful of settings (Mair & Hehenberger, 2014; Reay & Hinings, 2009; Smets et al., 2015), little is known about what can be done to effectively manage hybridity in settings such as social enterprises where hybridization is considered to be a permanent, albeit in flux, state (Battilana & Lee, 2014; Jarzabkowski et al., 2013). Furthermore, institutional research at the micro (individual stakeholder) level remains minimal (Powell & Colyvas, 2008; Modell, 2009; Smets et al., 2015). It is suggested that further studies are needed which highlight how individuals perceive, use, and in turn influence the dominant institutional logics within an organization (Thornton et al., 2012: 183) in order to better understand, manage, and balance the micro level effects of institutional logics (Hallett et al., 2009).

Social enterprises have attracted much attention as an organizational form in which to study hybridity at an individual level, as commercial, public sector,

and social welfare logics are often present, and can sometimes reinforce each other, or, as most often is the case, create significant tensions (Battilana & Lee, 2014; Pache & Chowdhury, 2012; Pache & Santos, 2010). The reasons for pursuing this research study in the context of social enterprise will now be explored through a review of the contextual literature in this area.

## **2.4. The social enterprise context**

Social enterprises are organizations with the primary aim of creating social value (Mair & Marti, 2006; Peredo & Maclean, 2006). Social enterprises are of increasing importance to governments, investor communities and societies, as they have demonstrated a capacity to successfully develop and deploy innovative ways of delivering necessary social services, while public budgets for conducting these services recede (Zahra et al., 2009). In various situations, social entrepreneurs have been able to meet the demands created by social issues such as poverty, homelessness and crime by designing business strategies which capitalize on traditionally overlooked resources and markets including disadvantaged employees and underprivileged neighborhoods (Chell et al., 2010; Mair & Marti, 2006). Social enterprise business models exist along a spectrum of completely for-profit (or commercial) to entirely not-for-profit, or philanthropic (Dees, 1998). Profits generated by a social enterprise are redistributed to enact political, economic, and/or social changes (Trivedi & Stokols, 2011).

The number and scale of social enterprises continues to rise; yet, empirical research that properly explains and supports its developments remains scarce (Battilana & Lee, 2014; Nicholls, 2009). Although academic inquiry on the topic is increasing, at present there exists much ambiguity in the literature in regards to social enterprise, such as its definitional boundaries (Lyon & Sepulveda, 2009; Miller et al, 2012), financial systems (Hynes, 2009), supporting infrastructure, and theoretical underpinnings (Chell et al, 2010).

Yet, some scholars claim that social enterprise does not pose any new questions for the management domain, and that existing conventional, institutional, and cultural frameworks can be applied to explain its phenomena (Dacin et al., 2010). This research disagrees with this perspective, however, as it

views social enterprise as an alternative, rather than an addition, to the conventional institutional models. In order to allow for new forms of organization, and new potentialities of organizational output, it is necessary to challenge assumptions and operate with new guiding principles (Baden & Higgs, 2015). As such, it is the argument here that the burgeoning context of social enterprise is offering scholars the opportunity to revisit the meanings, roles, and value creation potentials of organizations in society.

Of particular importance to the strengthening of the social enterprise 'ecosystem' are valid and robust performance management mechanisms (Mair et al., 2015; Nicholls, 2009). Many authors have stated that social enterprises require PM which enable the adequate measuring, monitoring, evaluation, and reporting of social, environmental, and economic value created (Battilana & Lee, 2014; Ebrahim et al., 2014; Harding, 2004; Hynes, 2009; Lyon & Sepulveda, 2009; Meadows & Pike, 2010; Polonsky, 2008) in order to achieve high levels of growth.

Pressures on social enterprises around the world to measure and evidence their performance have risen in recent years (Holt & Littlewood, 2015). Social enterprises of all sizes, which rely on public funding even partly, not only have to become adept at measuring and communicating performance, but they must do so in a competitive manner against other forms of business who are vying for limited resources (Lee & Jay, 2015).

#### **2.4.1. The multiple institutional logics of social enterprises**

The social enterprise domain is characterized as highly complex. That is, it has high fragmentation of supporting regulations and infrastructure, as well as medium centralization of power (Greenwood et al., 2011), which means there are several powerful stakeholders with different logics that control resources and can affect decision making (Ebrahim et al., 2014). Also, social enterprises have been identified as the 'the ideal hybrids' (Battilana & Lee, 2014), because they generate revenues from operations in order to invest in the resolution of social issues and are therefore perpetually dealing with the complexity of social-business interchanges (Haigh et al., 2015; Smith et al., 2013). These organizations particularly struggle to develop appropriate governance techniques

(Mair et al., 2015), manage identity tensions (Battilana et al., 2015; Tracey & Phillips, 2015), and meet the needs of their various stakeholders (Ebrahim et al., 2014). For instance, in a study of Work Integration Social Enterprises, Battilana et al. (2015) uncovered that the founding social purpose and aims fed stakeholders' social identification needs, rendering them loyal and engaged with the organizations. However, the dedication staff had to the beneficiaries led them to act in ways that was harmful to the commercial viability of the business, for example by continuously overlooking economic costs associated to lateness or absenteeism from appointments (Battilana et al., 2015).

Pache and Chowdhury's (2012) definitions of social enterprise field-level institutional logics are commonly applied when studying the social enterprise context (Battilana et al., 2015; Pache & Santos 2010; 2013). Commercial logics of social enterprises are concerned with generating revenue from activities; social welfare logics are related to enhancing the wellbeing of beneficiaries; and public sector logics regard transparency and the provision of equal access to services (Pache & Chowdhury, 2012). Please see Table 2.5 for an adapted version of the definitional boundaries of social enterprise field-level institutional logics.

Of particular importance to social enterprise legitimacy and persistence is the balance of stakeholder expectations from the commercial logic, the social-welfare logic, and public sector logic (Pache & Chowdhury, 2012; Pache & Santos, 2013). The balance between commercial and social-welfare logics in this context is seen as especially delicate and important, as key stakeholders can be turned off by strong impositions of 'commercial' values (Austin et al., 2006; Dees, 2012; Trivedi & Stokols, 2011; Zahra et al., 2009), even though they are necessary to the long term survival of these organizations (Diochon & Anderson, 2009; Meadows & Pike, 2010; Pache & Santos, 2012). For example, social enterprises require a commercial logic (efficient and effective use of resources to drive profit) surrounding the managing and securing of financing from investors and governments, and a social-welfare logic (making decisions based on the maximization of social value creation) for the satisfaction of beneficiaries and volunteers (Dees, 2012; Pache & Chowdhury, 2012; Pache & Santos, 2010; 2012).

**Table 2.5. Defining features of social enterprise field-level institutional logics**

Defining features	Social Welfare Logic	Commercial Logic	Public Sector Logic
Main performance goals	Improve the social and/or environmental conditions of beneficiaries, communities, and society	Maximize revenues from income sources and activities	Enable access, fairness, and transparency of service and product delivery across levels of society
Nature of stakeholder relationships	Deliver products/services to beneficiaries  Collaborate and exchange knowledge with partners and peers to achieve social goals	Develop and maintain relationships with suppliers and investors  Manage Board and funder expectations  Manage the supply chain for products/services	Manage and maintain relationships with important politicians, local authorities, regulators, and communities
Organizational needs	Legitimacy within the social sector  Resources from the social sector  Donations	Demand for products/services  Reliable supply chain and partner relationships  Investments	Certifications and accreditations from regulators  Government funding  Political support

(adapted from Pache & Chowdhury, 2012, p.497)

Overall, coming to understand the performance measurement activities that enable hybrid organizations such as social enterprises to effectively balance competing demands from multiple stakeholder groups *‘will have profound implications for not only hybrids but also, more broadly, contemporary organizations that are increasingly straddling the boundaries of multiple sectors’* (Battilana et al., 2015: 42).



#### **2.4.2. Concluding literature review remarks**

As outlined throughout the literature review chapter, the theory and practice of PM has evolved from concerns with validity and accuracy of measures, towards exploring the behavioral effects of various measurement practices (Hall, 2008). Scholars have begun to recognize and flesh out how its usage may have various effects for individuals, teams, and organizations (Pavlov & Bourne, 2011; Franco-Santos et al., 2012), but theories that enable us to explain these differences have yet to be developed (Hall, 2016; Micheli & Mari, 2014).

Institutional logics theory assumes that organizational life is created, maintained, and destroyed through the perceptible interweaving of societal values across symbols, rules, practices and materials (Lawrence et al., 2009; Thornton & Ocasio, 2008). Thereby, the ontological assumptions enable the illumination of stakeholder values, meanings, and beliefs, and support the investigation of subjective responses to PM.

Overall, existing research combining performance measurement and institutional logics highlight an important phenomenon: performance measures impact people's experiences of organizations. However, the impact may vary greatly: on one hand, performance measurement systems can be useful tools for garnering legitimization of economic priorities or even for persuading others of the soundness of economic activities (Meyer & Rowan, 1977). On the other, they can create or fuel tensions between and within organizations (Bjerregaard & Jonasson, 2014a). For social enterprises, issues with measurement are confounded even further, as management mechanisms must account for, and guide stakeholders with, divergent needs along multiple dimensions of performance (Ebrahim et al., 2014). As Mair et al. (2015: 716) postulated, *"governing processes and practices [such as performance measurement] play a crucial role in recognizing and defining multiple objectives and in attending to the needs and demands of various stakeholders, and thereby in balancing the prescriptions of conflicting logics"*.

## 2.5. Research questions

Following calls from both performance measurement authors (Franco-Santos et al., 2012; Hall, 2008; 2016; Micheli & Mari, 2014) and hybrid organizational theorists (Battilana & Lee, 2014; Mair et al., 2015), people's responses to various performance measurement processes in social enterprises will be investigated. The aim is threefold: firstly, to shed light on the mechanisms which lead individuals to respond in diverse ways to PM processes (Hall, 2016; Micheli & Mari, 2014). Secondly, to identify whether and how conflicting logics could be reconciled at a micro-level (Pache & Santos, 2013; Powell & Colyvas, 2008; Voronov & Weber, 2016), and, accordingly, enable institutional complexity to be purposefully managed in hybrid organizations (Besharov & Smith, 2014; Pache & Santos, 2013; Smith et al., 2013). Thirdly, this study aims to contribute to addressing the many unanswered questions concerning the emergence, practice, and potential for performance measurement as a process for governing, creating and evidencing social value in social enterprises (Battilana et al., 2015; Di Domenico et al., 2010; Ebrahim et al., 2014; Kroeger & Weber, 2014; Mair et al., 2015).

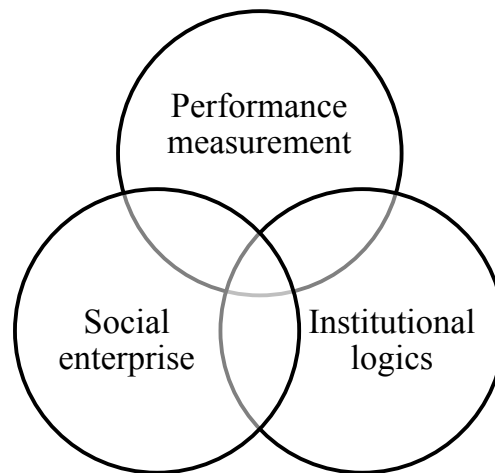
The inhabited institutionalism stream of institutional logics theory is adopted to investigate the subjective responses (Hallett & Ventresca, 2006; Bjerregaard & Jonasson, 2014b). Hence, the intent is not to explore the efficacy of PM techniques, but instead to investigate how a plethora of techniques create different influences for individuals and their abilities to respond and react to the organizational environment (Blau, 1955; Hallett, 2010).

The research questions to be answered in this study and the bodies of literature upon which they build are presented in Figure 2.1.

***Figure 2.1: Research questions and supporting bodies of literature***

**1. How and why does performance measurement lead to diverse subjective responses at the individual level?**

(Hall, 2016; Ebrahim & Rangan, 2014; Franco-Santos et al., 2012; Kroeger & Weber, 2014; Micheli & Mari, 2014; Pavlov & Bourne, 2011)



**2. How do social enterprise stakeholders perceive, value, and use performance measurement?**

(Battilana et al., 2015; Ebrahim et al., 2014; Mair et al., 2015; Pache & Santos, 2010, 2013; Pache & Chowdhury, 2012; Townley, 1997)

# Chapter III: Methodology

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## **3.1. Introduction**

This study explores how individuals interact and respond to various PM processes. It assumes that the measurement process is both formal and subjective, and therefore prioritizes an analysis of the values and meanings individuals and organizations allocate to the measurement process and practices. This chapter provides an overview of the research design by introducing the philosophical stance and methodology, describing the methods, presenting the analytical approach, and reviewing the steps undertaken to confirm authenticity and rigor. It concludes by discussing the ethical considerations.

## **3.2. Philosophical Stance: Social constructionism**

Social constructionism is a philosophical viewpoint borne out of the interpretivist movement in the social sciences (Gergen & Davis, 2012), in which attention is focused on emic, rather than etic, descriptions, understandings, and functions of the objects within scientific inquiry (Pike, 1954; 1967). For social constructionists, ontology is viewed as socially constructed through individuals' social interactions, and the meanings and values people allocate to phenomena are the epistemological priority (Berger & Luckmann, 1967; Burr, 2015). Ultimately, this stance seeks to understand how individuals provide, receive, build, and transform meaning from their social environments and its constitutive components over time and space, and not to generate nomothetic understandings of social environments (Welch et al., 2011). While no particular definition exists, certain criteria circumscribe the social constructionist philosophy: 1) challenge underpinning assumptions; 2) contextual and historical relativity; 3) a focus on social processes; and 4) the intertwining of social action and knowledge (Burr, 2015; Gergen & Davis, 2012).

In this thesis, the interrelationships between people and performance measurement are therefore investigated by assuming that organizations are socially constructed through the interactions of people, materials, and processes,

and that “*people in organizations know what they are trying to do and can explain their thoughts, intentions, and actions*” (Gioia et al., 2013: 17). Organizations are conceived of as ‘inhabited by persons’ (Hallet & Ventresca, 2006; Hallett et al., 2009), i.e., actors who have emotions, identities, and belief systems that shape and are shaped by institutional forces. This research thus regards PM not solely as a set of techniques rooted and enacted through tangible resources, but as an interactive process between measurement tools and subjects (Klein, 2015). By investigating individuals interacting with, responding to, and enacting measurement processes throughout organizations, the aim is to explore the symbolic nuances of PM (Berger & Luckmann, 1967).

### **3.3. Methodology: Naturalistic case study**

Naturalistic case methodology is particularly conducive to social constructionist inquiries as it enables closer inspection of people’s direct experiences (Stake, 1978; 1995). The methodology relies “*on a humanistic commitment to study the world from a human perspective*” (Abma & Stake, 2014: 1150). Useful in interpretive-based approaches to management research (Kakkuri-Knuuttila et al., 2008), naturalistic methodologies quest to understand the meanings embedded, and the issues stemming from, particular social settings.

Although the subjective aspects of organizational life (e.g., people’s understandings, attitudes, behaviors, and actions) may be deemed difficult to detect, they are considered identifiable when regarded through the lens of institutional logics, as each logic is associated to a set of values, beliefs, and rational actions for behavior (Binder, 2007; Thornton et al., 2012; Quattrone, 2015). The vocabulary utilized by actors and/or the lexicon embedded within PM practices, as well as the actions generated through interactions of actors and PM, can be associated to the distinctive logics - rendering the ability to study the enactment (and associated benefits or consequences) of such interactions salient (Smets et al., 2015). Thus, the attempt is not to draw causal links, but to bring analytical richness to the phenomena, enabling the explanation of why and how in the social enterprise context people are more or less likely to respond in certain ways to PM. Case study methodology is established as beneficial for

addressing these ‘how’ and ‘why’ questions (Voss et al., 2002), as evidenced in several PM and institutional logics studies (see, e.g., Battilana & Dorado, 2010; Déjean et al., 2004).

The naturalistic case methodology was therefore adopted as a research strategy for this particular project due to the complex and under studied nature of the symbolism and influences of performance measurement (Abma & Stake, 2014; Eisenhardt, 1989). The social enterprise context has been selected, as it is ripe with stakeholder complexity, logic multiplicity, and competing performance objectives (Battilana et al., 2015). The naturalistic methodology enabled the garnering of finer details of stakeholders’ relationships with various PM processes and provided conceptual insights for theory building at the intersection of PM and institutional theory (Brignall & Modell, 2000). Theory building from a naturalistic and constructionist perspective is considered ‘interpretive sensemaking’ (Welch et al., 2011), as it involves an analysis of the subjective meanings individuals allocate to the phenomenon under study, ultimately generating a holistic understanding of people’s subjective experiences (Abma & Stake, 2014).

### **3.4. Methods**

The study of how people subjectively respond to the performance measurement process will be conducted through a multiple case study (Stake, 2013) of two large social enterprises in the United Kingdom. Multiple case studies are recommended over single cases as they offer a broader array of situated circumstances and relationships through which to view, and come to understand, the social issue of scientific interest (Stake, 2013). Cases are purposefully, rather than randomly, selected in order to enable the investigation of particular social phenomenon (Stake, 1995). The sampling criteria are theoretically defined in order to guide the selection of a set of cases which have necessary similarities concerning the researched phenomenon, and a meaningful diversity for comparison (Stake, 2013). Furthermore, the data derived from a multiple case study is preferable for theory building, due to the richer data set which enables comparing similarities and differences, and the expanded contextual generalizability (Eisenhardt & Graebner, 2007).

This multiple case study will use a triangulation of methods to investigate the PM process from multiple angles: semi-structured interviews conducted across stakeholder groups (e.g., Board, management, employees, funders and partners), observations, and an analysis of performance related documents. The design and undertaking of this study follow an adapted version of Voss et al.'s (2002) case study protocol: defining research questions, defining the sample method, and selecting research instruments. This section unfolds through the presentation of the followed protocol: the theoretical sampling criteria and selection, research instruments utilized, and the collection of data.

### **3.4.1. Theoretical sampling criteria**

Four key criteria oriented the theoretical sampling process to enable the study of how PM influences stakeholders in various ways (Voss et al., 2002). Firstly, the organizations had to have a sufficiently large employee base and revenue to be using a variety of PM practices across hierarchical levels and stakeholder groups. Secondly, the organizations were required to be actively engaged in PM both internally and externally. This criterion was inclusive of the need for the selected organizations to be applying *different* PM practices (e.g., the Balanced Scorecard, Social Return on Investment, Key Performance Indicators, etc.) in order to enable the comparison and contrast of responses amongst various approaches to measuring performance (i.e., how the meanings, enactments, and values differed across various types of PM).

Thirdly, the organizations needed to represent different missions (e.g., homelessness prevention, sustainable agriculture, mental health, etc.) to increase the analytic generalizability of the findings. Finally, organizations selected for this study had to demonstrate their status as a social enterprise by having both a charitable arm and revenue generating activity or adjoined company (Zahra et al., 2009).

Ultimately, to be capable of investigating the nuances of the PM process, the set of cases selected for this study had to have in common the status of established social enterprise and active use of PM practices across internal and external stakeholders. Importantly, for the purpose of exploring a variety of potential subjective responses to PM, two elements were designed to be

different: the particular combination of PM practices being utilized, and the mission pursued (Stake, 2013).

### **3.4.2. Theoretical sample selection**

During the first round of theoretical sample selection, a local social enterprise membership body, Social Enterprise West Midlands (SEWM), was approached. This meeting led SEWM to distribute an invitation to participate in the research project to its members. One organization did respond from this source, Positive Youth Foundation, but within an initial meeting it was discovered that the organization was unsuitable for this particular study due to their small size (e.g., <10 employees) and lack of established PM practices.

Following the slow response rate from the members of SEWM, a new approach was taken. Several networking events were attended (e.g., Oxford Social Enterprise Forum; Social Enterprise West Midlands Social Finance Fair; Social Impact Analysts Association Social Value Workshop; Global Value Exchange Workshop) to establish contact with important figures interested in social enterprise performance measurement in the UK. Also, an advanced search of the online directory of the Charities Commission in the United Kingdom, the national charity register, was conducted and included organizations with at least £1M turnover that were over 20 years old and had more than 50 employees. As this is an in-depth multiple case study, the search focused on the regions within 100 miles of the researcher for facilitation of frequent travel. The new activities led to a list of 20 organizations.

Websites and press articles concerning the short-listed organizations from the networking and advanced search were analyzed to determine which enterprises had positive reputations in their respective fields and on-going PM activities. This resulted in a short-list of nine organizations that were then contacted by email. Pilot interviews (telephone and face-to-face) with those organizations responding positively to the email introducing the research project were then held to determine the suitability of organizations as candidates for the purposes of the study. These qualification meetings were held with the following organizations: Belu Water, The Brilliant Club, The Big Issue, Youth Futures, Pheonix Futures, Midland Heart, and Organic Earth. The interview addressed the



prevalence and usage of PM practices within the organization (e.g., which practices, tools, and measures were being utilized; by whom; how often; and goals and challenges with performance measurement). The researcher chose not to proceed with several of the cases as the more in-depth consultations showed that they did not meet the basic inclusion criteria for the study. Additionally, a couple of organizations had specific reasons (staff time constraints, internal projects, etc.) for excluding themselves at this stage of the sampling process.

Ultimately, two social enterprises were chosen: Youth Futures and Organic Earth. Specifically, the selected organizations displayed the desired theoretical characteristics: 1) they were well established social enterprises in their fields demonstrating a capacity to perform over time in a sustainable manner; and 2) they had adopted different approaches to PM, to allow for a contrast of findings amongst various practices and effects of PM (e.g., how different uses of formal and informal approaches effected various stakeholders). Descriptive information about the cases is presented in Table 3.1 below, and a summary of the PM practices at each in Table 3.2. Pseudonym names are used for anonymity purposes at request of the participating organizations.

***Table 3.1: Theoretically sampled case organizations***

Youth Futures	Organic Earth
Accommodation and support services for young people who are homeless or at risk aged 16-25	Advocate, research and educate benefits & techniques of organic growing
Founded 1972	Founded 1954
£8million annual turnover	£4million annual turnover
200 employees Approximately 10 volunteers	70 employees Approximately 900 volunteers
5000 beneficiaries/year	Engages with 40,000 people a year (membership, volunteers, events, programs & gardens)

**Table 3.2: Summary of performance measurement processes at case organizations**

<i>Performance measurement processes</i>	Youth Futures	Organic Earth
<b>Key Performance Indicators</b>	Organizational level Team level Individual level	Organizational level Project level
<b>Performance meetings</b>	Quarterly Board of Trustees Monthly Management Briefing Monthly Housing Workers Monthly Support Workers Weekly accommodation project meetings Bi-weekly case review meetings	Quarterly Board of Trustees Monthly Senior Management Departmental Team Meetings (Note- mostly done informally)
<b>External reporting</b>	Monthly KPI reports to commissioners Monthly meetings with social services and Justice services	Monthly blog posts for funders Project specific KPIs Research Presentations Award schemes for projects
<b>Outcome measurement tools</b>	Outcome Star Case studies	Case studies External evaluations: interviews, focus groups, journals, letters, and photographs of beneficiaries Beneficiary surveys Social Return on Investment Analysis

To facilitate the comparability of cases, the final sample therefore consisted of two similar sized and aged organizations. The organizations are amongst the most established group of social enterprises in the UK in terms of age, size,

turnover, and trade. However, they differ in two important ways: the particular combination of PM practices in use, and the area of the social sector served (i.e., youth homelessness and organic gardening).

The aim is therefore to understand how different PM practices lead to varied responses at the individual level in social enterprises. Also, it is to help explain how typical well-performing social enterprises and their stakeholders experience, leverage, benefit and/or are constrained in their quests to achieve multiple objectives by imposed and self-selected performance measurement practices (Eisenhardt & Graebner, 2007).

### **3.4.3. Research instruments and data collection**

Three main data elicitation methods were utilized: semi-structured interviews, observations, and performance documents (Stake, 1995). The data collected from the semi-structured interviews is considered integral to revealing the experiences of persons (Gioia et al., 2013). Table 3.3 provides the details of the collected data sources. Lastly, in line with suggestions for case-based research (Voss et al., 2002; Stake, 1995) a research diary and case database were kept throughout the study. The design and implementation of these research instruments will now be discussed in detail.

#### **3.4.3.1. Semi-Structured Interviews**

Interviews provide researchers with access into people's lived experiences, the meanings they attach to social phenomena, and their versions of reality (Silverman, 2010). For this particular study on the interrelationships between people and PM, the data collected from interviews is therefore very important to illuminate the interplay between these elements. Interviews were conducted with members from all the important stakeholder groups utilizing performance measurement (e.g., Board of Directors, managers, employees, donors, and regulators). Following Silverman (2010), the semi-structured interview style was adopted to enable both flexibility in questions and a comparison of the responses across stakeholder groups. The overarching research questions were therefore transformed into interview questions containing no theoretical language (Kvale,

2008), and posed to participants in non-technical terms in order to enable understanding. Please see Figure 3.1 for the transformation of the research questions into a set of appropriate interview questions.

This study built upon the semi-structured interview template proposed by Tracey, Phillips and Jarvis (2011) in their study of a social enterprise, and developed and subsequently refined a protocol with the principal informants at each organization (Gioia et al., 2013). This led to a refinement of the overall protocol prior to beginning official interviews across the organizations' stakeholders (Voss et al., 2002).

Over a nine-month period the researcher conducted 50 semi-structured interviews across both organizations (30 at Youth Futures, 20 at Organic Earth) with directors, managers, employees, and external stakeholders, each one lasting between 30 and 120 minutes. One focus group of 60 minutes at Youth Futures including organizational members from the Youth Centre and external partners was also undertaken. All interviews were audio recorded and transcribed, with the exception of two participants who preferred not to be taped. The interview protocol varied slightly depending on whether managers, employees or commissioners were being interviewed. Furthermore, as the study progressed, the questions were somewhat adapted to better address the emerging theoretical issues, eventually requesting respondents to provide greater details on specific performance measurement practices (e.g., Social Return on Investment, certain key performance indicators, particular meetings, etc.). A copy of the semi-structured interview protocols is provided in Appendix A.

**Table 3.3: Data collected at case organizations**

<i>Method</i>	Youth Futures	Organic Earth	Total
<b><i>Semi-structured interviews</i></b>	Directors (6) Management (5) Fundraising (3) Support Workers (8) Housing Workers (2) Commissioner (1) External Partners (2) Total= 30	Directors (3) Management (6) Fundraising (3) Researchers (2) Project staff (3) Gardens staff (2) Commissioner (1) Total=20	50
<b><i>Observations</i></b>	Head Office (10 days) Accommodation projects (4 days) Total= 14 days  Meetings Management Briefing (3) Support Workers (2) Housing Management (2) Project Team (2) Case Review (1) External Evaluations (2) National Youth Reference Group (1) Total=13	Head Office/Gardens (11.5 days) Programs (1 day) Total=12.5 days  Meetings Management (2) Total=2	26.5 days    15 meetings
<b><i>Performance Documents</i></b>	Business Plans (4) KPI Reports (14) Feedback (4) External communications (7) Internal communications (10) Total=39	Business and Strategy Plans (9) KPIs (9) Projects bids and evaluations (11) Member's survey (1) External communications (6) Internal communications (11) Total=47	86 documents

**Figure 3.1: Theoretically derived interview questions**

RQ1: How and why does performance measurement in social enterprises lead to diverse subjective responses at the individual level?

How do you use performance measurement in your role? Can you give me an example?

How useful/valuable/meaningful do you find performance measurement?

RQ2: How do people of social enterprises perceive, value, and use performance measurement?

What are the benefits of performance measurement? What are the challenges or the disadvantages? Can you provide an example?

What is the overall purpose of measuring performance within this organization?

#### **3.4.3.2. Observations**

The observation activities included time at head offices and at service delivery sites, as well as participating in performance meetings held across the organizations. At Youth Futures, fifteen meetings were attended at all organizational levels: Board of Directors (1), management (8), accommodation projects (4) and with external partners (2). There were also fourteen days of observation, which included visits to four accommodation projects where beneficiaries are housed. At Organic Earth two Management Meetings were attended and twelve days of observation were conducted at the Head Office, and encompassed participation in service delivery for one of the organization's ongoing programs. Fewer observations occurred at this site because the organization did not have many formalized meetings, only a Senior Management monthly meeting and a Corporate Resources meeting. The researcher was not granted access to the latter, further reducing the opportunity of observations. However, as much of the PM practices in OE at the employee level were informal, the time spent at Head Office was sufficient to access rich data related to the conversations and practices surrounding measurement.

#### **3.4.3.3. Document analysis**

All main performance measurement related documents at each of the case organizations were collected and analyzed. These included: Business Plans, Annual Reports, Key Performance Indicator reports, funder reports, bid proposals, performance appraisal templates, and meeting minutes. Other documents of interest were identified throughout the interviews and observations (i.e., database entry forms concerning beneficiaries, monthly stakeholder newsletters, announcements of project outcomes, etc.). The efforts resulted in the collection of 86 performance related documents. Furthermore, numerous public documents, available for example on websites, annual reports, posters and brochures were referred to.

#### **3.4.3.4. Research diary**

A journal was kept from the beginning of theoretical sampling, in which the researcher's progression of thoughts, comments, questions, and ideas throughout the case study were recorded. Short notes during interviews and meetings were also made, so as not to disrupt the participants but to ensure emerging insights or questions were captured.

#### **3.4.3.5. Case database**

A database was created as a central mechanism for storing all the schedules, documents, notes, and transcripts for each case in the study. This served as an organizing instrument and as a trail of the progression of the project. Furthermore, it is a source which could be checked by any other researcher or participant to establish reliability and transparency of analysis and findings.

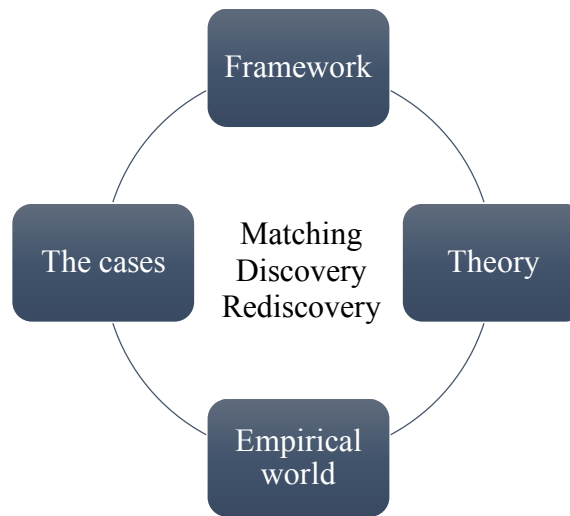
### 3.5. Analytical Approach

The analysis undertaken was abductive, which involves the ‘systematic combining’ of theory, empirical world, and cases (Dubois & Gadde, 2002). This process is outlined as Figure 3.2 below. Abductive analysis applies both inductive and deductive reasoning to iteratively seek for, question, and explain patterns in empirical data (Timmermans & Tavory, 2012). The process involved iterating between initial theoretical frameworks for PM processes and social enterprise institutional logics, the data collected, and analysis of the data until a ‘matching’ occurred between the evolving theoretical framework and the empirical data. This analytic method is especially useful for exploratory case based research as it enables better ‘handling of the interrelatedness of the various elements in the cases’ (Dubois & Gadde, 2002: 555).

Firstly, the researcher gained in-depth familiarity with each of the cases individually by deducing the instantiations of institutional logics (e.g., values, beliefs, and meanings) across the PM processes, main operations, and individuals (Reay & Jones, 2015). Subsequently, the three-staged Gioia method was followed for inducing a theory explaining subjective responses to PM (Gioia et al., 2013). Effectively, a process of ‘rediscovery’ unfolded as the emerging case data inspired changes to the preconceived theoretical framework, which then illuminated nuances of the findings. The framework evolved in light of the new insights until theoretical concepts which explain the interrelationships between people and PM were ‘discovered’. Each stage of the abductive analysis, the associated coding, and iterations to the theoretical framework are described in Table 3.4.



**Figure 3.2: Abductive analysis process**

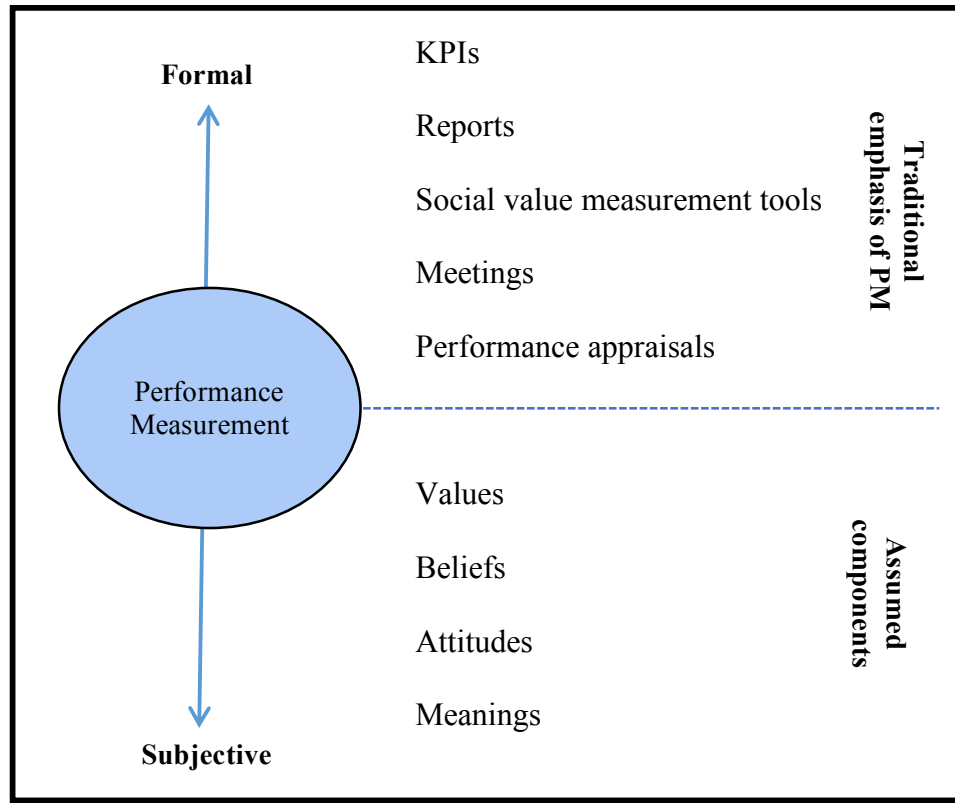


(Adapted from Dubois & Gadde, 2002)

### **3.5.1. Initial framework and assumptions**

Building on the premise that organizations and the individuals therein organizing are in a continuous state of becoming (Hallett et al., 2009; Tsoukas & Chia, 2002), performance measurement was initially conceived as a formal and subjective process to identify, describe, and/or understand organizational phenomena (e.g., objects, people, processes, and activities). This founding premise is illustrated in Figure 3.3. Adopting this stance prioritized the untangling of the “*what, how, where, with whom, and why particular aspects of an organization’s self-understanding are made relevant in concrete situations over time*” (Tsoukas & Chia, 2002: 578). In other words, the focus was on uncovering how the people working in the two social enterprises interacted between themselves, and with other stakeholders and objects (PM tools) to generate and understand organizational performance. This was accomplished by focusing “*on the means by which organizational members go about constructing and understanding their experience*” (Gioia et al., 2013: 16). This enabled the exploration of the answer to the core research question concerning how subjective responses to PM practices vary. The analysis unfolded in three main parts, depicting the evolving alterations made to the initial framework (Figure 3.3) from ‘matching’ the theory to the empirical data (Dubois & Gadde, 2002).

**Figure 3.3: Initial framework - elements of performance measurement**



### **3.5.2. Use of Nvivo coding software**

The analysis was conducted using Nvivo software, as this method enables quicker coding, easy retrieving, and facilitates the comparison of data within each round of the abductive analysis, across the iterations, and the comparison of cases (Bazeley & Jackson, 2013). Two Nvivo training days were attended in order to gain an introduction to the use and applicability of the software. The researcher was aware that the use of NVivo has its limitations, such as the tendency to over-rely on its capacity to analyze the data rather than to enable its interpretation. However, through the multiple iterations made between the empirical and theoretical domains, the researcher surpassed mere 'description' and brought about the abstract connections in the emerging findings (see especially Part 3 of the analysis) (Gioia et al., 2013). Finally, at certain points of the analysis, such as in the construction of visual connections between concepts in the study, the researcher engaged with a paper and pen, allowing a greater

liberty in expression and creativity then can be derived with the software's capabilities.

### **3.5.3. Analysis Part 1: Case contextualization**

The analysis commences by presenting the detailed PM contexts of the case organizations, and deducing the associated institutional logics. A 'pattern matching' (Reay & Jones, 2015) analytic deduction of the 'ideal types' of institutional logics present in each organization was conducted. In essence, the instantiation of the field-level logics within the case organizations was identified by coding the data based on Pache and Chowdhury's (2012) definition of social enterprise institutional logics. These definitions are commonly applied when studying the logic intricacies of the social enterprise context (Battilana et al., 2015; Pache & Santos 2010; 2013). Commercial logics of social enterprises are concerned with generating revenue from activities; social welfare logics are related to enhancing the wellbeing of beneficiaries; and public sector logics regard transparency and the provision of equal access to services (Pache & Chowdhury, 2012).

Drawing on Thornton and Ocasio's (2008) template to present 'ideal logics', the interview, observational and document data for persons, and performance measurement processes were coded according to the legitimate performance goals, basis of attention, rationale for operations, and strategic priorities of the respective logics (Smets et al., 2015), as evident in the language and behaviors concerning each category (Greenwood et al., 2011). This round of coding therefore enabled the development of a classification of the instantiation of institutional logics across the different PM approaches and stakeholders (Doty & Glick, 1994), contextualizing the boundaries of the institutional logics at play at Youth Futures and Organic Earth (Thornton et al., 2012: 60).

### **3.5.4. Analysis Part 2: Rediscovering the initial framework**

The second part of the analysis involved comparing the data obtained in the case organizations to the initial theoretical framework constructed through the literature review proposing PM as both formal (e.g., standardized PM practices)

and subjective (e.g., influencing people's values and beliefs). To do so, the data was analyzed within and between cases. This was accomplished by coding the entire data set along the main PM processes in each of the organizations (e.g., KPIs; performance appraisals; formal and informal meetings; social value measurement tools; and reports). The foundation for analyzing these PM processes was the knowledge of the case study organizations obtained during data collection and the first stage of analysis. Emic issues revealed during early data collection led to a focus on particular practices rather than on the PM systems as a whole (Abma & Stake, 2014). For instance, the initial interview questions requesting the respondents to explain how they use PM generally, was narrowed down to particular tools as the details and capacity for individuals to elaborate were much richer at this level.

'Thick descriptions' of PM were constructed by triangulating the data from interviews, observations, and documents (Stake, 2013). This enabled the analysis to stay close to 'informant-centric terms' (Gioia et al., 2013) and shifted the focus "from studying phenomena of the ontic register, to studying subjects' mode of engagement within the *ontological* register, before 'working outwards' to consider its ontic consequences" (Thompson & Wilmott, 2016: 499). In other terms, it enabled the researcher to investigate stakeholders' experiences of PM. At this stage, an interesting pattern emerged: for certain people, measurement processes were generating unexpected responses. For example, Organic Earth had positive interactions with funder reporting; Youth Future employees had defensive attitudes with one another concerning measurement; and both organizations had high levels of engagement from beneficiaries with social value measurement tools (Timmermans & Tavory, 2012). This phase is equivalent to Gioia et al.'s (2013) first order analysis.

For the second order analysis the assumption was then made that, to distinguish the sources of these patterns, a fine-grained comparison had to be undertaken on the basis of both formal (e.g., content of measures and use of language) and subjective elements (e.g., values, attitudes, emotions) of these interrelationships in each organization. After familiarizing with the stakeholders' experiences of PM in each organization individually, the analysis moved on to

comparing the relations across cases to identify similarities and differences (Eisenhardt, 1989). The thick descriptions of the interrelationships of PM and stakeholders in each organization were ‘matched’ to the initial framework by summarizing the details into conceptually clustered matrices invoking the core theoretical assumptions of this study on both formal PM characteristics and subjective elements (Miles et al., 2014).

The particularly unexpected differences (perceived purpose of measurement; internal PM relations; levels of organizational alignment; and funder reporting) and similarities (role of External Coordinators; co-creative nature of social value measurement tools; permeations of informal mechanisms; demand for KPIs; and limits of PM processes) in the interactions of measurement and stakeholders were focused upon to enrich the understanding of the micro-processes unfolding around PM. This is what Tsoukas and Chia (2002: 574) called ‘peripheral cases’; that is, those instances that force us to consider the latent assumptions and understandings of organizational phenomena (that are continuously becoming). In other words, it is the attempt to highlight the thus far concealed effects of PM on people and organizations. It is the equivalent of concentrating on the ‘anomalies’ in abductive reasoning (Timmermans & Tavory, 2012).

By dissecting and comparing the unexpected PM effects in the case organizations, it became apparent that formal and experiential elements of the process had to be taken into consideration simultaneously to explain the variations in responses to PM practices. The initial PM framework therefore had to be modified to encompass the dynamics emerging in the analysis.

To conclude the second round of analysis, the initial framework of PM was expanded to encompass four quadrants that are in continuous interaction to affect stakeholders engaged in measurement processes within social enterprises:

- 1) The measurement mechanism: the formal and/or informal process used to attribute value to properties of the measurand;
- 2) The interpretation: the individual meanings and beliefs for the measurand;

- 3) The experience: the individual's emotions and attitudes experienced during the measurement process;
- 4) The performance: the enacted attention, actions, behaviors, and/or relationships<sup>7</sup>.

### **3.5.5. Analysis Part 3: Discovering the modified theory**

The findings, as summarized into the expanded framework, were then analyzed in light of current performance measurement and institutional logics' literatures (Dubois & Gadde, 2002; Gioia et al., 2013). The third order coding, involving iterations between data and the theoretical foundations from which this study stemmed, resulted in three aggregate themes which help explicate how to conceptualize of PM in order to mediate individual responses: 1) an appreciation for organizational *and* individual level needs within any measurement process; 2) purposeful (mis)alignment between the measured properties and individual's beliefs; and 3) personally powered performance. These theoretical extensions sit at the theoretical interstice of PM and institutional logics, and offer an explanation for how PM generates variegated subjective responses at the micro level.

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<sup>7</sup> 'The experience' and 'the performance' are distinguished here in that the experience is a personal level effect of the measurement process, while the performance is how the individual then chooses to observably respond based on the experience.

**Table 3.4: Summary of abductive analysis**

Part	Analysis and coding	Themes	Iteration to theoretical framework
(1) Characterization of PM practices and stakeholders	Deductive within-case analysis of the ideal type of social enterprise field-level logics to identify values and beliefs	<ol style="list-style-type: none"> <li>1. Social welfare</li> <li>2. Commercial</li> <li>3. Public sector</li> </ol>	Particular PM processes have certain meanings
(2a) Exploring people's experiences of PM	<p>Inductive analysis</p> <p>First order coding- within case thick descriptions of PM processes (e.g., content, actions, values, beliefs, and attitudes):</p> <ul style="list-style-type: none"> <li>- Purpose of PM</li> <li>- KPIs</li> <li>- Funder reporting</li> <li>- SVM tools</li> <li>- Partner meetings</li> <li>- Informal practices</li> </ul>	<p>Unexpected responses</p> <p>YF:</p> <ul style="list-style-type: none"> <li>- Various described purposes</li> <li>- Support workers' frustration with KPIs</li> <li>- Fear of funder</li> <li>- Motivation for SVM tools</li> <li>- Flexibility of partner meetings</li> </ul> <p>OE:</p> <ul style="list-style-type: none"> <li>- Various described purposes</li> <li>- Weak strategic orientation</li> <li>- Motivation for SVM tools</li> <li>- Adaptability of project coordinator</li> <li>- Reliance on informal PM mechanisms</li> </ul>	People's values, beliefs, and attitudes are involved in the PM process
(2b) Identifying the essence of unexpected responses	<p>Second order coding- cross-case analysis of unexpected similarities and differences to identify themes for the essence of unexpected responses:</p> <ul style="list-style-type: none"> <li>- Described purposes</li> <li>- Levels of organizational alignment</li> <li>- Demand for measures</li> <li>- Limits of formal practices</li> </ul>	<ol style="list-style-type: none"> <li>1. Measures are interpreted</li> <li>2. Structured actions and relationships</li> <li>3. Positive and negative emotional effects</li> <li>4. Experiences of performing</li> </ol>	<p>A characterization of the PM process at an individual level:</p> <ol style="list-style-type: none"> <li>1. The measurement mechanism (formal or informal processes for attributing value to organizational phenomena)</li> <li>2. The interpretation</li> </ol>

	<ul style="list-style-type: none"> <li>- Internal relations</li> <li>- Motivation for SVM</li> <li>- Relationships with funders</li> <li>- Coordinators' flexibility</li> </ul>		<p>(individual meanings and beliefs for measurand)</p> <p>3. The experience (individual's attitudes and emotions)</p> <p>4. The performance (enacted actions, behaviors, and relationships)</p>
(3) Understanding subjective responses to PM	Third order coding - iterations between second order themes, PM, and institutional logics theory to identify aggregate themes clarifying the subjective responses	<p>1. Multi-tiered enactment: organizational and individual</p> <p>2. (Mis)alignment of the measured properties and individual's beliefs</p> <p>3. Personally powered performance</p>	<p>PM is an experiential (i.e., affective and symbolic) process that is both formal (i.e., standardized or routinized action(s) for attributing value) and informal (i.e., non-routinized actions for attributing value). The process not only attributes value to organizational phenomena, but affects individuals' performance and experiences of it</p>



### **3.6. Ascertaining qualitative rigor**

A number of steps were taken to ensure the ‘trustworthiness’ and ‘rigor’ of the findings as suggested by Lincoln and Guba (1985) and expounded in the Gioia methodology (Gioia et al., 1994; Corley & Gioia, 2004; Gioia et al., 2013): confirmability, credibility, dependability, and transferability. See Table 3.5 for a summary of these rigor checks.

As qualitative research can be seen as overly sensitive to researcher’s personal interpretations (Flyvbjerg, 2006), this study offers confirmation for the suggested interpretations through the incorporation of multiple stakeholder perspectives at several stages. Data was collected from multiple stakeholders across the organization (e.g., front-line workers, Board members, management, and external partners), and follow-up presentations of emerging findings conducted and discussed with representatives from each stakeholder group. The authenticity of stakeholder experiences as understood by the researcher was further enriched as the participants expressed shared uses for PM (Gioia et al., 2013). Using ‘informant-centric’ terms to guide initial analysis, the findings reflect their opinions, experiences, and thoughts on the subject, not the sole opinion of the researcher (Gioia et al., 2013). However, the theoretical contributions required a ‘creative leap’ which was ultimately done by the researcher. While there was not a second coder, the theoretical themes were often discussed and refined through consultations with the two thesis supervisors. Furthermore, the research was presented and discussed at several academic conferences.

To enhance credibility, data were collected from multiple sources (semi-structured interviews, observations and documentary analysis) and were triangulated at every stage of analysis (Gibbert et al., 2008). The performance related documents, as well as numerous public documents (e.g., from the website, annual reports, posters, and brochures) were used as supportive materials to the claims and actions of beneficiaries (Eisenhardt & Grabner, 2007). Comparisons were made across quotes from interviews with observations of PM use and the material representations of PM in the documents (Gibbert et al., 2008).

To increase the dependability of the analysis and subsequent findings an on-going research diary was kept. Researcher’s thoughts and interpretations concerning

the case studies' developments, occurrences, and events were recorded during and after field days, and compared to the information collected and analyzed from stakeholders. Memos were also used to detail the researcher's evolving position on the emerging findings and current theory. Finally, a case database was constructed early in the research process where all documents, notes, and interview transcriptions were stored and labelled (Voss et al., 2002). The developments and findings of the analysis process were shared with the respective organizations on an on-going basis to ensure trustworthiness from a practical perspective (Gioia et al., 2013).

Case study research is also viewed as limited in its ability to generalize the findings (Eisenhardt & Graebner, 2007). However, the aim of this study is not to predict how every individual will respond to PM, but rather to distinguish patterns in the interrelationships between PM uses and stakeholder responses in order to begin to theorize the influence PM has on an individual level. Thereby, the purpose is not to design or implement a PM mechanism with deterministic properties, but to understand the interaction effects of stakeholders and performance measurement, i.e., how they perceive, value, and use the information in their roles, perhaps highlighting if there are differences amongst traditional mechanisms and impact measurement mechanisms. The findings derived from such a study may be transferable to situations with similar complex measurement contexts (Gioia et al., 2013).

**Table 3.5: Confirmation checks of trustworthiness and rigour**

<b>Rigor criterion</b>	<b>Action taken</b>
<b><i>Confirmability:</i></b> demonstrating a degree of researcher neutrality, or at least non-bias	<ol style="list-style-type: none"> <li>1. Multiple stakeholders' perspectives obtained on the questions</li> <li>2. Stakeholders' terms used to guide initial analysis</li> <li>3. Emerging findings discussed and amended through frequent discussions with thesis supervisors</li> <li>4. Emerging findings presented to and discussed with stakeholders</li> <li>5. Research presented at several academic conferences</li> </ol>
<b><i>Credibility:</i></b> confidence in the findings	<ol style="list-style-type: none"> <li>1. Triangulation of data from semi-structured interviews, documents, and observations</li> </ol>
<b><i>Dependability:</i></b> consistent findings which are replicable	<ol style="list-style-type: none"> <li>1. Case database</li> <li>2. Research journal</li> <li>3. Theoretical evolutions noted in memos</li> </ol>
<b><i>Transferability:</i></b> applicability to other contexts	<ol style="list-style-type: none"> <li>1. Relevant in contexts with multiple stakeholder groups and competing performance objectives</li> </ol>

(Adapted from Lincoln and Guba, 1985)

### 3.7. Ethical considerations

According to the Economic and Social Research Council's 'Framework for Research Ethics' (FRE) this research project would be classified as one that is of 'minimal risk of harm to participants or others connected to the research' (ESRC, 2010). The FRE does suggest however, that the use of secondary data sources such as organizational administrative data (e.g., performance appraisals, progress reports) be shown due diligence, as there arises issues with identifying people, and the ability to use such sources will depend upon the securement of access approval from the owners. To minimize risk of not being able to access the data necessary to the completion of this study, the potential organizations were introduced to the requirements of the study (e.g., which type of documents the researcher intended to include in the analysis)

within a scoping interview and informed consent form prior to beginning the data collection.

The design and undertaking of the study encompassed several standard ethical considerations that are relevant to all social scientists. As a researcher conducting a study that included human participants, the following ethical obligations to participants were duly considered and upheld (Academy of Social Sciences, 2015; ESRC, 2010):

5. Informed consent (the purpose, methods, and intended uses of research)
6. No harm
7. Free choice (voluntary participation)
8. Anonymity
9. Confidentiality
10. Data protection
11. Feedback

Informed consent from the participants consisted of detailing in advance which questions were going to be asked and why, a full explanation of how the data was to be collected (recordings or notes if uncomfortable with former), the storage practices of the researcher, and the plans for subsequent destruction of data following the write-up of the thesis and journal articles. To further assure adherence to the above stated ethical guidelines for social science research, all organizations were briefed on the purpose and methods of research during initial contact. The letter sent to organizations requesting participation is presented in Appendix B. Furthermore, ahead of each interview another brief introduction to the research project, the methods, and the use of information was provided for the participant(s).

The risk associated to being able to identify particular individuals was minimized through the exclusion of all names during project write-up. For security protection all project data (e.g., paper documents as well as electronic data stored on an external hard drive) was kept in an office at the academic institution of the researcher in a locked cabinet accessible only by the researcher. Regarding environmental considerations, the researcher took steps to minimize environmental impact by transcribing all interviews on a computer to reduce paper usage and electronically scanning documents where possible rather than making paper copies.

# Chapter IV: Analysis Part 1 – Case contextualization

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This chapter commences the analysis by proffering an in-depth introduction to the history, mission, strategic goals, main operational processes, and PM practices of both social enterprise case studies, Youth Futures and Organic Earth. A characterization of institutional logics across stakeholders and PM practices in each organization is then deducted. These contextualizing activities underpin the subsequent analysis sections in which the formal and subjective elements of PM use by stakeholders are explored in detail.

## **4.1. Case Study 1: Youth Futures**

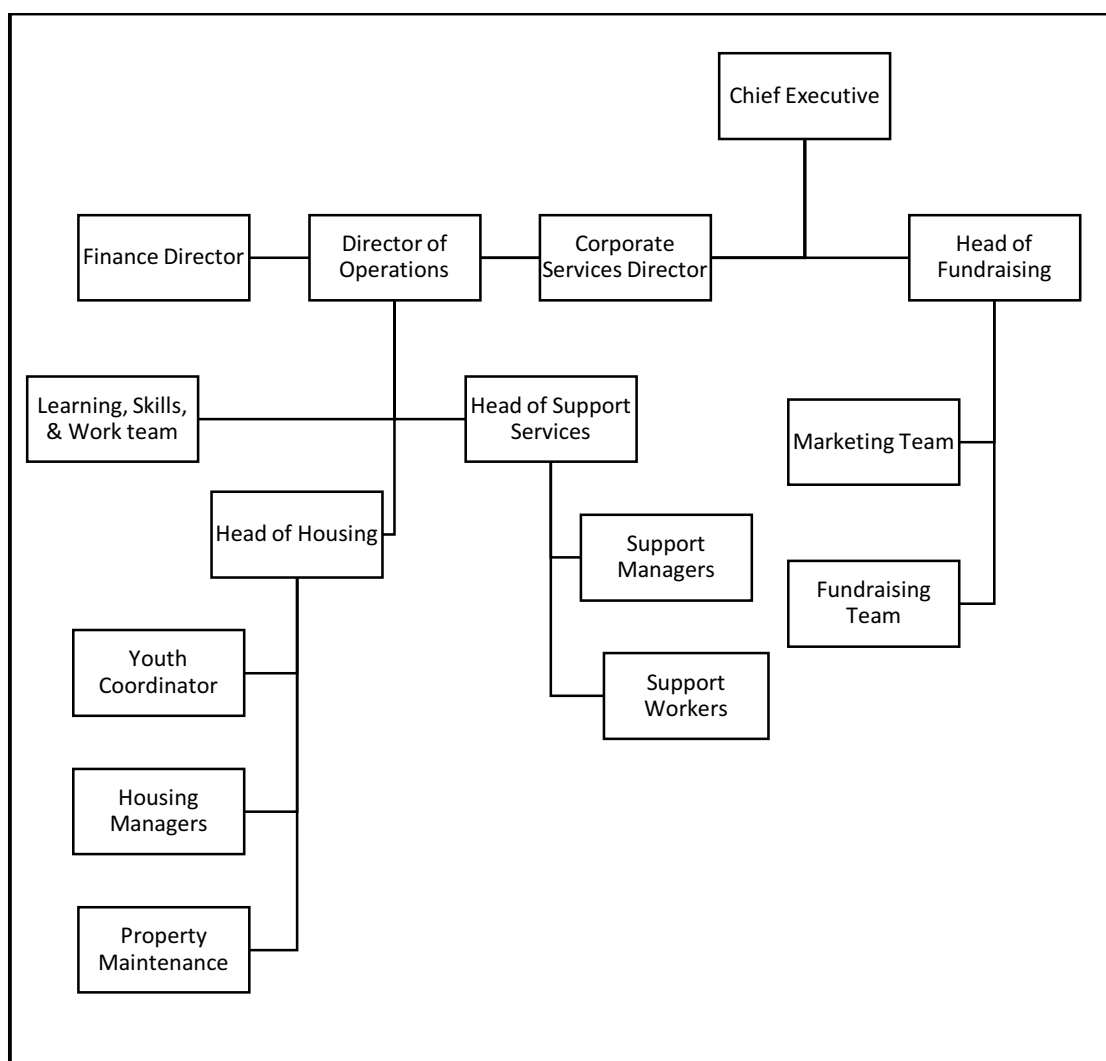
### **4.1.1. History, mission, and core operations**

Youth Futures (YF) is a social enterprise that offers a range of accommodation and support options for young people (ages 16-25) who are facing or are at-risk of being homeless. In a once residential area turned industrial zone by the aftermath of the Second World War, the organization opened in the halls of a deconsecrated church in 1972 as an 18-bed shelter for homeless young men. Over the years, the organization has expanded services to include young women and mothers, and has specialized in reducing youth homelessness by developing intensive services that reconnect clients to skills, work, and volunteering initiatives.

The organization now employs 250 staff members and serves approximately 4500 young people per year; an organizational chart is depicted in Figure 4.1. The primary focus at YF is to create economically independent young people by offering positive accommodation and support services (social welfare logic); yet, in order to operate, the organization is required to stay competitive for grants, secure partnerships, and collect rent from service users (commercial logic). As its largest partner is the government, it must also ensure that services are equally accessible to

all potential beneficiaries, and is required to maintain high levels of transparency through reporting and communication (public sector logic).

**Figure 4.1: Youth Futures organizational chart**



The original dormitory church has been transformed into the Youth Centre- a single access point for youth homelessness services in one of the largest cities in the United Kingdom. Young people accessing Youth Futures are greeted by the large arched entryway of the church that now opens up into a colorfully painted reception area adorned with messages of hope and positive life reinforcements. Young people are assessed here by a team of professional social workers for their suitability for one of YF's, or its partners', accommodation and service offerings.

The twenty-seven accommodation buildings (termed Projects) owned by YF can house a total of 440 young people per night and are categorized across four different service types. Band A is the emergency accommodations that intake the most vulnerable young people, those who are already sleeping on the streets, for up to 28 days. After this period many of the service users enter another level of service at YF, for a maximum of two years. Band B is full support, which encompasses an around the clock support for the service users, and Band C is semi-independence which means that workers are only present for part of the day. Band D is specifically for Mothers with children; these are slightly larger apartments. The Youth Engagement Officer explains the overarching transition through services: *“The role of [Youth Futures] is: at the end of two years, the young people that live in our accommodation, we ought to move them from an entry point of trauma and disappointment and tragedy of losing their home and losing their family [to a point where] they can be more well-adjusted to go back and live an independent life”*. The Projects that were visited were all in nice residential areas, aesthetically mixed in with the other houses with the only distinguishing feature being a small sign near the door with the organization logo and the need to buzz while looking into a camera to be let in.

The young people are expected to pay rent while resident at YF; this contributes £3 million to the social enterprise each year. The prices are reasonable, ranging from £6 to £12 per week including heating, water, and electricity. Residents are also expected to purchase their own food and transportation. However, most young people at YF struggle to pay this, and the organization has to work hard to teach them about the importance of paying rent on time, alongside teaching them a host of other life skills. Most of the young people presenting at YF have complex issues, as one Support Worker explained: *“Some of them are addicted to alcohol... drug use. They have all come from broken backgrounds, where they have not had any stability, they have not had very good role models... a lot them don't even know what a normal, loving relationship is, a lot of them are craving for affection”*. These young people struggle to ‘get up in the morning’, ‘tidy their rooms’, and ‘maintain a clean appearance’. Up to 78% of them are not in any education, employment, or training

when first making contact with YF, however approximately 75% are engaged in at least one of them by the time they complete the service journey.

The government allocates a major portion of YF's overall £8.5 million budget due to their expertise in addressing the needs of this '*severely disadvantaged*' group of young people. The organization has honed its services over the past decades to encompass an array of training, certifications, and workshops that help the young people "*be the instrument of their own destiny in terms of building a positive future for themselves*" (Marketing Officer). In order to be able to transition out of services, a stage called 'move-on', the young people have to be able to demonstrate an ability to pay rent, manage their property, attain their personal goals, and keep a job or educational commitment. These skills are transferred mainly through the Learning, Skills, and Work (LSW) team at YF, who offer training in college accredited modules spanning budgeting, cooking, healthy living, sexual health, and drugs awareness. This educational-based skill building is complemented by an array of workshops donated and delivered by banks, dance schools, and IT companies.

While in residence at one of the Projects, the young people work directly with a Housing Worker, who manages the rent, property, and tenancy agreements with them, as well as with a Support Worker who focuses on developing a personal support plan and identifying their training and support needs. These roles are often in conflict internally, as the organization struggles to find the appropriate balance between their goals. For instance, at a Housing Manager Meeting when the topic of rental income was raised the discourse went as follows:

Housing Manager1: "*We work late, weekends; yet support workers don't respect the need for rents by telling [service users] 'don't bother paying until...' They say it's Housing Workers' job to follow up on it.*"

Housing Manager2: "*Support staff is not supporting young people [when they are not prioritizing punctual rent payment] in the same way as housing managers. They need to promote cost savings, budgeting, and on-time payments, but they say it's management's job. In effect, they are setting up young people to fail by not holding them accountable to real life standards, creating a vicious cycle.*"



Housing Manager3: *“It’s sad they are called support workers and not housing support workers.”*

It was not only the Housing Workers that had tension with the Support Workers, but also the other departments who liaised with this group of employees to attain collective outcomes. For instance, the Allocations Officer spoke of the support workers as *“they do their own thing and I do have problems with that...more often than not support workers are just different”*, and the External Relations Officer believed they were not appropriately directing young people to her services: *“That’s why I get frustrated with the support staff, because these things don’t just happen; we’ve like worked really hard to build up these relationships. You need to, you know, not show your appreciation, but you need to be generating interest for them”*.

This tension is exacerbated by the rising complexity and aggressiveness of the young people presenting at the organization. One Project Manager mentioned during a visit: *“our staff is becoming oppressed by the increasing number of difficult clients. There have been fires, abuse, trashing of property”*. At one of the full-support projects the researcher witnessed a young man become very disgruntled over an interaction with another young person and proceed to destroy his room until the police were called. Part of the problem is the mandate of the organization: *“We’re getting everything - because we’re [Youth Futures] we have an open door policy... So our staff have to be very thick skinned, to take a lot more abuse. (...) Another organization would say: well, you know, we’re not going to deal with you. You are an issue: out the door. We’re not like that. Only at the very, very serious - it’s got to be something very serious that we will evict a young person immediately. But we have a very long arm”* (Youth Engagement Officer).

#### **4.1.2. Performance measurement processes at Youth Futures**

In order to operate in such extreme circumstances, the organization is expected to adhere to an extensive list of regulatory standards; essentially, every procedure is pre-determined, monitored and evaluated to an external standard or accreditation for quality and safeguarding purposes: *“There is a sense of self-preservation going on in*

*the work that we do... On the one hand it is making sure that people get the service...and the other hand it is I don't want to be left holding the baby if something goes wrong here...everything has got to be covered"* (Youth Centre Accommodation Coordinator). An excerpt of some of the policies and procedures the main funder expects YF to have in place is shown in Figure 4.2 below. A big part of how YF manages the regulatory pressures is through its performance measurement practices. As suggested by institutional logics theory, specifically in contested organizations, YF has multiple logics core to its functioning and therefore embeds measurement practices associated to each, enabling it to stay relevant to its array of regulators and professional bodies. The summary of PM practices and which stakeholders utilize them, as well as the characterization of the interplaying institutional logics within YF is presented in Table 4.1.

**Figure 4.2: Excerpt from funder validation standard document: policies and procedures**

<b>The following policies, procedures and / or plans are in place and have been created or reviewed in the last three years Those marked with an * should be part of your staffs induction.</b>
Referrals Fair Access and Allocations *
Needs Assessment *
Support Planning *
Security of information policy *
Risk Assessment and Risk Management * including accommodation where appropriate
Reviewing Needs Support and Risks *
Data Protection Act and Security of Information *
Staff Induction
Health & Safety *
Lone Working *
Organisational Business Plan (Including disruption to service)
Safeguarding Adults and Children *
Whistle Blowing in accordance with the Public Interest Disclosure Act 1998. *
Staff support and supervision (supervision must be a minimum of at least quarterly)

All departments are expected to uphold highly transparent communications (e.g., public-sector logic), for example by electronically recording the details of all interactions with beneficiaries on a database called Spectrum, keeping and sharing minutes from every meeting on the Intranet, externally reporting a host of Key Performance Indicators (KPIs) and undergoing audits from external partners. The present set of organizational KPIs at Youth Futures - numbers and demographic breakdowns of Referrals, Admissions, Departures (planned and unplanned), Evictions, Family Mediation participation, and Learning, Skills, and Work training uptake by beneficiaries - was established through consultations with the Directorate, employees, and beneficiaries. KPIs are the core PM mechanism and stem from the mission and underlying strategic priorities, but are also heavily influenced by YF's main funder, the government. For example, on top of internal KPIs, YF has to regularly gather and report information on service-user outcomes such as '*numbers with access to primary health care*', '*numbers with access to fuel poverty measures*', and '*numbers with access to safety or fall prevention measures*'. The KPIs feature as a main agenda item in a majority of the meetings held across the organization and are communicated through external and internal reports. All staff members at YF are responsible for contributing to the organizational KPIs, either through inputting the data, reporting to managers, or providing feedback at meetings where the results are discussed.

Each KPI presented in the main report has strong resonance with a particular logic, for instance: '*proportion of people engaged with support services*' and '*unplanned departures*' reflect a social welfare logic, as they relate to the understanding of how well services are contributing to the well-being of beneficiaries. Instead, KPIs such as '*property repair response rate*' and '*voids turnaround*' bring attention to the efficient use of resources, reflecting a commercial logic. The demographic breakdowns of referrals and departures mirror a public sector logic.

The use of KPIs has proven particularly useful at YF to understand important issues within operations and services, such as the reasons for a high rate of evictions: "*Because now we actually keep records you can actually see what is happening... Before we just knew we had a lot of people leaving. It could have been abandonment.*"

*There were a variety of reasons. Now we can see where it is. There was lots of antisocial behavior and we've managed to bring that down"* (Direct Access Project Manager), and a reduction in the amount of time it takes to get a homeless young person into an accommodation: *"Currently we're on a four-day target. So for me from the day you've published the vacancy to the day you've got somebody actually in that bed should be no longer than four days. It used to be – well, it never used to be anything, it was whenever they get there, so we've moved it down to four days. We're normally hitting it. Last month we were 84% so it wasn't too bad"* (Head of Housing).

All employees have quarterly performance development reviews (PDR) with their line managers that are based around the individuals' performance on the organizational KPIs: *"PDR is quite useful actually because you get to set aims, things to achieve and to be working on which is great. So I can see that when I sit down with [Manager] we can see right okay so that's been achieved, that's a tick in the target, we need to be changing that procedure... so things set in the PDR will make sure that my role is performing better"* (Housing Worker5).

The regular meetings held at every level to discuss the progress of KPIs and the performance of particular departments (e.g., Management Briefing, Project Team, Housing Workers, Support Workers, LSW, Case Review, Partner Committees) also had agendas strongly related to a dominant logic. For instance, management meetings were dominated by topics related to a commercial logic such as financials, resource maintenance and identification of strategic priorities. Conversely, at committee meetings with external partners, agenda topics embodied a public sector logic - information sharing on beneficiaries, homeless services updates, and children's services updates. Besides KPI reviews, the meetings were forums for individual departments or the multi-departmental groups to speak about current initiatives, potential opportunities, raise queries, and decide upon collaborative efforts as well as share experiences. A Housing Manager explains one of the benefits of Project Team meetings: *"And so it's very much about sharing... So it's like an oral tradition, it's like a verbal tradition and what's happening and how things were resolved... how do I approach this, how do I handle this? And it wasn't till I was verbally sort of given a case of how to resolve it, I found out that meeting can serve to do that"*.

Employees at Youth Futures also used two versions of the Outcome Star to track the progress of the youth, the Work Star and the Independent Living Star. The tools measured the beneficiaries' improvements along dimensions such as '*mental health*', '*budgeting skills*', '*physical health*', and '*cleanliness*', clearly representing a social welfare logic. The other oft-used impact measurement tool at YF is an evaluation portfolio for the LSW certifications. The LSW training offered by Youth Futures comprises of 16 modules related to a variety of service users' potential support needs (e.g., budgeting, sexual health, drug abuse, cooking, etc.), of which the participants and their support workers select three. However, the way in which participants must evidence satisfactory completion of the modules is left largely open to Support Workers: *"If it's going to be, say, something like cooking, there has to be a practical demonstration; so obviously we would record that using videos, or photographs, to make sure the practical has taken place. Also...questions, quizzes, print-outs, personal statements that they have written, witness statements from staff, worksheets that have been created by staff, worksheets that I have created and given to projects, logbooks... lots of types of evidence"* (Life Skills Coordinator).

Finally, the organization engages in several activities to generate feedback from beneficiaries; these included a Youth Council run by youth representatives from each accommodation project, and the steering of a National Youth Group. The Youth Engagement Officer summarizes the essence of these activities: *"Every tenant in [Youth Futures], young people, have a right to have a say in how these services are provided. Things like accommodation: is it fit for purpose? If any of our accommodations are substandard, the tenants have a right to speak and to say to the board, and the senior manager, 'we don't like this. What are you doing to set it right?' They have that right."* The interactions have provided rich and meaningful information that Youth Futures uses for adapting services, planning for the future, influencing policies, and managing important stakeholder relationships.

**Table 4.1: Performance measurement processes and institutional logics at Youth Futures**

<i>Characteristic</i>	Social Welfare Logic	Commercial Logic	Public Sector Logic
<b><i>Performance measurement processes</i></b>	<p>KPIs related to social outcomes: number of ‘move-on’, and number of young people engaged in LSW</p> <p>Service meetings, case reviews, National Youth Group meetings</p> <p>Outcome measurement tools: Outcome Star, LSW portfolios</p>	<p>KPIs related to financial targets, income, resource utilization: rent arrears, room turnarounds, and voids</p> <p>General management meetings, housing meetings, project reviews</p> <p>Rental cards</p>	<p>KPIs related to accessibility of services: referrals (by demographic) and admissions</p> <p>Partner meetings</p> <p>National Youth Group</p> <p>Commissioner reports</p> <p>Annual report</p>
<b><i>Stakeholders</i></b>	<p>Support Workers</p> <p>Learning, Skills, and Work team</p>	<p>Finance</p> <p>Operations</p> <p>Fundraising</p> <p>Housing Workers</p>	<p>Directors</p> <p>Commissioners</p> <p>Partners</p> <p>External Relations</p>
<b><i>Legitimate performance goals</i></b>	<p>Improve the housing options for young people; provide high quality support services and an empathetic and supportive environment; and stimulate economic</p>	<p>Maximize rent revenue; operate as efficiently and effectively as possible; and provide high quality accommodation options</p>	<p>Ensure that young people’s needs from diverse backgrounds are fairly represented across the organization; be transparent and accountable for performance to stakeholders</p>

	independence in beneficiaries		
<b><i>Basis of attention</i></b>	The well-being and personal development of beneficiaries	The timely and consistent collection of rent for accommodation services; quality and effectiveness of accommodation services	Collecting and communicating information which demonstrates the outcomes and opportunity for relevant stakeholders
<b><i>Rationale for operations</i></b>	Improve the well-being of beneficiaries	Generate revenue from resources and activities	Provide fairness and equality for stakeholders
<b><i>Strategic Priorities (from Business Plan)</i></b>	<p>‘Provision and development of support and prevention services, which meet the needs of diverse young people’</p> <p>‘Young people fully involved in setting standards and monitoring services’</p>	<p>‘Provision of good quality accommodation’</p> <p>‘Optimizing resources to achieve strategic objectives’</p>	‘Challenging discrimination, promoting diversity and cohesion’

## 4.2. Case Study 2: Organic Earth

### 4.2.1. History, mission, and core operations

Organic Earth is a social enterprise that aims to build ‘a healthy and sustainable world that embraces organic growing’ through its agricultural museum and show gardens, member base, volunteer programs, and research and advocacy work. Spread over 22 acres of British countryside, Organic Earth’s headquarters encompass ten

acres of gardens (including amongst others, a Bee garden and an Orchard), a heritage seed library museum protecting the existence of over 800 heirloom and vegetable plants, a gardening museum, an 'all natural' café, a training facility, and the office buildings. Upon approaching the front doors through a large parking lot surrounded by hay fields, the main entryway opens into a brightly lit room with large windows lining the walls from floor to ceiling, an open plan office to the front and left, and life sized vegetables in a doorway to the right indicating the entrance to the museum. In the offices, teams of people are grouped together in star shaped cubicles with low walls so they can see each other, and it is common to hear chatter and dialogue during the working day. At the back, a bright conservatory offers white tables for eating lunch or having meetings. Throughout the offices there are several large doors leading to the gardens and an additional building where there is space for training and volunteer conferences, a restaurant that serves food mainly from the gardens, as well as the original composting public toilets.

The history of this organization roots back to 1958 when the organization was officially founded by one of the earliest advocates of organic gardening. In the beginning the founder used a five-acre plot of land to conduct research into the benefits and value of organic gardening. By the 1970s the heritage seed library was launched in order to preserve the existence of seeds that otherwise would have been extinct due to changing European laws. Striving to expand and disseminate the knowledge of organic gardening further, the founder relocated to the much larger farmland that is now Organic Earth in the 1980s. This enabled him to research on advancement of organic gardening techniques as well as host open demonstration gardens. Receiving funding from various government departments at European and national levels over the years, the organization grew into an internationally renowned expert enterprise on the subject. Still today, the employees connect the legacy to this period: *"The research side of the organization, interestingly is where our organization started, it's our heritage, our culture, our background is all around research, it's always been about research"* (Head of Operations).

While the organization does not only focus on research these days, it still has a department dedicated to this activity that publically and academically produces and distributes research on multiple related areas: *"We do research on a whole range of*



*things to do with horticulture, organic horticulture, sustainable horticulture - weeds, pests, diseases, economics, varieties - all sorts of topics and all sorts of scales; right from the garden scale which is of particular relevance to our members but we do things for commercial scale as well*" (Research Officer). OE remains one of the largest organic gardening charities in Europe and has expanded its remit, in part to exploit funding opportunities, to include various projects and programs that highlight *"the value and benefit which organic growing and gardening can bring to people in terms of both mental and physical wellbeing"* (Chief Executive).

In collaboration with UK and continental European governments, Organic Earth continuously works to extend the physical and mental wellbeing benefits of organic gardening to students, communities, and marginalized groups within society through various school-based and regional projects. The collection of volunteer and community projects the organization has engaged with over the past decade have resulted in more school children receiving healthy meals, and attaining higher levels of classroom participation; prison inmates engaging in positive activities and building a sense of self-worth; young adults with learning disabilities acquiring enterprise skills and confidence in the job market; and thousands of households trained in organic gardening techniques. Furthermore, OE runs one stream of a publicly funded community-cohesion program across Europe. Many of these projects are ongoing and form the basis of annual operations.

The longest running project, Compost Leader, is an internally designed education program that uses cascaded learning techniques to enable thousands of volunteers to disseminate organic gardening practices across the country. The Head of Programs describes: *"[Leader's] schemes basically involve us recruiting, training, and supporting volunteers, who then work in their communities to support people with their growing activities"*. Following a guidebook, volunteers may choose how to engage with their community members, from organized demonstrations, to workshops, to presentations, and small gatherings; OE does not limit the approach. The success of Compost Leader has been so high that a second program, Garden Leader was designed following the same format. At present, approximately 20 local authorities are commissioning the two programs across the country, each one with slight variations in objectives, from tackling adult obesity to social inclusion.

Collectively, the Leader programs enlist approximately 900 volunteers a year into the training and dissemination of composting and organic gardening skills to approximately 5,000 people.

One of the biggest partnership based projects is called EatingRight, a consortium of government entities, and several gardening charities that *“Works with schools and communities to transform the way that they use food. Everything from food education to curriculum to catering to school visits”* (EatingRight Project Coordinator). Alongside lunchtime supervisors, OE helps redesign lunch areas, prepare food plans, plant and maintain organic gardens, and cook the fresh food. At the international level, there is a European-wide initiative, Trailblazer, to generate social cohesion in ‘dormer towns’ - those communities in which the majority of people commute to work and leave the senior population behind. Ultimately, people in these communities do not know each other so the program brings them together *“By funding allotment projects, community orchards projects, events...to create a sense of place within the villages”* (Trailblazer Program Coordinator).

The in-house programs include the social enterprise for young adults, Enterprising for Growth, and a long running gardening scheme for adults with disabilities called Growing. The former is funded by a horticultural foundation to spread the benefits of horticultural practices, while re-engaging people into education, and *“it is taking non-educational methods and using horticultural methods to develop that, so that people understand how to engage, how to learn in a non-classroom environment”* (Head of Operations). Young adults who struggle to pay attention at school attend the program for six weeks, gaining employment skills, horticultural know-how, the physical and mental benefits of spending time outdoors in a garden, and enterprising skills selling their produce. The former is funded by the local council and involves *“...everything from compost making to planting to vegetable cultivation. And some of them have been coming for ten, fifteen years and they absolutely love it, they really do feel that it’s their space”* (Behavioral Therapist).

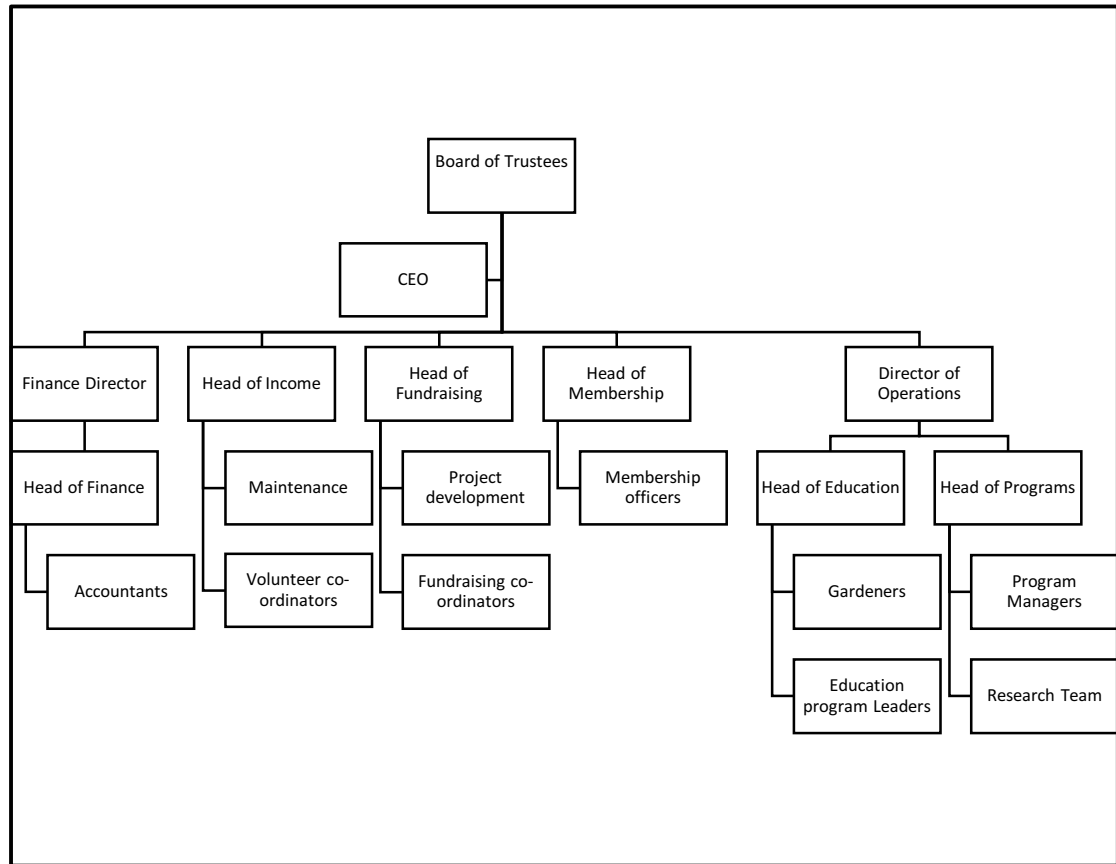
In total, since 1954, OE estimates it has reached approximately 3 million people with the ‘be organic’ message through its show gardens, programs and various communication channels including a magazine, a website, a blog, and

numerous yearly community demonstrations. OE now employs around 50 full-time staff, has 900 volunteers, and has approximately 40,000 active supporters around the country. An organizational chart is presented in Figure 4.3.

The ‘social welfare’ dimension of OE’s performance will be called ‘environmental welfare logic’ from here forward, as it is concerned with achieving enhancements to individuals, communities, and environmental wellbeing by diffusing, educating, and increasing the benefit of gardening organically. OE also highly prioritizes the efficient and effective use of their resources, including the show gardens, the Heritage Seed Library museum, and the various commissions across the country for programs related to organic gardening education (commercial logic). Finally, as the organization works closely with the government to align its programs with priority areas in health and community cohesion challenges, it has a strong public sector logic that permeates its strategic objectives, program deployment, volunteer recruitment, and reporting requirements.

As a member-based charity, OE generates its unrestricted income from fees. However, the nature of membership relationships is shifting, as the Head of Membership states: *“The main reason a lot of people joined when we first started is that organic was very new and they wanted to support this movement; whereas now you can just buy organically so a lot of people want to know how to do it themselves, they want to feel that they are doing their bit to help the environment and we can support them, so they can either donate money and trust that we will use it to protect the environment and further organic growing, or they want to do it themselves and they see us as an information source”*. Although currently the organization is not heavily regulated beyond environmental bodies and the standard charitable accountability mechanisms (e.g., Board of governors, annual publication of financial statements, and audit cycles), the changing face of membership coupled with the push from councils to become more oriented towards the societal rather than environmental benefits of organic gardening, is leading them to adopt more managerial practices to ensure accountability and enable them to demonstrate their achievements.

**Figure 4.3: Organic Earth organizational chart**



#### **4.2.2. Performance measurement processes at Organic Earth**

A major way to engage with stakeholders and demonstrate accountability is through the adoption of PM processes. At OE, these are divided between internal and external ones. Internally, core PM processes and documents are the Annual Plan that lays out the Strategic Priorities, Objectives and Targets; Senior Management Team (SMT) level KPIs; monthly Management Meetings; Employee Appraisals; and Member surveys. Externally, the organization engages in expert-led evaluations of individual projects; project specific KPIs; beneficiary surveys; employee and beneficiary case studies; and various outcome measurement mechanisms for communicating social impact to funders, including dedicated blogs, Social Return on Investment analyses, and research presentations. The summary characterization of

PM processes and stakeholders across institutional logics at OE can be found in Table 4.2.

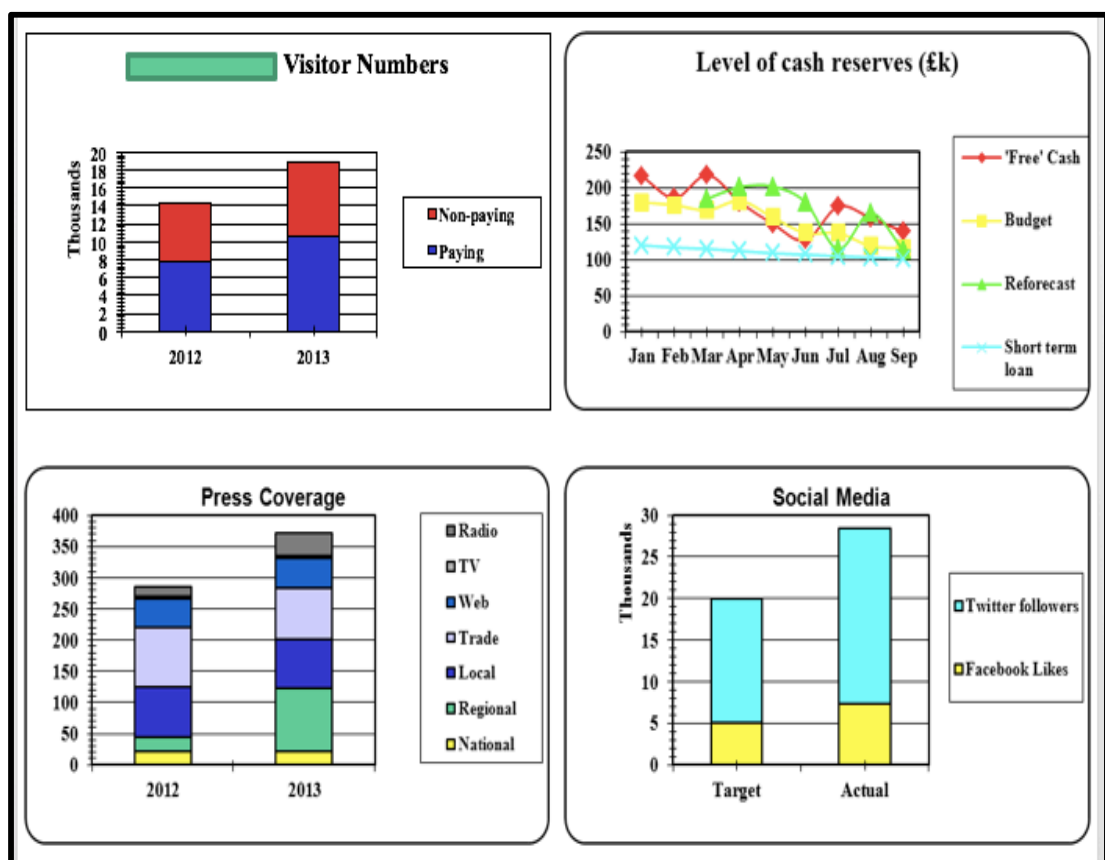
Overall, OE is actively engaging in PM processes to involve their multiple stakeholders, and it is especially proficient at utilizing newer social value measurement practices. However, although the organization is able to communicate performance information to its many external stakeholders (e.g., by ensuring that evaluations are completed for the various projects and by demonstrating to current and prospective funders the success of several programs), beyond senior management there is minimal formalized internal measurement to communicate and guide employee performance and the overall strategic direction of the organization. Yet, the organization's vibrant heritage and values are shared by its staff base, so it frequently provides opportunities to revel in interests aligned with the mission, for example by having 'garden clean-up' days and by providing employees with a garden on the grounds where they grow fresh food for lunches.

At a strategic level, the organization has outlined priorities and objectives aligned with their various commercial, public sector, and environmental welfare goals. From the Annual Plan, these include: *'to generate a surplus from our operational and trading activities'* (commercial logic); *'deliver benefits to the health and wellbeing of individuals, communities and the environment through organic growing and gardening'* (environmental welfare logic); and *'we will exploit funding opportunities, especially through public sector commissioning'* (public sector logic). Quarterly, the Board meets with the Trustees to report on the progress of initiatives within each strategic priority area. The monitoring and communication of such progress is conducted through a mixture of KPIs, case studies, and general departmental updates.

The KPIs at Organic Earth are set every three years by the Directorate and Trustees and are largely used as a tool for achieving commercial logic goals (e.g., efficient use of resources, access to financing, etc.). Based on the strategic objectives and organizational purpose, they cover the main elements of OE's operations, and are allocated to the Senior Management Team (SMT) member who heads the respective department. For example, the Head of Income has as KPIs the number (and financial value) of fundraising initiatives as well as press coverage, and social

media followers; for Finance it is cash reserves; Membership is responsible for number of volunteer hours, visitor levels to the gardens and number of members (with a discrepancy made between those that are new and those that have lapsed in a year); and the Head of Programs is in charge of the number (and financial value) of projects. Principally, the KPIs are used as evidence of commercial performance to the Trustees, and as the guiding force for the SMT's decisions. An excerpt of the quarterly KPI report given to Trustees is shown in Figure 4.4.

*Figure 4.4: Excerpt from KPI report to Trustees*



**Table 4.2: Performance measurement processes and institutional logics at Organic Earth**

<i>Characteristic</i>	Social Welfare Logic	Commercial Logic	Public Sector Logic
<b><i>Performance measurement processes</i></b>	Performance appraisals Outcome measurement tools: SROI, Case Studies, Blog for funders KPIs related to beneficiary/staff well-being: Staff turnover; Staff 'satisfaction' rate External evaluations	KPIs related to financial targets, income, resource utilization: Average membership contribution; Fundraising Success  SMT meetings	Compost Leader and Garden Leader reports  Commissioner/Government reports  Annual report
<b><i>Stakeholders</i></b>	Behavioral Therapists Gardeners Research Team Volunteers	Finance Operations Head of Income Membership Team	Project Leaders External Coordinator Partners
<b><i>Legitimate performance goals</i></b>	Improve knowledge of and access to organic gardening techniques and practices. Contribute to healthier communities, and the environment.	Maximize membership and revenue; manage resources and projects as efficiently and effectively as possible.	Have a widespread reach across the country; appeal to all age ranges; influence public policy at regional, national, and international levels
<b><i>Basis of attention</i></b>	Improving the lives of beneficiaries engaging in programs and the conditions of the environment.  Generating and disseminating knowledge of organic gardening techniques to multiple audiences and through a variety of outlets.	Use of resources (e.g., show gardens, research, seed library, etc.) in innovative manners to generate revenues.  Attraction and retention of paying members.  Effective operation of school-based and community projects.	Collecting and communicating information which demonstrates the outcomes and opportunity for relevant stakeholders (e.g., councils, citizens, communities, funders, etc.)
<b><i>Rationale for</i></b>	Generate and	Generate revenue from	Making organic

<b>operations</b>	disseminate knowledge of organic gardening techniques; Improve the health of beneficiaries.	members, resources and programs	gardening techniques accessible to people of all age ranges and social classes
<b>Strategic Priorities and Key Objectives</b> <i>(From 2014-2016 Business Plan)</i>	Bring People and Plants together through organic growing and gardening Deliver benefits to the health and wellbeing of individuals, communities and the environment through organic growing and gardening Research into Organic growing and disseminate the results Contribute to organic food security Develop show gardens into an educational resource centre	Grow unrestricted income and advocacy from our members and supporters Generate a surplus from our operational and trading activities Improve our financial health Strive for excellence in customer care, quality and brand Have sufficient and well-managed resources Have effective governance structures	Engage our members more in our voluntary and campaigning work, bringing them together in appropriate networks Exploit funding opportunities, especially through public sector commissioning and corporate fundraising opportunities Work both through our direct activities and by acting as advocates Use all relevant communication channels to maximum effect

However, the KPIs are not formally allocated to the departments' team members; instead, it is the manager who communicates the targets and records the data. The Finance Director explains the processes: *"From an organizational point of view we have a Business Plan with specific targets. Me personally, I have got some targets that come off that Business Plan around finances and volunteers, and then those targets devolve down to the managers and through to the teams. But the reporting is quite informal. So when it comes to reporting back against those targets, I don't have a formal process for knowing what exactly has happened... I have to go and find out"*.

However, it is expected that each manager reports the progress of the KPIs to their teams (e.g., research, programs, volunteer coordinators, members, and



gardeners) following the SMT meetings. Moreover, as the office is an open plan area with teams seated together, the layout enables discussions of KPIs to occur regularly throughout the month as the team members discuss challenges and/or achievements with each other as they arise. Indeed, most of the operational discussions between managers and employees happened informally. As the teams were physically placed together, they could see and reach out to one another easily, leading to much informal planning, sharing of information, and progress updates. One of the IT Support Workers described it as such: *“Thing is, we’re a small team.... A lot of the time, its quite an informal thing that we do. We don’t have a team meeting, and do that kind of thing to catch up on who is doing what work, because we kind of know anyway because we are talking to each other all day”*.

The members of each team are instead typically measured by an annual performance appraisal with their line managers that covers: success in completing main tasks and responsibilities, ways of working, cross-organizational working, and skills and knowledge. Arguably, the focus of the appraisal is more on the wellbeing of the employee than efficient or effective operations (see Figure 4.5. for an excerpt of the appraisal protocol).

Also, most front-line employees are associated with specific projects that have their own KPIs and social value measurement mechanisms. The measures utilized within the specific projects were largely viewed and applied as a mechanism for attaining environmental welfare (e.g., realizing and evidencing improvements in the lives of beneficiaries derived from organic gardening, maintaining relationships with stakeholders, etc.) and public sector goals (e.g., enhancing accessibility of programs). For example, the Enterprising for Growth project is externally funded by a Foundation and requires only a handful of KPIs that are based in the environmental welfare logic (e.g., *‘% pupils report increased pride, enjoyment, achievement and confidence’* and *‘% pupils reporting increased awareness of horticultural skills’*). Instead, the Garden Leader and Compost Leader programs are responsible for monitoring and reporting nationally the KPIs related to the *‘number of households recruited’* and *‘number of community events’* in each district, thus emphasizing the importance of the public sector logic of transparency and equal access.

Finally, the organization has invested in several complex measurement tools to assess the impact of their longer-term projects in schools and prisons. The

environmental welfare activities aligned to the projects are measured in a myriad of ways across the research, education and program areas, as agreed with external partners funding the individual projects. Tools include the Social Return on Investment (SROI) methodology, which enables them to calculate the value in pounds (£) of their services for each pound spent. For example, the ‘EatingRight’ project in schools across the country, had an SROI score of 1:3, suggesting that for every £1 spent on the project, £3 of benefit was accrued for the students, schools, and communities in which the program was based. Although this measure is rarely used inside the organization for decision-making, it has proven popular with commissioners and private donors who use it to compare with other projects’ SROI scores. At the time of research, OE was in the midst of bringing the capability for calculating SROI in-house by having members of the research team accredited.

***Figure 4.5: Excerpt from Organic Earth employee performance appraisal***

1. What do you consider to be the main tasks and responsibilities in your job?
  - a. What changes in tasks and responsibilities have occurred over the last twelve months?
  - b. What impact or consequences have these had?
2. What do you consider to have been your main achievements during the year?
  - a. What do you consider to be your strengths?
  - b. What do you consider to be your weaknesses?
3. Have you had any difficulties or problems? Please explain briefly.
  - a. Have you any suggestions for overcoming the difficulties and problems identified? Please outline briefly.
4. What part of your job do you consider to be most interesting?
5. What part of your job do you consider to be most challenging?
6. Are you satisfied with your working environment? Are there any changes that might help?
7. Do you have good working relationships with your colleagues?
8. Are you experiencing any personal/domestic/health issues that you would like to discuss that are affecting your wellbeing?

In another circumstance, a team at a University utilized focus groups, reflective diary entries, and interviews to externally evaluate the change-in inmates' conditions from engaging in an OE gardening program at a local prison. OE uses direct excerpts collected in these external evaluations from the participants to evidence success with funders, and publishes a selection of the diary entries in their magazine for members to see. Furthermore, the external evaluations have not just enabled better understanding of beneficiaries but have proven to be of utmost interest to the outside stakeholders. The Project Coordinator believed that this style of impact measurement provides credibility and trustworthiness to their services to the point of being a competitive advantage: *"I think the main reason why we get the commissions is because some of our work is University evaluated and it's independently evaluated. I think as soon as I throw that into the conversation the trust is there and I think really when I have a one-to-one with somebody, if I have got their trust from the start then they will listen. ...The credibility that comes with a University evaluation is massive.... by having the evaluations, I don't have to prove my integrity, it's done for me"*.

### 4.3. Summary of case contextualization

Overall, both Youth Futures and Organic Earth are well regarded in their respective fields, have considerable experience in service delivery, and are responsible for managing complex stakeholder networks – all characteristics indicating significant performance achievements and capabilities. However, they have differing missions (and therefore different stakeholder groups represented), and are employing different performance measurement processes. Youth Futures tends to rely more on formal mechanisms, and to cascade commercial priorities to employees. Formalized measurement occurs at every level of the organization and forms the basis of the majority of stakeholder interactions (e.g., reporting with funders, KPIs and appraisals between managers and employees, meetings with partners, and employees' application of social value measurement tools with beneficiaries). This is expected due to its relatively large size, numerous partners, riskiness of operations,

vulnerability of service users, and centralized regulatory context. Furthermore, based on YF operating in a context with multiple logics in contestation for dominance, it is expected that interrelationships of PM practices and stakeholders will be wrought with conflict, especially those practices which combine stakeholders from different logics (e.g., funders and frontline workers).

Instead, Organic Earth has opted for a wider use of informal and social value PM processes, keeping formal mechanisms more at the organizational level, or outsourcing the activity. This set up is not surprising, as OE has a relatively small core staff base, and normal regulatory pressures. Furthermore, as it is an organization with aligned logics, the centrality of competing logics is lessened. Largely, this is due to funders being in accordance with the environmental welfare logic as dominant, and the design of PM processes which reflect this prioritization. Minimal conflict during interactions between stakeholders and PM practices is anticipated in this context. The sample selection is therefore deemed theoretically apt to elucidate the subjective responses to PM in social enterprises. A comparative summary of the PM processes in place at each organization is provided in Table 4.3. The following analysis chapter will delve into a nuanced exploration of stakeholders' responses to these various measurement processes in each of the organizations.

**Table 4.3: A comparison of performance measurement processes at case organizations**

<b>Performance measurement processes</b>	<b>Youth Futures</b>	<b>Organic Earth</b>
<b>Key Performance Indicators</b>	Organizational level Team level Individual level	Organizational level Project level
<b>Performance meetings</b>	Quarterly Board of Trustees Monthly Management Briefing Monthly Housing Workers Monthly Support Workers Weekly accommodation project meetings Bi-weekly case review meetings	Quarterly Board of Trustees Monthly Senior Management Departmental Team Meetings (Note- mostly done informally)
<b>External reporting</b>	Monthly KPI reports to commissioners Monthly meetings with social services and Justice services	Monthly blog posts for funders Project specific KPIs Research Presentations Award schemes for projects
<b>Outcome measurement tools</b>	Outcome Star Case studies	Case studies External evaluations: interviews, focus groups, journals, letters, and photographs of beneficiaries Beneficiary surveys Social Return on Investment Analysis
<b>Informal</b>	Beneficiary interactions	Office conversations

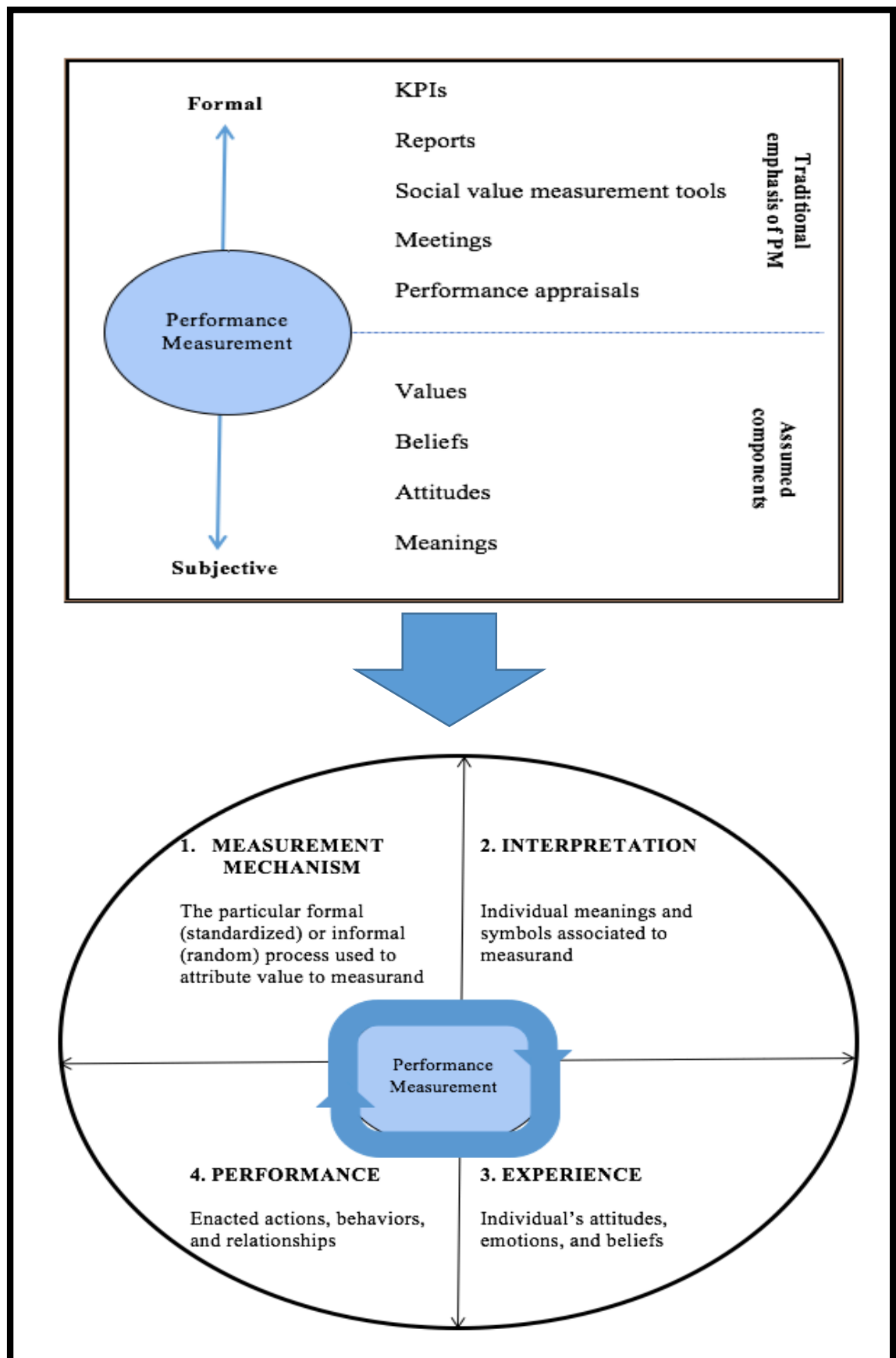
<b>performance mechanisms</b>		Garden clean-up days
<b>Summary</b>	<p>Highly regulated and centralized context</p> <p>Compulsory measurement at all levels of the organization – connected to external safeguarding and quality standards</p>	<p>Normal levels of regulation and low centrality – environmental welfare logic mostly dominates for all stakeholders</p> <p>Measurement dispersed hierarchically and/or selectively coupled across Management (commercial logics) and front-line employees (environmental welfare and public sector)</p> <p>A high reliance on informal measurement mechanisms</p>

# Chapter V: Analysis Part 2 – People’s responses to performance measurement practices

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This chapter covers the within and across case analysis of people’s responses to performance measurement at Youth Futures and Organic Earth. The analysis firstly unpacks people’s direct experiences by triangulating the semi-structured interview, observation, and document data into a series of thick descriptions depicting the use of particular measurement processes in each organization. Secondly, the interrelationships between people and performance measurement are further illuminated by comparing and contrasting the responses across cases. As depicted in Figure 5.1, the abductive analysis unveils concealed facets within the PM process, ‘the interpretation’ and ‘the experience’, leading to an expansion of the initial PM theoretical framework.

*Figure 5.1: From the initial framework to the revised one*





## **5.1. Within case analysis: People’s experiences of the measurement process**

The subjective responses to PM in each case study were analyzed by coding the data into PM mechanisms (i.e., KPIs, funder reporting, social value measurement tools, partner meetings, and informal practices), and stakeholder group (i.e., manager, employee, beneficiary, funder, and partner) nodes. The following collection of thick descriptions explores the experiences of people utilizing specific PM mechanisms within the case organizations through a triangulation of the data in each of the nodes. The descriptions of PM practices and individuals’ responses to them are then tabled into conceptually clustered matrices across the important concepts encompassed within this study (e.g., PM characteristics and stakeholder values, beliefs, and attitudes) to allow for comparison between the empirical world depicted in each of the cases, and the initial theoretical framework (i.e., Figure 3.3). The conceptually clustered matrices can be found in Appendix C (Youth Futures), and D (Organic Earth). The within case analysis results in the discovery of several unexpected responses to PM, including a multiplicity of described purposes, anxiety concerning funder reporting, and motivations for SVM use at YF; and strategic confusion, flexibility of project coordinator, and reliance on informal PM practices at OE.

### **5.1.1. Youth Futures**

A summary table of the following experiences of the PM process across particular mechanisms is provided in Appendix C.

#### **5.1.1.1. Purpose of performance measurement**

The way in which stakeholders at Youth Futures described the purpose of PM represented aims associated to the different logics: in relation to commercial understandings, for example: “*The main driver is: have we delivered contractual obligations? (...) Are we providing the accommodation and collecting the money that is due to us? And, are we delivering those obligations within a cost that is affordable to the business?*” (Finance Director). In regards to public sector viewpoints: “*to ensure that we are accountable for the investments we make: deliver*

*effective services, promote and safeguard the citizens”* (Commissioner). And, finally, as to social welfare: *“the performance that we do here and the resource of what we do here get fed back to head office and it just kind of determines the young people that will follow and come into the project from there”* (Support Worker2). Indeed, stakeholders seemed to express a purpose for measurement which was connected to their own dominant function (e.g., state of finances, public expenditure oversight, and beneficiary support).

#### **5.1.1.2. Key Performance Indicators**

For Youth Futures, the cascading of internal KPIs enabled purposeful strategic discussions, accountability to its Board of Trustees, and was intended to direct work efforts departmentally. For example, Housing Workers, who had been allocated targets for number of move-ins, vacancy rates, and rent collection targets - activities core to their responsibilities in the Projects (e.g., having empty rooms cleaned and redecorated in a timely manner for new service users) - were quite happy with the PM practice: *“The use of KPIs... takes the pressure off a lot of the services because they know that we’re using [them to understand] how well they’re doing, it’s more of a ‘this is fantastic, let’s see what else we can do better.’ And we’re moving in the right direction”* (Head of Housing). Resulting performance information was discussed in the Housing Manager monthly meeting: *“what we’ve done recently is to introduce the rent arrears and seeing people’s accounts and names and money missing, so we’re bringing data into that meeting. It is actually turning ... the meeting around to be more purposeful”* (Housing Worker1). These same KPIs are then relayed to the Board: *“Those KPIs are set and they’re reported through to the board. And basically for me we constantly hit them and we religiously report on them”* (Head of Housing). During observations of a Housing Managers meeting, the team also collectively analyzed the performance of the vacancy KPIs to identify which properties were in disrepair. As young people were known not to select accommodation projects that were not well painted or furnished, the properties with the highest amount of room vacancies were targets for a maintenance budget. Overall, for the Housing Team at YF, the KPIs assist with goal achievement and communication with other stakeholders in meaningful ways.

Unfortunately for the departments that dealt with the support side of services at YF, the experiences of KPIs was not the same. These employees often expressed a frustration with metrics that failed to capture or even appreciate the essence of support work: *“So [the KPI evidences that] this many people came to us not engaged in education, and they’ve left being this engaged in education. And to me, that doesn’t measure anything, because it’s the tiny little steps that they do that is the impact of our jobs. Yet, that is what we’re measured on...how many people have gone to college, how many have gotten apprenticeship, how many have worked. You know, there’s nothing on how many people now understand the importance of work, or how many people have taken positive steps towards employment”* (External Coordinator). In a conversation with one of the Support Workers during an observation day at a Project, the Manager there told the researcher that the KPI for ‘move-on’ is not particularly useful as it has become a ‘game’ whereby the support workers tell the young people ahead of time they will be viewing the cleanliness of the flat to determine readiness for move-on, and therefore it is *‘not a good indication of how the young person is actually doing’*. KPIs were therefore only a way for some individuals across the organization to understand and contribute to overarching strategic priorities.

#### **5.1.1.3. Funder reporting**

Youth Futures is responsible for reporting on a suite of standardized KPIs every 28 days to their largest funder, Supporting People, a government entity that is in charge of allocating the public budget across the region for services to people with vulnerable housing statuses. The process is viewed as unimportant and encumbering by most of the members of staff, as the Operations Manager expounded: *“They [Project Staff] don’t quite get the time frames [for KPI reporting] and the understanding that they have to be met because they think we’re doing the job out there. If it’s all kicking off at the projects and they can’t get something done, then that’s their priority. And our priority here at Head Office is no, we need that information to get the information in on time so that we get paid and meet performance.”*

Largely, even the senior organizational members viewed the reporting format as a rather one-sided activity, whereby the organization puts in considerable effort to collect and communicate the information demanded by the funders, but the reciprocal effort is minimal. The Operations Director explains: *“I think it’s a massive tick-box process basically. I mean, I think it probably started out with all sorts of good intentions and then you just end up collecting stats for the sake of it that nobody ever looks or comes back to you on... I’m trying to think whenever somebody ever asked us about a KPI - very, very rare, very rare”*. Furthermore, the Operations Director continued, the funder reporting process had led to a position where the organization was continuously using the data to ‘prove’ compliance rather than to inform improvements: *“And the other thing of course is that we’re very good at manipulating our KPIs, not dishonestly, but to paint yourself in the most positive light. You don’t want to submit something that is going to make the commissioner worry and come back to you with loads of questions... so we’re not used to submitting stuff where we haven’t met our targets and that might cause the commissioner to come back to us. Because you know, we’re experienced at what it takes to be contract-compliant.”*

Unfortunately, the chosen method of PM that binds the organization to its funders is leading to negative sentiments of under appreciation and even worry.

#### **5.1.1.4. Social value measurement tools**

Unlike the other external measurement tools used at YF (e.g., commissioner KPIs and bidding processes) the Outcome Star is activated without resistance by staff, largely because they are correlating its use with positive improvements for the beneficiaries. Support Worker2 when asked about her use of performance measurement spoke directly about the tool: *“[When] doing action plans, it’s all about building someone up to get them to that move-on process and supporting them. The Outcome Star is quite good because it breaks everything down into sections so the young person can see how they are doing and how they can improve that. Then we can look at getting other support agencies in, if it is the case that they have drug or alcohol issues, or family issues, we can look at other agencies that are able to come in and help and work with them as well.... So it’s quite good, it gauges*

*how they are moving up through their goals; they can keep returning to it every couple of sessions to see how they have improved. I think it's quite good as it can give them a bit more enthusiasm to think, actually I've moved up that; I'm doing well now. He can keep returning to it and reflecting upon it".* A copy of a blank Outcome Star is shown below (Figure 5.2).

Not only is the Outcome Star considered a valuable measurement practice, but also an apparatus for structuring meaningful conversations with beneficiaries, a guidance for service delivery planning, and an instrument stimulating reflection in the young people. The activities initiated by the Outcome Star are indeed a core function of the services offered at Youth Futures - bringing homeless young people through stages of self-development until they are prepared to hold and maintain their own tenancy (e.g., care for their physical, mental, emotional health as well as manage personal resources).

A Support Worker elucidated: *"I find that they seem to enjoy doing that [the Outcome Star] more than the key work and using the Spectrum Support Plan. Maybe it is because, when we speak about it they are kind of reading... it is more explanatory, each section is saying: well, how do you feel... do you feel stuck, do you feel like you're accepting help, do you feel that you have become more independent? So, they just seem to enjoy that more when I am doing key working with them".* The Outcome Star in a sense measures not only organizational efficacy at addressing beneficiaries' needs, but is also a source of legitimacy for the support workers' social welfare activities at the front lines.

**Figure 5.2: The Outcome Star: Work Star**

Date of completion

Completed by

Worker and client  
Worker alone  
Client

job-specific skills

10  
9  
8  
7  
6  
5  
4  
3  
2  
1

challenges

10  
9  
8  
7  
6  
5  
4  
3  
2  
1

aspiration and motivation

10  
9  
8  
7  
6  
5  
4  
3  
2  
1

job-search skills

10  
9  
8  
7  
6  
5  
4  
3  
2  
1

stability

10  
9  
8  
7  
6  
5  
4  
3  
2  
1

basic skills

10  
9  
8  
7  
6  
5  
4  
3  
2  
1

social skills for work

10  
9  
8  
7  
6  
5  
4  
3  
2  
1

Client: I was involved in completing this Star Chart

Additionally, the type of material that counted as a measure of performance in the portfolios used to gauge beneficiaries' progress in the LSW training had been greatly expanded over the years. YF found that more structured portfolios not only diminished the learning experience for the young people, but mounted barriers between the workers and the participants. *"Over the years we have built... because lots of the staff wants us to give them a logbook and say: "alright fill in this workbook and that will complete that module", but we think that we will lose some of that individual work that goes on between worker and young person... and lose all of that. As they are working one-to-one they can come up with work that is suitable for their capability, their skill, and their level... and a variety of evidence comes back that way. The assessment criteria is there, this is what we need to show*

*learning of, but how they do it, we are trying to leave open so that it can be as interesting to the young person as possible... you don't have to make it boring by just making them do a worksheet, or a standard booklet that goes up to the agency. Instead, you can [offer] lots of different ways of doing it"* (Life Skills Coordinator).

For this element of service delivery in Youth Futures, standardized measurement was historically found to hinder the team's ability to provide appropriate services. By being flexible with social value measurement requirements, the LSW team has instead succeeded in improving not only organizational outcomes, but also the quality of the program and the experience of the beneficiaries as they partake.

#### **5.1.1.5. Partner meetings**

At YF, the External Coordinator had implemented a structure into the process of managing inter-organizational exchanges: *"Instead of offering us how they [donors] previously have like a financial donation, now they're offering a lot more of their staff time, so they're coming to us and doing one-off employability workshops or confidence-building classes, just an offering of their time to young people, potential jobs and work placements to people, as their kind of community engagement... I just kind of make that happen in a bit of a structured way, rather than just having lots of people here with no plan"*. Youth Futures did not want to turn away offers of any type of capital, but could not engage either in activities that drain scarce resources (e.g., staff time) or did not fit with the mission to assist youth. As explained by the external coordinator: *"Some external providers or companies are quite motivated by numbers... they want to hit as many people as they can, so they want to [know:] can we provide an audience of thirteen people, or could we have a group of fifteen? But because of the nature of what we do and the vulnerabilities of the young people, we don't measure that success by how many people they've seen. We do it by [looking at] impact."*

To overcome these discrepancies in the definition of legitimate performance aims, Youth Futures began having face-to-face pre-meetings with corporations to discuss the intended outcomes and measures of success. The external coordinator continued: *"We tend to have a lot of meetings with [donors] now... I try to channel it*

[the donation] *in a way that it can meet their kind of targets, but also obviously impacting the way that we want it to for us...because if it doesn't, the young people lose out because they haven't had a good experience.*" By agreeing a two-way planning process, they created a space where both parties could collaborate to reach a shared understanding of intended performance, even if originally potential donors were focused on maximizing numbers and the organization concerned with the welfare of beneficiaries. Youth Futures was therefore able to regularly partner with large firms to achieve mutually beneficial results, including apprenticeships and budgeting training from professional bankers.

Oftentimes, this involved a collaborative meeting process whereby performance outcomes for the given initiatives were co-created as a collective: "*We have meetings, we do a lot of planning, we do a lot of checking. So if the external provider writes the agenda, we've got to feed into it, or if we write it, we have them feed in, so it is a bit more collaborative than it used to be ... I think sometimes you think that feeling of being done to, but now we try to do it so that we are like a team, so the [Youth Futures'] staff that are in the session and the outside organizations, we are just one collective team for that day*" (External Coordinator). Indeed, these cooperative meetings were necessary, she explained: "*... actually you [as a donor] can have a lot of time to offer, but if it doesn't meet the needs of our young people, then it might look good on your corporate newsletter, but it doesn't always work for us*".

However, the meetings Support Workers had with Social Services often resulted in a different type of experience. A Support Worker explains: "*Our meetings are with the Team Leader [at Social Services] ...he is the Head of that age group if you like... so he is like a strategic level... and we are not strategic at all, we're right down here (gestured low to the ground with her hand). When we go to these meetings he is asking us questions that we feel he wants to know what is going on at the strategic level, which we are not really able to... We are always guarding what we say to him because he has always got his agenda of the number crunching... do you see what I am saying? I hate going to them*". The Support Workers ultimately felt misunderstood and scrutinized rather than a part of a collaborative team, even though Social Services is meant to assist with service delivery.



#### **5.1.1.6. Informal practices**

At YF, random interactions with young people often served to help employees gauge service performance: *“Your interaction with the young people, you know, if they are not happy with things, they are going to be the first judges of things, how well something is going”* (Support Worker2). Also, these informal moments with young people were seen as refreshing and motivating: *“I go to the services to do that [PDR with the employees], because I know that I will see at least one young person and be able to have a chat with them and get the feel of the project and all the rest of that. That's my way of touching base and reenergizing myself”* (Head of Support).

The emphasis on motivating staff behaviors through informal means was made by both Senior Managers and Project Managers at YF: *“You can't underestimate the effect of hearing that you're doing well on staff. And I think since I'm having that kind of validation, actually, you're doing a good job, will hopefully motivate other areas as well”* (Head of Support). Likewise, while observing at a Project the manager invited the researcher to attend the upcoming Easter Lunch, which was explained as one of the special events in the year that were ‘brilliant’ and ‘great’ for ‘building people up’ (Supported Accommodation Project Manager). Indeed, because of the many pressures on employees’ time to collect and monitor PM data for other stakeholders, the time in which they were able to appreciate the actual work with beneficiaries was diminished. The informal activities enabled staff and beneficiaries to come together for an extended period to discuss work and catch-up in a more laidback (or at least unstructured) sense, and these moments were highly valued by the staff.

#### **5.1.2. Organic Earth**

A summary table of the following experiences of the PM process across particular mechanisms at Organic Earth is provided in Appendix D.

#### **5.1.2.1 Purpose of performance measurement**

At Organic Earth, the described purposes of PM were assorted, but often linked to the alignment of efforts or mission achievement. For some, it was a mechanism for ensuring efforts were shared and aligned: *“It is to ensure that everyone is working towards the same goal. ... If the targets are all clearly laid out in the Business Plan and they are agreed by the Trustees... and we all know how our work feeds into those targets and how our team’s work feeds into our targets, then in theory we should all be heading in the same direction”* (Head of Membership), or *“It helps to deliver our reputation and relationships”* (Head of Education). The Chief Executive at OE used an analogy to explain the main role of PM, *“It’s a bit like conducting an orchestra. I have to make sure that everybody is playing their appropriate part to achieve hopefully the symphony of sound at the end”*.

Whereas the employees working within the diversified projects highlighted rather social welfare purposes and value for PM; for example, the Behavioral Therapist described her use of assigned PM practices as *“Other people, like [Head of Education], can’t do her report until she’s had her reports from all of her team. Then she’ll do a summary report and then they have a senior team meeting where she’ll report on our behalf to the senior management. So it’s knowing that my bit is being leant on by other people and that’s motivating because people rely on you to do different things”*. Or the Head of Income, explaining how PM is integral to the organization understanding the benefit of its programs: *“You get into these measures of things like the Garden Masters- what sort of long term impact they have on the people that they mentor in terms of their behaviors, in terms of the type and the amount of fruit and veg that they eat, and do they garden at home, do they have a more productive garden at home as a result? Those are really the fundamental things”*. The Head of Education sums up the purpose of PM for the projects: *“It [is] for promoting what we are doing as an organization... it helps to deliver our reputation and relationships”*.

#### **5.1.2.2. Key Performance Indicators**

While some of the SMT members expressed a positive rationale for a minimal number of KPIs in the organization; for example: *“I am aware of them and when the deadlines are... but there aren’t too many, which to me is good [to] focus on the*

*bigger picture” (Head of Finance), the apparent downside of OE’s minimally formalized measurement approach was that at times employees could not understand the strategic aims of the organization. The Head of Membership highlighted how the minimal formal measurement mechanisms connecting the overarching strategic aims and senior management with front-line employees was contributing to scattered efforts: “I think that the Senior Management Team now are sort of constantly reminded of [organizational KPIs], because we report back on them in the monthly meetings. But whether that is always fed down; because sometimes you kind of [get] anecdotal information or a conversation that you hear, you think that’s not... the priorities... and I think sometimes there is tendency for people to do their own thing, which doesn’t help”.*

Other SMT members echoed the sentiment: *“I suppose we do talk about where we are at. I think we don’t talk... we don’t necessarily translate that into what we are going to do next... in terms of visioning the strategy, those sorts of things. That is done at the Exec Level, which can be a bit frustrating at times, because it can feel like an information sharing rather than a Senior Management Meeting”* (Head of Education). The stance was even perceived as harmful to overall performance: *“It’s getting the numbers in line, getting the finances in line, and getting what feels right in line. And I don’t think they [Senior Management Team] align all three to say ‘yeah, we’re right’. A lot of it is ‘it feels right so we are doing it right’, and ‘oh by the way, the numbers look alright-ish’. It’s a bit more of good luck than good management in some respects”* (Operations Director). The Operations Director is expressing a frustration at the laidback attitude to measurement and suggesting that the informal nonchalance towards commercial objectives were inhibiting organizational goals.

#### **5.1.2.3. Funder reporting**

For Organic Earth, a significant funding partner is a Trust dedicated to advancing young people’s understanding, growth and consumption of organic food. Multiple stakeholders were involved in the design and implementation of PM practices for this endeavor. In this instance, a Behavioral Therapist had engaged with her line manager and the funders to develop a set of measures they all agreed were useful.

The collective decided that the reporting would be done via an online blog post that would be inclusive of observational notes and photographs of the service-users.

As highlighted by the Head of Education: *“The funders of the Growth project that is based here, we have to collect numbers and stats for them, but we more importantly, or more significant to them is...we have to do a monthly blog for them. They want to know what’s happening... they are interested in knowing what is going on against their three outcomes that they want to see from the project... It is about passing on horticultural skills, its about enterprise, its about the young people understanding a sustainable lifestyle, and it is about them understanding where their food comes from”*. To demonstrate the style of information reported, a small excerpt from the blog is provided in Figure 5.3.

**Figure 5.3: Blog excerpt**



This enhanced the meaningfulness of the PM practices for the employee as the co-designed measures were a way of enacting the goals the Behavioral Therapist deemed as legitimate; she explains: *“But most of it is just watching what they’re doing, talking from the staff and I make a lot of notes about what we’ve done, what’s been said... [Funder] are very happy with the reports that we do, so they have an annual report from us and they like a few numbers in there, but generally they’re*

*happy with the emotional side of it. So getting a quote from a student [on the blog] is just as important to them as having 60% of students agree that this happened... because it's more flexible and it suits the students a lot more than giving them a piece of paper".* For OE, not only does the Behavioral Therapist use her funder KPIs well, but the Funders engage in the process by providing feedback, and the service to the beneficiaries is not interrupted, meaning both environmental welfare and commercial logics are satisfied.

#### **5.1.2.4. Social value measurement tools**

At OE, the impact measurement case studies, originally requested as a reporting instrument by a donating Foundation, turned out to be a measurement mechanism which assists not only the staff in evidencing on going social performance, but also the beneficiaries themselves in evaluating their own progress. The Behavioral Therapist explains: *"I've showed them a photograph from the camera of this time last month in the garden space, so the ninth of May, the photo's dated and I said, what date is it now? 12th June, have a look and there's so much bare soil in the photograph; I sort of held it up next to the garden and they're just like, wow... because they're here every week, they see a gradual change so I use a lot of photographs to help them evaluate."*

Indeed, the form measurement takes while working with these disadvantaged young people on the Enterprising Growth project makes a large difference to their overall experience of the services, the Therapist stated, *"certainly the students I'm working with, if you give them a piece of paper and a pen, a lot of them just switch off, because they struggle with it and so it doesn't really get through to them and instantly you've killed some of the magic that you've created by having them outside. So if you can assess them in a more creative way that's more suited to their learning needs, you'll instantly get a more positive response."* Whilst measurement is needed for organizational and funding purposes, the Therapist is expressing that it should not detract from the service delivery in any way. For her, crafting case studies embedded with photographs as evidence of performance enables such a feat.

#### **5.1.2.5. Partner meetings**

The Project Coordinator at OE, responsible for seeking out and receiving potential partners, summed up her intermediary role as: *“I would say the hardest part of my role is... because what we do here is so diverse, I have to know a little bit about everything, so I am not an expert in anything, but I have a good overview of everything. I have to be able to go in and see what they like... I am mostly about relationship management... But it’s interesting within those first conversations you can usually tell what kind of reporting they will want by the questions they ask”*. Mostly, the inter-organizational relationship management at OE involved understanding the overlapping priorities through meetings, and the subsequent presentation of appropriate measures and formats to maintain the engagement: *“I will start the conversation with the gravitas of the organization: how old we are, how long we have been going, what we have achieved, and then find out what they want to gain. For example, if it’s a Housing Association, if they want to sustain tenancies; if it’s Public Health, what outcomes do they want? Like obesity, well reduction in obesity, fruit and veg uptake... Then the information I would give them will depend on their answers, so it can be the quantity of stuff from our university evaluations, they are always very useful! Depending on the hierarchy of the person that I am speaking to, generally will depend on whether they want the qualitative case studies and stories and then others will want the quantity of statistics and numbers side of things”*.

#### **5.1.2.6. Informal practices**

Many individuals at OE mentioned using informal mechanisms to evaluate organizational performance. When speaking about how he gauges success on the Leader programs, the Project Lead elaborated in this way: *“Communication. If there’s lots of communication, if there’s socials, if the groups are coming together quite a lot and talking regularly, then that’s always an indicator that the project’s running well. And if there’s a lot of communication with us, then that’s got to incline that it’s going well”*.

The Chief Executive highlighted the complementarity of informal elements alongside formal measures to understanding the state of the organization on any

given day: *“One is, when do I feel that we’re doing well as an organization, as a charity? And I think the answer to that, interestingly, is to do with the noise level. If it’s noisy, we’re doing well. So the days that I hear a lot of children screaming around the garden, when I hear a lot of noise from the restaurant, when I hear in the office people talking to each other on the phone and I think that’s great, because there’s a lot of activity. If it’s deathly silent, I think, oh dear, you know, things aren’t quite as I would like them to be. And then there’s the objective, which is actually looking at the data which comes to me, the management information which allows me to perhaps pull a few levers, move things perhaps in one direction or another, depending on what that information is telling me and where the trend is looking... Essentially, [measurement is] twofold- a subjective and an objective”*. For the Chief Executive, the commercial aspect of the organization is comprehended through actual management data (e.g., KPIs), while the performance of the charitable activities is understood by observing and listening to stakeholders visiting at OE. His statement indicates a tendency to view the different overarching aims (e.g., commercial and social) as having different roots and substantiations in the organization.

Additionally, the ability to spend time in the gardens at OE was a large source of inspiration for the staff: *“It is nice to come out during lunch and have a wander around these gardens and see how they are progressing. I have had a hand in some of it as well, so I can go and look at things and say, ‘I’ve planted that tree’... so it’s quite nice to see that still being done, even if I am not directly apart of it, I am still helping the gardeners... if their computers break I am still the one that is fixing it. It does make a difference”* (IT Support Officer). While doing data collection for this organization, many of the employees requested to do the interviews outdoors sitting on a bench in the garden, as *‘they were so lovely to be in’*, and the employees felt *‘lucky to work in such a beautiful place’*.

## **5.2. Cross-case analysis: highlighting latent assumptions through the exploration of unexpected differences and similarities**

The within case analysis shows a widespread range of responses to measurement processes (see especially column three in Matrices 1 and 2 in the Appendices). This section presents further results of the analysis by investigating the essence of the diverse responses through a cross-case comparison. The decision was made to focus on unexpected responses, in order to unveil weaker assumptions within present conceptualizations of PM, and advance PM theory. Data related to the identified unexpected responses was second order coded into themes describing the patterns of similarity or difference across cases. The analysis is once again presented as themed thick descriptions to emphasize people's experiences. Latent assumptions of the PM process are explored by 'matching' the emerging themes to the initial theoretical framework. The challenges to the initial theoretical assumptions are thereby elaborated, building towards an expanded characterization of the PM process, which offers an explanation for the variegated subjective responses. The expanded framework is presented at the end of the thematic descriptions. A summary table exhibiting the cross-case comparison and emergent themes, as well as the theoretical and/or empirical relevance of each is supplied in Table 5.1.

### **5.2.1 Measures are interpreted**

#### ***5.2.1.1. Described purposes of PM***

For a reason outside the purview of the formalized design of the practices in each organization, individuals varied greatly in their understandings of PM's purpose. Indeed, stakeholders tended to associate themselves and their main PM objectives with a dominant meaning. At Youth Futures this was apparent in the language they used to describe their core responsibilities and performance aims. For example, one of the Learning, Skills and Work program support workers explained his core responsibilities working with young people who are not currently in education, training, or work as: *"young people have found themselves in a rut where they just do not want to do nothing, so I have to try to uplift that spirit again to get back out there*



*and start all over again*". While a housing worker described his as: "... *to monitor rent, the income for housing benefit and the personal payments from the young people... and, if there's any breaches of tenant tenancy behavior, ... to get involved with those and issue warnings*".

At Organic Earth, a similar pattern was detectable, whereby depending on where in the organization the individual was located, the purpose of PM varied. The Chief Executive at Organic Earth (OE) explained the internal performance priorities as: "*A number of our current targets and objectives are around things like good governance, balance finances, you know, internal matters, essentially making sure that as a charity we are running in an efficient way.*" With a similar commercial logic overtone, the of Head of Programs described the purpose of PM as: "*In order to survive, we recognize that we need to be well-run, we need to be financial stable, and we need to be a good place for people to work, we need to do certain things... a lot of them come back to the finances- we need to have good control of our financial system- that's why we do a lot more on performance management*". However, other interviewees at OE regarded PM as a means to align efforts and create social welfare.

In reality, the measurement process aims to fulfill several functions (e.g., the management of resources, guidance of employee behaviors, communication with external stakeholders, etc.), yet individuals tended to elaborate specific purposes, and in relation to their own role (e.g., social welfare, commercial, or public sector rationales). This pattern elucidates that not only the formalized practices differed in each organization, but also the distinctive combinations of PM practices were perceived to play different roles for various stakeholder groups. Ultimately, PM is interpretable, and particular mechanisms symbolize particular values and underpinning rationales for performance objectives and organizational objects.

#### ***5.2.1.2. Levels of organizational alignment***

It was not a surprise that the extensive use of PM practices at YF was supporting organizational alignment: this is indeed a core attribute of appropriately implemented PM systems. However, due to the relatively small size of OE, one would not anticipate that a division of commercial measures at SMT level and social welfare measures on the frontlines would lead to the commercial acumen being so

weak. Indeed, the informal mechanisms in place whereby individuals spent time daily discussing the state of operations and projects should be expected to ensure alignment of efforts with organizational aims.

On the other hand, the misalignment found at OE could be explained not simply by the absence of a fully cascaded measurement system, but by the lack of attention towards commercial goals. As demonstrated in the Informal Practice illustrations (i.e., section 5.1.2.6 and Matrix 2), individuals within OE were achieving desired social performance, including through the use of various informal mechanisms such as casual conversations about performance and listening to the activities in the show gardens. However, most performance practices at OE, both formal and informal, ended up prioritizing the social over the commercial, and therefore the organization was experiencing an imbalance in efforts towards social welfare: *“Lots of programs have their own in-built monitoring and evaluation. For example, the [Garden Leader] program: there is an element to evaluate, but I would say that is more the impact of the program, rather than evaluating what have we achieved against [the business] targets”* (Head of Programs at OE). As the Operations Director at OE also put it: *“We seem to spend a lot of time looking at impact analysis, which is great, because that is what effectively the project is about, it is about behavioral changes.... But it’s not necessarily helping us through the course of the year to manage the project in an effective way... and I think that is the kind of thing that isn’t always understood.... The difference between the two. We do loads of reporting, we are really good at it, but actually we are really good at doing the impact, we are not good at doing the bit that gets us from A to B.”* Largely, social welfare performance, or impact, requires a different approach than commercial performance, ‘the A to B’. However, as commercial performance was insufficiently measured (either formally or informally), the organization was not capable of guiding employees’ behaviors towards it.

The reverse situation was true for Support Workers at YF who were often distracted from support services by having to adhere to a host of metrics related to commercial performance. For example, they often had to focus the initial service experience on seeking work for beneficiaries to meet the funder target for numbers in work, instead of working to develop confidence to maintain the employment.

Therefore, this pattern suggests that the structure of the chosen PM practices (formal or informal) is only partially responsible for what actions are put in place. The content of the measures, or the symbolism embedded with them, also greatly determine how much effort is put towards particular goals (e.g., there are not enough people with commercial PM measures (formal or informal) at OE to support its performance in this area; and Support Workers at YF have too many formal and informal measures related to commercial objectives). Although theories concerning organizational alignment already outlay the tendency for efforts to be distorted if measurement focusses on one dimension of performance, this finding takes the idea further by highlighting how having measurement mechanisms aligned to multiple strategic outcomes is not sufficient. Instead, where particular formal and informal measurement mechanisms are placed and who they are intended to be used by also matters for what performance is enacted.

### **5.2.2. Structured actions and relationships**

#### **5.2.2.1 Demand for KPIs**

The handful of instances where employees bemoaned the lack of KPIs in a certain area of performance is particularly interesting. At YF there were issues around not all staff contributing to recruitment for LSW training: *“We sell ourselves as more than a housing association; we sell ourselves as we offer you a supportive package. We’ve got flyers about engaging in education employment training. But actually the real reality is: [a young person] could be here for months, if not years, and not ever engage with our [learning, skills, and work] team at all, and there’s no consequence [for the staff]. And there should be”* (External Coordinator). What was lacking, according to the LSW team members, were KPIs that stimulated responsibility for this activity throughout the organization: *“I don’t know if we could have like [a KPI that monitored] in this month this project referred [to LSW activities] this many people and this person hasn’t - not individuals, but some kind of table which illustrated where are referrals coming from and what is the issue so we could target... what is the issue here, as to why you’re not referring- because at the moment there doesn’t seem to be accountability”*. The absence of KPIs meant that key staff working with the young people overlooked an organizational-wide priority,

that of providing adequate support services to ensure young people were ready for work or education.

The Head of Membership at OE depicted this dichotomy in her description of PM: *“When a target has someone else’s initials against it, it is very easy to just sort of not take any responsibility.... So, it’s how you have ... that performance management to make sure that somebody is driving something, without then alienating or giving everyone else a reason to switch off. I guess that is more the implementation of [KPIs] than that they exist”*. For OE, membership recruitment and retaining were something almost all of the Project Coordinators could contribute to; however, as the Head of Membership mentioned, they rarely did so. Her proposition is that measurement would lead them to contribute to this activity.

The lack of measurement therefore acted as a barrier to performance by not creating a sense of responsibility for contributing to an activity. These examples allude to a greater influence of PM practices as not only a mechanism for creating focus, but also a way to attribute responsibility and accountability. Thus, without a measure people appeared unlikely to contribute as much to an activity as they would do if their role were associated to it (e.g., Support Workers not paying attention to LSW aims, Project Coordinators not contributing to Membership goals).

**Table 5.1: Summary of cross-case analysis**

<b>Differences and Similarities</b>	<b>Comparison</b>		<b>Empirical and/or theoretical insights</b>	<b>Emerging theme</b>
	<i>Youth Futures</i>	<i>Organic Earth</i>		
Perceived purposes of PM	Management of resources Service improvement Transparency to funders and public	Alignment of efforts Beneficiary improvement	The various practices embody particular meanings	Measures are interpreted
Levels of organizational alignment	Strong	Weak	Formal and informal PM practices affect people's performance, but it is the symbolic content (e.g., logics, meanings, etc.) embedded within the array of practices that determines how much individuals contribute to certain objectives	Positive and negative emotional effects
Internal PM relations	Self-protection	Collegial	PM affects not only actions, but also emotions	
Motivation for social value measurement tools	PM generates positive experiences and observable results when alignment is established across the interpretive content of a PM practice, the actions required to implement the measure, and the values and beliefs of the people implementing the measure.		For PM to generate a positive subjective response, alignment must occur at the level of people's beliefs for measurands	
Demand for KPIs	KPIs portrayed as allocators of responsibility as particular performance objectives not managed via organizational KPIs (e.g., LSW enrolment and member recruitment) found to generate minimal efforts from people.		Measurement focuses attention on, or absolves responsibility for, particular people on particular objectives	Structured actions and relationships

Limits of PM practices	The actions associated to implementing a PM practice may assist or misdirect individuals in pursuit of particular objectives. For instance, formalized KPIs were found to have limited ability to express change and transformation processes of beneficiaries, therefore limiting essential relationship building activities (impact measurement tools were the exception).		The actions required to implement a PM practice should be aligned with the nature of the object being measured	
Funder reporting	Encumbrance	Beneficial activity	During a measurement process, the particular properties of organizational phenomena focussed on, and the way in which the value is attributed, affects individual's attitudes towards performing	Experiences of performing
Role of external coordinators	PM meetings and reports may be used flexibly by a Coordinator to encompass the needs and beliefs of potential donors and partners. Tension is likely to ensue if there is no coordinated use of PM at intersection of multiple stakeholders with divergent goals (e.g., Social Services at YF).		Measurement processes can be purposefully utilized to reconcile values and beliefs of multiple stakeholders; or, be the cause of tension and conflict	

#### **5.2.2.2. Limits of formalized PM practices**

Both organizations struggled to use formalized PM practices to identify and describe several facets of performance. One Project Manager at YF described the limits of formalized commercial measures as such: *“All the good stuff is not written down, is not measured. It is the conversations with the young people, the thank-you three years after they move-on, the beliefs, independence and skills stirred in the [young people]. This is not captured; except in a newsletter or report for externals, and the collection of this information is just seen as administration by staff. What staff actually do for a living, the difference they make, is not measured”*. Even more worrisome was how deficient formal measurement seemed to be at portraying the actual indicators of success in young people transitioning through services: *“We can tick box success, but you can look at their life and go “I don’t think they’re going to do very well””* (Housing Manager1). The Housing Manager is alluding to the final check-list when young people are getting ready for move-on that involves selecting whether or not they have employment and an accommodation to move into. However, these final checks do not confirm an essential component of successful move-ons, i.e., the deeper behavioral patterns related to personal self-efficacy and confidence.

Oddly enough, managers also spoke of PDRs as limiting, as they held back top performers; a Direct Access Project Manager at YF described the process as such: *“With the PDRs it’s about the individual’s personal performance. And really, it’s quite hard. If someone is performing quite well and they’re meeting their target, there’s no level to go up to. Do you understand? Yeah. It’s you could say: “you’re doing well, you’re meeting all your targets and it’s quite hard”. You could keep up in a meeting in saying that. It’s easier to work with someone who’s not meeting their targets to try then to bring them up, yeah, than it is someone that’s hit a target. There’s nothing for that person. That can be demotivating sometimes if someone hasn’t got anything else to go up to.”*

Throughout observations several stakeholder complaints concerning the limits of formal practices were witnessed. At a Manager’s meeting, the support staff expressed frustration with the target for filling a room vacancy (i.e., four days), as sometimes the reason a room would remain vacant was not explicable purely

through the number. Although the allocation officer was expressing dissatisfaction with several projects, staff tried to explain the vacancies were due to not wanting to put two potentially risky youth side-by-side, or the room being physically located too far away from staff offices for appropriate observation of a presenting young person. The Head of Support summed it up as: *“Although there are hard targets that [we] need to meet, quite often the soft indicators have a massive impact on whether [staff can] meet those hard targets”*. “Soft indicators” here mean the non-measured actions and decisions which are a part of service delivery (e.g., relationship management, tailored support, etc.). An excerpt of the report being discussed in respect to the vacancy target during this observation is shown in Figure 5.4.

**Figure 5.4: Vacancy target report used in Manager’s meeting**

Allocation Move-In Report for MARCH 2014									
YUB YP from Youth Hub			H&S Health & Safety			DNA Did Not Attend			WL Waiting List
WL Waiting List			MIL Milner			XFR Internal Transfer			YAR Yardley
	No. of Yps Moved IN	Vacancy to Offer	Acceptance to Move IN						
				No. of YPs Moved In			Breakdown of Yps Moved In		
				KPI 1	Vacancy to Offer	1.93	Milner		13
	13	0.15	0	KPI 2	Vacancy to Move In	2.43	Yardley		7
	1	14	0	KPI 3	YP Accept to Move In	0.5	Waiting List		6
	0	0	0				Health/Safety		1
	1	10	1	KPI 4			Move On: MIL (5) YAR (8)		13
				KPI 5	% of Vacancies filled within Target (4 days)	83%	Total Yps Moved In		40

At OE, the SMT was struggling to define its environmental welfare measure through formal KPIs: *“That is a bit of a wobbly jelly that we can’t quite grab a hold of”* (Finance Director). The Head of Programs viewed the problem as such: *“At the end of the day we are not here to employ lots of people, or to run a profitable business, are we? We are here to change people – and that is the most difficult to monitor, isn’t it?”* The experiential nature of benefiting from organic gardening was



extremely difficult to label as any one measure. As the Head of Income also elaborated, most of OE's goals were longer term aims that could not be captured in a financial metric: *"We are an organization which is very much about our sort of being a long term objective and not a business trying to produce a profit or a dividend for shareholders. That's not our ultimate objective and people join us, people donate money to us, because we're a charity with those core longer-term objectives. And it's quite hard to measure how much of a contribution you're making towards those long term objectives, so there's a danger you get bound up very much in: right, have we met the objectives for this specific project?"*

Even at a project level, the coordinators were resorting to their own personal measurement practices (e.g., face-to-face informal conversations with beneficiaries) in order to fully understand performance: *"We have to adhere to all the European guidelines; they fund everything through measures, which all have outputs. So I am constantly measuring against those, and with social projects that is often quite difficult. When DEFRA are looking for numbers in boxes, a lot of the work we do is intangible, it's not... you know... so it's quite difficult"* (Trailblazer Project Lead). In the end the Trailblazer Project Lead supplanted the numbers with visits to participants: *"...we have to collect all the numbers but it would be... I would try and be quite informal: we would do it over a cup of tea, and also talk about all of the other things – the impact and what else has been going on"*.

Ultimately, both organizations struggled to apply formalized PM practices that enabled the full expression of change, transformation, and long-term goals inherent to welfare objectives. Yet, if we consider the success of the social value measurement tools used by the employees on the frontlines with the beneficiaries, it would suggest that not all PM is inhibitive to such aims; rather, it is the way in which the practice lends itself to being implemented and used by the individuals interacting with it. The major difference in these practices was whether the properties measured by a given measurement mechanism aligned with what an individual believed to be important concerning the measurand. Social value measurement was a co-creative process that reflected the actions of the employees as they actually created the welfare performance on behalf of the organization (e.g., discussions concerning emotional and physical well-being). Of course, the setting of a KPI related to social welfare or the assessment of employee performance (e.g.,

through PDR targets) rarely involve such rich actions, as the primary aim of these mechanisms is to describe the phenomenon in a simple numerical formula.

These findings demonstrate that the meanings of the actions associated to attributing value to measurands (e.g., recording numbers and tracking statistics, or conversing with beneficiaries to ascertain mental health) are a part of the process not only of understanding performance but also of creating it. Moreover, various practices (e.g., KPIs, the Outcome Star) appeared to be more or less relevant for different aspects of organizational performance (e.g., financial and effectiveness indicators appeared suitable for commercial goals, whereas social value measurement tools were most useful for social welfare goals).

### **5.2.3. Positive and negative emotional effects**

#### ***5.2.3.1. Internal relations to PM***

Especially incongruous between the two cases was how individuals referred and related to other people when discussing and implementing PM processes. At YF, where the majority of activities and procedures were measured through KPIs, regular meetings, or quarterly reporting, people often referred to their personal KPIs as a form of self-protection. The Allocations Officer explains how the PM practices helped her juggle her responsibilities and manage relationships: *“It’s the housing managers and the support workers [who] are the most difficult people I have to deal with because they’re on a different planet... I have to deal with different projects, different personalities, different objectives. That’s why I’ve set up all these systems, to help me to collect, to produce, to report on what has occurred. Without that it would be impossible”*. During observations, others spoke of using PM to *“justify something or reply to something”* (Head of Support). Or as a control mechanism: *“[Employees] are very good at showing you about three things that they’ve done really good but you don’t know what’s the rest doing ... they could still pull the wool over my eyes in a snap, if they wanted, but at least [with the departmental KPIs] I’ve got more of an idea [of what the employees actually do]”* (LSW Manager).

In contrast, at OE, the tone of interactions around measurement was more towards collaboration, openness, and mutual understandings of each other. For example, the Behavioral Therapist spoke of her project specific KPIs in the

following way: *“It’s not sort of being watched and being monitored doing it, it’s knowing that somebody needs you to have done it by a certain time and I find that quite motivating”*.

Furthermore, during observations of the Senior Management Meeting, where the progress on KPIs was discussed and areas for improvement identified, staff were relaxed and jovial. For example, the Management Team had dubbed the Chief Executive ‘Chief Monkey’ and used this term while all giggling during the meeting. A similar atmosphere was purported at the Corporate Resources meeting (comprised of Finance, IT, and Human Resources): *“[Corporate Resources meetings] are actually a lot of fun, mostly we tend to make fun of [Finance Director] a little bit. But, you know she is really good in that kind of way; obviously she is all of our line manager at the end of the day, but she will take a little bit of ridicule... the team atmosphere is quite good with her. Within our Corporate Resources, we definitely have a quite good level of morale, we are quite jokey, so its quite good”* (IT Support).

While it could be expected that the organizations would have different uses for PM, with YF being so highly regulated and of a larger employee-base compared to OE, it is unexpected to see such a stark difference in the intra-organizational relationships at the intersection of people and PM practices. The individual responses to PM at YF were rather reserved and cautionary, whereas at OE there were much friendlier interactions. This finding posits differing PM practices as not only having a differential effect on observable practices (e.g., what people ‘do’), but also as leading to discrepancies in people’s subjective experiences of organizational life and relations (e.g., what people ‘feel’).

#### ***5.2.3.2. Motivation for social value measurement tools***

Ultimately, the Outcome Star and LSW portfolios at YF enabled Support Workers and beneficiaries to co-create the intended welfare objectives, as engaging in these processes of measurement led to realizing actual improvements in the condition of the beneficiary (e.g., assisting the young person to self-identify areas in which they need training and/or support, and eliciting reflection on progress to date). In both cases, practices involved in the social value measurement tools were viewed as non-

constraining to individuals and as mechanisms for enriching the interactions between workers and beneficiaries. The studied social value measurement tools could be described as co-creative apparatuses that guide the construction, reflection upon, and identification of next steps for desired performance objectives merely through their use.

Another example of positive reactions to PM was when the Housing Workers spoke highly of the value and use of their Project KPIs that focused on particular aspects of their roles (e.g., void turnarounds, rent collection). The similarity is an alignment of the measurement mechanism with the measurer's symbolism for the measurand (i.e., social welfare measurement language for social welfare aims; and KPIs laden with commercial lexicon for commercial objectives). Additionally, it was a similar experience for the Finance team at OE who spoke of their '*passion*' for numbers, and '*ease-of-use*' of the financial indicators. To a question concerning the value of PM, the Finance Director responded: "*For me, it's things like the management accounts, the variance reporting, that's it... I know exactly where we are financially, so that works perfectly*".

This theme highlights how when the content of a particular measurement mechanism and an individual's symbolic associations (e.g., meanings, attitudes, and beliefs) for the measured object are in alignment, PM generates positive emotions at an individual level (e.g., motivation, inspiration, engagement) as well as contributes to the desired organizational performance (e.g., the accomplishment of organizational objectives).

#### **5.2.4. Experiences of performing**

##### ***5.2.4.1. Funder reporting***

It should be noted that due to several varying funder characteristics between the two cases (e.g., government entity vs. private foundation; greatly differing amounts of donations, etc.), it is to be expected that PM practices would be different, and that there would be more intensive measurement at YF. However, the negative climate created around funder measures at YF is not an intended, or expected, outcome of PM practices. For example, the Head of Support felt as though the measures were not even capturing the essence of their work with beneficiaries: "*My services don't*

*necessarily fit into [funder KPIs] particularly well... I mean, it's easy to say how many evictions are done... It's not so easy to say if people have their case meetings, and if they've moved forward, or backwards, and if they have moved backwards, actually, it's not because they've been sanctioned by the Benefit Service, or their mom passed away".* The Support Workers also appeared to have no use or understanding of the measures: *"I record them [funder KPIs] to pass on... it is the manager who has got to pass them on, I do not know where they go after that"* (Support Worker2). It is evident that in this case PM is not stimulating any improvements in performance.

The positive reception and use of the funder reporting practices at OE, on the other hand, are rather illuminating and promising. The expectations upon the Behavioral Therapist to report performance on the moderated blog post were generating understandings of beneficiary progress and meaningful exchanges with the funder. *"[The beneficiaries] were making salad boxes and things like that... [the blog] would just be to show that that's what [we are doing] ...and interestingly then the funder came back and said, 'I get that it's the winter... and these are all very nice things that you are making... but they are not about [growing] food'. So he was able to know what we were doing and he was able to ask about that, you know three months into the project rather than twelve months into the project when you go at the end... so it's really useful"* (Head of Education).

Besides the differing funder characteristics, the observable discrepancy in experiences and interactions around the selected measurement mechanisms seems related to the focus of and the actions required to implement the measurement practice, and how well or not this aligned with the beliefs and attitudes of the employees collecting the information (e.g., those delivering the beneficiary services). Considering the success at OE, alignment of beliefs across internal and external stakeholders could be accomplished, at least in part, by collaboratively creating the PM practices (see, e.g., section 5.1.2.3).

#### **5.2.4.2. Role of coordinators**

Within both organizations, a particular individual was responsible for identifying and managing potential partnerships and donations. These individuals continuously

straddled, and made sense of, the space between internal performance aims and external stakeholders' varied offerings, thereby ensuring interactions were meaningful for both 'sides'. The interesting convergence is how in both cases this role was established for the management of successful partnerships. Over the years, both organizations went from utilizing a standardized framework of characteristics to evaluate donors' suitability, to employing an individual who would discuss potential partnerships.

The hired coordinators were tasked with remaining open to the partners' incoming logics, while finding innovative ways to communicate the organizations' own position (e.g., collaborative meetings and tailored reports). Through a mixture of relationship building (informal mechanisms) and formalized practices (meetings and reports), these individuals interpreted the partners' underlying motivations and determined the extent to which the interconnected organizations did, or could, match resources to realize collective goals. The created space was a reconciliation of the inter-organizational logics at play.

It is important to revisit that not all partner-based meetings went so smoothly. At YF, for instance, when Social Services met with Support Workers in the regional Projects, there was often conflict and frustration rather than cooperation. The Support Workers stated they *'hated going to the meetings'* and that they felt *'there is a hidden agenda'*. The sentiment was summarized in the following way: *"He's [Social Services representative] more of a figures man... figures, figures, figures...he's a... don't get me wrong... he is very astute and Social Service, and number crunching and all that kind of stuff... but when it comes to ground work... dealing with young people, with faces of young people, I don't think he has [the capability]"* (Support Worker4).

Alas, when the interfacing partners are solely guided by their own logics (e.g., social welfare concerns over young people vs. public sector resolve to be transparent about all actions), the likelihood that PM practices spanning multiple stakeholder groups such as those utilized during partner meetings will have a positive effect is lowered substantially. Alone, the formalized practice of partner meetings can be detrimental (e.g., it could induce stress and frustration). If, instead, a person is allocated the responsibility to mediate the differences in partners' beliefs and interests purposefully (e.g., a coordinator), this creates a different experience for

the people involved in the interactions, and thereby enables fruitful partnership meetings. As the External Coordinator at YF elaborated: *“We have made mistakes previously, where we have just said thank you, put that on, whereas now I feel more confident to be able to say that looks brilliant, but actually I think what would work better would be this, and I think they [partners] receive that quite well. Having a post for the groups has worked much better for our team – much better. The outcomes are much better now... Because ultimately it’s a waste of their time and ours, and of people’s time if it isn’t thought through properly”*.

These findings highlight how PM may be utilized as a practice for negotiating alignment between stakeholders with differing logics for organizational goals. The structure and content of the PM processes are malleable; it is more how they are presented to and applied by the stakeholders that matters for what type of response will be elicited.

#### **5.2.5. Summarizing the cross-case analysis**

By analyzing the similarities and discrepancies of unexpected responses to the PM process across the case organizations, several patterns which elucidate reasons for diverse subjective responses to measurement have emerged: 1) measures are interpreted at an individual level; 2) measures influence actions and relationships; 3) measures have positive and negative emotional effects; and 4) measurement processes affect people’s experiences of performing. Specifically, in order to explain the nuances, it is necessary to consider subjective components implicated in the measurement process (i.e., people’s emotions, values, and attitudes) simultaneously to the traditional formal aspects (e.g., design and implementation of measures). Indeed, paying attention to not only the formalized content and actions required by a measurement process, but also to the meanings individuals within the measurement process attach to particular mechanisms and measurands, is essential to understanding diverse subjective responses to measurement.

### **5.3. Expanding the initial framework: The experiential facets of the measurement process**

The initial theoretical assumptions illustrated PM as both formal, as manifested in various mechanisms (e.g., KPIs, reports, meetings, social value measurement tools, etc.), and subjective, which include individuals' beliefs and attitudes. This is depicted in Figure 3.3 and again in 5.1. Yet, by detangling the formal PM characteristics and subjective responses to particular PM practices, it becomes necessary to expand this model in order to compensate for the breadth and nuances of the responses. That is, measurement is found to be an experiential process, which may be formal or informal. For one, individuals associated different meanings to PM depending on where they were positioned in the organization. Furthermore, the selection of particular practices in each organization led to a salient difference in performance along commercial and social welfare dimensions. Thus, PM practices, whether formal or informal, appear to be embedded with content that people interpret and respond to in the pursuit of goals. These interpretations are not neutral, in the sense that people's emotions, attitudes, and beliefs are involved and as such either positive or negative experiences are elicited. For instance, Housing Workers gained motivation and insight from their KPIs, whereas Support Workers were frustrated and distracted from their core goals from the same set of KPIs. Likewise, funders' designed forms of measuring social welfare goals may create positive or negative responses depending on whether the properties of the measurand focused on matches what individual's believe to be important in relation to that measurand (i.e., what property is utilized to describe beneficiaries' progress)). For example, performance exchanges with funders at OE via an online blog were productive and amicable, whereas the monthly reporting cycle at YF was generating anxiety and apathy.

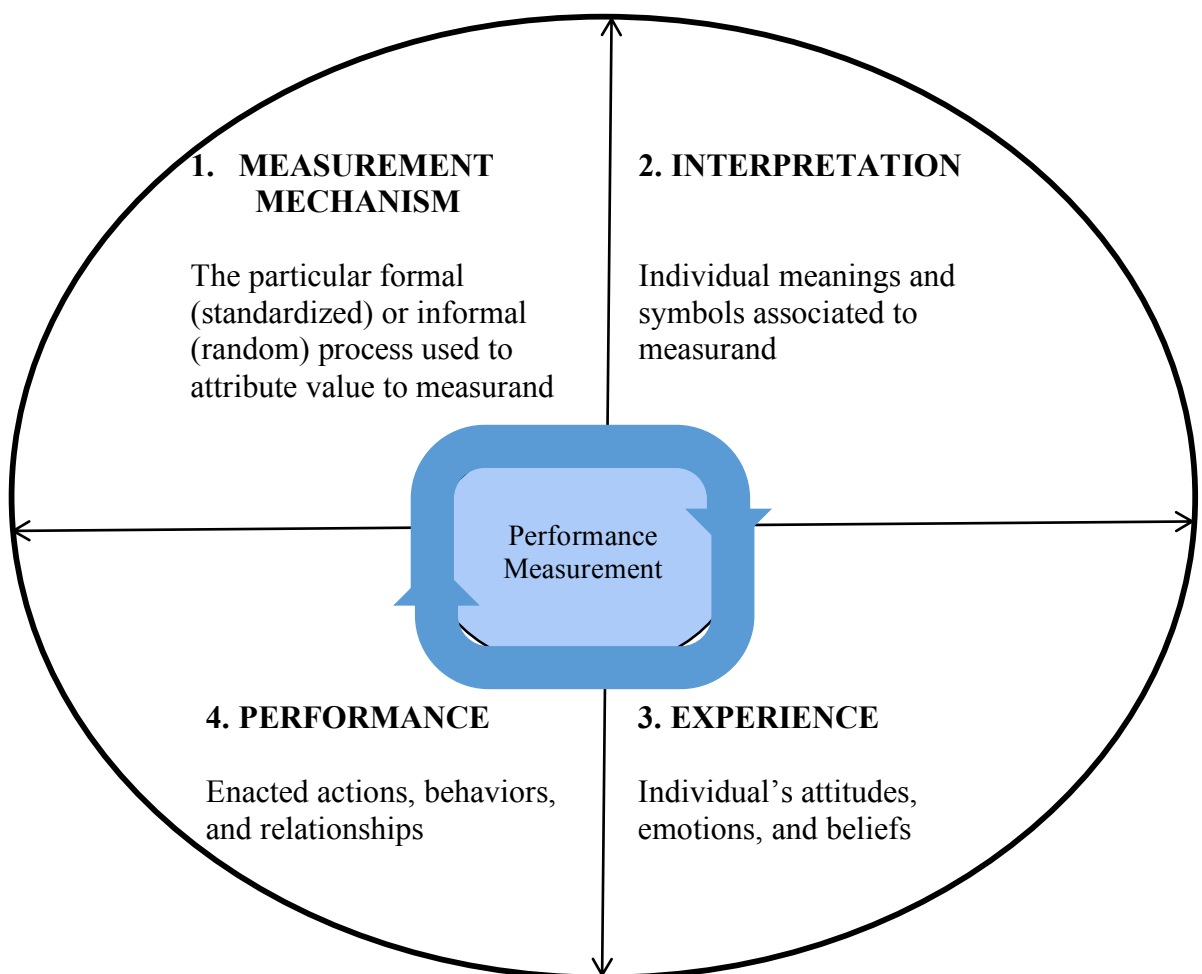
Therefore, a characterization of measurement could be developed beyond traditional formal and materialistic views (formalized and empirical practices that guide attention, actions, and behaviors) to encompass also informal practices (non-routinized mechanisms for identifying and describing organizational



phenomena), interpretations (people interpret measurement mechanisms and measurands as having particular meanings) and experiential components (the measurement process generates feelings and attitudes). These multiple facets, summarized in Figure 5.5 as the characterization of PM at an individual level, are found to interact continuously to affect people's experiences of PM, and hence performance in relation to organizational objectives in social enterprises.

In the following chapter these characteristics of the PM process will be further analyzed in order to identify themes which elucidate the interrelationships between individuals and PM.

**Figure 5.5: A characterization of the individual level performance measurement process**

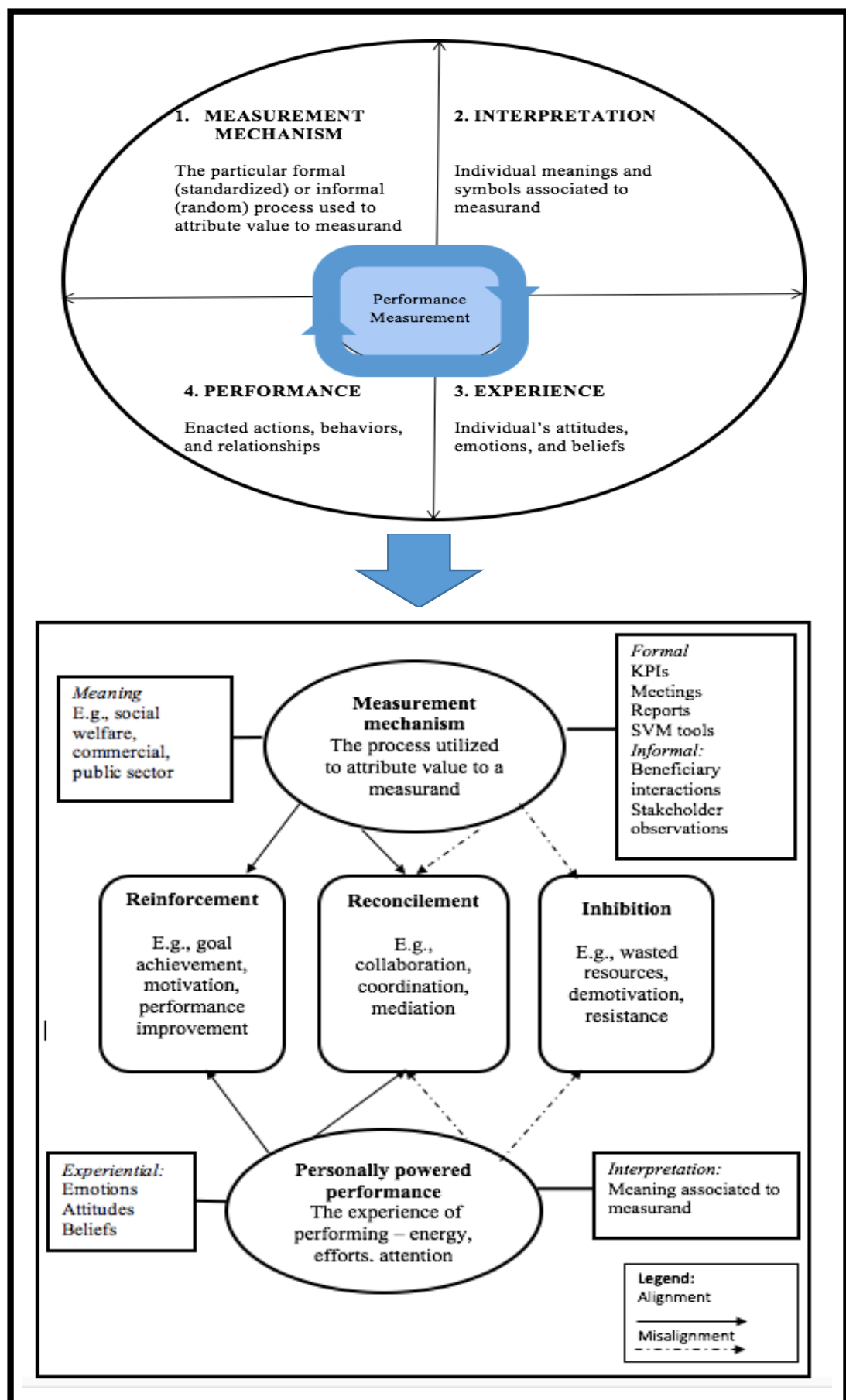


# Chapter VI: Analysis Part 3 – The interrelationships of people and performance measurement

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In the previous chapter the analysis of people's responses to PM in the case organizations led to an expansion of the initial orthogonal formal-subjective PM theoretical framework to a quaternary which includes an interpretation and an experience (i.e., Figure 5.5). This chapter concludes the analysis by fleshing out the theoretical themes, which clarify these multi-faceted interrelationships between people and PM. As such, it compares the empirical findings in light of the present theories. It concludes by offering three theoretical themes which irradiate performance measurement theory at the individual level, ultimately signaling for a subject to be invoked into the design, development, implementation, and use of PM in organizations. It also illustrates how the recognition of the subject can lead to a new theoretical concept, personally powered performance. See Figure 6.1 for a graphical illustration of the abductive process.

Figure 6.1: Creation of theoretical framework from part 3 of analysis



## **6.1. Rediscovering the theoretical underpinnings**

Considering the expanded framework depicting a multi-faceted PM process (i.e., Figure 5.5), it can be noted how much research on the topic has focused on the top left quadrant - The measurement mechanism: the creation of accurate and valid measures of desired organizational performance – and, to some extent, the bottom left, The Performance: the actions, attention, behaviors and relationships of people utilizing PM. However, the other two quadrants: The Interpretation - the meanings individuals associate to particular measurement mechanisms and measurands; and The Experience - the emotions and attitudes generated when people engage in a measurement process, have been much less considered in the PM literature.

In order to explain these delineations of a multi-faceted essence of PM in the case organizations it is necessary to ‘rediscover’ the literature and question the newness in light of the existing knowledge. Present PM literature would suggest the variations and similarities of stakeholder experiences within the organizations were due to the design and implementation of the practices, but this does not explain why individuals allocated different meanings, and had various emotive responses, to the practices. In other terms, the observable and experiential elements of measurement must be distinguished. Properly designed measures which represent organizational aims are suitable only inasmuch as they resonate with the beliefs of individuals who have to use them to identify, describe, and understand performance. Regardless of measures aligning or not with organizational strategy, if measurement continuously generates a bad experience, by stimulating negative emotions and/or attitudes from stakeholders, then the organization will receive undesired responses and diminished performance from the implementation of PM.

Depending on whether the properties of measurands focused on during measurement processes were aligned with what individuals found to be important in relation to that measurand, the effects of PM practices were found to generate positive or negative experiences. The structure (i.e., formal or informal) mattered less for what type of response was elicited. The positive experiences due to alignment of these values across processes and people were especially evident in the use of social value measurement tools, the Housing Workers at

YF's KPIs related to accommodation vacancies and fillings, and in the finance team's use of account statements. The negative emotions were revealed when Support Workers had to discuss or analyze performance information from the rent-related KPIs, 'distracting' them from offering support services, and in the use of a monthly funder reporting cycle based on KPIs, which were felt to wrongly portray performance at YF. Furthermore, the way in which individuals in the two organizations described their experiences of PM in general varied on an emotional dimension: those at YF often described PM as ensuring a sense of self-protection and justification of their work, while people at OE demonstrated a collegial and trustworthy form of relations around PM use.

Overall, the PM practices represented certain logics (e.g., meanings and values) and influenced what people paid attention to, how they paid attention, and what actions were used for enacting performance. Depending upon whether the logic of PM aligned with the attitudes and beliefs of the individuals involved in the measurement process, there were different experiences, and benefits or consequences of measurement. Three potential reactions were uncovered in the data: 1) reinforcement (positive experiences); 2) reconciliation (mediated experiences); and 3) inhibition (negative experiences).

Therefore, people's symbolic relations to the measurands mattered immensely for whether full attention and effort was put towards the achievement of related goals. In this regard, people always retain a level of power, in the form of attention, energy, and effort put towards their performance. This is not exactly the same as motivation or passion for an organizational mission, but rather the potential, or not, for people to contribute to their roles in a manner that aligns with their own attitudes and beliefs for the given goal. Ultimately, individuals have ideas and attitudes for how the various goals may be achieved and, when measurement aligned with their beliefs, it seemed to empower people by appealing to their personal predispositions, rather than just placing another demand on behalf of the organization.

Eventually, these iterations between data and theory lead to three aggregated dimensions that elucidate why and how it is necessary to invoke a subject into the design and implementation of PM: organizational *and* individual level enactment, (mis)alignment of the measured properties and individual's beliefs for the measurand, and personally powered performance. These themes

will now be explored in detail; additional evidence for each is provided in Appendix E.

#### **6.1.1. Theme 1: Organizational *and* individual level enactment**

*“There are two aspects of [performance measurement] for me. One is how are we performing as a business, as an agency, and, within that, how are individuals performing in their roles in order to help us achieve those strategic objectives”* (Learning and Development Manager, YF).

Measurement was found to be a mechanism which implicated the organizational and individual levels simultaneously. Individuals within the organizations had varying experiences of PM, independent of how well the measures were aligned with overall organizational strategy. For one, both organizations had long-term relations with funders and an ongoing exchange via measurement, but at YF this riddled employees with anxiety and tension whereas at OE trust and open exchanges were common. In part, these effects on performance are explainable by the content and appropriateness of a measurement practice for the context (e.g., reporting KPIs versus compiling stories for a blog post), but more so it is people’s reactions and accordance with the demands of a given measure. The Head of Operations at OE articulated the importance of designing PM for staff’s use: *“We need to be managing the performance in a way that people feel it is beneficial to them, rather than a hindrance to them... Reporting tends to be ‘oh I will do the reports because I have to’. Well, actually you do the reports because they will tell you what to do next, they help you make decisions going forward... rather than you have to do it because somebody told you to write a report”*.

This alludes to a greater obligation for organizations to cater to individual needs in order to achieve meaningful collective performance. The formalized apparatuses of PM alone are insufficient to guide social enterprise stakeholders to desired performance at the intersection of multiple aims. This is because organizationally defined objectives may be rational from a strategic perspective, but may not always be the most appropriate for individuals who have to actually perform the activities.

For instance, while it may be reasonable to expect that Support Workers, who have been hired to provide support services to homeless young people in order to ensure they attain economic independence, should also ensure rent collection from these young people in order to maintain revenues for the organization, this activity should not harm capacity to generate social welfare performance. That is, if the support worker continuously asks for rent, instead of inquiring about the wellbeing of the young person, the beneficiary may become defensive and never open up enough to receive the support services. During observations of a Team Meeting at one of the accommodation Projects, the Support Workers expressed frustration with the ‘*unrealistic*’ measures set by the Senior Management team and the funders, and suggested that they were in an ‘*ivory tower*’ and ‘*did not understand what they [the workers] have to deal with in regards to young people’s behaviors*’.

When Support Workers are allocated measures, the organization should consider how the actions and conversations required to meet the demands of a measure (i.e., what properties of the measurand are measured, presented, and discussed), shapes how those workers can attain their objectives, and how that then shapes their feelings and attitudes while performing. Ultimately, by imposing rent budgeting targets onto Support Workers, Support Workers have less time to develop integral relationships with the young people, and the workers end-up feeling disappointed that they have not accomplished their aims to improve the wellbeing of beneficiaries. As the LSW Manager elucidated: “*Quantity wise, saying this number of people come through the door, this many people leave, this many do this... all of that I think is perfect because they have for their monthly, no, weekly way of doing that in the projects: this many exits, this many coming in- they have got all of that in place. But, maybe the other side of things- the benefits and what young people are actually getting, maybe some of that is lost, and its more about the quantity and numbers rather than all the other stuff... perhaps maybe someone has only spent a month in the project but in that month their confidence grew, they accessed a course*”.

The activity of measuring organizational performance needs to comprise a component which expressly recognizes the individual – i.e., the subject - within the measurement process. “*I think what we need to do now, is perhaps to help managers make the link back to individuals back in the projects and individual*

*departments about what they are doing and how that helps the organization achieve” (Head of Learning and Development, YF). That is, in addition to aligning measures with organizational strategy, measurement must pay attention to the symbols promoted within the practices, how these meanings influence which actions are seen as pertinent, and whether or not this organizationally ascribed pertinence aligns with individual conceptions of rational action.*

### **6.1.2. Theme 2: (Mis)alignment between the focus of a measurement mechanism and individual’s beliefs**

*“Because I think the staff motivation for work in this organization is about the young people and making a difference to their lives. They see stats as a monitory thing, a necessary evil in order to get the resources. So they're less interested in that. I'm generalizing hugely here, but I think it's fair to say that our staff motivation, why they come to work for [Youth Futures] is not to make us rich, it's not about that. It's about something else” (Director of Operations, YF)*

Throughout the multiple described experiences of people utilizing PM, there were several examples of the process generating positive responses, others negative, and also the instance of external coordinators whereby responses were purposefully mediated. The main difference between these potential scenarios appears to be linked to the alignment, or not, of the measured properties of the measurand and the beliefs the individual engaging in the measurement process has in relation to that measurand<sup>8</sup>.

The cases where alignment was happening (e.g., moderated blog posts, Outcome Star, LSW Portfolios, and Housing KPIs) demonstrated strikingly

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<sup>8</sup> While it is recognized that alignment may happen at multiple levels (e.g., the PM practices with the organization’s strategy, the people with the organization, etc.), as the aim of this thesis is to understand people’s subjective responses to PM, the focus here is on fleshing out the nuances of alignment between the individual’s beliefs and the PM practices. Also, it is assumed that the alignment between organizational strategy and PM practices in these two organizations already exists to some extent, as determined through a theoretical sampling of established social enterprises actively applying PM and explored in Chapter IV where the practices were described.



positive effects for individuals (e.g., motivation, enthusiasm, engagement) and organizational performance (e.g., achieved objectives and capacity to evidence progress). These individuals believed in the actions requested of them by measurement. Conversely, misalignment (e.g., a focus on determining welfare performance through figures depicting beneficiaries gaining employment rather than on self-skill development needed to uphold those employments) often led to negative behaviors and outcomes.

The negative effect of measures being misaligned with organizational strategy has been widely discussed in the PM literature. However, what is often overlooked are the negative repercussions misalignments have at an individual level (i.e., the disappointment concerning funder reporting at YF versus the joyful contributions to the blog at OE). In the words of the Head of Fundraising at YF: *“I do think at [Youth Futures] we sometimes get a bit lost in what we're doing and reports... what we don't do enough of is take this step back and ... congratulate each other. Because, you know, we're all here because we want to be. We know we make a difference, but we don't communicate what we're achieving enough”*.

This discrepancy in potential responses is especially important in social enterprises where multiple dimensions of performance are imperative to overall achievement of aims. Therefore, paying attention to the symbolism attached to selected measurement mechanisms matters for what can be achieved and by whom. According to the data, a Project or External Coordinator who translates the organizational message into a meaningful presentation for external stakeholders, and shapes potential donations or opportunities through meetings can actively mediate this process by using PM on a case by case basis to selectively communicate and engage particular people: *“I would say that the main part of my role is that I get my foot in the door, on the first impression for [Organic Earth]. I research who to contact within an organization, what the organization is about and what they may want to hear about and take that information with me, plus other bits and bobs... Within that first meeting I have to find out what type of [performance] information they want to hear to be engaged from that point”* (External Coordinator, OE). Likewise, a manager of a social enterprise could learn to play this mediating role between measures and

internal stakeholders for the organization by investigating beliefs and attitudes for particular objectives before designing and allocating measures.

Based on the variety of PM practices and individual responses uncovered in this study, the effects of PM use are a function of the alignment between the meanings embedded into a measurement process and the symbolism the individual allocates to the measurand. The findings suggest that stakeholders, who have a logic for particular performance objectives (i.e., attitudes and beliefs for rational actions in accordance with particular objectives), interact with PM that embodies a logic (i.e., represents organizationally defined rational actions, behaviors, and norms for the performance objective being measured for). These interactions can be more or less aligned across the focus of a particular measurement mechanism and individual's beliefs for the measurand, leading to several potential responses in accordance with the level of alignment. These alignments can be of three types:

1. Alignment of the properties measured by a measurement mechanism with individual's symbolism for measurand, in which a *reinforcement* of beliefs, attitudes, and actions occurs leading to positive implications for people and the organization (e.g., impact measurement, housing KPIs, finance's statements, SROI for funders)
2. Mediated alignment of properties measured by a measurement mechanism(s) with individuals' symbolism for measurand, in which a reconciliation of multiple beliefs, attitudes, and actions occurs through the selective coupling of the content of PM practices with people's beliefs and attitudes, leading to positive implications for people and the organization (e.g., external coordinators, co-defined funder reporting, cross-sector collaborations, inter-departmental meetings)
3. Misalignment of the properties measured by a measurement mechanism with individual's symbolism for measurand, in which an *inhibition* of beliefs, attitudes, and/or actions occurs, leading to negative implications for individuals and the organization (e.g., unhealthy partnerships, overreliance on commercial or welfare based practices, attending a meeting but neither listening nor contributing).

### 6.1.3. Theme 3: Personally powered performance

*“That’s not to say that performance management systems aren’t important, because of course they are very important and they’re about informing you, but it’s about them being a servant of the organization to help you do a good job, rather than you being a slave to them”* (Head of Income, OE)

It has been uncovered that measurement is occurring at an organizational and individual level simultaneously. Organizationally defined measures are distributed throughout the organization to people, who interpret the symbolism embedded within the processes, and respond positively or negatively depending on how well the meanings align with their beliefs for the given measurand. As their response may be positive or negative, organizational performance is thereby effected. If we adopt an institutional logics lens to explain the unfolding processes of PM, we see that a part of people’s interpretations of performance objectives and then chosen actions for achieving such objectives occurs through them filtering the language and values (e.g., the institutional logics) of the measurement mechanisms. Different logics (e.g., assumed rational actions, values, and meanings) are perceived as more or less appropriate for the various measurands in an organization.

This was clear in the case of financial vs. garden metrics at OE, for example: *“Everyone has their own way of doing things and what... you know really sort of financial targets might work for one team but then they wouldn’t work for the gardens... like you could just judge the gardens based on the income it brings in but actually the gardens are to educate and spread the word- and that’s not a very easy thing to measure, so you have to find that balance”* (Head of Membership). In other words, it is not just the content of measurement processes that matter (the typical focus of PM design), but the appropriateness of the measure in relation to who will measure and use the information, as this will then affect what is seen as priority in creating organizational life (which involves a mixture of other people, particular resources, and personal attention/energy over many potential combinations). As the Head of Education, who manages several Projects as well as the Garden team explained: *“I have got a diverse*

*team: you've got some gardeners, some administrators, project managers; they have all got their roles or have very different outcomes. [PDRs are] about determining with them what is going to happen in the forthcoming month that is going to allow them to achieve the targets that they have got. So, the project manager in London, its about how are you making sure that we are getting to every school in London; but with the gardeners here it would be: 'right, we said this garden, that garden, and that garden were going to be changed... how have you got on with that and what needs to happen next'?"*

As such, the symbolism embedded within the particular measurement process (e.g., commercial, welfare, and/or public sector), influences the experience of individuals as they strive to produce desired organizational effects by pre-determining what resources, actions, and relationships are relevant. However, this process is not a neutral decision between commercial, social welfare and/or public sector language and resources, as it implicates people's beliefs for the given measured object. Ultimately, people's beliefs may be positively implicated leading to an engagement with the measurement process and related goal, or people's beliefs are negatively implicated and thus underperformance occurs.

It appears that the defective component of measurement is the obsession with knowing the state of an organization, its resources, the potential for improvement and forecasted profits. However, people themselves, who are driving performance may or may not benefit from the knowledge derived from measurement in any other way then to obtain it and pass it on: *"I don't feel like [the employees] own it [the measures], so therefore they do not see the importance of it, and then if they don't see the importance of it- why are we doing it? Because we are just wasting our time, we are compiling things for the sake of compiling, rather than compiling things that actually inform us and help us... and that's really where.... It's more fundamental, we need to improve the systems that we have to enable us to capture that sort of information"* (Operations Director, OE). One may argue that as long as measurement is fulfilled in a timely and efficient manner, this will be sufficient enough of an activity for organizational purposes. Yet, such a view leaves important potentialities existing within organizations awaiting to be recognized and harnessed, i.e., the interior human potentiality to engage fully, be motivated by,

and contribute whole heartedly, in an uplifting manner, to organizational objectives. When these latent and observable elements are all aligned (e.g., the choice of the measurand, the meaning of acting towards fulfilling the demands of the measure, and the individual's experience of measuring as determined by their beliefs and attitudes for the given performance objective), the results were found to be extraordinarily positive (e.g., social value measurement tools, Housing KPIs, accountants' financial statements).

People in individual-level alignment scenarios were enthusiastic about their work and gleefully pursuing organizational objectives. For instance, the Behavioral Therapist thoroughly enjoyed constructing and presenting her case studies to the funders on their blog: *"I just gush and then generally have to edit massively because I've written too much... I could write pages and pages about everything that we're doing and everything that we're enjoying like the nutes in the pond and elderflower cordial and all the plants that we've done and the first peas that we've eaten... But if anything, I struggle to keep it short enough for them"*.

This means that if an organization wants to optimize the energy and attention stakeholders put into the achievement of organizational objectives, what will be conceptualized of as 'personally powered performance', then it must at some point cede to individuals' preferences and values. Ultimately, measurement mechanisms can 'guide' people to act in an organization in a particular way but it's a guise unless inwardly they choose to accept, or at least understand and resonate somehow with, the guidance. Individuals have personal power to the extent that they have capacities to contribute, or not, with utmost interest and energy towards the achievement of organizational goals. As the Head of Learning and Development at YF suggested: *"It is almost that nature versus nurture debate, you know you have either got them, or you haven't. I might not have the behaviors within me, but I may have the ability to get the behaviors, or to learn the behaviors, so in that sense, I do think it [performance measurement] helps them to achieve, because it is an identifier. I think the individual has to want to display the behaviors in order to do them"*.

In a social enterprise, the extent to which certain values are imposed through measures also reduces employees' personal power to address beneficiaries' needs: *"In order for us to win contracts, to win bids, to get money,*

*[we need to show] that the impact of what we're doing has this success outcome. So this many people came to us not engaged in education, and they've left being this engaged in education. And to me, that doesn't measure anything, because it's the tiny little steps that they do that is the impact of our jobs. Yet that is what we're measured on... Because we've got them so far removed from being ready for work, and I think that's what's missing. They're all looking at how many people we've got into work, how many people - they're nowhere near ready for work, half of them; they're not even able to get up in the morning and function as a member of society, let alone hold a fulltime job down"* (External Coordinator).

Only those actions or behaviors which lead to performance along the measured properties are deemed appropriate (e.g., numbers of young people entered into work), even if they are not in alignment with beneficiaries' needs, and workers' aims for their role (e.g., self-esteem building and self-care skill development). The worker in this case feels stagnated by measurement, which is misaligned with her beliefs for the measurand (e.g., beneficiaries' wellbeing). Arguably the organization's ability to improve the lives of beneficiaries is also being diminished here. Thus, it must not be taken for granted that organizations can generate desired behaviors from people by offering appropriate strategic orientation in the form of PM or other common managerial practices, but instead that people's emotional and attitudinal needs must also be addressed.

Since PM is an act of interpreting and then coming to know organizational phenomena, the underlying symbols, or institutional logics, of the measure (e.g., rule, principle, standard, quantity, size, etc.) form an initial reference point for why to act and what the meaning of acting is going to be (e.g., to understand profits, to enhance the lives of beneficiaries, to monitor employee progress, to nurture partnerships, to enhance service access, etc.). From this angle, people's emotions and attitudes for organizational goals are implicated, and should be appreciated, if it is to be fathomed that they will feel personally empowered to perform. Therefore, if measurement is to generate personally powered performance (that is the desire and willingness of individuals to put concerted and energized effort into the achievement of organizational goals), and ultimately enhanced organizational performance, it must heed the interpretive and experiential facets of the process for those individuals involved in the

measurement process (e.g., the measurer, the measured, those receiving or discussing performance data, etc.).

## **6.2. Summary of findings**

It has been revealed through an exploration of people's responses to PM in the case organizations that the measurement process is experiential (i.e., imbued with symbols and affective), and may be formal (i.e., routinized and empirical) or informal (i.e., random and belief based). PM practices are substantiated with symbolic content that attribute particular values to measurands, and interact with people's beliefs to shape their experiences (e.g., emotions and attitudes) of performing. As people themselves have beliefs for particular organizational phenomena, the substantiations of symbols in the measurement mechanisms lead to variations in positive and negative experiences depending upon the (mis)alignment of properties measured within the measurement process and individual's beliefs.

These responses were of three types: inhibition, reinforcement, and reconciliation. A person who is confronted with measurement demands to attribute value in a manner not aligned with their beliefs is likely to suffer a form of emotional disdain and offer less attention to the goal at hand. Whereas a person invited to act in accordance with their own beliefs for the achievement of a task is likely to be empowered and energized.

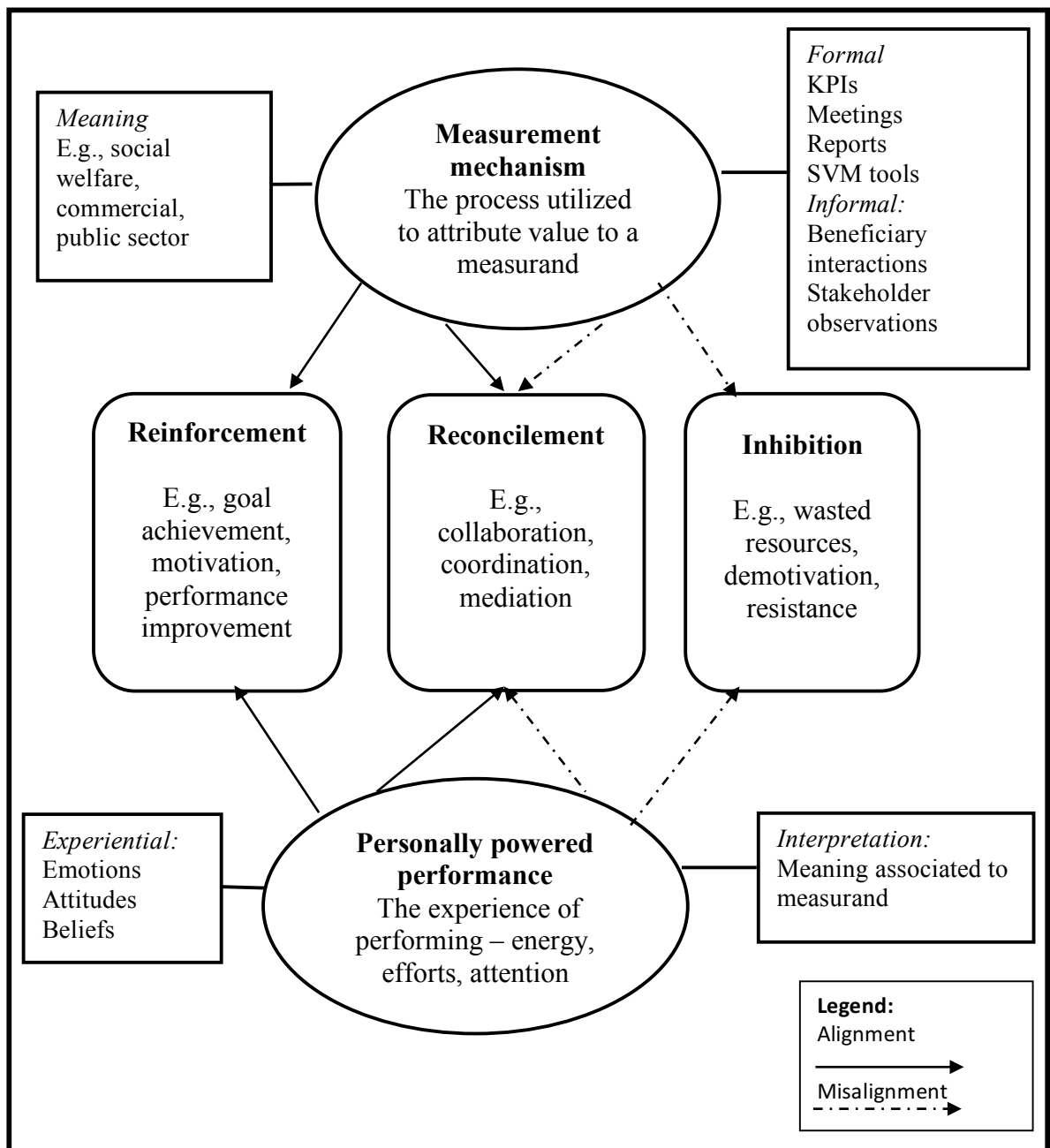
The mitigating subjective factor which helps explains these potential responses based on (mis)alignment is understood and introduced as personally powered performance. The success of the measurement process in generating desired performance is ultimately mitigated by individuals' decision to pay attention and meaningfully contribute to goal achievement through interaction with the measurement mechanisms. Although part of a collective in organizations, people retain a level of personal power in the sense of how engaged and concentrated they are in the pursuit of different objectives. For PM to be truly successful in improving performance at an individual level therefore, it must recognize and embed the subject into the design and implementation of

these practices. The three theoretical themes which conceptualize these findings are: multi-tiered enactment, (mis)alignment of measured properties and individual's beliefs, and personally powered performance. Figure 6.2. offers a graphical depiction of these theoretical elaborations.

In the succeeding chapter these findings will be discussed in relation to PM, institutional logic, and social enterprise literatures, ultimately highlighting the theoretical contributions of this thesis which elucidate the interrelationships between people and performance measurement.



**Figure 6.2: The interrelationships of people and performance measurement**



# Chapter VII – Discussion

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## **7.1. Introduction**

Over the last three chapters an abductive analysis of the data collected at Youth Futures and Organic Earth has been completed to address the two research questions: how does PM lead to variations in subjective responses? And, how do stakeholders of social enterprises perceive, value, and use performance measurement? Several significant findings have emerged, including a characterization of the individual level PM process (see Figure 5.5) and three theoretical themes for understanding differences in subjective responses to PM: multi-tiered enactment, (mis)alignment of measured properties and individual's beliefs for measurand, and personally powered performance (see Figure 6.2). In particular, these findings demystify the behavioral assumption link in PM theory (de Leeuw & van den Berg, 2011; Hall, 2008; Marginson et al., 2014; Micheli & Mari, 2014), and posit that the subject within the PM process has been overlooked. Implications for the design and implementation of PM, including social value measurement, are elaborated. Furthermore, the findings offer responses to critiques of present institutional logics theory by illuminating the yet largely unexplained linkages between the material and symbolic elements (Klein, 2015; Quattrone, 2015; Thornton & Ocasio, 2008).

This chapter is dedicated to the elaboration and discussion of these findings in light of the relevant literatures and ultimately highlights the core theoretical contributions of this thesis.

## **7.2. Core contributions**

### **7.2.1. Expanding the characterization of performance measurement to include subjects**

When comparing people's subjective responses (e.g., their attitudes, values, and emotions) to PM practices across YF and OE, it was uncovered that PM is a

multi-faceted process that continuously unfolds across: 1) The Measurement mechanism (the informal or formal process which is used to attribute value to properties of organizational objects), 2) An Interpretation (the meanings, or the institutional logics, individuals associate to the measurement mechanism and the measurand), 3) The Experience (the emotions and attitudes of individuals during the measurement process), and 4) The Performance (the enacted actions, behaviors, and relationships). Arguably, the experiential components of PM have been overlooked or thus far taken for granted in PM theory due to an over emphasis on designing the formalized practices and attaining objective measurement outputs (Bititci et al., 1997; Bourne et al., 2000; Neely et al., 1997).

Usually, it is considered that all is needed for a person to utilize PM and contribute to organizational performance is an understanding of the organizational mission and strategy, and the products, services, and/or functions of the position held (Eccles, 1991; Ittner et al., 2003; Kaplan & Norton, 1992; 2008). These are very much ontological and epistemic beliefs founded in positivistic assumptions. Since the Enlightenment period, in eagerness to separate determinants of ‘truth’ from religious sources, measurement as a science, and sciences more generally, largely strove to develop metaphysical standards and procedures capable of deriving objective truths concerning empirical objects (Mari, 2005). The protocols for measuring supposedly ensured accurate understandings of reality (Mari, 2005), and organizations avidly adopted such ideals in an attempt to understand and render manageable performance (e.g., Taylor’s Scientific Measurement; Tableau de Bord; Balanced Scorecard, etc.).

Intriguingly, the etymological roots and early meanings of measurement were much more interactionist in the depictions of the epistemological assumptions of the measurer (i.e., person conducting the measurement process). For instance, philosophers of science have traced the word ‘measurement’ as actually being a derivation of the Latin term ‘*mitis*’, which means wisdom; and the Greek verb ‘*metrein*’, which is ultimately to make a prudent and wise decision (Mari, 2003). These historical roots better substantiate the characterizations of measurement noticed in these case study investigations. That

is, measurement was not only a formal and objective process to describe the properties of an organizational object (e.g., person, process, resource, or activity) (Micheli & Mari, 2014), but it was an interactive process which affected individuals' experiences of performing and relation to measured objects. While recent definitions of PM do argue for a relativistic, or interpretive, epistemological view of measurement (Micheli & Mari, 2014), they do so without implicating the role of the experiential. In other terms, the role of the 'subject' in organizational PM is missing.

In part, this is because present definitions, including those found within the measurement sciences<sup>9</sup>, do not leave much space for describing the (changing) condition of the subject undertaking the action of measurement. The aim of measurement as currently conceptualized, is about ascertaining the 'truth' about an external object, which supposedly has quantitative descriptors and/or standards to which it can be compared. If, however, the characteristics of what is being measured changes to encompass elements which do not have quantitative standards (e.g., organizational dimensions outside of finances such as performance of welfare objectives) then the process of measurement defined as above struggles to achieve its goals. This is the major issue raised by academics studying measurement in the social sector, where the subjectivity of social value creation is purported to be mistreated by holding the measurement process to positivistic standards such as validity and reliability, instead of interpretive aims such as authenticity and adequateness (Maier et al., 2015; Manetti, 2014).

While it is suggested that there has been a 'representational' turn in measurement, whereby numbers are assigned to measured objects, rather than objects having inherent numerical properties awaiting measurement (Mari, 2005), there is minimal theorization depicting the process of assigning numbers (or other descriptive indicators for knowing objects). Arguably, standards can exist for social value performance (e.g., desired behaviors as outlined by the mission and values of an organization), but these cannot be pre-determined by a

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<sup>9</sup> Such definitions include measurement as "an operation aimed at associating an information entity, the result of measurement, with the state of the system under measurement, in reference to a given quantity, the measurand" (Mari, 2003: 18); or "measurement is a tool for obtaining and expressing objective and intersubjective information on empirical objects" (Mari, 2005: 262).

rule concerning an object, only enacted by and agreed upon by individuals in their pursuit of said organizational social objectives.

Therefore, to infuse ancient etymological meanings into present conceptualizations of measurement, standards to measure by can remain, but standards should pertain both to the attribution of value, and individuals' comportment, depending on what is being measured and by whom. The attribution of value to properties of objects should involve not only standards related to the objects being measured (e.g., costs, quality, effectiveness), but also standards developed and exercised by individuals involved in the measurement process (e.g., values for self-knowledge, personal development, and treatment of others and resources). In this way, measurement depends not only on rules concerning external objects, but principles which guide the assignment of value to properties of organizational objects, and also the experience of the process. Often, the maturity of a person's psychosocial development can be the difference between ethical and unethical treatment of organizational resources, colleagues, and self (Voronov & Yorks, 2015), as people's knowledge is forever mediated by their emotional and relational state (Voronov & Vince, 2012). Therefore, if instead we assume the experiential aspect of conducting performance measurement to be relevant and worthy of attention, then we can begin to present and utilize measurement to not only foster organizational effectiveness, but also personal potentiality and growth.

Overall, the findings in this study are important as they show that the PM process does not only consist of designing measures, and collecting and analyzing data, but also of managing people's experiences of PM practices, which, in turn, can produce benefit (or harm) for the organization. It thus offers empirical support for the theoretical suggestion made by Micheli and Mari (2014) that measurement is an interpretive process. Nonetheless, the findings encourage a broader perspective on what is a 'valid' measure, and what information we consider legitimate to know, reliably, or genuinely that social enterprises are having impact (Hall et al., 2015; Nicholls, 2009). These findings point towards a need to invoke a 'subject' into organizational PM theory, in order to fully understand and mediate its varied potential effects (Bourne et al., 2013; Franco-Santos et al., 2012; Pavlov & Bourne, 2011). Precisely, much more attention should be paid to how different forms of measurement effect

individuals' emotional, attitudinal, and value stances towards themselves, organizational objects, and other stakeholders.

### **7.2.2. Designing and implementing performance measurement in recognition of a subject**

It has been established that the use of PM processes does not only have a differential effect on management practices, but may also lead to discrepancies in people's subjective experiences of organizational life. The immense issue of understanding subjective responses to PM will be explored in-depth across the forthcoming sub-sections. In order to illuminate the subjectivities of PM, namely people's attitudes and beliefs for the purpose and use of measurement, this study invoked the ontological lens of institutional logics- the values, symbols, and meanings stemming from higher institutional orders to inform behaviors and rational actions within organizations (Friedland & Alford, 1991; Thornton et al., 2012).

People at YF and OE were found to perceive measurement practices as associated to the different logics existing within the organizations (e.g., commercial, social welfare, and public sector). This was detected by comparing people's vocabularies and actions towards a measurement practice, as well as the language content of the actual practice, with the idealized characteristics of social enterprise institutional logics from the literature (e.g., Battilana et al., 2015; Pache & Chowdhury, 2012; Pache & Santos, 2010; 2013; Reay & Jones, 2015). For instance, the Outcome Star social value measurement tool used by the Support Workers at YF was perceived as and used for social welfare goal achievement with its emphasis on beneficiary wellbeing. On the contrary, the main KPIs at OE used by the Senior Management Team were viewed as useful for the commercial aims of the organization, and were indeed focused on financial health and resource efficiency. In the words of institutional logic scholars, "Institutional logics are therefore the lens through which organizational members view reality" (Pahnke et al., 2015), and measurement is thus a manifestation of a particular reality.

Yet, measurement is typically viewed as a function of the commercial logic, or fundamentally as a management mechanism to drive efficiency and effectiveness (Koufteros et al., 2014). The way in which PM may do this can vary (e.g., through control or enabling mechanisms (Henri, 2006a), or through scientific, bureaucratic, or learning uses of performance information (Hall, 2014)), but the purpose is traditionally espoused as market oriented (e.g., about attaining and maintaining revenues and cost effectiveness) (Kaplan & Norton, 1992; Melnyk et al., 2014) or as stemming from a ‘managerialist rationality’ (Townley et al., 2003). Instead, these findings suggest that PM may be valued and used to achieve alternative underpinning performance aims, by being designed and implemented with rationales, language, and actions aligned to *other* logics (e.g., social welfare, public sector, community, etc.). This suggests that performance measures included in sustainability initiatives seeking to re-orient businesses towards other motives than profits by monitoring social and environmental performance, such as integrated reporting, the UN sustainable development goals, and to an extent corporate social responsibility (CSR) reporting, may yet be influencing a shift towards these aims (Shevchenko et al., 2016).

While CSR initiatives are being criticized for leaving out the needs and aspirations of workers (Kazmi et al., 2016), this research would suggest that designing managerial practices, such as measurement processes, to meet individual level needs concerning CSR ideals could trigger a change of relations at the micro level. In both cases, informal and formal forms of measurement guided behaviors, but it was the content of those measures, and how well they represented the multiple aims in the social enterprise, that mattered most for what type of goals, or logics, of performance were achieved. Furthermore, the experience of performing towards goals was altered depending on the particular meaning of the measurement mechanism. Thereby, coming to understand the beliefs individuals have for resources, relationships, and processes of CSR, or related social welfare initiatives, in organizations may help to design and implement PM which reinforces workers’ needs.

Within the thesis’ findings, three aggregate themes have emerged which elucidate how to recognize the intricate interrelationships between people and PM (see Figure 6.2), and henceforth enable a foray into how to design and

implement organizational performance measurement to heed the subject's experience. These themes will now be discussed in turn.

#### **7.2.2.1. Multi-tiered enactment: organizational *and* individual levels**

Throughout data collection and analysis, a discrepancy was discovered between the organizational and individual needs embedded within the PM process (see section 6.1.1 in the previous chapter or Appendix E for relevant quotes). Measurement was unearthed as occurring at both levels simultaneously; that is, people firstly interpret a measurement process which then generates emotions or attitudes that lead to a performance for the organization. For managers at both YF and OE, telling and evidencing to employees that PM enhances organizational performance was insufficient motivation for many of the employees to uptake and value the practices. Instead, a real link had to be established between people's beliefs concerning their goals and responsibilities, and the usefulness of the PM practice. Thus, managers need not only be considering how to connect measurement practices (e.g., KPIs, meetings, outcome measures, etc.) to organizational aims (e.g., strategy and mission) (Micheli & Manzoni, 2010), but also to the experiential- how it is influencing the individuals throughout the organization (e.g., being interpreted, understood, affective and enacted). Studying the alignment of the measures across personal, as well as organizational aims for performance may allocate one way in which to investigate the recent calls by performance measurement theorists to uncover the 'causal sequence' connecting individual measurement processes to organizational outcomes (Hall, 2016).

Conceptualizing measurement as a multi-tiered process may help to address even the earliest critiques against measurement as constraining to individuals (Ridgway, 1956; Tannenbaum, 1962), as it emphasizes measurement designed for individual, rather than solely organizational, benefit. It is essentially what Tannenbaum dubbed 'the middle way' (1962) or Likert the 'interaction-influence system' (1961). In Tannenbaum's words, it is the "faith that human beings are capable or can become capable of social organization which is both individually satisfying and collectively effective" (1962: 255). Indeed, throughout



a multitude of studies conducted at the Institute for Social Research at the University of Michigan in the 1950-70s on control (or influence) and organizational performance, the best possible results for organizational performance were achieved when individuals had some control or influence over the way in which they conducted or evaluated their roles in the organization (e.g., decision power, ability to influence managers, interdependencies of stakeholders, etc.) (Tannenbaum, 1962).

Although these studies later spawned work in ‘the social psychology of organizations’, dealing with leadership, motivation, and morale in the workplace (e.g., Katz and Khan, 1978), the explicit role of PM in these elaborations has been largely overlooked. To bring these theories of individual influence into the discourse of organizational PM means to assume “that the worker, or manager, who exercises some influences over matters of interest to him in the work situation, acquires a sense of self-respect which the powerless individuals may lack. He can also elicit the respect and high regard of others” (Tannenbaum, 1962: 256). In other words, these early organizational behavior theories are supported by this thesis’s findings that organizational and individual needs are different, and paying attention to the latter when designing and implementing PM practices is imperative for success.

The mixed results of Balanced Scorecard implementations (Hoque, 2014) may be partly explained by these findings. The Balanced Scorecard is intended to connect employees at every level of an organization to the overall strategy by designing measures that represent strategic goals for individuals and/or teams (Kaplan & Norton, 1996). It is not, however, a tool designed to assist individuals to find subjective (e.g., attitudinal, emotional, etc.) connections to their role, which could then enable the achievement of goals. That is, the Balanced Scorecard was mainly conceived to communicate organizational objectives to each stakeholder, rather than to interact with stakeholders’ beliefs and attitudes (or institutional logics). This research shows that understanding and addressing different institutional logics at play within an organization is fundamental if PM systems are to provide organizational alignment (Dossi & Patelli, 2010; Melnyk et al., 2004).

This is an important point of departure from current theories of PM that suggest measurement practices, especially KPIs, should be designed with

stakeholder interests for strategic achievement in mind (e.g., the Performance Prism framework (Neely et al., 2002), Balanced Scorecard (Kaplan & Norton, 1992; 2008)), but without compensating for how the stakeholders within the organization are actually affected by the measurement processes involved in collecting and reporting the ‘well-selected’ measures. Specifically, most measurement design and implementation guidelines overlook what happens throughout the process of measurement, as they assume that well designed, accurate measures, that are assigned to individuals and aligned with organizational strategy will assist with aligning efforts (Micheli & Manzoni, 2010; Neely et al., 1997). Instead, these findings suggest that what is required to align individuals’ efforts with the organization’s strategy is an interactive design and allocation of measurement practices which both adequately represent strategic aims and resonate with people’s beliefs and attitudes for the various performance objectives.

#### **7.2.2.2. Individual level alignment**

By breaking down the interactions with PM at a micro-level it was shown how PM affects individuals differently. The observable, or enacted, elements of PM such as content, language, and actions for each practice, were not always in alignment with the experiential, or symbolic, elements such as attitudes, beliefs, and values for a particular measured object. PM was found to generate a different response from people, depending on whether or not the measured properties aligned with an individual’s symbolism for the measurand. In institutional logics terms, the logics embedded into the measurement processes for particular goals did not always align with the meanings the people utilizing the practice associated to performing along that goal (Lounsbury, 2008; Thornton & Ocasio, 2008; Zilber, 2002).

The responses were of three types: (1) reinforcement of beliefs, attitudes, and actions (alignment of the measured properties and individual’s beliefs), which results in positive responses (e.g., Housing Workers monitoring and improving upon rent collection targets); (2) reconciliation of multiple beliefs, attitudes, and actions (mediated alignment of measured properties and

individuals' beliefs), which results in positive responses (e.g., organizations and donors pre-defining and collaborating to achieve collectively defined goals); and (3) inhibition of beliefs, attitudes, and/or actions (misalignment of the measured properties and individual's beliefs), leading to negative responses (e.g., attending a meeting but neither listening nor contributing).

Reinforcement could explain how organizations might go about achieving the multi-level alignment necessary for successful PM (McAdam et al., 2014), by connecting stakeholders' day-to-day practices to the PM system, which, in turn, should be aligned with the organization's strategy. In other words, when stakeholders perceive alignment between their understanding of performance goals and the demands imposed by performance measures, they are more capable of acting towards the achievement of such goals. If, however, PM practices do neither reinforce nor reconcile understandings of performance, it is doubtful that they will lead to achieving strategic outcomes (McAdam et al., 2014). Likewise, the reinforcement influence extends Kunz' (2015) finding that subjective measures motivate employees to work better than purely objective ones, but only for highly autonomous individuals. As for reinforcement to occur, it is not only the type of person or measure that matters most, but the focus of the measure and the beliefs of the person that need to align. Importantly, both formal and informal kinds of PM could reinforce logics, and lead to positive responses, as long as they share the same dominant logic as the stakeholders they interacted with.

Reconciliation was generated when PM practices acted as a bridge between actors with different logics, enabling them to create a shared understanding of performance. This influence was most apparent in planning procedures and meetings, where stakeholders had the opportunity to openly discuss their respective performance aims and ask questions to the stakeholders of another logic. Groen et al. (2012) drew a similar conclusion when they found that when managers of a bottle plant involved front-line employees into the co-design of measures, their participation and performance improvement rates were greatly enhanced. Also, the role of PM as a means to reconcile logics is similar to what was found by Chenhall et al. (2013): accounting practices can enhance compromise across stakeholder groups with divergent views if they are designed to be both about 'learning and uniqueness' (e.g., by encompassing narratives,

case studies, qualitative data) and about ‘consistency and competition’ (e.g., standardized metrics, financial KPIs, quantitative data). The findings extend these results by highlighting how PM can act as a reconciler of competing views by formally positioning itself as encompassing two or more logics. At YF case review meetings, for example, both commercial and social welfare logics were on the agenda. These discussions enabled both groups to reconcile their usually divergent understandings of legitimate performance and work towards outcomes at the intersection of these aims (e.g., by drafting support plans that encouraged timely rent payment and engagement in support services).

When PM practices expressed an alternative institutional logic to the one of the stakeholder it interacted with, and simultaneously left no opportunity to reconcile beliefs for performance goals, it emerged as a potential inhibitor. This was most frequent when external stakeholders introduced certain practices, e.g., Government agencies and corporate partners which imposed measures or objectives related to commercial logics when their intention was to fund social welfare activities.

In contrast to previous research (e.g., Millar & Hall, 2013), this study shows that inhibition is not necessarily a case of either externally developed measures or of all PM practices expressing a commercial logic (Townley, 1997). Inhibition was also derived from internally developed measures. For example, at OE the over-emphasis on measuring employees and projects through social welfare PM practices led to a weakening business acumen. Managers were inhibited from properly understanding the commercial performance as individuals throughout the organization were not involved in the discourse or actions concerning it.

Furthermore, as the Outcome Star demonstrates, externally developed measures could be very useful and provide meaningful information, whereas internal reporting of performance information could also alienate employees. Such inhibitive interrelationships between PM and stakeholders often led to demotivation, disengagement, and wasted resources, highlighting the on-going need to manage the subjective responses to PM (Melnik et al., 2014).

### **7.2.2.3. Evoking personally powered performance**

To understand the array of individual-level responses to PM witnessed in this study it is necessary to combine the two presently independent perspectives concerning alignment. That is, the success of measurement mechanisms in aligning stakeholders' actions within the two social enterprises was achieved by the distribution of particular types of performance indicators across an organization (Dossi & Patelli, 2010; Melnyk et al., 2004; Micheli & Manzoni, 2010), *and* the manner in which the content of those measures imposed language and meaning onto stakeholders (Hoedemaekers & Keegan, 2010; Oakes et al., 1998; Townley et al., 2003). However, while from the latter perspective PM mechanisms are traditionally seen as allocating organizational power to the managers and confining individual action, stakeholders were found to have and enact what is conceptualized of here as personal power<sup>10</sup>, in that they interpret and respond to the content of the measures based on their own values and beliefs.

Individuals always retain power over their own performance as they decide, or not, to put full concentration and effort into the use of measurement mechanisms and performance information. Measurement in both case organizations affected whether people utilized their personal power by determining to some extent what people could pay attention to, how they paid attention, their attitudes towards the measured phenomena, and their ability to be(come) with(in) the organization (Hallett et al., 2009). Ultimately, people's contributions to performance goals along the three logics in each organization were limited to a particular set of actions, discourse, and relationships through interactions with practices which defined rational responses in adherence to a particular institutional logic (Gendron et al., 2007). For instance, managers at YF were continuously frustrated by having to conduct performance appraisals based only on the organizational KPIs, as they felt it led to a plateau of performance for higher achievers whom were re-directed to the same, already attained, goals.

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<sup>10</sup> Personal power in this sense is not understood in the same manner Mechanic (1962) discovered it, as for him personal power was witnessed as a function of stakeholders' organizational positioning. Here it is rather concerning individuals' association to the different goals present in the organization and how well the measurement mechanisms enable them to manifest actions and behaviors in accordance with those beliefs.

Likewise, support workers were limited in their abilities to spend time building confidence and self-esteem within the service-users as donor imposed KPIs related only to the number of beneficiaries gaining employment, emphasizing securement of a job over capacity to maintain the job, even though it overlooked important aspects of support services and support workers' beliefs for effective service delivery. In social constructionist terms, PM affected people's "knowledge worlds" (Berger & Luckmann, 1966) without always taking it into account in the first place, leading to a myriad of effects on organizational and individual performance.

Each of the logics a PM practice may substantiate predisposes the individuals interacting with it to particular vocabulary and actions (i.e., knowledge world), and these have specific meanings and rationales that bound what can be considered rational for a given organizational goal. Interactions with, and the necessity to respond to, the various PM practices bounds the individual to particular meanings and symbols as well as actions and decisions (Townley et al., 2003). From this view, organizational practices and actions, such as problem resolution, conflict mitigation, learning, and dealing with uncertainty (Cyert & March, 1963; Gavetti et al., 2012) mean something more than just contributing or not to an organization, as they represent and enact responses according to specific personal values (Klein, 2015). That is, depending on which organization people work in, their own beliefs, actions, and values while in pursuit of certain goals, is assumed to be aligned with a particular logic. In a social enterprise this means that people may be pushed to learn social welfare values, mitigate conflict in commercial goals, and deal with uncertainty related to public sector beliefs, etc. (Cyert & March, 1963; Voronov & Weber, 2016). If a person's beliefs and values are continuously divorced from the actions the organization is requesting of them, then emotional strain and even stress may occur. By understanding PM processes as the source of these positive, or negative, interactions which create emotional responses, it becomes possible to mitigate and intervene (Hall, 2016).

Therefore, people's personally powered performance - their attention and energies underpinned by personal values and beliefs for goals - may be invoked or not, through the interactions with the logic(s) embedded in particular measurement practices (see, e.g., Binder, 2007). As people have beliefs and values concerning organizational objects (e.g., beneficiaries, gardens, coworkers,

external partners), measurement, which is also embedded with particular meanings for organizational objects, affects their subjective state in relation to the measured object, and their own ability to perform. Since the nature of people's response may be positive or negative in relation to the demands of the measure, there are implications for alignment of efforts, and organizational performance.

The concept of personally powered performance, invoked by an alignment between the measured properties and personal beliefs for the object being measured, highlights one way in which to explore the generation of positive emotions in the workplace (Hall, 2016; Marginson et al., 2014). As emotions are now being considered integral to meaningful and beneficial organizational experiences (Voronov & Weber, 2016), the inter-linkages between organizational processes and emotions should be a priority for scholars. Yet, a person's personally powered performance within an organization (i.e., their decision to pay attention to and give concerted energies towards the actions and behaviors required of them), likely will not be evoked solely from aligning measures with organizational strategy. Instead, people's beliefs and values concerning what is legitimate in pursuit of organizational goals (e.g., to help beneficiaries, to increase revenues, or to broaden access to services for a particular demographic), must also be considered and aligned within the PM practices in order to stimulate an exercise of personal power, and hence positive responses to measurement, positive experiences of organizational life and hence enhanced organizational performance.

### **7.3. Implications for social value measurement**

Part of the problem in developing robust social value measurement methodologies seems to be in wanting to distinguish PM practices for social value generated in the social sector from those for social value created by for-profit organizations (Moxham, 2014). The underlying message is that rather than pre-determine what is or could be social value by imposing pre-defined PM practices (Ebrahim & Rangan, 2014; Kroeger & Weber, 2014), we need to be discovering it through the people realizing and creating it.

The findings of this thesis suggest that what instead does matter for social value measurement is how the processes unfold for individuals in the creation and expression of the social value. Ultimately, there is a need to work differently with stakeholders in order to achieve social value: considering multiple perspectives, embedding divergent needs, and communicating across value sets (Ellis & Hogard, 2006; Hall et al., 2015; Smith, 1995b). The traditional underlying assumptions for PM as a mechanism for generating effectiveness and efficiency are insufficient for the task. In their place mechanisms underpinned by community accountability for outcomes, ensuring genuine experiences, and co-creation of performance must be developed (Manetti, 2014). That is, organizations should be purposefully trying to evoke people's personally powered performance in accordance with desired social value aims. The PM practices found to generate a reconciliation response in this study (e.g., coordinated donor meetings, collectively defined partner outcomes, etc.) hint towards how these 'new' aims for measurement can be achieved across complex stakeholder networks, although further studies are needed which investigate the nuances of reconciliation within these particular PM practices.

One existing model of performance co-creation that is supported by this thesis is Benjamin and Campbell's (2015) theoretical propositions of 'co-production work'. Tools that generate 'co-productive work' encourage relationship building, aid in collectively designing support plans, and enable the clients themselves to take actions in accordance with learned behaviors, thereby allocating a level of agency to the service users in orienting their programs and understanding success (Benjamin & Campbell, 2015). Although for Benjamin and Campbell (2015) the exact types of tools for accomplishing such feats are not mentioned, we may be able to derive several key lessons from the Outcome Star which had very similar characteristics.

For instance, the Outcome Star is an externally developed tool that is designed to be applied in a variety of services related to the improvement of wellbeing for people (e.g., physical, emotional, mental, and spiritual dimensions) (Denny & Suddon, 2014). In a sense, this ensures that the tool will not focus on programmatic outcomes as it is not designed for any one program, but instead a portrayal of many potential client outcomes. The focus and use of this tool is different than typical measurement tools that have a specified program outcome



(e.g., KPIs for planned or unplanned departures are noted on the basis of whether they did, or did not, happen), thereby enabling the worker and the beneficiary to decide and plan for outcomes that are appropriate to the situation (not only the organization). The portfolios used to evaluate young people's progress along the support service modules were of a similar co-producing nature as the content for evaluation was selected on a case by case basis (e.g., quizzes, photographs, videos, artefacts, statements, etc.).

While it might be easy to propose that organizations seek external and independent evaluation mechanisms for the purpose of social value measurement, the suggestion based on the findings encompassed within this thesis is that organizations should rather become farther open-minded about how, and by whom, measurement outcomes are designed and reported. Allowing beneficiaries, and workers, the discretion to select and modify a course of action (and its final measure) in pursuit of social value creation is more appropriate to build on the subjective reactions, preferences, and outcomes involved in these aims. Yet, this will also require that the type and form of information utilized to ascertain success be broadened (Hall et al., 2015; Nicholls, 2009).

### **7.3.1. Revisiting the design and use of social value measurement tools**

The findings of this thesis reveal several interesting dynamics which may help to illuminate the shortcomings of popular SVM tools such as SROI (Mook et al., 2012). As the content of a measure has been determined to matter greatly for how stakeholders placed around an organization may interact with measurement processes to facilitate organizational goal achievement, managers must become much more aware of how the content of particular SVM tools will be received by the individual's put in charge of implementing them.

If we take SROI as an example, while some of the steps involved in arriving at an SROI measurement make attempts at involving the viewpoints of multiple stakeholders (Hall et al., 2015; Maier et al., 2015), the final product of the measurement process is a financial figure meant to depict social value creation. Ultimately, the meanings of this measurement output (e.g., money, profitability, cost comparisons, etc.) are not highly useable by the frontline workers, whom are responsible for social welfare aims. Instead of helping these

individuals to perform better, these measurement processes distract them from their duties improving the lives of beneficiaries and create an inhibited sense of performing (e.g., a misalignment between personal beliefs for measured object and the properties being described). In other terms, frontline workers do not typically associate beneficiaries to a monetary symbol; as SROI attempts to describe the object (e.g., the beneficiaries' improvements) in monetary value, the experience of the measurement process is uncomfortable, or even frustrating (Millar & Hall, 2013), rather than informative. On the other hand, it is understandable that funders and managers find the SROI useful (Manetti, 2014) as their aims typically derive from similar financial meanings (e.g., revenue generation, efficiency, cost savings, etc.). Overall, it is fair to assume that no measure will be equally as important to (and understood by) all stakeholders. But, these findings highlight that it is possible to consider how certain measurement processes are more beneficial in generating interest and energy from certain stakeholders than others (i.e., funders will be more interested in attributing value to social welfare outcomes through the use of SROI mechanisms, whereby social workers will be more likely to be motivated and engaged by tools such as the Outcome Star).

At the same time, although tools such as the Outcome Star, which are semantically rooted in social welfare logics, do appeal to frontline workers and tend to overcome the inhibitory effect known to occur from the use of tools such as SROI (Gibbon & Dey, 2011), they do not help social organizations in any way balance the need for also performing commercially. Indeed, while this research shows that measurement practices can be designed to meet individual level needs and generate positive subjective responses, it only begins to suggest how to overcome performance tensions at the interstice of competing institutional logics, such as the balancing of commercial and social value.

### **7.3.2. Balancing social and commercial value**

A point of contestation in the SVM literature concerns how organizations balance the competing demands that arise from channeling large amounts of organizational resources towards social value over commercial performance, or

vice versa (Mook et al., 2015; Quarter & Richmond, 2001; Roy & Karna, 2015; Stevens et al., 2015). Some authors suggest the tensions arise due to the different skills and mind-sets required to succeed in each area, and others that indeed economic viability, while not the base of skill-sets in the social sector (Dees, 2012), still needs to be the priority in order to even have resources for social and environmental performance (Battilana et al., 2015). For instance, social value is purported to be related to a normative identity that concerns others and pays attention to social goals, whereas financial performance is related to a utilitarian identity that is self-concerned and prioritizes economic goals (Stevens et al., 2015). As social enterprises tend to attract individuals of the former identity (Tracey & Phillips, 2015), these organizations, and other forms striving for social value, ultimately struggle to find a balance between commercial and social elements.

Barman and MacIndoe (2012) discovered that it is the presence of commercial logics within the stakeholders of socially-oriented organizations that largely influences the adoption of SVM tools. Indeed, they find that institutional pressures on their own (e.g., normative and coercive) are not sufficient to explain variation in adoption, as what really matters are that organizations have the capacity (e.g., presence of written rules and accountancy expertise) to implement the measurement mechanisms. These capacities are related to knowledge and values that stem from a commercial logic. While tools such as SROI are found to strongly support the market logic (Maier et al., 2015), this does not necessarily lead to improvements for the organizations themselves, and is thus often a communication tool rather than a management mechanism. Funders, conversely, may use the SROIs of grantees to gain legitimacy in their own networks and with particular audiences (Maier et al., 2015).

Lessons for building SVM tools in line with frontline workers' needs (Benjamin & Campbell, 2015) may be learned from this study. In particular, understanding firstly the institutional logics the workers have for the objects involved in social value creation, rather than pre-determining which objects should be chosen as measurands of SVM, can help identify how to design measurement processes to align with individuals' needs, and hence improve

individual level performance. Likewise, this process can be repeated for employees responsible for commercial performance. Finally, where it is necessary that stakeholders from both ‘sides’ work together, PM processes may assist by offering a space of reconciliation whereby a mediator creatively combines the logics (e.g., language, values, and meanings) during a collaborative meeting. Ultimately, the imperative of measurement should become to build processes which evoke understanding and value for performing at an individual level, rather than dictate from an organizational level what ‘needs’ to be accomplished.

Overall, SVM beckons for organizations to work with and through their stakeholders, embedding their deepest interests and needs into functioning and growth at all levels, thereby ensuring organizational actions are positively influencing people and society while in the pursuit of (multiple forms of) value creation (Hall et al., 2015). Recognizing and harnessing the institutional logics present in an organization with social value motives may thereby enable a managerial approach in which individuals’ meanings and motivations for performance are embedded along the creation process, rather than assuming the meaning for social impact and commercial objectives are shared between individuals and organizations. Furthermore, organizations generating social value are also linked to higher overall organizational performance (Felico et al., 2013), hinting that social value and financial value are much more complementary than initially conjectured.

#### **7.4. Implications for institutional logics**

Although institutional logics was primarily utilized as an ontological lens throughout this study, the findings gestate questions within, and extend, several areas under development in this theoretical paradigm. The inhabited institutionalism premise that organizations and people within them are in a continuous state of ‘becoming’, which is of evolving, learning, adapting, and changing, is upheld by these findings which point to an intricate link between people’s connection to measures and the quality of goal enactment (Bjerregaard

& Jonasson, 2014a; Chia & Tsoukas, 2002; Hallett et al., 2009). The intricacy goes deeper when we consider that in moments of interaction with performance measurement, it may be attitudes, cognition, emotion, behavior, or identity of persons within complex institutions that is affected (e.g., inhibited, reconciled, or reinforced) (Besharov, 2014; Smith et al., 2013). Ultimately, these findings confer the suggestion that institutional theorists need to value the ‘persons’ within institutions (Hallett & Ventresca, 2006; Hallett et al., 2009). Furthermore, much more emphasis should be placed on exploring the co-constructive elements of institutional logics (Friedland, 2013; Quattrone, 2015), rather than continuing to view the phenomenon as a purely categorical and mechanistic parlance of symbols within organizations (Reay & Jones, 2015; Thornton et al., 2012). These contributions will be elaborated in the following specific areas of institutional logics literature: hybrid organizing, and symbiosis of institutional logics.

#### **7.4.1. Hybrid organizing**

The findings contribute to the burgeoning discussion on the development and implementation of governance mechanisms for social enterprises – the ‘ideal’ hybrids (Ebrahim et al., 2014; Kroeger & Weber, 2014; Mair et al., 2015). In particular, this study highlights that in order to balance the competing demands of both social and commercial objectives across stakeholders who have multiple views over legitimate performance goals, the performance measurement mechanisms bridging those stakeholders would ideally be co-designed and co-constructed. Similar to Battilana et al.’s (2015) ‘spaces of negotiation’, PM can serve to ‘reconcile’ multiple institutional logics by bringing together stakeholders with different needs and views on legitimate organizational performance goals to collaboratively decide upon objectives and outcomes (e.g., Board-managers, managers-employees, employees-external partners, etc.).

The findings provide a new explanation for a common challenge for social enterprises: ‘mission-drift’, or the losing sight of social aims in pursuit of financial success (Ebrahim et al., 2014; Mair et al., 2015). Furthermore, the study suggests that what we call ‘business-drift’, or losing focus of the business aims in pursuit of social mission achievement, should also be a concern. In connection to

hybrids more broadly, it is shown that ‘drifting’ may be caused by the inhibition or reinforcement of people’s understandings of legitimate performance goals during interactions with measurement mechanisms. For instance, by guiding a social worker to focus attention on revenue collection instead of delivering support services through allocation of more financially based measurement mechanisms than social welfare ones. A counter to ‘drifting’ in a hybrid organization could be to design measurement mechanisms that embody specific logics, to enhance individuals’ understanding of legitimate performance aims related to desired objectives.

Over time, if the performance measures in a hybrid are not representative of the appropriate ‘balance’ of institutional logics, the chances of an organization sustaining hybridity (both for organization and individuals) are significantly reduced. This is what appears to have happened in Bjerregaard and Jonasson (2014a; 2014b) study of a South Korean credit card company that became a hybrid by invoking an American managerial logic. To assist with the hybridization, the managers implemented specific performance measures aligned to the ‘American management’ logic. However, the measures (e.g., team benchmarking and awards for top performers) failed to reinforce or reconcile the employees’ understandings of legitimate performance goals. Eventually negative emotions built-up to the point of low morale and high turnover rates (Bjerregaard & Jonasson, 2014a; 2014b). Ultimately highlighting that it is not enough to introduce new measures; efforts must be made to get individuals to understand and believe in the rationale behind them.

Performance measurement practices are often expressions of desired ‘legitimate’ performance. Therefore, the ways in which such practices are enacted within a hybrid organization (e.g., identified, managed, communicated) influence which stakeholders prioritize what objectives, which processes are deemed (il)legitimate, and how persons build and maintain internal and external relationships (Ebrahim et al., 2014). In a hybrid organization, the dominant institutional logics of persons and performance measurement interplay to direct attention and action aligned with specific performance objectives. This suggests that for PM to have a positive influence on organizational objectives (Franco-Santos et al., 2012; Micheli & Mari, 2014), it should be purposefully designed to

illuminate hybrid tensions and/or achievements for stakeholders of different logics (Jay, 2013). Furthermore, it can be meaningfully applied to forge relationships between individuals with different logics by becoming a referent to understand the other (e.g., computing SROI analysis for funders) and/or to strengthen relationships (e.g., having front-line staff work on portfolios of beneficiaries' progress as evidence of social value). Such implementations of PM may accord one way to manage the nuanced experiences of hybrid organizations' stakeholders in their pursuit of organizational outcomes at the intersection of multiple legitimate performance goals (Battilana et al., 2015; Pache & Santos, 2013; Tracey et al., 2011).

#### **7.4.2. A symbiotic perspective of institutional logics**

Institutional logics theory would suggest that the conflicts and variations in responses depicted in the case studies surrounding PM use are due to identity or performance tensions (Smith et al., 2013) stemming from a conflation of goals-ends and means-ends (Pache & Santos, 2013). Yet, so far theories which describe how negative consequences of these variations may be avoided stop at suggesting the strategic coupling of institutional logics across structural features of the organization (e.g., the goals-ends). These propositions are insufficient to explain how the multiple logics as represented in PM practices (a supposed means-ends) led to highly different interpretations of rational actions and attitudes towards performance (as this is purported to occur only through goals-ends) (Pache & Santos, 2010). What these findings suggest is that particular formal and informal measurement practices (e.g., means-ends) are also imbued with institutional logics that can cause conflict, tension, or opportunity (MacPherson & Sauder, 2013). However, these means-ends responses to multiplicity occur at the individual level (in addition to those that may or may not be occurring at the meso level) by exemplifying rationality for people. For example, PM processes, imbued with particular logics, impose a set of actions as legitimate in pursuit of organizational objectives, regardless of people's own beliefs and attitudes concerning the given performance objective. Thereby rendering the experience of performing, and capacity to contribute to goal achievement, either positive or negative.

According to Friedland (2013), institutional logics, as developed in organizational theory, has erred in one important way. Indeed, Friedland (2013) suggests that research in institutional logics has failed to recognize the processes of ‘interiority’ (e.g., the inter-subjectivity), which occur alongside the investigated exteriors (e.g., the changing materials and practices reifying institutional logics in organizations). That is, rather than regard individuals as ‘agentic’ individuals capable of contributing to and developing (with) logics, the theories presume that logics are overarching and separate, or independent from, people, in the materials and practices<sup>11</sup>. Others have since agreed that institutional logics tends to overlook important elements of personal co-creation, imaginary expressions, and organizations’ capacity to transform institutional logics (Klein, 2015; Pernkopf-Konh  usner, 2014). Furthermore, the argument has been put forward that logics are not at all static, but evolving (Quattrone, 2015).

By applying institutional logics as a lens to the use and value of PM practices in social enterprises the critics’ views can be understood. Throughout the cases, there were multiple examples of how people (subjects) interacted with PM (practices) to generate a host of results (processes and activities aligned to particular logics). This is what Friedland calls the ‘trinitarian’ (2013). Yet, these ‘trinitarian’ interactions (Friedland, 2013) also produced various responses based on the alignment of the measured properties and the individual’s symbolism for measured objects.

Therefore, rather than continue to assume the symbolic link to the material artefacts which are witnessed to change during institutional shifts (Lok & De Rond, 2013; Rao et al., 2003; Thornton & Ocasio, 1999), scholars should begin to detangle how individuals experience and value the shifting and transformed logics in these evolving environments. *“If anything an institutional logic requires too much agency, an agency for which its theorization cannot yet account, an accounting complicated by the assumption that agency itself- the*

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<sup>11</sup> This critique is not entirely substantiated as some institutional logics authors have accorded agency and ‘personhood’ to individuals within organizations (e.g., Battilana et al., 2009; Binder, 2007; Hallett & Ventresca, 2006; Voronov & Weber, 2016). However, what these authors do seem to have missed is that it is not only the direction of the organization or the composition and enactment of the logics embedded within which may be altered by the people, but also the people who are themselves altered in their values, identity, and aims through these processes.



*nature of the subject, the manner of his action, and the forms of his practical rationality- are likely to be contingent upon the institution in which he operates”* (Friedland, 2013: 39). Doing so may help to reconcile the presently ‘opposing’ viewpoints.

For instance, in his study of the Jesuit Order, Quattrone (2015) found that accounting was not about efficiency and effectiveness in line with market logics, but about an accountability to self and others of the community to make appropriate decisions (for the Jesuits, religious decisions). Therefore, he proposes that institutional logics involve an unfolding rationality (instead of being composed of fixed meanings), whereby the substance of institutional logics evolve through an interplay between analytic methods of ordering information, imagery, motivating rituals, and moral scrutiny (Quattrone, 2015: 422). However, due to the lack of symbolism outside market and commercial logics within most institutions (Baden & Higgs, 2015), it is highly unlikely that the final stage in Quattrone’s model depicting meanings of institutional logics as evolving is actually enacted (i.e., invited moral scrutiny). In most organizations there is no imperative to question internal moral order or conduct, as long as the performance objectives of the organization are met (e.g., profit and effectiveness). From this perspective, it is not the logics that are competing, but people’s inability (or unawareness) of how to design organizational objectives, and related measurement processes, in order to enable meaningful unfolding rationality and moral reflections. To solve the present puzzles in institutional theory, therefore, what should be assumed important is to pay attention to how individuals are (self)-creating, (self)-maintaining, and (self)-disrupting in pursuit of organizational objectives (Lawrence et al., 2009); the self ultimately being a collection of attitudes, beliefs, and emotional states for performing.

With the presupposition that individuals have personal power, which is ultimately the decision to perform meaningfully, with attention and effort towards organizational goals, then the interactions with practices to generate results can be taken as opportunities to develop self-esteem, personal transformations, and emotional competence (Hall, 2016). From here, the way in which institutional logics are interpreted and (re)-enacted will be studied much more from the angle of the people involved instead of the institutional

arrangements (Hallet et al., 2009). Recognizing and appreciating people's personally powered performance, which is ultimately nurtured through respecting and leveraging their beliefs and values, may finally be the response to Friedland and Alford's famous call to 'bring values back in' to organizations.

## **7.5. Summary of discussion**

This chapter has discussed the findings in light of performance measurement, social value measurement, and institutional logics literatures. Concerning PM, it was elaborated how PM theory has overlooked the subject in the measurement process (Hall, 2008; 2016; Micheli & Mari, 2014), and why it is imperative that future empirical and conceptual work consider the subject in order to fully understand the implications and potentialities of this organizational practice. Efforts to understand PM in such a manner would bring ancient conceptions of measurement as not only a mechanism for understanding external reality, but a method for acquiring wisdom and self-knowledge, back to the fore (Mari, 2005), and enable scholars to appreciate people's unique performing potentials.

Ways in which this study has revealed it is possible to consider the subject in the design and implementation of PM were then explored: multi-tiered enactment, and individual-level alignment of PM measures (Melnik et al., 2014; Micheli & Manzoni, 2010; Pavlov & Bourne, 2011). When PM does manage to align at an individual level, namely by establishing an alignment between the measured properties of a measurand and the individual's beliefs, this leads to a new concept: personally powered performance – the personal energy, effort, and attention that is enacted when people interact with PM that focusses on organizational objects in a way that they find important and interesting. In order to fully understand the varied responses to PM (Franco-Santos et al, 2012; Koufteros et al., 2014) it will be necessary to investigate further these individual level effects.

Building on these contributions to general PM theory, the theory of social value measurement is revisited. It is proposed that viewing PM from the angle of a subject may help to address some of the challenges being confronted by the

SVM domain, as it shifts the priority away from describing and attributing inter-subjective phenomenon such as health, wellbeing, and happiness, with pre-determined properties towards having the individuals within the process describing and elucidating their own experiences (or not) of these social outcomes (Maier et al., 2015; Manetti, 2014). These nuances of measurement designed for the subject may be especially helpful in guiding stakeholders across the traditional social-commercial tensions in social organizations (Dees, 2012; Ebrahim et al., 2014), as they can be a part of assigning tasks and responsibilities to those who are actually interested and motivated by the nature of the particular work.

In regards to institutional logics, it is put forward that the dynamics of hybrid organizations may be better identified and managed by paying attention to means-ends mechanisms such as PM, rather than only attempting to mitigate tensions along goals-ends activities (Pache & Santos, 2010; 2013). Furthermore, the inhabited institutionalism view within institutional logics (Hallett & Ventresca, 2006; Hallett et al., 2009) is supported by this work which details strong emotive and attitudinal reactions which to some extent determine organizational performance results. This leads to the suggestion that institutional scholars should be paying attention to how institutional actors themselves (i.e., the self), are affected by, and affecting, institutional transformations.

The final chapter will now conclude with an overview of the contributions, suggestions for future research, and provision of practical implications.

# Chapter VIII – Conclusion

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## 8.1. Overview of contributions

The major focus of this thesis has been to uncover the subjective responses to the use of performance measurement. In order to explore the nuances of people's experiences, it was necessary to adopt an ontological lens which provided a substantiation to such phenomena as beliefs and values. Institutional logics was selected also as it aims to bring personal values and meanings back into the discussions and conceptualizations of institutions (Friedland & Alford, 1991; Zilber, 2002).

The contributions of this thesis firstly offer an explanation for variegated subjective responses to organizational PM (Franco-Santos et al., 2012; Pavlov & Bourne, 2011; Ridgway, 1956) by positing the practices as experiential (e.g., affective, interpretive, and symbolic). An exploration of the 'behavioral assumption' in PM theory (Hall, 2008; Kunz, 2015) is undertaken by disentangling the interplaying organizational and individual level symbolic elements within the measurement process. This ultimately highlights that PM firstly triggers subjective responses at the individual level, which then influence organizational performance.

Measurement mechanisms are found to be imbued with symbolic meanings that determine what behaviors and actions are legitimate in pursuit of given organizational goals (Mair et al., 2015; Townley et al., 2003). As individuals themselves have beliefs and attitudes for performance objects, the meanings associated to PM practices interact with their predispositions to generate reinforcing, reconciling, or inhibitive experiences (depending on the alignment between the meanings of a measurement mechanism and a person's symbolism for the object being measured) (Micheli & Mari, 2014). People's attitudes, motivations, and emotional states are then conceived as the foundational source of organizational performance, in the form of personal power to exercise energy and attention when measurement positively interplays

with personal beliefs and values (Marginson et al., 2014; Voronov & Vince, 2012). Collectively, these findings reveal the need to invoke ontologies of the subject, or at least ontologies respectful of a subject, into the discourse on PM. The research contends that a core issue with the design and implementation of organizational PM has been to omit subjects' perspectives as they are involved in measurement processes.

Additionally, the findings build on the institutional logics literature by offering empirical insights into the management and measurement of hybrid organizations (Battilana & Lee, 2014; Battilana et al., 2015; Mair et al., 2015). Particularly, it is demonstrated that 'business-drift' (i.e., the loss of business perspicacity) is as much of a risk for social enterprises as 'mission-drift' (Battilana et al., 2014), and therefore managers must be careful not to over-emphasize the social welfare aims. Furthermore, the intricacies of measurement use are utilized to highlight the interdependencies of the material and the symbolic in the institutional logic theory, providing a glimpse into an oft overlooked space (Pahnke et al., 2016; Thornton & Ocasio, 2008) and a retort to recent critics of organizational theorists' use of these concepts (Klein, 2015; Quattrone, 2015).

To extend the theory of PM, therefore, it is not only the material aspect of PM that need be considered (e.g., how to connect KPIs to strategy and mission), but also how it is influencing people's lived experiences of organizations (e.g., being interpreted, understood, affective and enacted). It is important to highlight that this is not an argument for the elimination of PM within organizations but a strong case for why its implications must be explored and harnessed to a much greater degree. Table 8.1 offers a summary of the key findings of this thesis in relation to the present conceptualizations of PM, SVM, and institutional logics literatures.

***Table 8.1: Summary of theoretical contributions***

<b>Previous theoretical conceptualizations</b>	<b>Theoretical extensions of this thesis</b>
PM is a formal and empirical process for describing and attributing value to organizational phenomena (Micheli & Mari, 2014)	PM is an experiential process, which may be formal or informal, that involves ascribing value to organizational objects  The process of ascribing value to organizational objects affects individuals' relations to the objects being measured, and the experience of performing.
Organizational measures have a direct impact on employees' behaviors (Hall, 2008; 2016; De Leeuw & van den Berg, 2010)	The institutional logics embedded in a measurement process interact with individuals' beliefs for the measured organizational object, which creates a personal experience (reinforcement, reconciliation, or inhibition), that then generates organizational performance.
The design and implementation of PM requires the purposeful alignment of measures with organizational strategy (Dossi & Patelli, 2010; Micheli & Manzoni, 2010)	The design and implementation of PM requires alignment at multiple levels: between organizational strategy and measures, and between individuals' beliefs for the measurand and the meaning of the measurement process.
SVM should focus on developing measurement processes which enable the measurement of social and environmental performance (Battilana et al., 2015; Ebrahim & Rangan, 2014; Millar & Hall, 2013; Nicholls, 2009)	SVM should focus on co-developing measurement processes which elucidate the experiences of those involved in the measurement process (e.g., the measurer, the measured, the receiver of performance information, etc.).
Institutional logics are stable categories of meaning (Pache & Santos, 2010; 2013; Thornton et al., 2012)	Institutional logics are fluid meanings which individuals, and organizations, utilize to build and transform 'selves' (e.g., values, meanings, and attitudes)

	underpinning actions and development).
Hybrid organizations may suffer from ‘mission-drift’ as commercial performance is prioritized over social welfare performance (Ebrahim et al., 2014)	<p>‘Business-drift’ may also occur in hybrid organizations whereby social welfare performance is prioritized over commercial performance.</p> <p>PM processes, both formal and informal, should be designed to align with both (or more, if relevant) logics, across related stakeholder groups, in a balanced manner to mitigate ‘drifting’.</p>

## 8.2. Limitations

Case study research is viewed as limited in its ability to generalize findings (Eisenhardt & Graebner, 2007). The aim of this study was not to determine the overall uses of PM, but rather to learn about how stakeholders experience various PM approaches. The purpose was therefore not to design or implement a PM mechanism, but to understand the interactions of stakeholders and PM. The findings derived from this study may be applicable in similar contexts (Gibbert et al., 2008), especially those with stakeholder complexity and multiple demands for PM.

Case research can also be seen as overly sensitive to researchers’ personal interpretations (Flyvbjerg, 2006); however, this study limits the effects of this weakness by incorporating the perspectives of many stakeholders. The derived findings are reflective of their opinions, experiences, and thoughts on the subject, not only of the theoretical leaps of the author (Gioia et al., 2013). The findings were all presented and discussed with organizational members to ensure coherence with the depiction of their experiences (Gioia et al., 2013).

Theoretically, the sampled organizations were ones in which alignment along other dimensions, namely between organizational strategy and PM practices, was found to already be in place. Organizations ultimately vary on how much they are able to establish this alignment (Micheli & Mura, 2016), and

therefore other circumstances should also be investigated. The individual responses to PM in organizations without this alignment may have different subjective effects.

In this research there has been an exclusive focus on the social enterprise context; however, other complexities might arise in different forms of hybrids, such as healthcare which combines public sector and private sector values (Reay & Hinings, 2005). Furthermore, the study was undertaken in the United Kingdom: individuals working in other countries where PM is not so prevalent might have different interactions with measurement. Finally, a broader array of PM tools exists than were included within this study. Research should also focus on social enterprises that prioritize environmental aims or economic gain in order to understand if the interrelationships between PM, institutional logics, and sources of positive or negative influences are different.

### **8.3. Future Research**

This work prioritized the experiences of persons utilizing measurement within two social enterprises. Interesting findings emerged around how these individuals are in a continuous interaction with measurement to define and re-define organizational performance, and how these iterations result simultaneously in various personal experiential affects (e.g., emotional and attitudinal reactions). It would be fair to postulate that others involved in the measurement process may also be affected in unanticipated ways, and therefore future research should also qualitatively investigate the reactions of beneficiaries to being measured. While some of the data touches on how the measured react during the measurement process, such as when management describes what it is like to be measured by funders or when employees discussed the usefulness of their personal performance appraisals, these are only small headways into a much broader area of how individuals interfacing with organizational measurement (i.e., the measured) may be influenced, and how this affects their experience of the organization.

Adding an identity lens to the investigations of PM use and effects inside organizations would perhaps enable explorations of how stakeholders relate to



measurement and use it to understand both personal and/or organizational identity over time (Albert & Whetten, 1985; Ashforth et al., 2016; Hall et al., 2016). It would be interesting to examine the concept of personally powered performance by investigating whether particular PM practices contribute to conceptions of self, which ones enable organizational identification, and whether or not these affect the forming of inter and intra-organizational relationships.

Furthermore, one could investigate if PM can assist with balancing the identity enactments related to the different logics in complex environments (Besharov, 2014). For instance, social value is purported to be related to a normative identity that concerns others and pays attention to social goals, whereas financial performance is related to a utilitarian identity that is self-concerned and prioritizes economic goals (Stevens et al., 2014). Therefore: how do the different PM practices encourage affinity, emulation, or threat (Ashforth et al., 2016) towards these identity goals? Do initiatives relate to particular logics on behalf of the organization influence values of the other identities (e.g., personal consumption, environmental protection, respect for others, etc.)?

From another angle the unveiling of the experiential and symbolic elements within the performance measurement process jostles philosophical issues. Particularly, it requests that efforts move from seeking to know organizational performance as an objectified truth (e.g., measurement mechanisms and observable performance) to acknowledging that access to a 'truth' (or knowledge of performance in this case), necessitates an experience (i.e., an emotive and attitudinal reaction). To better explore these nuances of the subject, it may be useful to invoke the philosophy of the subject. For instance, one of Foucault's contributions was that of drafting a history of the 'caring for the self' (2005). In these works, he distinguished between two types of subject's knowing - 'philosophy' (the form of thought that allows access to 'knowing') and 'spirituality' (the experience, or toll, on the individual for coming to know such things) (2005). While these terms may yet be too heavily connoted for everyday use in organizations, the underlying meanings which depict a potential multi-layered process of knowing are not (e.g., acquisition of information about an external object, and the affective implications and/or requirements of

acquiring that information).

The practices of ‘caring for the self’, that is reflection, journaling, meditation, humility, etc. (Hadot, 1995) could be useful in the organizational context, especially concerning measurement. That is, organizational PM has traditionally been concerned with ensuring people come to know the organizational objects, but not with how people are *personally* changed or influenced by being imposed upon to know these things in such a way (Townley, 2008). In the case studies encompassed within this research, the implications of different practices mattered for how people experienced their work and relationships. Ethnographies witnessing responses to different PM methods, phenomenological diaries, or journals of frontline employees and/or beneficiaries, observations of the use of a variety of PM mechanisms, or focus groups of particular stakeholders could be useful in comparing newer methods of PM which include (forms of) the practices of ‘caring for the self’.

The research encourages scholars to consider not only ‘valid’ and ‘reliable’ measures, but genuine ones, human-centered ones, evocative ones. The question can no longer be only: ‘what is an accurate ‘truth’ or representation of organizational performance’? But also: ‘what experiences should people be having with the organization (and measurement system) to generate desired aims’? Yet, to address this question, it will be necessary to import alternative theories and methods which illuminate the subject’s position. Institutional logics has been utilized to this effect throughout the thesis, and identity theory or Foucaultian perspectives on caring for the self are suggested as possible ways forward. This list is by no means exhaustive, nonetheless it is the commencement of a broader discussion the author hopes will be stimulated around the acknowledgement and respect of individuals’ personally powered performance within organizational PM.

## **8.4. Practical implications**

This study also has implications for managers and policy makers alike. PM systems should be designed and implemented on the basis of both their (in)formal

ability to represent organizational aims and objectives, and their influence on stakeholders (Micheli & Mari, 2014). Measurement should be different dependent upon who is looking, and what the organizations wants to pay attention to in a specific area (Hall et al., 2015; Micheli & Mari, 2014), not just a representation of strategic aims (Kaplan & Norton, 1992). In other words, someone has to manage the 'affectiveness' of measures, and most should just experience the measures in a way that enhances their ability to perform. Otherwise, PM may cause an unintended imbalance in the efforts put towards the various performance aims in an organization (Battilana et al., 2015; Mair et al., 2015).

Managers must therefore not view PM as just numbers in a report or the photographs in a case study or knowledge exchanged during a meeting, but as an accumulation of people's experiences, efforts, and energies- which can be positive or negative. Consequently, the content of the measurement mechanisms matters only inasmuch as it represents the relevance attributed to a particular measurand (e.g., those objects which are considered from an organizational perspective to contribute to commercial, welfare, or public sector performance); however, it is how individuals interpret and experience the measurement mechanisms which matters for the quality of performance which is enacted.

For hybrids, there is an even higher level of complexity when it comes to balancing competing performance aims. As is the case in social enterprises whereby the performance tensions between social and commercial logics is effervescent, continuously springing up in people's conceptions and realizations of organizational life. The 'charity' and the 'business' are seen as two separate phenomena that are mutually exclusive, yet living together under the same organizational roof, and requiring different attentions, decisions, and ways of being from the various stakeholders (Battilana & Lee, 2014; Mair et al., 2015; Pache & Santos, 2013). PM practices are able to help balance these competing priorities by funneling attention from appropriate individuals towards goals in meaningful ways. Also, it can serve to build the capacity to exploit the multiplicity, as did the coordinators with external stakeholders at YF and OE.

For social enterprises that are engaging with new partners on performance goals, or for funders who require performance reports from their grantees, using PM to reconcile perspectives on intended performance ahead of

launch could prove more effective for supporting the alignment and achievement of objectives in the long term than merely imposing a pre-determined set of measures (Groen et al., 2012; Millar & Hall, 2013). Furthermore, by understanding and embedding the institutional logics of the front-line workers into PM practices, managers of hybrids can better support the achievement of social welfare and/or commercial aims (Benjamin & Campbell, 2015).

Regarding the different roles of PM, external stakeholders such as funders and regulators should consider the institutional logics of measures before imposing them on organizations: are they aligned more with their own logics or with the ones of the receiving organizations and/or their customers or beneficiaries? If the former, how could logics be reconciled so as not to trigger mere compliance and, instead, foster use of information and, ultimately, improvement (Liket & Maas, 2014)? Within social enterprises, ways to clarify and emphasize performance objectives aligned to stakeholders' logics such as arranged interactions with beneficiaries and images of successful clients should not be underestimated, also because they could mediate between the increasingly relevant 'commercial' dimensions of performance and the longstanding view of their primary 'social' aims (Battilana et al., 2015).

Stakeholder theory views of organizations which suggest that organizations capable of reflecting and embodying the interests of all stakeholders will maximize performance (Freeman, 1984; Freeman et al, 2010; Hall et al., 2015) are supported by these findings. PM in this study was most able to produce benefit when it embedded the values and beliefs of *all* the stakeholders interacting with it. The identified management mechanisms of PM therefore proffer a way to explore a major stakeholder theory query concerning how to actually manage stakeholder-oriented organizations (Freeman et al., 2010), by suggesting that PM is a set of highly affective activities that can be chosen purposefully for stakeholders' interests rather than just administered in the pursuit of organizational objectives (Freeman et al., 2010).

The study also illuminates ways in which to utilize PM practices to stimulate positive emotions in employees (Hall, 2016). With the increasing understanding that organizations may negatively impact people's emotional states or stages of development (Yorks & Voronov, 2015), it is imperative that

managers make strides towards mitigating the longer-term implications of stressed and/or immature employees. For it will not only be organizations that suffer, but families and communities whom are comprised of unhealthy members and/or citizens. Revisiting the uses and implementation of measurement processes with the aim of nurturing and evoking personally powered performance may assist organizations to promote healthy levels of self-esteem, confidence, and integrity in their employees (Tannenbaum, 1962; Voronov & Weber, 2016). Such ideals for managerial practices can additionally serve to assist organizations themselves to regain levels of respect and more wholesome purposes in society (Baden & Higgs, 2015).

The findings also bring moral implications: if we know that PM affects persons' experiences, can we assume that all uses and therefore effects are legitimate (Franco-Santos et al., 2012; Pavlov & Bourne, 2011)? Do they potentially inhibit or encourage organizations to generate more or less inequality across stakeholder groups (Munir, 2015; Neely et al., 2002)? Indeed, if we know that performance measurement has an effect on the emotional state of persons (Marginson et al., 2014; Voronov & Vince, 2012), and may affect identity formation at an individual or organizational level (Besharov, 2014), then the managerial implications for implementation of such mechanisms should not be taken lightly.

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## **Appendix A – Semi-structured interview guide**

### **Part 1 – Standard guide**

Introductions- thank you for agreeing to be a part of this research project, all of your responses will remain confidential and anonymous, and will only be used for the purposes of my research.

Please could you tell me about your role here at [case organization]. What are your core responsibilities and goals?

IQ 1: How do you use performance information in your role? Are you required to collect, analyze or report on any performance information within your role?

IQ 2: How useful/valuable/meaningful do you find this performance information? Does this information influence how you perform your responsibilities? What other information would be more beneficial?

IQ 3: What are the benefits of performance measurement? The challenges or disadvantages?

IQ 3b: What is the overall purpose of measuring performance within this organization?

### **Part 2: Sample additional questions for particular stakeholder groups (this one was for Housing Workers at Youth Futures):**

1. How useful do you find the Housing Managers meeting? What is the purpose of it? How do you use the reports (e.g. allocations?)
2. How do you use the case studies?
3. What does the Graduation Ceremony represent for you?
4. How do you use the housing KPI's?

Do you have any questions for me? Thank you for your time and input.

## **Appendix B - Participant invitation letter**

Dear Social Enterprise,

I am a PhD Candidate at Warwick Business School specializing in Social Enterprise Performance Management. I have experience in the social sector working with organizations on local, national, and international project design, development, implementation, and evaluation. I am seeking to engage with successful social enterprises in the United Kingdom such as yours to conduct a novel research project with.

The purpose of the research is to strengthen how social enterprises assess and communicate effectiveness and achievements to their various stakeholders. These practices are complicated for social enterprises as the stakeholders who request and use the information often have competing interests (e.g., managers, employees, donors, volunteers, beneficiaries, governments, etc.). By refining the information collection and presentation processes social enterprises can enhance their ability to engage key stakeholder groups, attract funding/resources, and improve overall capabilities.

In return for participation in this study organizations will receive ongoing feedback on how to communicate effectively with stakeholders, how to derive benefit from performance/impact measurement practices, and become key beneficiaries of the study's findings.

If you are interested in participating in this study please contact me using the information below. Meetings and formal presentations to further discuss this study and its potential benefits are possible upon request.

Warm regards,

Haley Beer

Email: [phd12hb@mail.wbs.ac.uk](mailto:phd12hb@mail.wbs.ac.uk), Mobile: +44 (0) 7570713927,

Skype: Haley.A.Beer

## Appendix C – Matrix 1. Summary of experiences of PM processes at Youth Futures

PM process	Formal characteristics (e.g., content, conversations, actions)	Subjective responses (e.g., values, attitudes, emotions)
Key Performance Indicators 1. Housing KPIs 2. Support KPIs	1. Vacancy rates, room turnarounds 2. Number of service users involved in education or work; number of ‘move-on’	1. Housing workers are informed and incentivized 2. Support workers are frustrated and distracted from essence of support work
Funder reporting	Twenty-eight day KPI reporting cycle (e.g., access to volunteering opportunities; access to education and training; access to fuel poverty measures; access to primary health care; access to social, leisure, and cultural activities; etc.)	Data collected is felt to be a weak depiction of services.  The organization is fearful of being perceived non-compliant and does not receive much feedback, either positive or negative, from the funder.
Social value measurement 1. Outcome Star 2. Learning, Skills, and Work portfolios	1. Progress of young person on physical, mental, and emotional dimensions 2. A portfolio of independently crafted and implemented evaluations for the different support modules undertaken by each beneficiary (e.g., quizzes, drawings, certificates, photos, videos, recipes, etc.)	1. Support workers are motivated to use the Outcome Star and refer to it frequently while building support services for beneficiaries 2. Support workers and beneficiaries enjoy the activities involved in building the portfolio, as it enables them to evaluate, or demonstrate progress in tailored manners
Partner meetings 1. Potential donors 2. Social services	1. The External Coordinator, and other YF staff as necessary, meet with donors to create the outlines of a donation that will be delivered. The measures of success are collectively defined. 2. A representative from Social Services meets with Support Workers at the accommodation projects YF for face-to-face updates on homeless young people’s needs.	1. The coordinator approaches each new donor with a flexibility and collaborative attitude. Not all donations are assumed worthwhile. 2. Support Workers do not feel trusted, are suspicious of Social Service’s motives, and strongly dislike attending the meetings

<p>Informal practices</p> <ol style="list-style-type: none"> <li>1. Graduation ceremony</li> <li>2. Beneficiary interactions</li> </ol>	<ol style="list-style-type: none"> <li>1. Staff, service users, families, and donors are invited to a ceremony where service users who have moved-on in the past year are given a graduate certificate</li> <li>2. Throughout the working day staff interact with young people informally but discuss topics related to performance (e.g., accommodations, services, etc.)</li> </ol>	<ol style="list-style-type: none"> <li>1. Stakeholders describe the ceremony as an exemplary depiction of performance at YF, and are proud of and inspired by this event</li> <li>2. Young people are viewed as the quintessential source for understanding performance and gaining motivation for work</li> </ol>
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## Appendix D – Matrix 2. Summary of experiences of PM processes at Organic Earth

PM practice	Formal characteristics (e.g., content, conversations, actions)	Subjective responses (e.g., values, attitudes, emotions)
Key Performance Indicators	Senior Management Team have KPIs related to specific department (e.g., membership, income generation, and operations) that are discussed in a monthly management meeting  Employees are not allocated organizational KPIs	Managers expressed having a lack of clarity around strategy
Funder reporting	Moderated blog posts -Workers take photographs, record observations, and post a narrative describing the captured moments on a blog for the Foundation -The Foundation reads the blog and contacts the organization with queries and compliments	All stakeholders involved in the funded program (e.g., funder, manager, employee and beneficiary) are contributing to and engaged with developing and discussing the content of the blog
Social value measurement 1. Case studies 2. External evaluations	1. Employees write a first-person or third-person narrative concerning the personal or witnessed experiences of staff and/or beneficiaries interacting with the organization. Can be concerning operational strengths or weaknesses, descriptions of particular programs, projects, or events 2. External experts (e.g., consultants or researchers) conduct independent evaluations of particular projects utilizing a mixture of qualitative and qualitative methods (e.g., surveys, questionnaires, focus groups, interviews, etc.)	1. Workers believe case studies are an accessible and relevant form of measuring the performance of the project 2. Although financially intensive, this measurement process reduces the amount of internal time and knowledge spent on these activities and greatly enhances the trustworthiness and credibility of the organization for funders
Partner meetings	-A Project Coordinator is the first point of contact on behalf of the  The Coordinator seeks to understand the partner's values	



	<p>organization</p> <ul style="list-style-type: none"> <li>-The coordinator meets with and spends time understanding the funder's objectives</li> <li>-The Coordinator tailors the presentation of performance measures for each partner</li> </ul>	<p>and believes flexibility in depicting capabilities and evidencing performance is key to engaging donors</p>
<p>Informal practices</p> <ol style="list-style-type: none"> <li>1. Office interactions</li> <li>2. Informal communications with, or observations of, stakeholders</li> </ol>	<ol style="list-style-type: none"> <li>1. People follow-up with each other daily about collaborative projects and initiatives. Whenever someone has a question they go directly to the person and inquire</li> <li>2. With an open-floor office layout, other stakeholder groups, including beneficiaries in the gardens, were visible to management and employees</li> </ol>	<ol style="list-style-type: none"> <li>1. Managers attitude was that there was no need to 'over-monitor' employees; employees felt colleagues and managers were dependable and accessible</li> <li>2. Employees felt that viewing and/or hearing beneficiaries enjoying the gardens was an indication of good performance</li> </ol>

## Appendix E – Supplementary data for theoretical themes

Theme	Evidence
Organizational and individual level enactment	<p>“To me, with all of this its about the data collection first- get the data collection right and then you can look at what you can use the data to do. <u>We are not capturing the right data in a way that we can then use it going forward.</u> So we have a got a journey to go back to some basic fundamentals around data collection and then understanding what we can do with that data... <u>You know it works when they [employees] start criticizing their own data, they go ‘that’s not right, we have done something wrong, let’s go back and look at the data’.</u> They have then taking the responsibility for it..” (Head of Operations, OE)</p> <p>“I think in a charity you have to think that you need to positively motivate people, and if you have too many performance indicators, that doesn’t happen- motivation is really key for us, because we don’t pay as highly. People work here, they say ‘well I am paid less, but my job is good, I can do what I want’, you know this kind of freedom, degrees of freedom is really important for us, and <u>if we would over performance monitor those things I think there would be risk for us to lose the motivation of the staff we have, and that would be a risk</u>” (Research Manager, OE)</p> <p>“I would suspect that largely for me, and my colleagues, a report is something that we do to justify what we have done and how we have done it. Whereas if you are a manager, then that is a piece of information that can be used to formulate and shape policies and processes; <u>the same kind of information is regarded differently to different people</u> (Accommodation Officer Youth Hub, YF)</p>
(Mis)alignment of the focus of the measurement mechanism and individual’s beliefs	<p>Alignment - Reinforcement: When interviewing support workers, the Outcome Star was described by staff as “very good at helping us... in terms of being able to demonstrate progression for young people. It’s</p>

	<p>very visual. It's very popular with the young people themselves" (Head of Support Services, YF)</p> <p>"We use [SROI] to evaluate our own programs, but also being a researcher I kind of use the tool critically and see if it has weaknesses and strengths...It's good... it's a very good tool, I like it. But, in terms of... I would be the person, if I were older... would have developed it some day, so obviously I think it's a good tool, a very good tool" (Research Manager, OE)</p>
	<p>Multiple alignments - Reconciliation:</p> <p>"Normally [in our partner meetings] we set out who is going to do what - you're going to stay with the 'mental' side of things; we're going to deal with the 'tenancy' side of things. Then we can always come together and share what's going on. That's how we tend to do it now; instead of everyone swarming in and stepping on everyone's toes: "you should be doing this", "no, I should be doing that". But now, we kind of join, plan together" (Support Worker4, YF)</p> <p>"Every two weeks we sit down ... and we'll talk about that person. The practical stuff like rent, benefit claims, and then it gets handed over to the support teams to [discuss] the circumstances in their life. I'm finding that more and more helpful 'cause I can then take actions away from that. The team can give me actions right in that document and I can go away and then just check it off like a tick list" (Housing Worker, YF, on inter-departmental Case Review meetings)</p> <p>I suppose... the [funder] is quite rigorous... so there are outcomes, there are Key Performance Indicators against those outcomes... and I had to work quite hard with them so that the language reflected what they wanted to see and those sorts of things" (Head of Education, OE)</p>
	<p>Misalignment - Inhibition:</p> <p>"The worst ones are the demands from the external funders ... we put things in place [to</p>

	<p>meet the measurement demands] we had at the time... then within 12 months they're out of date, because they've changed their requirements and you've not got the information they need, and it's a bit of a roller coaster at times." At an extreme, the operations manager at Youth Futures continued, these activities pulled staff away from their core responsibilities: "if [support workers] are going to be [identifying and recording new data], they're spending obviously less time with the young person, which isn't what [commissioners] pay us to do" (Operations Performance Manager, YF).</p> <p>"I don't know whether the structure needs to change. ... I'm happy with the information I've got for maintenance, but you could send me that in an e-mail. Information that I got from finance: send me that in an e-mail... Decide what is the purpose of the meeting, who really needs to be there, what information could you not give in any other format... otherwise, why are we really having a meeting?" (Project Manager, YF)</p> <p>"It's heart-destroying, really, because we've always kind of suspected that you do these [funder] reports and they don't get read, and now they're literally saying they don't get read. Oh! I spent a week on that." (Head of Fundraising, YF)</p>
Personally powered performance	<p>And they [Project Managers] receive reports on a monthly basis as to the activity... so by mid-month they know what has happened in the previous month. But, <u>they might be provided with it, but, using it and understanding it are different issues</u>. Because, generally they are from a support background, so their focus is on supporting young people- which is absolutely right, in terms of being operational- <u>but they also need that wider appreciation of the activity that they are engaged in</u> (Finance Director, YF)</p> <p><u>It's as much about physicality and how people physically engage with information as it is about anything else really"</u> (Fundraising Officer, YF)</p> <p>"<u>Because everybody brings themselves to a role</u>, you know what I mean, and more often than not support workers are just different" (Allocations Officer, YF)</p>

