Doing *Good*:
The relationship between performance management and organisational performance in nonprofit organisations.

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Abstract

Nonprofit organisations are under increasing pressure to perform better. They operate according to a public mission. Hence, they aim to do good. At the same time, they need to function well to achieve this public mission. Therefore, doing *good* in the nonprofit sector is two-fold. Yet, nonprofit organisations face difficulties in adopting performance management tools to enhance their performance. Performance management practices in the nonprofit sector are ambiguous due to the complex environments in which these organisations operate and the multi-dimensionality of nonprofit performance. Here, performance management is defined as consisting of (1) strategic planning, (2) performance measurement, and (3) strategic learning. This research examines the role of performance management towards organisational performance in nonprofit organisations. Organisational performance here encompasses (1) efficiency, (2) quality, (3) effectiveness, (4) collaboration, (5) legitimacy, and (6) future proofing. To contribute to overcoming the gap in existing research that persists surrounding performance management in the nonprofit sector, this research studies the role of performance management in nonprofit organisations in the Netherlands. Additionally, this research aims to expand on the current literature regarding organisational contingencies contributing to performance management practices. Therefore, IT capacity is tested for its potential facilitating role for performance management to contribute to improved organisational performance. The research employs a mixed method research approach, and specifically a sequential explanatory strategy. Firstly, quantitative data is gathered from nonprofit professionals in the Netherlands. And secondly, complimentary interviews are conducted with professionals. This approach allows for an in-depth account of, if, why and how performance management plays a role in the context of the nonprofit organisations in this study. The results show that performance management in certain configurations is positively associated with organisational performance. The interviews highlight the recognition by nonprofit professions of the value performance management practices can have for performance. The interviewees emphasize the value strategic planning and performance measurement can have for guiding their organisation in a systematic way and for prioritizing. In regard to strategic learning, it is especially stressed that nonprofit organisations need to realize the need to and make progress in how they use performance data to inform their work. Channelling the data produced from performance measurement into strategic decisions is highlighted as the main challenge faced by nonprofit organisations. However, the interviewees point out that IT can play a facilitating role in this respect because it allows for gathering and organizing data in a systematic way. Nevertheless, the organisations realize that nonprofit organisations need to further embed IT in their activities and work towards combining all gathered data in one place for it to have most value at the organisational level.

Keywords: Performance management, nonprofit organisations, organisational performance, organisational contingencies, IT capacity.

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NPO – nonprofit organisation

PM – performance management

SDB – social desirability bias

1. Introduction

1.1. Doing *good*

You do not want to compromise the impact of your organisation by internal operational challenges. Especially when working for the public good, organisation face scrutiny to work transparently and prove their impact. Moreover, you do not want the management of your goals and impact to get in the way of actually achieving them. But how do you make sure that your organisation works in the most efficient and effective way to achieve its impact?

This research specifically investigates nonprofit organisations in the Netherlands. What determines that an organisation falls in the category of a nonprofit organisation can be anchored in a range of interpretations, such as the legal basis of a country, the functional definition or the financial definition (Salamon & Anheier, 1992). To make the definition precise, this research adopts the legal definition, in this case of the Netherlands, for the organisations targeted for this research (Salamon & Anheier, 1992). In the Netherlands, a nonprofit organisation is an organisation that acts as a Public Benefit Organisation (*Algemeen nut beogende instelling*) (Belastingdienst, 2019). An organisation qualifies for this category "when at least 90% of the institutions efforts are focused on the general good" (Belastingdienst, 2019). Hence, these organisations can cover a wide range of activities for as long as the public mission is the main focus (Knijnenburg, n.d.).

Nonprofit organisations find themselves in increasingly competitive environments which is caused by the growing number of nonprofits trying to secure the limited amount of available funding (Bates-Vulcheff, p. 2000; Siciliano, 1997; Bryson, 1988). This competitive environment makes it necessary for them to optimize their performance (Laurett & Ferreira, 2018; Kaplan, 2001; Lindenberg, 2001; Siciliano, 1997). Nonprofit organisations have realized the need to adopt efficient ways of working to uphold accountability of donor money (Siciliano, 1997) and to make use of the limited funding available to them most efficiently. All, while not losing sight of achieving their publicly oriented mission (Laurett & Ferreira, 2018).

To cope with improving organisational operations, the nonprofit sector has increasingly looked at the private sector for tools to adopt (Speckbacher, 2003; Jarrar & Schiuma, 2007). One of such tools is performance management. In the private sector, it focuses mainly on performance in terms of financial measures, i.e. profit. In the nonprofit sector, on the other hand, performance is more complex and difficult to measure (Speckbacher, 2003; Siciliano, 1997). On the one hand, there are internal organisational indicators of performance. These indicators encompass financial and non-financial measures (De Waal, Goedegebuure, & Geradts, 2011). These measures include the use of resources compared with the produced outputs, namely efficiency, as well as more qualitative measures such as quality, strategic capacity and effectiveness (Verbeeten, 2008). Effectiveness refers to the extent to which an organisation achieves its goals (Nowy et al, 2015). On the other end of the spectrum of organisational performance are outcomes. Outcomes refer to the societal impact an organisation has (MacIndoe & Barman, 2013). Hence, the change in society an organisation achieves in line with its

mission (MacIndoe & Barman, 2013). In this research, the focus is on the internal organisational aspects of organisational performance. Therefore, organisational performance is analysed by effectiveness, efficiency, quality and strategic measures. In regard to the internal organisational performance indicators, the question remains, can performance management help organisations perform better, and if so, how?

1.2. Performance Management for Public Organisations

With the wave of New Public Management came the conviction that rational design should inform an organisation's strategy based on performance management (George & Desmidt, 2018; Fryer, Antony, & Odgens, 2009). The underlying thought of this push is that purposefully steering, revising and measuring performance can improve organisational performance (De Waal, Goedegebuure, & Geradts, 2011). Applied to the public and nonprofit sector, performance management encompasses strategic planning, performance measurement and strategic learning (Poister, Pasha, & Edwards, 2013).

The first aspect of performance management, strategic planning, sets the direction of an organisation (Bryson, 1988). It does so by determining the objectives of an organisation based on strategic thinking with attention to and informed by the external and internal environment (Bryson, 1988). Bryson (1988) developed one of the pioneering strategic planning models and updated it in 2018. The model determines the crucial steps for successful strategic planning. It includes, among others, determining an organisation's mandate, setting a mission and vision and tying the strategic elements to concrete steps within the organisation. The success of employing such models is based on the assumption that giving an organisation a clear, guiding direction, leads to a more focused way of employing resources. And in turn, it leads to improved performance (Poister, Pasha, & Edwards, 2013; Verbeeten, 2008).

Secondly, performance measurement, deals as a monitoring, evaluation, and adaption tool (Fryer, Antony, & Odgens, 2009). These functions have implications for the public sector as the measurement of performance in the public sector is more ambiguous than in the for-profit sector. In the for-profit-sector, performance can be determined by straightforward financial measures (Kaplan, 2001). In the public sector, outputs do matter, too. They matter, especially because public organisations operate through public and limited financing (Lindenberg, 2001), and thus, the efficient use of resources is crucial. Nevertheless, in public organisations other, non-financial measures are equally important (De Waal, Goedegebuure, & Geradts, 2011). Public organisations work for the public good towards a mission with a public impact. For that reason, the effectiveness of an organisation in achieving an impact towards its mission is equally important as well as qualitative and strategic indicators (MacIndoe & Barman, 2013). This multi-dimensionality makes it more difficult to assess the performance of nonprofit organisations (Nowy et al., 2015) and requires the inclusion of a broader set of indicators such as economic as well as behavioural aspects (Verbeeten, 2008), financial and non-financial measures

(De Waal, Goedegebuure, & Geradts, 2011) as well as resource management, quality and strategic capacity (Verbeeten, 2008).

The last aspect of performance management is strategic learning. This concept implies that an organisation uses the data it gathers from performance measurement to channel them into and inform strategic decisions (Kroll, 2015). In that way, an organisation can learn from its past performance and build its future direction based on what works, what does not work, and where certain altercations are needed. In short, the organisation learns from past performance to inform future performance.

Combining strategic planning, performance measurement, and strategic learning, the argument is made that performance management can positively influence organisational performance by "both goal clarification and performance monitoring in measuring for results" (Poister, Pasha and Edwards, 2013, p. 626). Performance management closes the information loop so that informed decisions can establish an organisational direction which is revised based on performance measures (Pasha & Poister, 2017; Poister, 2010). Applying these elements allows organisations to establish effective information and feedback mechanisms that can contribute to improved decisions, their implementation and thus the organisation's overall performance. Nevertheless, constraints including limited resources or the unequal involvement of stakeholders within an organisation can compromise the usefulness of performance management for organisational performance (Poister, Pasha, & Edwards, 2013).

In recent years, one tool that gained precedence to address these complexities of performance management faced by public organisations are information technologies (IT). IT has the potential, if employed according to certain criteria, to facilitate performance management processes within an organisation (Hackler & Saxton, 2007). Specifically, in regard to gathering, evaluating, and using performance data such as to strengthen performance measurement, strategic learning and hence, also strategic planning, IT can serve as a facilitator (Greener, 2019; Limburg, Knowles, McCulloch, & Spira, 2017). In the private sector, IT as a facilitator for performance management processes has been more embraced, while in the nonprofit sector a certain hesitation persist (Hackler & Saxton, 2007). Yet, in the nonprofit sector, IT can have value to organisations by contributing to improved administrative work and knowledge management (Hackler & Saxton, 2007). As the step from gathering and organizing data to actually using it as the basis for strategic decision is the key but also the trickiest part of effective performance management (Gerrish, 2016), IT could play an important tole here (Limburg et al., 2017). Finally, despite this potential, the role of IT for strategic purposes, in the specific context of nonprofit organisations, the research thus far has pointed to the need for further research (Limburg et al., 2017; Kroll, 2015).

1.2.1. But how does it work for nonprofit organisations?

In the literature, the conclusions drawn about the role of performance management for nonprofit organisations have been inconclusive (de Waal, Goedegebuure & Geradts, 2011; Siciliano, 1997). While the assumption persists that performance management can contribute to increased performance,

the empirical evidence to support this claim is scarce (de Waal, Goedegebuure & Geradts, 2011). Moreover, there are other authors who question this assumption by pointing out the difficulty in measuring nonprofit performance (de Waal, Goedegebuure & Geradts, 2011; Kaplan, 2001). This ambiguity makes it more difficult to determine the effectiveness of performance management tools to contribute to nonprofit performance.

The argument that performance management improves organisational performance relies on goal-setting theory (Poister, Pasha & Edwards, 2013). Goal-setting theory states that the clearer and the less ambiguous goals are, the more they contribute to improved performance (Poister, Pasha & Edwards, 2013; Fried & Slowik, 2004). Setting clear goals and organisation can "prevent the diffusion of organisational energy" (Verbeeten, 2008, p. 428) and the linkage of goals to employees' behaviour leads to increased organisational performance (Fried & Slowik, 2004). Hence, by establishing goals that everyone in the organisation agrees with and understands, an organisation will achieve its goals more effectively and efficiently (Verbeeten, 2008). However, there are reasons why performance management may have no or only limited effect.

Firstly, in nonprofit organisations a certain suspicion of private sector tools prevails. Employees in nonprofit organisations are often working for these organisations due to an intrinsic motivation to do good (Lindenberg, 2001). Thus, their work is based on values. The reluctance is caused by the idea that giving too much attention to market dynamics and measurement would compromise this value-based system (Lindenberg, 2001). Secondly, findings from the public sector suggest institutional constraints of organisations may hinder the effectiveness of performance management (Poister, Pasha & Edwards, 2013, Verbeeten, 2008). Lastly, the argument is put forth that impactful performance management requires the purposeful and active use of performance information and decisions based on that information (Kroll, 2015). If no resources or attention are allocated to establishing a formal performance management process in an organisation, the positive impact it can have towards improved performance may be hampered (Kroll, 2015).

1.3. Research Objective & Research Question

This research aims to investigate whether and how performance management contributes to the performance of nonprofit organisations. To achieve that, the elements making up performance management are tested in relation to non-profit organisational performance. The goal of this analysis is to determine the role of performance management for organisational performance and how non-profit organisations can use it most effectively. Additionally, as IT have shown to be a promising avenue to support nonprofit organisations in their use of performance management systems, it is included in this analysis and considered for its potential moderating role.

To obtain answers to this research, a mixed method approach is applied. A survey is distributed to professionals in nonprofit organisations. The survey is complimented by interviews exploring why performance management may or may not work for nonprofit organisations. The focus is on nonprofit

organisations because they have been hesitant to adopt performance management tools (Lindenberg, 2001) and because the role of such tools is under-explored in the nonprofit context (de Waal, Goedegebuure & Geradts, 2011). While at the same time, due to the limited resources nonprofit organisation often have at their disposal, they arguably need tools that can assist them in improving their performance most direly all the more.

To provide answers to this problem, the research at hand aims to answer the following research question:

What is the relationship between performance management and organisational performance in nonprofit organisations and does IT capacity moderate this relationship?

To answer this question, the analysis is structured along the lines of the following sub-questions:

A. What does the literature state about performance management in NPOs?
B. What does the literature state about organisational performance in NPOs?
C. What does the literature state about organisational contingencies, specifically in terms of IT capacity in NPOs?
D. What is the relationship between performance management and organisational performance in NPOs?
E. Does IT capacity positively moderate this relationship?

1.4. Academic & Practical Relevance

1.4.1. Academic Relevance

The research on performance management and its effect on organisational performance in the public sector has been limited and inconclusive (George & Desmidt, 2018; Poister, Pasha & Edwards, 2013; Siciliano, 1997). The majority of research within this domain has focused on governments or governmental agencies but little attention has been given to the nonprofit sector specifically (de Waal, Goedegebuure & Geradts, 2011). Inspired by the introduction of NPM methods in the public sector which evolved from the UK (Fryer, Antony, & Ogden, 2009), the majority of empirical research has not expanded beyond the governmental segment of the public sector (Bryson, Berry & Yang, 2010). For example, research has explored how performance management has been adopted in several federal and local government agencies and departments such as the research on the public transit agency in the US (Poister, Pasha & Edwards, 2013). Another branch that has received major research attention has been the health sector (e.g. Radnor & McGuire, 2004; Freeman, 2002). It can be argued that the health sector is especially in need to adopt efficient and effective ways of working as lives may literately be on the line, and thus, may be an explanation for the unproportional academic attention given to the use

of performance systems in this context. Nevertheless, nonprofit organisations focused on other public and human service goals may be similarly important to the wellbeing of our world.

Moreover, possibly by explanation of the emergence of performance management in the UK and US context, research has been limited in examining these models in other countries. Most studies focus on the UK or US government and its agencies (e.g. Poister, Pasha & Edwards, 2013; Bryson, Berry & Yang, 2010; Fryer, Antony & Ogden, 2009; Radnor & McGuire, 2004) with only a limited amount of studies going beyond. As the premises and set-ups of governments and their agencies are dependent on national or even regional contexts, conclusion drawn from studies within a specific country may not be applicable to other contexts. As one of the few, de Waal, Goedegebuure & Geradts (2011) explored the use of performance management in the Dutch context. However, in this study the focus also solely lied on *one* health institute. Therefore, its implications for the wider nonprofit sector in the Netherlands, or outside the UK and US context, is limited.

This example leads to a third academic shortcoming in the field of performance management in the public sector. The majority of studies in this field tends to mostly employ case study designs (e.g. de Waal, Goedegebuure & Geradts, 2011; Radnor & McGuire, 2004; Radnor & McGuire, 2004; Bates-Vulcheff, 2000; Siciliano, 1997) or apply a broader approach but still focus only on one specific public agency (e.g. Poister, Pasha & Edwards, 2013). This leads to an approach occurs either focusing on one specific agency or organisation or by testing the usefulness of one specific tool of performance management. By employing a design that gathers data across several nonprofit organisations, this research, first of all, adds to the underrepresented knowledge on performance management and organisational performance in the nonprofit sector. Secondly, it contributes to gaining further insights to the implications and factors of performance management that relate to performance management in the broader nonprofit sector and outside a US or UK context.

Lastly, this research adds to the literature exploring the avenue of moderation of specifically performance management on organisational performance in the nonprofit sector by including the variable of IT capacity as a moderating variable. Thus far, only a small number of studies have addressed such moderation relationships in this context (e.g. Limburg et al., 2017; Kroll, 2015) but all have concluded that this research avenue is in need of further investigation. Similar to Bryson, Berry and Yang (2010) who conclude that "ICTs, particularly the Internet, are transforming the nature and patterns of public service; therefore, strategic management must reflect this reality" (p. 510), one can argue that as a strategic tool performance management may be equivalently affected and is therefore worth investigating further.

1.4.2. Practical Relevance

The most obvious and possibly most impactful reason why research in the field of the nonprofit sector has societal relevance is because nonprofit organisations work for the public good. Thus, in their work, whether near or abroad, nonprofit organisations affect the lives of other people (OECD, 2003). Doing

that job well and finding ways to do this job better can therefore have direct implications on other people and hence inherently result in societal consequences.

A large amount of studies is concerned with performance measurement, but they miss the link between performance measurement and using the data obtained from it to inform the management of the organisation. Furthermore, these studies reveal that even though performance data in itself may have value by giving insights on how an organisation is doing, it is considered most effective for an organisation's performance if it informs the strategic direction of an organisations (Fryer, Antony & Ogden, 2009). Hence, the strategy of an organisation should be based on its performance data to ensure an organisation can improve its efficiency and effectiveness (Poister, Pasha & Edwards, 2013). Nevertheless, the practical implications and implementations of performance management are under-explored in the existing literature (Sun & van Ryzin, 2014). Specifically, how performance measurements can be more effectively translated into actions i.e. transformed into informing the management or strategic direction of an organisation needs further attention (Sun & van Ryzin, 2014; Fryer, Antony & Ogden, 2009; Radnor & McGuire, 2004).

In practice, organisations still struggle with how to transpose this performance data into strategies. In their report *"Towards improved use of monitoring data",* Partos, a Dutch association for nonprofit organisation, finds from a survey that nonprofit professionals consider performance data mostly important for upward accountability and do not use it for organisational learning sufficiently, yet (The Spindle, 2016) (The Spindle is a spin-off platform of Partos). Nonprofit organisations collect performance data, but they are unable to use the data in a way that can contribute to increased performance due to factors such as, among others, the quality of the data, the type of information, and ownership (The Spindle, 2016). Therefore, further research is needed on whether and how nonprofit organisations can climb the next step in the ladder of performance management to arrive at the step at which it can have a positive association with organisational performance.

This research addresses this gap by taking a comprehensive approach focusing on the broader concept of performance management which includes strategic planning, performance measurement and strategic learning. Building on previous research which has determined that performance can only be improved if performance management incorporates strategic planning, performance measurement, and strategic learning, the specific factors that enhance and facilitate this process in its implementation are examined. By taking this approach, the research at hand aims to shed slight onto how non-profit organisations can make use of their performance management systems and practices to improve their performance.

1.5. Reading Guide

The remainder of this thesis is structured as follows. As this research takes a deductive approach, it builds on existing research related to nonprofit performance management and organisational performance and moderation through IT capacity. Therefore, firstly, a discussion of the literature is

presented in a literature review. The literature review delves into the main concepts used in this research, (1) performance management, (2) organisational performance and (3) organisational contingencies with a focus on IT capacity. Following the literature review, a theoretical framework is constructed from which hypotheses are crystallized. Chapter 4 illustrates the methodology, namely the mixed method design. Firstly, the use of a survey design and the operationalization of the concepts at hand. Secondly, the complimentary interviews. In chapter 5 the findings of the statistical analysis and the interview analysis are presented. Lastly, the results are interpreted, answers to the research question are concluded as well as limitations of this research and premises for future research in this field are presented.

2. Literature Review

This research builds and expands on the existing literature on performance management (PM) and organisational performance in nonprofit organisations (NPOs) to answer the research question "*what is the relationship between performance management and organisational performance in nonprofit organisations and does IT capacity moderate this relationship?*". In order to do so, the existing literature regarding each variable is discussed, (1) performance management in NPOs, (2) organisational performance in NPOs and (3) organisational contingencies, specifically in terms of IT capacity of NPOs.

The literature review aims to provide a broad overview of the variables in the literature and discusses the definitions, antecedents and outcomes of the variables. For organisational performance, outcomes are not discussed as it is considered the ultimate outcome in itself. While only the variables that are most commonly identified as antecedents, namely resources and size, are included as control variables in the statistical models, discussing other influences on performance management and IT capacity helps to identify in which contexts they have been found effective and is useful for placing the findings of this research into the context of the literature. Lastly, it adds to the interpretive depth of the results because the antecedents can deal as indications for why certain results turned out the way they did in the context of this study.

2.1. Search Protocol

The following protocol to finding and selecting relevant literature was followed. To access a large amount of literature the initial search was performed through the data base Web of Knowledge (former Web of Science). Figure 1 illustrates the search process. For each variable, namely (1) performance management, (2) organisational performance, and (3) organisational contingencies in the broader sense and the focus on IT capacity as a contingency, a separate search was conducted through Web of Science with corresponding key words. Following the Web of Science search a refinement process was followed for each variable. First, the found articles were selected based on their applicability via their title, second the abstracts of all articles were analysed for their appropriateness and lastly, the left articles were screened based on their full text. To complement and render the articles found based on this selection process more complete, an additional google scholar and expert review was conducted. For the google scholar search, the same key words as for Web of Science were entered in google scholar. Finally, consultation with an expert in the field of this research ensured that the most important articles for each variable are included and that missing literature was added.

This process resulted in the first search, for variable (1) to include the following key words: nonprofit "performance management", or non profit "performance management", or not-for-profit "performance management", or NPO "performance management", or NGO "performance management", or public "performance management", or "performance management" in nonprofit* organisations (the star indicating a wildcard is applied to this term). And resulted in a total of 963

articles. As a selection criterion, the category public administration was chosen to refine the search results. This category was chosen as a useful lens as it includes studies focused on the public sector as a whole as well as on nonprofit organisations. This refinement reduced the total amount of studies to 378. An additional search was conducted solely including the terms "performance management" and nonprofit organisations, which resulted in an extra amount of 38 studies. After the review of the studies according to the criteria outlined in the flowchart was completed, 28 studies were analysed in depth (as included in the references).

Table 1: Key terms performance management.

Concept	Key words
Performance management	Nonprofit "performance management"
	Non profit "performance management"
	Not-for-profit "performance management"
	Npo "performance management"
	Ngo "performance management"
	Public "performance management"
	"performance management" in nonprofit* organisations

For variable (2) the search included the key terms: organisational performance and nonprofit organisations, or nonprofit* "organisational performance", or nonprofit* performance, or performance in nonprofit* organisations, were entered as keywords. This search resulted in a total of 1,462 studies. Again, the category of public administration was applied rendering 309 results. Following the refinement process outlined in the flowchart, first the articles were analysed based on their titles, secondly on their appropriateness based on their abstracts and lastly on their full texts. The articles were chosen if they discussed organisational performance or performance measures and indicators in nonprofit or public organisations. After this process and the additional google and expert review, 31 studies were included in the review.

Table 2: Key terms organisational performance.

Concept	Key words
Organisational Performance	organisational performance and nonprofit organisations
	nonprofit* "organisational performance"
	nonprofit* performance
	performance in nonprofit* organisations

For variable (3) the keywords nonprofit* "organisational contingencies", or contingency theory, or nonprofit contingencies were entered. The search resulted in a total of 4,948 studies. Applying the public administration category reduced the amount to 76 studies. Based on the selection process applied to all variables, the 76 studies were firstly judged based on their titles, secondly on the abstract and finally based on their full text. They were only if they explicitly discussed contingency theory, contingency in relating to performance or performance management in the public or nonprofit context. Additionally, an additional google search and expert review was conducted. Based on this process, 10 studies were reviewed in-depth and included in this chapter based on the selection process.

Table 3: Key terms organisational contingencies.

Concept	Key words
Organisational Contingencies	nonprofit* "organisational contingencies"
	contingency theory
	nonprofit contingencies

Thus far, the research specifically focused on performance management in nonprofit organisations is relatively limited. Therefore, to ensure that a full picture of performance management and organisational performance can be drawn, the literature review also included research on the broader public sector. However, due to the overwhelming amount of research in the public sector as a whole, a selection was made. Research that focused on governments, public agencies and organisations and nonprofit organisations was included whereas research explicitly and solely focusing on local, regional, or federal governments are excluded in this review.
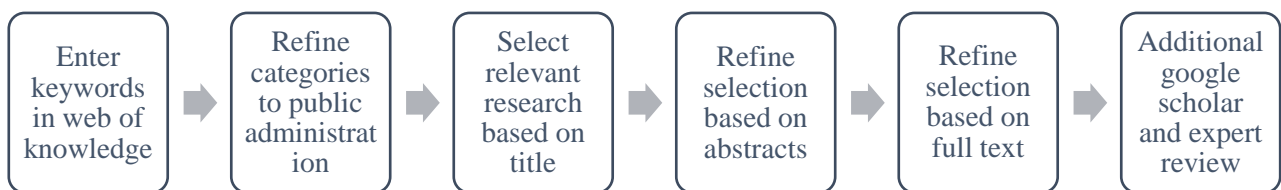
Figure 1: Flowchart illustrating the selection process of the literature

This chapter is structured along the lines of the variables. Firstly, literature on performance management, its definition, characteristics, its antecedents and outcomes are discussed. Secondly, the research on organisational performance and its antecedents is presented. It begins with a broader account of organisational performance, including literature of the private and public sector and is then specified to the nonprofit context. As organisational performance is an outcome in itself, for this

variable there is no outcome section. Lastly, literature on organisational contingencies is discussed, specifically in terms of IT capacity. Organisational contingency is discussed in a broader sense, followed by a narrower review of the literature on IT capacity in organisations.

2.2. Performance management in NPOs?

Definition & Characteristics

The existing literature on performance management in nonprofit organisations remains scarce and widely inconclusive. Moreover, a multitude of debated definitions of performance management exist (Gerrish, 2016). Performance management is meant to expand on the backward-looking process of merely reporting on performance information by including a strategic component that helps guide an organisation. For that reason, performance management has been identified to contain performance measurement, strategic planning and strategic learning which refers to connecting performance information to decisions (Pasha & Poister, 2017; Kroll, 2015; Hvidman & Andersen, 2013). In an attempt to construct a working definition of performance management encompassing all its elements, Moynihan (2008) describes it as "a system that generates performance information through strategic planning and performance measurement routines and that connects this information to decision venues [...]" (p. 5).

In a meta-analysis, Gerrish (2016) determines 7 key elements of performance management systems. The elements are (1) "setting performance goals or creating performance measures", (2) "using incentives" to achieve these goals, (3) "collecting performance information" for strategic planning, (4) "evidence that performance information is used in organisational decision making, (5) "benchmarking to previous performance or that of other organisations", (6) "linking agency, departmental, or organisational budgets, or autonomy", and lastly (7) "publishing the performance targets and results" to all relevant stakeholders (Gerrish, 2016, p. 50).

There is a consensus in the literature that the mere process of performance measurement is irrelevant if there is no formal process of channelling performance information and data into strategic decisions determining the future directions of an organisation (Kroll, 2015). Performance management is used by organisations as it allows them to define their goals which strengthens the focus towards these goals, it allows an organisation to communicate its performance to underline its accountability and legitimacy, and it enables organisational learning (Verbeeten, 2008)

Even though there is discussion in the literature about the precise make up of performance management systems, generally definitions include, in some form or another, the three elements strategic planning, performance measurement, and strategic learning. Therefore, in line with the meta-analysis by Gerrish (2016) comprising all major research on this topic, for the remainder of this thesis the definition of performance management by Moynihan (2008) is adopted.
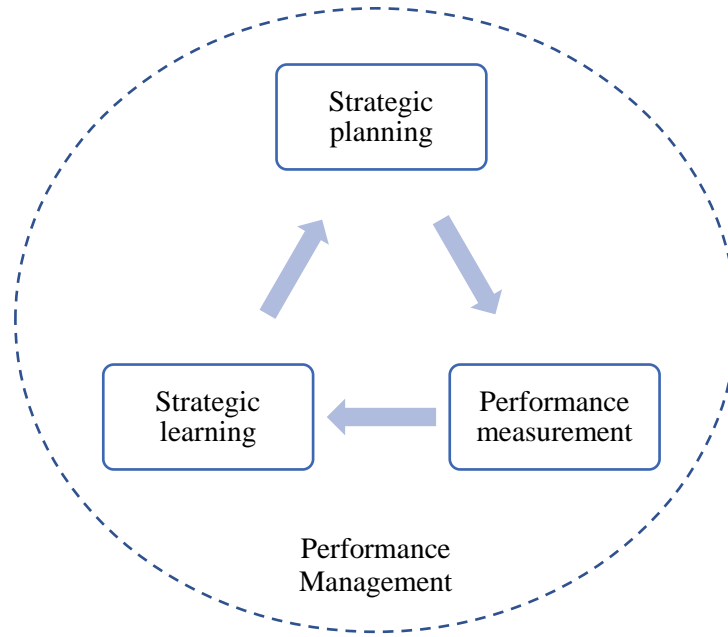
Figure 2: Performance Management Model.

Strategic Planning. Based on the theory of goal-setting, performance management is argued to be more effective if an organisation develops and works according to clear goals (Poister, Pasha & Edwards, 2013). With clear goals an organisation's employees all pull on the same string in the same direction which is assumed to increase the organisation's effectiveness in achieving its predicted impact (Poister, Pasha & Edwards, 2013; Verbeeten, 2008). Strategic planning allows organisations to develop decisions, goals, and actions, enabling them to "respond effectively to their new situation" (Bryson, 1988, p. 74). It facilitates this adaptability by allowing an organisation to incorporate its external environment into its strategy. Therefore, an organisation can be adaptive to environmental changes and be able to respond to demands from its environment (Poister, Pasha & Edwards, 2013).

According to Bryson (2018), who developed one of the earliest models of strategic planning, strategic planning follows a 10-step process. These are (1) "initiate and agree on a strategic planning process", (2) "identify organisational mandates", (3) "clarify organisational mission and values", (4) "assess the external and internal environments to identify strengths, weaknesses, opportunities, and
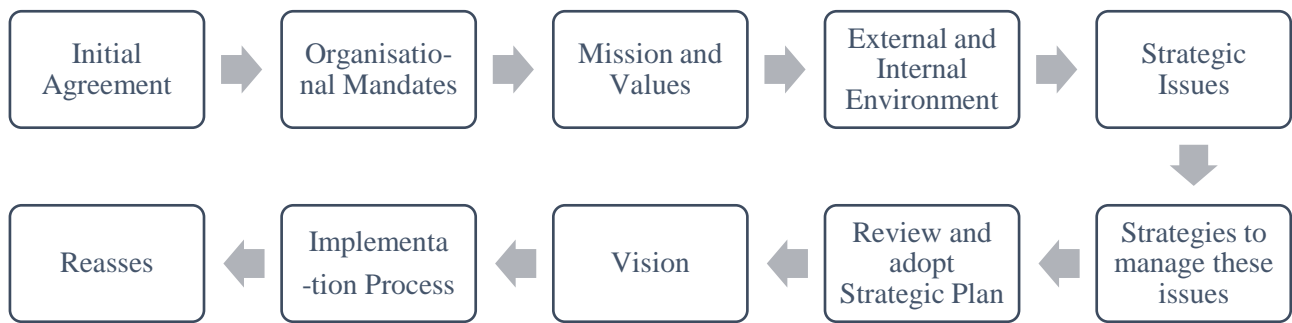
Figure 3: Strategic planning process based on Bryson (2018).

threats", (5) "identify the strategic issues facing the organisation", (6) "formulate strategies to manage the issues", (7) "review and adopt the strategic plan or plans", (8) "establish and effective organisational vision", (9) "develop and effective implementation process", (10) "reassess strategies and the strategic planning process" (p. 38). However, these elements alone are not sufficient to ensure effective strategic planning. For strategic planning to be successful, there need to be formalized processes in the organisation that guide and lead this process (Bryson, 1988). Additionally, as the definition of performance management points out, performance management is an interplay of its three elements.

Strategic planning can benefit an organisation as it enhances, among others, "strategic thinking, acting and learning", it can serve to enable "improved decision making", "enhanced organisational effectiveness, responsiveness, resilience, and sustainability", and it contributes to increasing "organisational legitimacy" (Bryson, 2018, p. 14 - p.15). Although, it is up to an organisation to successfully embed these processes in its operations and through integration and deliberations render strategic planning effective for its purpose (Bryson, 2018).

The question becomes how an organisation constructs its strategic plans and what it bases these on. It makes sense for an organisation to base its strategic planning on how the organisation is doing to know where improvements are needed and how to proceed. To gain such performance data, the organisation has to measure its performance which leads to the second element of performance management, performance measurement.

Performance measurement. The literature presents vast discussion about how performance data can and should be obtained in nonprofit organisations and the public sector generally, as well as how this data can in turn be used most effectively (Fryer, Antony & Odgen, 2009). In terms of performance measurement in nonprofit organisations, the complexity of assessing performance is recognized as a main challenge to obtain such data (Limburg et al, 2017). Identifying it as one of the paradoxes of performance measurement in the public sector, van Dooren (2011) argues that outcomes matter as they indicate the impact on society by a given program but due to the complexity involved in measuring them, they are neglected for the easily measurable outputs.

In addition to the nature of the data comes the hurdle that often time performance data in the third sector is dispersed within an organisation and across its programming, possibly internationally (Limburg et al, 2017). Compared to the private sector, the nonprofit sector does not solely rely on financial measures to determine success against failure (De Waal et al., 2011; Forbes 1998 in Kaplan, 2001). Due to the public goals of nonprofit organisations, they include social goals and impact beyond financial performance (De Waal et al., 2011). For that reason, there has been a shift towards outcome measurement in nonprofit organisations instead of outputs (Maclndoe & Barman, 2013; Fryer, Antony & Ogden, 2009). The shift to measuring outcomes implies that instead of solely taking the input output ratio at face-value, the impact of an organisations work is also considered (Harris, 2014).

While this distinction seems relatively straight-forward, the trade-off between quantitative and qualitative performance carries its risks. For all measurement efforts, nonprofit and public organisations have to be aware of the risk of trading quality, which takes more effort to measure, for easily determined quantifiable outcomes (Verbeeten, 2008). De Bruijn (2002) identified several negative outcomes of performance measurement in public organisations. Firstly, the focus on output which often occurs due to the difficulty in measuring outcome, can result in gaming. That is, organisations increase the "number of units produced", hence their efficiency and effectiveness. But if this seeming efficiency and effectiveness is unrelated to impact, it is rendered insignificant. Nevertheless, it allows an organisation to seem to work efficiently and effectively while not achieving much (de Bruijn, 2002).

Secondly, performance measurement can result in increased "internal bureaucracy" de Bruijn, 2002, p. 581. This negative outcome relates to the third findings that performance measurement may hinder innovation. As organisations are focused on achieving their goals efficiently and effectively as a primary target, innovation may be considered a distraction on this path (de Bruijn, 2002). Furthermore, performance measurement may threaten ambition and professionalism by its selectivity and its focus on clear indicators, ignoring context-specific complexities. Lastly, output based performance measurement may create a competitive environment in which public organisations stop sharing best practices among one another and that performance measurement may actually result in reduced budgets as organisations prove they can perform the tasks with less money (de Bruijn, 2002).

Performance measurement is necessary for an organisation to determine its performance. While this is an important aspect of performance measurement, the question remains what to do with the obtained data. The premise is that performance data fulfils the biggest value for organisations if it is used to inform organisation decisions and strategies (Kroll, 2015). Hence, an organisation should learn based on its prior performance to keep the organisation on track to meet its targets and to determine strategies based on informed choices.

Strategic Learning. A core aspect of performance management is how an organisation produces information and uses this performance information (Kroll, 2015; Hammerschmidt, et al., 2013). Hammerschmidt et al. (2013) distinguish between internal and external use of information. The first

referring to providing external stakeholders with information about organisational performance and the latter referring to the use of the information by the organisation itself to inform strategic decisions. The combination of these elements means that an organisation measures its performance and uses this performance information in a strategic way. Especially, due to the involvement of a wide variety of stakeholders and the, often international, programming, nonprofit organisations are under pressure to produce and provide relevant performance information (Limburg et al. 2017). Additionally, in the context of performance management, performance information use is linked to employees' altruistic motivation to use such information (Moynihan & Pandey, 2010) and when there is feedback from the impact programming has, employees are more engaged in performance information use (Moynihan, Pandey & Wright, 2012). This finding shows that contrarily to the conviction of agency theory which was used as a framework for performance management, that the motivation for performance information should not be based on the idea "that the best way to motivate is to exploit individual self-interest" (Moynihan, Pandey & Wright, 2012, p. 476) but instead to closely involve employees and other stakeholders in the process.

Strategically using performance data can be defined as building on performance data to determine the future direction of an organisation. As Fryer, Antony and Odgen (2009) describe, the measurement of performance allows an organisation to realize where change is required. De Waal et al. (2011) add to this, arguing that the effective use of performance management includes the possibility to adjust the actions of an organisation to meet its goal and stay on its strategic track. The authors state "performance measurement is about the past, and performance management extrapolates the data to provide information about the future" (p. 480).

Antecedents

To understand how and why performance management is used and possibly useful for organisations, a brief overview of its development is presented and the factors that the literature has found to enable the process of performance management and its implementation are discussed.

The introduction of New Public Management (NPM) reforms came with the conviction to measure performance and focus on the improvement of performance (Greener, 2018). While this reform movement started in governments, it expanded to the wider public sector including nonprofit organisations. The need to measure and improve performance came from increasing pressure for public organisations to ensure accountability especially in regard to public money (Hammerschmidt, 2013). This shift initiated the collection of performance data (de Bruijn, 2002).

While gathering performance data proved to be a helpful addition for organisations, the idea evolved to realizing that merely collecting performance data does not achieve significant improvement in performance. Furthermore, preceding the current understanding of performance management, the idea on how to improve an organisation's work was strongly influenced by Taylorism (Heinrich &

Marschke, 2010). Thus, the focus was on optimizing processes to increase efficiency and effectiveness instead of considering an organisation as a dynamic whole (Heinrich & Marschke, 2010).

Evolving from these early developments and leaning on models that have proven effective in the private sector, the public sector adopted performance management (Hvidman & Andersen, 2013). However, the differences of the private sector and the public sector in terms of their mission and goals sparked scepticism about the applicability of performance management for the public sector (Kaplan, 2001). To be useful for the public sector, the need to include outcomes to account for nonfinancial goals was recognized and incorporated (Greener, 2018).

Not only do performance management systems have to be adjusted to the public sector context, but among organisations there are differences in how such systems are adopted. Performance management systems are not necessarily equally useful for all organisations as well as they may differ in their effectiveness based on the way they are implemented in an organisation. In his meta-analysis on performance management in public organisations, Gerrish (2016) determines several best practices. He finds that benchmarking is an important practice contributing to the usefulness of performance management systems to organisations. Additionally, introducing performance management systems through a "top-down" approach shows to negatively affect its impact (Gerrish, 2016). Hence, to be effective for an organisation, they should not impose performance management systems on their employees but closely involve them in the process. Adding to this finding, Jules and Holzer (2001) argue that performance measurement systems that are externally imposed on organisations have a negative effect on their implementation and utilization. Connecting to this line of argumentation is the finding that it is crucial for performance management systems to be integrated to, linked to and embedded within existing organisational structure and processes (Fryer, Antony & Odgen, 2009), they should be aligned with the organisational culture (Taylor, 2014) and ownership of the processes has to be established (van Dooren, 2011). Nevertheless, the top of an organisation, the leadership and leadership behavior, can play an important role in regard to motivating and goal-orienting employees and hence contributing to the strategic working of an organisation (Behn, 2014; van Dooren, 2011).

Concerning internal organisational processes, Julnes & Holzer (2001) find that several factors influence implementation of performance related processes. Organisations which commit resources specifically towards performance measurement and provide training to their employees to support them in adopting and implementing such processes improves their effectiveness. Providing employees with training informs them and enhances their understanding of the change or new system (Kroll & Moynihan, 2015). Additionally, training helps to achieve a common understanding among employees which contributes to their commitment and ownership of a new system. Therefore, training positively affects the implementation of performance management systems (Kroll and Moynihan, 2015). Furthermore, on an individual level the attitude of employees towards performance measurement systems is crucial for the use of performance information (Taylor, 2011).

Lastly, in line with the finding that performance management systems should be dynamic and consider the broader process of performance management, van Dooren (2011) argues that in order for performance management systems to be effective, an organisation should account for the continuous production of performance information and establish agile processes to use this information. Furthermore, the formalization of these processes in an organisation contribute to their usefulness (Poister et al., 2013; van Dooren, 2011; Siciliano, 1997). This formalization is enhanced when committees are established or consultants are hired explicitly to support the performance management process of strategic planning because it emphasizes the importance of these processes to the success of the organisation (Siciliano, 1997).

Table 4: Overview of antecedents of performance management.

List of antecedents	Authors
Benchmarking	Gerrish (2016)
Integration of processes	Van Dooren (2011); Fryer, Antony & Odgen (2009)
Internal commitment and ownership	Van Dooren (2011); Jules & Holzer (2001)
Bottom-up approach	Gerrish (2016)
Committees and consultants	Siciliano (1997)
Leadership	Behn (2014); van Dooren (2011)
Resource allocation	Poister et al. (2013); Julnes & Holzer (2001)
Support and training	Kroll & Moynihan (2015); Julnes & Holzer (2001)
Organisational culture	Taylor (2014)
Attitude towards PM	Taylor (2011)
Agility	Van Dooren (2011)
Formalization	Poister et al. (2013); Van Dooren (2011); Siciliano (1997)

In conclusion, for a performance management system to be effectively implemented and used, the literature has identified that there are certain steps an organisation can take in facilitating these processes which are focused around embedding the new system in the organisation and ensuring the commitment of employees as well as certain technical elements are useful. Having determined what contributes to introducing performance management systems in an organisation, what follows is what value the performance management system can bring to an organisation. Hence, the outcome of the implementation and adoption of performance management systems for organisation has to be discussed.

Outcomes

The added value of performance management for nonprofit organisations and the public sector in a broader sense is debated. This debate is grounded in the ambiguity surrounding the success of performance management in contributing to an organisation's performance. Considering the public sector, Fryer, Antony & Odgen (2009) stipulate that there are three type of issues related to performance management, namely "technical, systems, and involvement" (p. 488) issues. Technical refers to the widely recognized issue of how to obtain performance data. It is concerned with the adequate selection of performance indicators and how these are applied. Systems issues refer to the integration of performance management systems into existing processes. Only if performance management systems are smoothly integrated, they are useful for employees instead of posing a disturbance to performance (Fryer, Antony & Odgen, 2009). Lastly, in public organisations a multiplicity of stakeholders is involved in projects and processes. Their involvement in performance management systems is crucial to ensure the systems effectivity.

If these elements are disregarded, performance management systems lose value to an organisation. That is because if performance measurement is not carefully constructed, its results may not offer any valuable insights. Further, organisations run the danger of compromising their values and social goals in favour of attaining performance indicators. Thus, they give up quality for efficiency and effectiveness (Fryer, Antony & Odgen, 2009). It can even lead to data-skewing by managers to adhere to performance targets while dismissing the intended use of performance management to allow for adjustment and learning to improve future performance (Greener, 2018).

Furthermore, if performance management systems are imposed on organisations by external stakeholders or adopted by organisation due to expectations of external stakeholders, they may prove useless because employees of organisations feel detached from the systems and only use them as reporting systems to satisfy expectations instead of using them to their advantage (Greener, 2018). As Lindenberg (2001) identifies, within nonprofit organisations the motivation of employees is often of intrinsic nature and there is a fear of trading values in favour of market dynamics. Another aspect that is identified as a challenge by the literature erupts if performance management systems are not treated as continuous processes. If these systems are only used periodically, they only serve as a data base of past performance instead of providing guidelines for strategic directions (De Waal et al., 2011; Fryer, Antony & Odgen, 2009). Performance management should be seen as a dynamic process. If applied statically, it is a registry instead of a resource (Fryer, Antony & Odgen, 2009). In the context of public organisations, Moynihan, Pandey and Wright (2012) describes four different ways in which organisations can use performance data as part of performance management. Firstly, the data can only be used passively which would mean ted ta is only gathered for reporting purposes. Secondly, data can be used purposefully, which means it is used to inform decision, thirdly it can be used politically to further individual interests, and lastly in a perverse way in which the data distracts from intended goals (Moynihan, Pandey & Wright, 2012). Hence, if performance management systems are not given continuous attention, they may fall in the category of passive information use. In turn, instead of using

the produced performance data for strategic organisational purposes, the performance management system would solely deal as a way to collect data.

Based on the performance management in the governmental segment of the public sector, van Dooren (2011) argues in order to enable double-loop learning of organisations, performance management systems have to be able to adapt to the ambiguous environment they are employed in. Thus, performance management system should be "agile, decentralized, and political (van Dooren, 2011). In practice, this implies that the production of performance information should be continuous, and employees should be able to access it continuously and flexibly as well as the process of performance management should involve all relevant stakeholders.

In short, the literature argues that performance management systems can have a positive impact for organisations if certain conditions are maintained. These conditions encompass internal organisational processes as well as the organisation's external environment.

> **Main points Performance Management**
>
> - Performance Management (PM) is a dynamic process that consists of strategic planning, performance measurement, and strategic learning
> - Performance information is valuable if it is used for strategic decisions
> - PM systems need to be carefully integrated into organisational structures and all relevant stakeholders should be involved in the process
> - Employees should be supported in the adoption and implementation of PM processes

2.3. Organisational performance of NPOs

Organisational performance

The concept of organisational performance is central to the management realm (Richard et al., 2009). Nevertheless, across current research it lacks definition and clarity, illustrated by the 207 different measures of performance used in 213 studies (Richard et al., 2009). In the private sector, the debate is as lively as in the public sector. Attempting to overcome this ambiguity, Richard et al. (2009) define organisational performance in the private sector as comprised of "financial performance", "product market performance", and "shareholder return" (p. 722). All three elements are concerned with economic performance of an organisation. The authors note, however, that other research uses a second, broader variable, organisational effectiveness. This additional variable encompasses broader aspects of an organisation, including innovation, balanced scorecards, and internal processes (Richard et al., 2009).

Even in the private sector in which financial measures dominate, this one-dimensional measure is scrutinized, and the success of an organisation said to include more than solely its economic performance (Kirby, 2005). Acknowledging this shift, many organisations, private and public, have adopted more balanced approaches, for example by applying balanced scorecards to account for their performance (Kaplan, 2001). In that way their performance is viewed in terms of financial measures "but complemented [...] with measures from three other perspectives: that of the customer, the internal process, and learning and growth" (Kaplan, 2001, p. 354). This debate shows that overall the concept

of organisational performance is evolving. The review of the literature will now turn specifically to nonprofit performance which is confronted with a multitude of complexities due to the public and social mission of these organisations.

Organisational performance in NPOs

> *"No one measure of organisational performance in nonprofit organisations effectively captures the concept entirely but using various measures and perceptions from different constituents begins to address these limitations."*
>
> (Brown, 2005, p. 319)

The quote illustrates the difficulty related to defining the concept of organisational performance in nonprofit organisations. Nevertheless, the ultimate outcome for an organisation is its performance and presumably all organisations work to achieve their best performance. Moreover, the pressures on nonprofit organisations to increase their accountability and legitimacy entail that nonprofit organisations are increasingly urged to show how they work and the impact their work has (Lynch-Cerullo & Cooney, 2011). But the concept of organisational performance and its purpose remain ambiguous and debated.

In research on social enterprises, which share similarities with nonprofit organisations such as having public goals, balancing a variety of stakeholders and upholding their legitimacy, Crucke and Decramer (2016), assert that performance measurement can serve internal decision-making purposes as well as external value in communicating performance to stakeholders. Thus, an organisation's awareness of its own organisational performance can be beneficial to improve processes and reassure external stakeholders. Furthermore, measuring performance contributes to "transparency", "learning", "appraising", and "sanctioning" (de Bruijn, p. 579). According to these elements, an organisation that is aware of its own performance can use it to justify its work, it can use the data produced by the measurement systems to improve future performance, and best practices can be recognized and rewarded (de Bruijn, 2002).

Despite the importance of organisational performance, assessing the work of nonprofit organisations remains difficult to establish empirically (Brown, 2005). That complexity is caused by the multi-dimensional understanding of nonprofit performance (Nowy et al., 2015; Jung, 2011). This multi-dimensional nature of performance in nonprofit organisations persists because performance in this realm cannot be reduced to a simple financial measure (Nowy at al., 2015; Kaplan, 2001; Sawhill & Williams, 2001).

Nonprofit organisations are mission-based, and their social-impact missions are not easily translatable into quantifiable or straight-forward measures (Sawhill & Williams, 2001). Therefore, nonprofit performance consists of a combination of financial and non-financial aspects (Harris, 2014). The answer is combining measurements so that they include financial performance, non-financial

performance, and perception of performance among various stakeholders (Crucke & Decramer, 2016; Brown, 2005). The performance criteria of nonprofit and public organisations can be distinguished into quantitative and qualitative performance (Verbeeten, 2008). The quantitative aspect entails output, while the qualitative aspect refers to the "operational quality" (p. 430) and the "strategic capacity" (p. 430). The financial aspect of performance has thus far been conceptualized in terms of input and output, whereas effectiveness refers to the ability of an organisation to achieve its goals (Nowy et al, 2015). The outcome variable to performance measures is conceptualized by the extent to which a recipient benefits from the intended purpose of an intervention by a nonprofit organisation (MacIndoe & Barman, 2012). While organisations should pay attention to short-term performance by measuring input, throughput, and output, measurement of longer-term achievements, namely outcomes complete the performance-picture (Crucke & Decramer, 2016).

In terms of the particular measurement tools and indicators, research has thus far mostly focused on the financial aspect of performance (Crucke & Decramer, 2016). In order to be able to assess the non-financial aspect of socially oriented organisations, Crucke and Decramer (2016) argue that the "economic performance, the environmental performance, the human performance, the community performance, and the governance performance" (p. 5) have to be taken into account. In an attempt to conceptualize organisational effectiveness, Kanter and Brinkerhoff (1981) argue that it should consists of "task effectiveness or goal attainment", "appropriate organisational structure and process", and "environmental adaption" (p. 322). Additionally, combing the discussed elements Fryer, Antony & Odgen (2009) identify four indicators to measure organisational performance "output", "welfare", "performance", and "composite indicators" (p. 481). Jung (2011) adds that organisational performance has been identified as "productivity, satisfaction, profitability, resource acquisition, and open communication" (p. 194). Furthermore, the author argues that the most relevant criteria of organisational performance is goal attainment because it evaluates the extent to which an organisation executes and achieves what it intends to do (Jung, 2011).

In conclusion, organisational performance in nonprofit organisations is a complex, multi-dimensional concept. In nonprofit organisations it is comprised of indicators accounting for the resource use, the goal attainment of an organisation as well as the impact an organisation, i.e. the change in society it achieves. Hence, to account for how well an organisation performs, a multi-dimensional set of indicators should be used that captures quantitative as well as qualitative indicators.

Antecedents

To understand how these elements, unfold in organisations and what factors influence organisational performance, the following discusses the development of organisational performance and the antecedents of organisational performance in nonprofit organisations.

The focus on the performance of public and nonprofit organisations came along with the NPM movement (van Thiel & Leeuw, 2002). Across the whole public sector was a push for organisations to

become more efficient and effective (van Thiel & Leeuw, 2002). In the nonprofit sector, the decrease in funding and the continuous pressure for accountability led to the adoption of similar measures of efficiency and effectiveness (Sicialino, 1997).

The conviction of the importance of performance measurement evolved due to NPM. The assumption then was that by developing clear indicators of performance and using these to measure performance could help organisations optimize their processes (de Bruijn, 2002). From these reforms followed the models focusing on improving organisational efficiency and effectiveness (outputs). However, the realization prevailed that to assess organisations fully, outcome measures became the focus within nonprofit and public organisations (MacIndoe & Barman, 2012).

Considering the broad context of organisations, the way they work and their processes, not all organisations are structured in the same way. Various models have theorized organisational configuration and its impact on organisational performance. Ketchen et al. 1997 argue that organisational configurations are determinant of their performance. Additionally, market orientation of nonprofit organisations matters (Camarero & Garrido, 2008; Shoham et al., 2006). Organisations can learn from for-profit businesses about how to position themselves in the market and how to interact with their stakeholder to get ahead (Shoham et al., 2006). Incorporating market-positioning and stakeholder interaction can contribute to performance because it allows an organisation to incorporate market information and be stakeholder-oriented. Nevertheless, attention should be paid by nonprofit organisations to adjust these models to their context (Shoham et al., 2006). Camarero and Garrido (2008) add that the contribution of market orientation towards organisational performance is dependent upon organisational and technological innovation.

From a resource-based view, Carmeli and Tishler (2004) find that intangible elements, namely managerial capabilities, human capital, perceived organisational reputation, internal auditing, labour relations, and organisational culture are significant factors contributing to organisational performance. While other organisational characteristics such as size do not show to play an important role (Carmeli and Tishler, 2004). However, in the public sector the resources an organisation has available show to be a factor of organisational performance improvement (Boyne, 2003). Other resources such as the use of information technology can enhance organisational performance in the way that they can contribute and facilitate processes by enabling "flexibility", "quality improvement", "cost reduction" and "productivity enhancement" (Melville, Kraemer & Gurbaxani, 2004, p. 311). Nevertheless, these systems are highly dependent upon organisational context. Applied to the nonprofit sector, information technologies can play an important role for organisational performance, however nonprofits have to improve their internal technological competencies and perceptions of IT systems to render them more valuable. In this regard, financial resources of an organisations can make a difference (Hackler & Saxton, 2007).

Moreover, in the realm of nonprofit organisations Brown (2005) argues that nonprofit boards play a significant role in how an organisation is doing. That is due to their role in objectively monitoring

an organisation according to its goals and keeping the management of an organisation in check while the board of an organisation can simultaneously deal as a resource to organisations. Generally, better functioning boards contribute to higher performance (Brown, 2005). Furthermore, while the concept of strategic management as whole may not be assessed for yet completely, elements of it, such as formal planning, have been shown to be relevant for organisational performance (Siciliano, 1997) as well as goal orientation and generally performance management have been found to be significant (e.g. Poister et al., 2013; De Waal et al. 2011; Verbeeten, 2008)

Other factors that contribute to organisational performance are transformational leadership as it is found to enhance innovation and organisational learning which in turn enhance performance (García-Morales et al., 2012). Stating that leaders can play a critical role in the attainment of goals, leadership should be built upon cognitive, social and emotional intelligence to render it most effective (Almatrooshi et al., 2016). Further, Lenz (1981) identities that the environment in which organisations operate, the structure of an organisation, its administration and its strategies can be determinants of organisational performance. However, these casual relationships have to be treated with caution because organisations are agents of and agents within these structures as well as complex interdependencies exist among these variables making straight-forward cause-effect relationships difficult to establish (Lenz, 1981).

Table 5: Overview of antecedents of organisational performance.

List of antecedents	**Authors**
Organisational configuration	Ketchen et al. (1997)
Organisational board performance	Brown (2005)
Market orientation	Camarero & Garrido (2008); Shoham et al. (2006)
Environment	Lenz (1981)
Organisational structure	Lenz (1981)
Resources	Boyne (2003)
Administration	Lenz (1981)
Type of leadership	Almatrooshi et al. (2016); (García-Morales et al. (2012)
Strategic Management	Poister et al. (2013); De Waal et al. (2011); Verbeeten, (2008); Siciliano (1997); Lenz (1981)
Intangible resources	Carmeli & Tishler (2004)
Information technology	Hackler & Saxton (2007); Melville et al. (2004)

Determining the composition of organisational performance is ambiguous and multidimensional in the private as well as public sector. Organisational performance is influenced by a number of internal and external factors that have to be taken into account for an organisation to assess and improve its performance. Based on the literature, factors that matter for the processes related to organisational performance are discussed. Nevertheless, there are contextual organisational settings that may also have relevant relationships to how an organisation is doing and how it can improve.

> **Main points Organisational Performance**
>
> - Organisational Performance is a multi-dimensional concept consisting of quantitative and qualitative elements
> - The effectiveness and efficiency of an organizing in achieving its goals are important indicators of organisational performance
> - There is a multitude of factors that influence organisational performance

2.4. The role of IT capacity

Organisational contingencies

Generally, contingency theory argues that there is no "one-size fits all" approach to organisations and that organisational specific characteristics determine whether certain things work or fail (McGrandle, 2017). Essentially, "the term, organisational contingencies, refers to factors that moderate the effect of organisational characteristics on organisational performance" (Suhomlinova & Currie, 2016, p. 1). These factors include size, technology, and strategy (Suhomlinova & Currie, 2016). Hence, contingencies moderate the relationship of certain organisational characteristics for their effect on organisational performance.

Regarding performance management, several studies show that the effect of performance management is moderated by certain contingencies such as organisational properties or managerial authority (Kroll, 2015). Performance management was largely adopted in the public sector and nonprofit organisations because it has proven effective in private sector (Hvidman & Andersen, 2013). However, organisational characteristics differ across sectors and the question erupts whether one model is simply applicable to another sector or if organisational contingencies play a role.

Poister et al. (2013) state that the passive use of information, resource constraints, and the lack of formal performance management processes can pose threats in organisations to implementing performance management. Hvidman and Andersen (2013) identify that "incentives, capacity, and goal clarity" (p. 38) are decisive for effective application of performance management systems in public organisations. Based on these elements, the authors argue that public organisations have lesser incentive to be effective which in turn renders their use of performance management and information less effective. However, the counter-argument is made that especially in public organisations the need to attain funding and ensure accountability increases the need and incentive to use performance information and thus manage information more systematically (Kaplan, 2001). In short, the

organisational context of its information culture and how the information is incorporated in the working of an organisation matters.

Kroll (2015) finds that the effectiveness of performance management systems in public organisations is highly context-dependent. Specifically, the way an organisation positions itself in its environment and the strategies is uses influences the usefulness of performance management. He identifies that the framework by Miles & Snow provides a guideline for differentiation between contingencies influencing organisations. Whether an organisation acts as a prospector, defender or reactor matters and it works particularly well for prospector organisations as they continuously aim to innovate and adjust to changes (Kroll, 2015).

In short, solely implementing performance management systems may on its own not prove successful for organisational performance improvements. However, as previous studies have shown, contingency factors can enhance or impede performance management. Thus, to adopt a successful performance management system, organisations are assumed to have to take into consideration their specific context and circumstances. The question remains, which factors organisations should pay specific attention to and especially which contingencies can help them in implementing and using their performance management systems.

IT capacity as organisational contingency

In regard to performance management systems, a consensus exists that a management and measurement system alone does not have benefits to an organisation (Kroll, 2015). Only if an organisation makes use of the performance data and channels this data into strategic decision making, can it be useful for organisations (Kroll, 2015). A meta-analysis has shown that performance management only measuring performance is insignificant (Gerrish, 2016). The author finds that "performance management must be moderated by the management of performance information" (p. 62). Therefore, one major organisational contingency in regard to performance management is the strategy an organisation adopts regarding its data management. Kroll (2015) finds that prospector organisations that are concerned with their external environment and continuously try to incorporate it into their own strategy, are most successful in their use of performance information.

One tool which has potential to facilitate and enhance the processes of performance management are Information Technologies (IT). IT can be defined as "applied computer systems, including computer hardware, software programs, computer networking, and consulting services to support use and implementation of information technology" (Hackler & Saxton, 2007, p. 475). The adoption of IT has effects on the internal and external organisational environment. They can increase efficiency regarding internal processes as well as contribute to the wider organisational context, the networks in which they operate and organisational learning and knowledge management (Hackler & Saxton, 2007).

Moreover, these systems can facilitate the effective use and management of performance data and thus facilitate performance management processes (Greener, 2018; Limburg et al., 2017). Information technologies can help nonprofit organisations address one of the major issues regarding performance management which is how to collect and evaluate performance data (Limburg et. al., 2017). IT can help organisations in this regard through two main functions, these are (1) "drawing data from disparate sources (including external ones)" and (2) "using analytical and visualization tools for analysing the data, presenting outcomes in user-friendly formats and providing scenarios" (Limburg et. al., 2017, p. 182).

While these systems can facilitate internal and inter-organisational processes, they also entail drawbacks. For example, to establish robust IT capacity, an organisation requires resources to do so (Hackler & Saxton, 2007). Organisations who do not possess adequate slack resources are in turn not able to keep up with the technological developments and may fail internal and external expectations (Hackler & Saxton, 2007). Nevertheless, in cases in which nonprofit organisations adopt IT, findings suggest that for IT to have a significant contribution to strategic and mission related outcomes for organisations, they must build sufficient IT capacity, expertise and commitment to employ IT effectively (Hackler & Saxton, 2007).

> **Main points Organisational Contingencies**
>
> - The context of organisations and certain prerequisites matter for the effective employment of performance management systems.
> - The way an organisation organizes and manages its data is critical for the effectiveness of performance management
> - IT capacity can serve as a useful tool to facilitate data and information processing in organisations and facilitating processes

As the review shows, IT capacity can be beneficial to organisations in regard to performance management if employed according to certain standards. To examine the specific role and the gravity of the role IT can play in the performance management process, this thesis further examines the role of IT capacity of organisations as a moderator to the effectiveness of performance management.

3.   Theoretical Framework

This research aims to answer the research question *"what is the relationship between performance management and organisational performance in nonprofit organisations and does IT capacity moderate this relationship?"* by taking a deductive approach. This approach entails that the research is built upon existing research and theory. Therefore, this research framework leans on the theories that have been developed to explain the underlying relationships among the concepts addressed here, namely performance management, organisational performance, and organisational contingency in terms of information technology (IT) capacity. The theoretical framework gives an overview of the theoretical relationships that have been established by the literature between performance management and organisational performance in nonprofit organisations and the role of IT as a moderator in this regard.
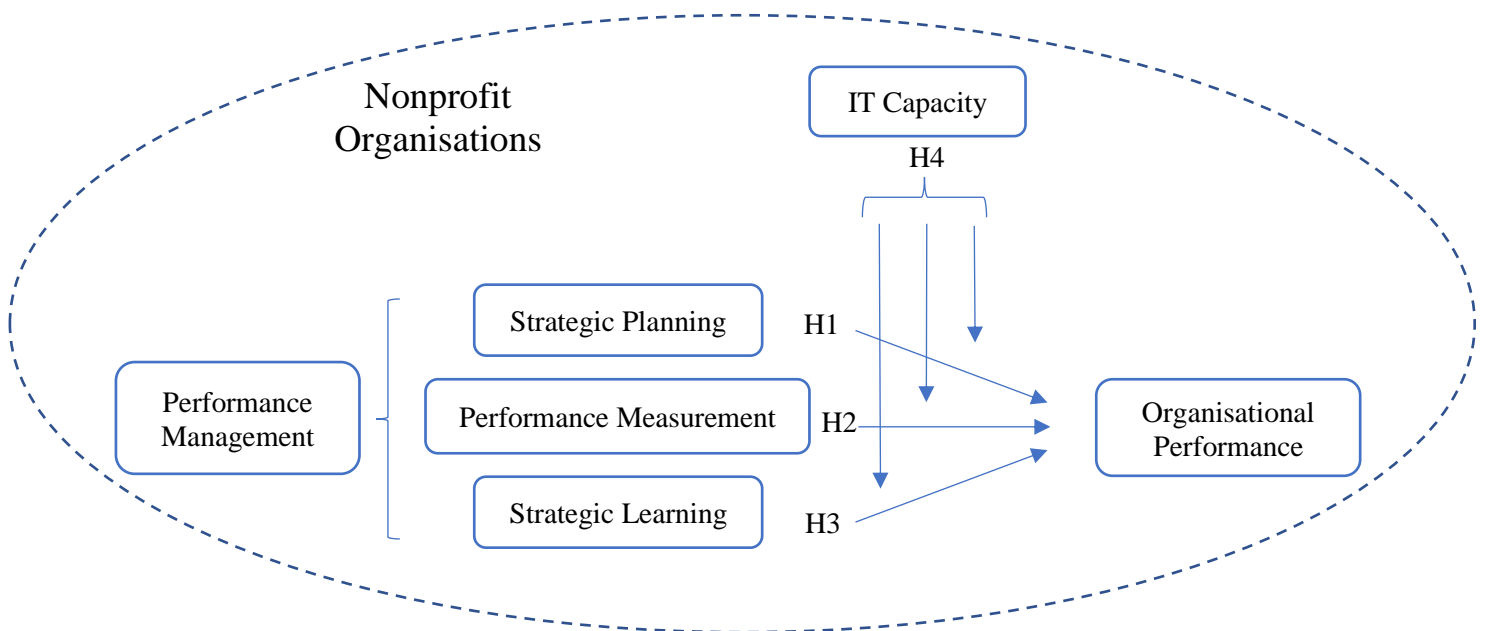
Figure 4: Theoretical Model.

3.1. Performance Management and Organisational Performance in NPOs

The literature review has revealed that the concept of performance management can be broken into three elements. It consists of strategic planning, performance measurement, and strategic learning. Hence, to assess the relationship of performance management to organisational performance thoroughly, each of its elements is considered for its influence on organisational performance.

3.1.1. Strategic planning and organisational performance

Goal-setting theory and synoptic planning

To predict the relationship between strategic planning and organisational performance, the research at hand builds on goal-setting theory and synoptic planning. The concept of strategic planning builds upon the idea that setting clear goals results in better outcomes for an organisation (Poister, Pasha & Edwards, 2013). Originally, goal-setting theory is based on the idea that setting clear goals enhances the motivation and hence the energy and focus of an employee towards tasks. Conversely, this approach results in increased accomplishment of the specified goals (Locke & Latham, 1994). Furthermore, the theory asserts that in addition to specificity, goals should be adequately challenging while still attainable (Fried & Slowik, 2004). The achievement of goals with these three characteristics has a motivating effect on employees and in turn leads to enhanced accomplishment of goals (Fried & Slowik, 2004). Furthermore, the achievement of goals is facilitated if employees feel committed to goals, accept and internalize the set goals (Locke & Latham, 1994). Lastly, feedback to employees about their performance enhances goal achievement (Fried & Slowik 2004).

Bridging goal-setting theory and strategic planning is the synoptic model of planning. Synoptic planning entails "conscious, comprehensive and rational planning efforts" (Roberts, 2000, p. 298). It is a process in which strategies are formally developed for the organisation and from which the practical steps of implementation are derived. A process for which the CEO or director of an organisations holds responsibility while the implementation is delegated to the staff at the operational level (Roberts, 2000).

How and why it works

Based on the theory that clear goals are needed to increase an organisation's work, strategic planning has been adopted as a tool to develop and incorporate such goals into an organisation. Within strategic planning, an organisation determines its actions and sets its future directions (Bryson, 2018). Strategic planning "blends futuristic thinking, objective analysis, and subjective evaluation of values, goals and priorities" (Poister, 2010, p. 247). Hence, strategic planning allows an organisation to assess its current situation and how it can achieve its desired goals in consideration of its environmental and contextual circumstances (Bryson, 2018). Poister et al. (2013) assert that strategic planning contributes to organisational performance because it "will keep an organisation focused on priorities, outcomes and results" (p. 628).

Mintzberg (1994) sharply criticizes that the focus on strategic planning has compromised the true value of strategic thinking in a way that managers overlook the bigger picture for executing and achieving predetermined numbers which do not contribute to the overall goal of an organisation. He elaborates that the 'big ideas' do not erupt form formalized processes which are in fact hindering for them to appear in the first place. He points out that strategic planning fails because actions cannot be predicted in a way that they remain valuable in a changing environment, strategic planning cannot be effective if the planning is detached from implementation, and it is subject to over-formalization.

Bryson (2018), on the other hand, asserts that strategic planning is a tool to facilitate the elements Mintzberg identifies as problematic. In that way, strategic planning helps an organisation approach issues and changes in a strategic way, incorporating thinking and learning strategically.

Hence, to make strategic planning effective the fallacies pointed out by Mintzberg have to be addressed and overcome. It can be done by allowing it to be a more flexible, open and learning process. By being embedded in the broader concept of performance management, this can be achieved. Here, strategic planning only serves as a way to determine plans, however, because it is connected to performance measurement and strategic learning it is not static. Instead, it is involved in a dynamic process of evaluating data, adjusting to the external environment and learning from the performance data. Lastly, strategic planning has to be tailored to the context of an organisation and depends on the participation and involvement of the relevant stakeholders and leadership as well as the resources and capacity of an organisation to engage in strategic planning (Bryson, 2018).

How does it work in NPOs?

Strategic planning has also been widely adopted across non-profit organisations (Kriemadis & Theakou, 2007). Findings suggest that organisations which engage more fully in formal strategic planning are able to enhance their performance (e.g. Poister et al., 2013; Verbeeten, 2008). Verbeeten (2008) finds in his research on performance management in public sector organisations that clear and measurable goals have a positive impact on qualitative as well as quantitative performance. Additionally, organisational contingencies such as institutional characteristics are determination of an organisation's capability to establish clear and measurable goals (Verbeeten, 2008).

Nevertheless, Roberts (2000) finds in an examination of strategic planning in public agencies and the government, that the adoption of a one-size-fits all approach is problematic, specifically for organisations and agencies dealing with a multitude of stakeholders, interest and goals. Therefore, as nonprofit organisations often times are confronted with similar kind of realities, it is interesting to analysed how and which kind of strategic planning is beneficial for an organisation.

Conclusively, formal strategic planning enables an organisation to clearly determine its goals and how to achieve them. By formalizing these processes and determining clear goals, the assumption follows that engaging in strategic planning is beneficial for an organisation. Based on this assumption, the following hypothesis is formulated:

H1: Strategic planning is positively associated with organisational performance in NPOs.

3.1.2. Performance measurement and organisational performance

Goal ambiguity theory

The fact that clear and measurable goals appear to be significant for an effective strategic planning process leads to the second element performance measurement. The claim is that goals are only useful to overall performance management if their fulfilment is kept track of. However, Jung (2011) highlights the difficulty in this regard for public organisations:

> *"[...] public organisations have vaguer goals than do business firms, and that goal ambiguity thus raises greater challenges in measuring the goal attainment and performance of public organisations".*
>
> (Jung, 2011, p. 193)

The quote illustrates the theoretical basis adopted to address performance measurement of nonprofit organisations in this thesis. Performance measurement is analysed based on goal ambiguity theory. Goal ambiguity refers to goals that are vague enough to contain a multitude of interpretation or the amount of goals undermines the clarity of the order in which the goals should be prioritized (Jung, 2011). Jung (2011) therefore established two dimensions of goal ambiguity, namely amount of goals and interpretative ambiguity which includes "target-specification" and time-specification" (p. 197). Furthermore, according to Chun & Rainey (2005), goal ambiguity consists of four elements, namely "communicating the reason for the existence of an organisation, directing organisational activities, evaluating organisational performance, and making decisions about organisational priorities" (Chun & Rainey, 2005 in Chun & Rainey, 2005, p. 531). Hence, based on the theory the inference can be made that since goal attainment leads to heightened motivation among employees and overall increased performance, and since the ambiguity of goals does not allow organisations to easily measure and determine goal attainment, goal ambiguity leads to lowered organisational performance. In other words, if performance of an organisation is measured and it is kept track of how the organisation achieves its goals, organisational performance is increased.

Evidence of how and why it works

In public organisations the counter-productive risk of performance measurement is present due to the complexity of public goals and appropriate measures (Spekle & Verbeeten, 2013). In the framework of performance contractibility, encompassing "unambiguous goals", "undistorted performance measure" and "knowledge and control of the production function", Spekle & Verbeeten (2013) find that in public organisations, to be effective, performance measurement requires an organisation to determine unambiguous goals and clear performance measures.

Relating to performance measurement, Chun & Rainey (2005) determine "evaluative goal ambiguity" (p. 533) as a dimension of the theory. The authors state that often times public organisations

struggle to translate their mission and objectives into clear measurable goals which in turn results in ambiguous goals. These ambiguous goals in turn allow for interpretation in the evaluation of the performance of the organisation. The authors confirm that ensuring that goals are clearly measurable contributes to overall increased organisational performance. Hence, public organisations struggle to form unambiguous goals while there is evidence pointing to the fact that measuring performance can contribute to enhanced performance. Nevertheless, in order to be able to measure goals, they need to be set in an unequivocal manner.

How does it work in NPOs?

The literature has determined that in nonprofit organisations the development of performance measures is a tricky task (Kaplan, 2001). Due to the multidimensionality of their goals and objectives as well as the tasks of addressing financial and non-financial performance, nonprofit organisations struggle to come up with clear frameworks to measure their performance (Brown, 2005). Additionally, specifically in public and nonprofit organisations, due to the compartmentalization of different units within the organisation, different goals are pursued (Kanter & Brinkerhoff, 1981). This can be argued to contribute to the aspect of goal ambiguity as the multitude of goals blurs the clear objectives at the overarching organisational level.

While these kinds of goal ambiguity make it harder to measure goals, it also raises the question at which point in the organisation to measure effectiveness (Kanter & Brinkerhoff, 1981). Furthermore, performance measurement foes not come without risk for organisations. Organisations should pay careful attention to defining their goals thoroughly so that they have a standard for determining their effectiveness. The authors criticize that If organisations skip this step, effectiveness may be substituted merely by production outputs. Hence, not well thought through performance measurement practices may result in gaming instead of accounting for the full performance of an organisation (Kanter & Brinkerhoff, 1981). This would entail that an organisation only works towards achieving the "numbers" pre-determined in goals, with the side-effect of neglecting the actual outcome these goals were meant to achieve.

Nevertheless, performance measurement is seen as an integral part for an organisation to perform well. It allows an organisation to evaluate whether it is achieving what it is meant to, how it can learn from and adjust its actions to re-steer towards achieving its mission (Fryer, Antony & Odgen, 2009). Hence, in conclusion, performance measurement is necessary for organisations to improve their organisational performance as it allows them to understand and evaluate their progress in achieving their mission as well as it produces the data that they can use to learn from. However, careful consideration of how and what to measure are crucial to ensuring that performance measurement has a positive impact towards organisational performance.

Based on this analysis, the following hypothesis regarding the relationship of performance measurement and organisational performance is constructed:

H2: Performance measurement is positively associated with organisational performance in NPOs.

3.1.3. Strategic learning and organisational performance

The performance data produced from performance measurement may have use in itself but is more valuable to organisations if it is channelled into organisational decisions and development. This aspect leads us to the third component of performance management, strategic learning. The way organisations can learn from prior actions and adjust their future strategies based on this learning to improve organisational performance, is theorized through logical incrementalism.

Logical incrementalism

The theory builds on the idea that strategy development is not a centralized, straight-forward undertaking, but instead a fragmented process which develops over time (Quinn, 1978). The premise is that "strategy tend to evolve as internal and external events flow together to create a new, widely shared consensus for action [...]." (Quinn, 1978, p. 7). By taking a less centralized and pre-determined approach, logical incrementalism allows an organisation to stay flexible in regard to internal and external events and adjust its strategy accordingly (Quinn, 1978). In this process, decisions are taken based on events in subsystems of an organisation which together form the overall strategy. These decisions are, however, not taken at a set point in time, rather they erupt and evolve as the organisation develops and faces different challenges (Quinn, 1978). Hence, they are logically formed based on experience and learning to make up the organisational strategy as a whole.

Evidence of how and why it works

While there is consensus that purposeful strategy leads to better outcomes for an organisation (e.g. Poister et al., 2013; De Waal et al., 2011; Verbeeten, 2008; Siciliano, 1997; Lenz, 1981), there is also agreement that strategy is a dynamic process in which the organisation has to be able to take into account changing environments (e.g. Fryer, Antony & Odgen, 2009; van Dooren, 2001). While continuously over-re-evaluating goals may be counter-effective to achieving increased performance because it disperses organisational focus, enabling a purposeful and logical revaluation process allows an organisation to determine where change is needed to achieve its intended impact (Fryer, Antony & Odgen, 2009).

Following the theoretical basis of logical incrementalism, the assumption is that organisations can benefit from logical incrementalism as it allows them to continuously update their strategies to most effectively address developments they are confronted with. Nevertheless, others have argued that such

a fragmented approach may lead to internal conflicts of power and arriving at a consensus about a strategic approach as difficult because different subsets of an organisation have varying priorities (Andrews et al., 2009). Poister et al. (2013), on the other hand, find that logical incrementalism can have a positive added value to organisational performance if it is embedded in a more formal process of strategic planning. Hence, applied to the research at hand, since strategic learning is considered one element in the performance management system and interacts with strategic planning, it can be positively contributing to an organisation improving its performance.

How does it work in NPOs?

For public organisations it is argued that measuring performance is only valuable if the data are used to inform strategic decision (Kroll, 2015). This implies that an organisation "learns" from its performance or lack thereof and adjusts its strategies based on the performance information.

Nonprofit organisations operate in a changing environment, must adhere to interests of a number of stakeholders as well as their performance are spread across and beyond the organisations (Limburg et al. 2017). Hence, there is a need for gathering this data and using it to inform strategic processes, however the process is complicated by the non-centralized data nonprofits have to deal with. Following the theoretical background, the assumption is made that nonprofit organisations that re-evaluate their performance on an ongoing basis with regard to their external environment and channel the gained information into strategic decision, can increase their performance. To formally test this assumption, the following hypothesis is formulated:

H3: Strategic learning is positively associated with organisational performance in NPOs.

3.1.4. Moderation by IT Capacity

Organisational Contingencies

The moderation of the relationship between performance management and organisational performance is based on organisational contingency theory. The theory entails that certain characteristics of an organisation facilitate or inhibit the effective employment of performance management. This research focuses on one such contingencies, namely IT capacity. IT capacity can be defined as "the ability [...] to effectively apply IT to achieve desired ends" (Kim & Bretschneider, 2004, p. 2). The authors note that solely implanting IT into an organisation does not yield value by itself. Instead, it is necessary to expand IT capacity beyond the hardware and software employed and assign "appropriate human and managerial resources" (Kim & Bretschneider, 2004, p. 2) for IT to have a positive role in an organisation.

Performance management use is not equally applicable to all kind of organisations as well as organisations have to have the capacity and resources to implement performance management systems (Poister et al., 2013). Organisational contingencies, such as size or resources have been found to

influence the added value of performance management (e.g. Poister et al., 2013). The previous three elements of performance management have shown that for performance management to be effective, the organisation has to be able to gather, manage and apply its data in a systematic way.

Evidence of how and why it works

Limburg et al. (2017) assert that specifically in the context of charities, organisations are plagued by the complexities of gathering performance information due to the interrelated and multi-stakeholder environment they operate in. In this regard, IT capacity is a useful property to help organisations overcome these challenges in regard to performance management. IT capacity can assist organisations in producing and managing data analytically (Limburg et al., 2017). If embedded in existing organisational structures and with the support of the management of an organisation, IT can enhance organisational efficiency by simplifying administrative processes as well as it can contribute to reshaping an organisations knowledge management (Hackler & Saxton, 2007).

IT is also argued to contribute to the efficiency of organisations by facilitating work processes and in turn requiring less resources to perform the same task better (Zorn et al., 2010). In the private sector, the value of information systems has been long recognized and the role it can play in strategic decision making (Zhang et al., 2010). While nonprofit organisation realize the value of information for this purpose, too, they are most hesitant in their use of information due to the sensible contexts they are involved in (Zhang et al. 2010). Moreover, due to the investment these systems require, nonprofit organisations are reluctant to embrace them and incorporate them fully since they are seen as burden and regulatory necessity rather than an asset for their own organisation (Zhang et al., 2010).

In the private sector, IT capabilities have shown to be most useful to organisations performance if they are used for information management processes (Mithas et al., 2011). In this regard, IT is found to mostly contribute to performance if it is integrated into existing processes, information-related processes are explicitly managed and organized. Hence, the role of information is most crucial while technology acts as a facilitator to managing and using this information effectively and efficiently (Mithas et al., 2011). In line with Limburg's (2017) arguments, and following the logic found in the private sector, it can be argued that information technology may be especially useful in the nonprofit sector and assist them in overcoming challenges in regard to the complex information reality they face.

In accordance with the conditions defined by Mithas et al. (2011) for the effective implementation of IT in the private sector, Hackler and Saxton (2007) developed a model that encompasses the elements of IT capacity necessary for nonprofit organisations to employ them effectively to contribute to their missions. The strategic dimensions of IT capacity and how they can be assessed is summarized by Hackler and Saxton (2007): "(1) IT planning; (2) IT budgeting, staffing, and training; (3) Internet and Web site capabilities and use; (4) the measurement of IT's effectiveness (5) board support and involvement in IT decision making; and (6) leaders' understanding of the strategic

potential of IT" (p. 477-478). This framework is based on an extensive review of literature on IT in organisations and is therefore used as the theoretical basis to capture IT capacity in this research.

Nevertheless, while the use of IT and the capabilities of an organisation in employing IT have benefits, the effective use and employment of IT may be bound to resource slack available to an organisation. Hence, it may contribute to a gap between organisations who have the required spare resources versus the ones who cannot afford the necessary investment in IT to render it successful (Hackler & Saxton, 2007). Additionally, certain preconditions are determinant of IT adaption across nonprofit organisations such as environmental influences, institutional pressure, especially to prove legitimacy, and resource availability (Zorn et al., 2010).

Based on these frameworks and despite the challenges organisations face in leveraging IT for information processes and enhances performance, the conclusion can be drawn that IT capacity can have the ability to facilitate the use of information. Hence, the assumption is that such capacity can be useful for an organisation in gathering performance data, analysing these data and channelling it into strategic decisions. From this analysis follows the fourth hypothesis:

H4: IT/ICT capacity of an organisation strengthens the positive relationship between performance management and organisational performance in NPOs.

Based on the literature and the theoretical framework a survey is constructed as well as a complimentary interview is designed to test these four hypotheses and gather empirical data from practitioners in the nonprofit sector. The following chapter deals with the methodology in depth and describes the operationalization of the variables.

4. Methodology

This fourth section of the thesis outlines the process by which the data was collected and analysed. This section sets the context of the empirical analysis. It first gives an overview of how and from whom the empirical data was obtained. Subsequently, the way the variables were operationalised and measured is described. Lastly, the methods used to analyse these data are discussed.

4.1. Empirical setting

4.1.1. Nonprofit Organisations in the Netherlands

This research focuses on the work of nonprofit organisations and how they use performance management for organisational performance and aims to answer the research question *"what is the relationship between performance management and organisational performance in nonprofit organisation and does IT capacity moderate this relationship?"*. Hence, the subjects that are studied are nonprofit organisations. The focus is purposely on the organisational level since the relationship with organisational performance is tested instead of individual employee performance.

Nonprofit organisations distinguish themselves from other type of organisations by having a public mission instead of the goal to maximize profits for stakeholders (Kenton, 2019). In fact, while nonprofit organisations have a board, they do not have shareholders or members (Business.gov.nl). They encompass a wide range of different organisations with the common variable of a social mission (Salamon & Anheier, 1992). Hence, specific nonprofit organisations can be, for example, NGOs (non-governmental organisations) who mainly focus on aid and development, often with international programming, or can be smaller organisation supporting a local cause.

Specifically, in the Netherlands, nonprofit organisations are mostly registered as a Public Benefit Organisation which often includes foundations or associations (Knijnenburg, n.d.). As these types of organisations contribute to the public good and use all money they generate through, for example, donations, they receive special tax status (Knijnenburg, n.d.). However, in return for these benefits and due to the fact that often times public money is used, in the Netherlands nonprofit organisations are often required to publish their results. Such as through initiatives as the International Aid Transparency Initiative (IATI) which enables organisations involved in providing aid to lay open their practices and performance (https://www.iatiregistry.org). Lastly, in the Dutch context there are standards and caps for salaries of nonprofit professionals, which means that directors of these organisations are bound to a maximum salary they can earn (Goede Doelen Nederland, n.d.).

Nonprofit organisations can perform a wide range of activities for as long as they are socially and publicly oriented (Kenton, 2019). Hence, they include organisations focused on health, education, aid and development (more broadly NGOs), and others. For this study, nonprofit organisations in the Netherlands were targeted. Through a survey, direct responses from nonprofit professionals were sought. The professionals the survey was addressed to are at the managerial level of the organisations, the monitoring and evaluation advisors in the organisation or the responsible person for IT. The actual

respondents to the survey were mostly in managerial positions, such as CEO, Manager of Operations, HR Manager, Programme Manager or Head of IT or Monitoring and Evaluation Advisors. Hence, it is assumed that the respondents have sufficient understanding of performance management and organisational performance at the level of the organisation as a whole as well as they are assumed to be aware or involved in the usage of IT throughout the organisation. In addition to the survey, interviews were conducted with 5 non-profit professionals. These professionals were chosen for the interviews as they are in monitoring and evaluation positions or involved in programme management. Therefore, they are involved or responsible for performance management and IT capacity related to performance management across the organisation as a whole. Thus, the interviews allow for a deepened understanding of the topic.

4.2. Data collection

This research takes a mixed method approach. This approach is chosen as the aim of this research is to find out if and how performance management can contribute to organisational performance. The *if* can be answered through the quantitative research approach. By complimenting the quantitative approach through qualitative data, a more comprehensive account of the relationships can be provided, however (Creswell, 2007). Mixed methods serve as a tool to understand results more in depth and provide answers to why relationships play out as the results depict them to (Creswell, 2007).

Specifically, a sequential explanatory strategy is used. This strategy starts by collecting quantitative data, here in form of a survey, and uses the findings of this survey to inform the qualitative data collection (Creswell, 2007). In that way, the complimentary qualitative findings can provide explanations and insights to the results and add flesh to the story of the relationships explored in the study.

4.2.1. Process

The survey was spread to nonprofit organisations in the Netherlands. To facilitate data collection, a partnership with Data4Development was sought and agreed. Data4Development is an advisory firm that assists nonprofit organisations in implementing IT and performance management systems and supports them in the integration and implementation process. Therefore, they have a network of over 100 nonprofit organisations in the Netherlands. They send the survey to the network of their organisations in a separate mailing. The mailing informed about my research and asked recipients to participate in my research. Important to note is that Data4Development has no influence on the content of this research or the survey questions.

Furthermore, to increase response rates, direct emails were sent to 85 nonprofit organisations in the Netherlands. Out of these organisations, 20 organisations are part of the Data4Development network. These organisations are mentioned on their website and this additional direct email dealt as a

follow-up to the mailing from Data4Development. The remaining over 63 organisations were contacted because they are listed on the websites of nonprofit and NGO associations online such as Goede Doelen Nederland (https://www.goededoelennederland.nl) and Partos (https://www.partos.nl). The email directly invited them to participate in the survey. To make sure that this way of emailing would yield as many responses as possible, two reminders were sent to the organisations. In addition, nonprofit professionals were directly contacted via email and LinkedIn. These individuals were found in the LinkedIn network as well as directly approached at an event for nonprofit professionals. The event was organised by Data4Development and the Dutch nonprofit association Partos. It was focused on the International Aid Transparency Initiative and data use in the nonprofit sector. Therefore, the event was attended by about 50 nonprofit professional who work in monitoring and evaluation or information management. Lastly, the survey was shared on the social media platform for professionals, LinkedIn 3 times, inviting nonprofit monitoring and evaluation officers and nonprofit managers to take the survey. The survey was also shared on the social media channels, LinkedIn and Twitter of Data4Development as well as reshared by several people. The limitations of these sampling methods regarding the possibility to generalize findings to the wider population are recognized and discussed in detail under reliability and validity.

In addition to the survey, seven nonprofit professionals from organisations who participated in or were contacted for the survey were approaches for a follow-up interview via email. From these seven, five people gave a positive response and were interviewed three via Skype and two in person.

This data collection process resulted in 103 survey responses from which 36 were completely filled out and useful for the statistical analysis. Despite the high number of organisations that were contacted in the process, this final sample size is low and reduces the reliability of the statistical analysis significantly. To counter-balance this small sample size, the five interviews dealt as validation and expansion of the statistical findings.

Table 6: Stepwise data collection process.

Steps	**Actions**
Step 1	Partnership with Data4Development.
Step 2	Mailing by Data4Development to their network of nonprofit organisations.
Step 3	Sharing of the survey on Data4Development's social media accounts (LinkedIn and Twitter).
Step 4	Direct mail to 85 nonprofit organisations.
Step 5	2 email reminders to the contacted nonprofit organisations.
Step 6	Sharing the survey on personal LinkedIn.
Step 7	Contact 7 nonprofit professionals for interviews.
Step 8	Conduct 5 interviews.

4.3. Measurement

4.3.1. Survey

Surveys are chosen as the one research method to approach this research question because it enables the testing of relationships among variables by gathering quantitative data "trends, attitudes, or opinions of a population by studying a sample of that population" (Creswell, 2009, p. 12). Hence, data can be gathered about how professionals in the nonprofit sector work with performance management and whether it facilitates their work or not.

Following the literature review and the theoretical framework three main variables are tested: (1) performance management, consisting of strategic planning, performance measurement and strategic learning (2) organisational performance, and (3) IT capacity. Hence, firstly it will be investigated to which extent organisations perform the three elements of performance management, secondly the survey assesses the perceived IT capacity of nonprofit professionals and lastly, how they perceive their organisational performance.

Certain limitations regarding the research design have to be considered. In regard to self-reported performance data, two limitations have to be kept in mind. Firstly, "common method variance bias" (Gerrish, 2016, p. 49) as both performance management and organisational performance are measured within one instrument. This bias entails that the correlation is at risk to be inflated because independent and dependent variable are measured with the same tool (George and Pandey, 2017). To address common source bias in this study a framework developed by George and Pandey (2017) is used. The framework requires to identify and question the nature and the reason for employing a single-source study. Firstly, it should be noted that due to time limitations, a obtaining additional archival performance data was not possible. Secondly, the authors identify that often times the effects of common source bias are exaggerated. This is the case for variables which are perceptual in nature (George & Pandey, 2017). The research at hand ask about how certain tools and practices are employed by organisations. While one may argue that a strategic plan or performance measurement data can be retrieved as archival data and is often time available as facts, the research here is more interested with how these tools are enacted within an organisation and what they are used for. These underlying practices revolving around the tools are argued to be practice and perception dependent. Hence, the employment of self-reported data is deemed more appropriate than relying on archival data. Additionally, Podsakoff and Organ (1986) find that by separating the two variables through time, in other words by leaving time between measuring each variable, common source bias can be alleviated. Therefore, in context of the survey, the limitation is aimed to be reduced by organizing the survey in a way that the variable asking about IT capacity is placed between performance management practice and organisational performance. Secondly, "positive response bias" is a further limitation (Gerrish, 2016, p. 49) since the professionals responsible for organisational performance are answering the questions about it and hence may overestimate performance.

This section offered justification for why surveys were employed and what limitations have to be considered. In the next section, the elements for the survey per variable are elaborated. Thus, the operationalization for each variable is presented.

Performance management

The survey items regarding performance management are built upon an established survey by Poister et al. (2013) for strategic planning and performance measurement. In their research the survey was used to analysed performance in public transportation agency in the US. Nevertheless, the way the survey questions are structured is in line with the findings of the theoretical framework and therefore applicable here. Poister et al. (2013) address strategic planning with 4 items, performance measurement with 5 items. Respondents are asked to indicate the extent to which each their nonprofit organisation engaging in each item, ranging from strongly disagree to strongly agree.

Table 7: Scale items strategic planning.

Strategic Planning (Cronbach's alpha: .76 from the literature)
Your nonprofit organisation had developed strategy through a systematic planning process.
Your nonprofit organisation has completed a formal strategic plan or plan update at least every four years.
In your nonprofit organisation, you have conducted situational analyses of your organisation's strengths and weaknesses.
In your nonprofit organisation, you have conducted situational analyses of your organisation's opportunities and threats.
In your nonprofit organisation, you have established strategic goals and have used them to drive decisions and actions throughout the organisation.

Table 8: Scale items performance measurement.

Performance Measurement (Cronbach's alpha: .80 from the literature)
In our nonprofit organisation, performance measures are used to track the accomplishments of strategic goals and objectives.
In our nonprofit organisation, we have used performance measures to track performance over time.
In our nonprofit organisation, we have set clear numerical targets and then actively monitored and managed performance in order to achieve those targets.
In our nonprofit organisation, we have used measures to compare performance across the various departments or units in our organisation.

In our nonprofit organisation, we have compared our organisation's performance data against other similar nonprofit organisation.

The element of strategic learning draws upon a survey used by Pollanen et al. (2017). In their article on strategic performance measures, strategic decision-making and organisational performance in Canadian public organisations, they construct a 5-point Likert scale assessing the use of strategic performance measures information for strategic use and decision-making. The items resolve around how performance information is used by organisations to inform, among others, program priorities, allocating resources, and reporting performance information to various stakeholders.

By combining the scales of Poister et al. (2013) and Pollanen et al. (2017) performance management is addressed comprehensively and in line with the nuances identified in the literature review and theoretical framework.

Table 9: Scale items strategic learning.

Strategic Learning (Item 1-6: Cronbach's alpha: .95; item 7-11: Cronbach's alpha: .86 from the literature)
To what extent does your organisation use performance measurement information for setting programme priorities.
To what extent does your organisation use performance measurement information for allocating resources.
To what extent does your organisation use performance measurement information for adopting new programme approaches or changing work processes.
To what extent does your organisation use performance measurement information for coordinating programme efforts with other internal or external organisations.
To what extent does your organisation use performance measurement information for refining programme performance measures.
To what extent does your organisation use performance measurement information for setting new or revising existing strategic objectives.
To what extent does your organisation use performance measurement information for setting individual job expectations for employees.
To what extent does your organisation use performance measurement information for rewarding employees.
To what extent does your organisation use performance measurement information for reporting to higher level of management.

To what extent does your organisation use performance measurement information for reporting to governing board or body.
To what extent does your organisation use performance measurement information for reporting to higher level of government or regulatory agency.

IT capacity

The variable IT capacity is operationalised through the research of Hackler & Saxton (2007). In their research on the strategic use of information technology by nonprofit organisations and how these organisations can improve the potential of their IT capacity, the authors perform an elaborate literature review. Based on this literature review, the authors summarize the main findings of what the literature defines as elements making up IT capacity. These items are (1) IT planning, (2) IT budgeting, staffing and training, (3) Internet and website capabilities and use, (4) the measurement of IT's effectiveness, (5) board support and involvement in IT decision-making, (6) leaders' understanding of the strategic potential of IT.

Due to the fact that in regard to IT capacity no pre-existing scale was applicable, the elements identified by Hackler & Saxton (2007) are used as the basis for the scale assessing IT capacity. To avoid double-barrelled questions, the elements were broken into 10 separate items. So, for example, previously (3) IT budgeting, staffing and training was broken into (1) IT budgeting, IT staffing, and (3) IT training). In line with the other scales, the respondents were asked to rate on a 5-point Likert scale, ranging from strongly disagree to strongly agree, the extent to which each item resonates with their nonprofit organisation.

Table 10: Scale items IT capacity.

IT Capacity
In our nonprofit organisation, we engage in IT planning.
In our nonprofit organisation, we have explicit IT budgeting.
In our nonprofit organisation, we provide IT training.
In our nonprofit organisation, we have dedicated IT staff.
In our nonprofit organisation, we evaluate the effectiveness of our IT systems and usage.
In our nonprofit organisation, the board/oversight body of our organisation is involved in IT decision making.
In our nonprofit organisation, the organisational management recognizes IT as important to the organisation.
In our nonprofit organisation, we actively use the internet and our website.
In our nonprofit organisation, we have good IT capabilities.

In our nonprofit organisation, we make good use of IT.

Organisational performance

The operationalization of organisational performance relies on a scale assessing public service performance used by Gieske et al. (2019) who built upon previous scales. In line with the literature review and theoretical framework, the scale touches upon the elements of organisational performance that have shown to be critical to nonprofit performance. Therefore, the scale is deemed useful for the purpose of this research.

The scale encompasses 6 items and has been adapted from a 7-point Likert scale to a 5-point Likert scale, ranging from strongly disagree to strongly agree, to maintain consistency across the survey and facilitate answering the survey. The items of the scale provide a comprehensive picture of organisational performance as they address efficiency and effectiveness while also addressing broader performance indicators such as, among others, legitimacy. Furthermore, the scale asks respondents to assess the performance of their nonprofit organisations in terms of performance improvement over the past 5 years. The purpose of not asking about a current performance snapshot is because by using progress indicators, respondent may be more inclined to answer honestly about how the organisation is performing.

Table 11: Scale items organisational performance.

Organisational Performance (Cronbach's alpha: .86 from the literature)
My nonprofit organisation has improved performance over the last 5 years on efficiency (same results against lower costs or faster).
My nonprofit organisation has improved performance over the last 5 years on quality (we deliver more quality against similar costs and time).
My nonprofit organisation has improved performance over the last 5 years on effectiveness (we reach our goals better).
My nonprofit organisation has improved performance over the last 5 years on collaboration (we reach our goals better combining those with the goals of others).
My nonprofit organisation has improved performance over the last 5 years on legitimacy (stakeholders are satisfied with the organisation).
My nonprofit organisation has improved performance over the last 5 years on future proofing (we can face the future with trust, expected future development are included in policies and plans).

4.3.2. Interviews

To deepen the understanding of the role of performance management in these nonprofit organisations, interviews were conducted with nonprofit professionals. Five professionals were interviewed. Four of

the respondents work for nonprofit organisations either as a monitoring and evaluation specialist or as program managers. These people were chosen for the interviews as they are responsible for the performance management processes in the organisations and are therefore able to elaborate on the experience with performance management in their organisations. The fifth person is working as an advisor at Data4Development. Since Data4Development advises a board range nonprofit organisations on their digital performance management and offers IT solutions. Furthermore, as this interviewee previously worked for a nonprofit organisation in the Netherlands, she had experience from the field and could give a broader account about the trends she observes and experiences from the sector as a whole. Due to the limited response rate of the survey, these interviews further validate the findings and provide insights to why the statistical results are how they turned out in this context.

Semi-structed interviews were conducted (see appendix 3 for the full interview), specifically focused on why performance management is or is not working and valuable to the organisation the context of this study. Semi-structured interviews mean that all respondents are asked the same questions in a systematic manner, but that a certain amount of freedom is retained to ask follow-up questions and to follow the respondents in their answers (Berg, 2001). Hence, the interviews are used as complimentary to the results of the statistical analysis of the survey data and are interpreted as why performance management plays out as shown by the data.

Based on the elements of performance management, the respondents are asked about how strategic planning, performance management and strategic learning are valuable to their organisational performance and what obstacles they face in employing these tools. Additionally, they are asked about whether IT capacity in their organisations facilitates or why it might hinder the employment of such tools. The answers of the interviews are analysed by categorizing them according to trends found among them (Berg, 2001). Based on these trends, the answers will be analysed descriptively in referral to the literature and the statistical results.

The responses from the interviewees regarding their experience with performance management practices are mixed. While all of them recognized the value of these practices, they also pointed out the shortcomings and challenges of nonprofit organisations to fully leverage performance management and IT for improved organisational performance. The interviews gave insights to how performance management is used in nonprofit organisations and, more specifically, they offer more elaborate explanations to the findings of the statistical analysis. The answers reveal that there is still room for improvement for nonprofit organisations to fully make strategic use of all the data they gather and that IT should be more embraced and imbedded in organisational practices.

4.4. Data Analysis

The analysis of the survey data is performed through the statistical tool SPSS developed by IBM. Firstly, the descriptive statistics produced by the data are presented. Secondly, the performance management model is tested for its relationship with organisational performance. Lastly, by adding the moderating

variable to the model and by testing an interaction the moderating role of the variable IT capacity is tested.

4.4.1. Descriptive analysis

As a first step, the data (survey responses) was screened and cleaned. Once the survey was closed and the partial responses converted into the recorded responses, the first step was to export the data from Qualtrics straight into SPSS. Subsequently, all empty responses were deleted as well as responses that had not given answers to all independent variables or left the dependent variable unanswered. If the respondent indicated the name of the organisation they are working for, and there were multiple answers from the same organisation, the response from the person holding the highest position in the organisation was retained, and the others deleted from the sample.

Once the data was ready, the following step was to determine the reliability of the scales used in the survey. To do so, Cronbach's alpha analyses were performed. Based on the Cronbach's alpha analyses, the variables belonging to one scale were computed into mean variables. These newly computed variables were checked for their descriptives, including the minimum and maximum values as well as the Standard deviation (SD). Next, a bi-variate correlation test was run, checking the Pearson's r for each variable. This test dealt as a preliminary precursor of potential correlations and a of potential issues of multicollinearity.

4.4.2. Explanatory analysis: linear regression analysis

To test the relationships among the variables of performance management and organisational performance (*H1*, *H2*, and *H3*) a linear multiple regression analysis was run. Multiple regression allows for a more in-depth examination of relationships among multiple independent variables on one dependent variable in complex situations (Pallant, 2013). The computed mean variables were therefore entered into one regression model. Subsequently, the control variables are added to the model to determine the role they play in the hypothesized relationship between performance management and organisational performance. The last step of the analysis was to test the moderating role of IT capacity (*H4*). To do so, the moderating variable was added to the regression model first.

4.5. Validity and Reliability

4.5.1. Validity

Validity refers to the extent to which a measure actually assesses the concept it aims to measure (Heale & Twycross, 2015). A distinction is made between internal validity and external validity.

Internal Validity

Internal validity can be defined as "the extent to which the methodological research design used by a researcher can provide empirical evidence to test the possible cause-and- effect relationship" (Lavrakas, 2008, p. 2) The scales used to construct the survey used to conduct the research is built upon pre-developed scales. Internal validity is ensured as these scales have proven useful in previous research. IT Capacity is the sole scale that was constructed for this research. To ensure its internal validity, the scale strictly builds on an extensive literature review and uses the exact items identified by the review to account for the variable adequately.

External validity

External validity refers to the extent to which this study can be used to explain similar other relationships (Lavrakas, 2008). Considering the sample of this research, the research limits itself to nonprofit organisations in the Netherlands. Hence, it does not allow for conclusions about the nonprofit sector as a whole. Within the sample of nonprofit organisations in the Netherlands certain limitation to the generalization of the findings of this study have to be noted. Firstly, the sampling method is a mix of targeting nonprofits organisations in the network of Data4Development through a general mailing. However, in addition to this method, nonprofit professionals and organisations were also directly targeted to increase the response rate to the survey. Therefore, the limitations of convenience sampling apply. This means that based on this method respondents are chosen and targeted based on their availability and fit, instead of based in random sampling. In turn, the representativeness of the sample to the population is hampered, and therefore, the findings cannot be generalized to the population as a whole without limitation (Creswell, 2009).

4.5.2. Reliability

Reliability can be defined as "the consistency of a measure" (Heale & Twycross, 2015, p. 66). This consistency means that the employment of a measure should yield similar or consistent results if across different studies (Heale & Twycross, 2015). The reliability of the scales used in this research is ensured as they all have shown to have acceptable Cronbach's alphas in previous research. For the scales measuring strategic planning and performance measurement, Poister et al. (2013) report Cronbach's alphas of .76 and .80 accordingly. For strategic learning, the first 6 items encompassing the use for information for strategy have a Cronbach's alpha of .95. The other 5 items have a reported Cronbach's alpha of .86. Gieske et al. (2019) measure the Cronbach's alpha for the scale assessing organisational performance at .86. The scale constructed to assess IT capacity in the organisations has not been employed exactly as applied here. However, the scale is strictly built on what Hackler & Saxton (2007) identify from the literature as the key features of IT capacity. The reliability is confirmed by the calculation of the constructed scale and discuss in the results section. Conclusively, the acceptable values of the Cronbach's alphas across all the scale confirms the validity of the measurements.

One limitation that has to be considered in regard to this research is social desirability bias (SDB). SDB means that people give more positive answers about phenomena or practices than they actually exist in reality (Grimm, 2010). That is caused by the fact that people want to be seen as and acting in a positive manner. In the context of this research it is important to consider when people rate the extent to which their organisations engages in certain practices that are seen as beneficial to an organisation. Such as, if it is generally known that using benchmarks helps an organisation but an organisation would have been lacking in benchmarking the past years, a person may response more optimistically than true.

4.6. Control variables

The literature identifies several antecedents and influences that render performance management practices successful or unsuccessful in nonprofit organisations. To control for and isolate the actual role of the performance management practices and the moderation of IT capacity, the two most commonly identified variables are taken into account as control variables.

While there are a number of variables that may play a role in rendering practices such as performance measurement and the role of IT capacity more or less effective, the two main variables are included here as controls. Firstly, the resources an organisation has available, and specifically the resource slack in an organisation, has been found to play a positive role in making performance management and the role employment of IT effective (Hackler & Saxton, 2007; Boyne, 2003). Relating to the resources an organisation has available is often connected to the size of an organisation. While the direct influence of size is debated, the argument is that size increases an organisations resources (Boyne, 2003). Hence, it may play a role in how effective performance management is.

These two variables are incorporated in the survey. Size is measured by asking respondents to indicate the size of their organisation according to the FTE employed. To measure resource availability, a scale by Miller and Friesen (1982) assessing research slack is used. It asks respondents to indicate the availability of a number of resources, including financial and human resources.

Table 12: Scale items organisational size.

Size (How many FTE are employed at your organisation?)
1 to 9
10 to 49
50 - 249
250 or more

Table 13: Scale items resource availability.

Resource availability (please rate the abundance of the following resources for your organisation)
Capital
Skilled labour
Material supplies
Managerial talent

5. Results

This section of the thesis presents the findings from the statistical analysis of the empirical data and answers the hypotheses. Firstly, the analysis based on the survey is looked at. Secondly, the interviews are analysed, and the findings outlined. The section concludes with answering the empirical research questions proposed in chapter 1. The full models of the statistical analyses are included in Appendix 2.

5.1. The Data

The data collection processes yielded a total amount of 103 responses. From these responses 41 were completed while the other 63 were partial responses. From the 41 responses 1 response was deleted because the dependent variable was not filled in. Additionally, for 2 organisations more than one person responded which resulted in 3 additional responses deleted. Only the responses from the person holding the highest position within these two organisations was retained. Lastly, one person from a consultancy filled in the survey. This response was also deleted. Hence, the total sample amounts to 36 valid responses.

5.2. Descriptive Statistics

5.2.1. Cronbach's Alpha

As the first step, the scales used in the survey are tested for their reliability. To test the reliability, the Cronbach's alpha is calculated for each scale. Hence for (1) strategic planning, the 5 items making up strategic planning result in a Cronbach's alpha of .77 (2) The 5 items making up performance measurement have a Cronbach's alpha of .85 (3) the 11 items of strategic learning yield a Cronbach's alpha of .86 (4) the Cronbach's alpha for the 10 items of IT capacity is .86 and (5) the 6 items of organisational performance result in a Cronbach's alpha of .78 All these scales have an acceptable Cronbach's alpha value.

For the control variable measuring resource slack, containing 4 items, the Cronbach's alpha is .67 As this is an unacceptable value, items to be deleted are considered. The scale becomes acceptable if the item measuring "capital" is deleted with a Cronbach's alpha of .78. Hence, this item is deleted from the scale.

Table 14: Cronbach's alphas of the scales used.

Scale	Cronbach's alpha	N of items	If item deleted
Strategic planning	.774	5	
Performance measurement	.850	5	
Strategic learning	.857	11	
IT capacity	.862	10	
Organisational performance	.775	6	

| Resource slack | .667 | 4 | If item *Capital* is deleted, Cronbach's alpha becomes .779 |

5.2.2. Variables

Based on the scales used in the survey, the variables for the analysis are computed. Meaning that all items making up a variable in a scale are computed into a combined mean variable. For strategic planning, this means that its 5 items are computed into the variable mean strategic planning (MEANSTRPLAN), for performance measurement, its 5 items are transformed into mean performance measurement (MEANPERFMEAS), the 11 items of strategic learning become mean strategic learning (MEANSTRLEARN) and the 6 items of organisational performance are computed to mean organisational performance (MEANORGPERF). Lastly, the control variable resource slack is computed out of the now 3 items into mean resource slack (MEANCNTRLRES).

5.2.3. Descriptives

Firstly, the descriptive statistics for the independent variables, mean strategic learning, mean performance measurement, and mean strategic learning, and the dependent variable, mean organisational performance, are presented.

As described above, after the screening and cleaning process the total sample amounted to $N = 36$. The vast majority of organisations are working in aid and development (42.9%), the second highest is other (17.1%), followed by health, youth and politics (all 11.4%) and lastly, education and employment (5.75%). Most organisations were 50 - 249 FTE (36.4%), followed by 10 - 49 FTE (33.3%). Both 1 – 9 FTE and 250 or more FTE make up 15.2%.

For mean strategic planning the *minimum* is 2.20 and the *maximum* 5.00, with a *mean* of 4.11, and SD = .61 ($n = 36$). Mean performance measurement has a *minimum* of 1.60 and *maximum* of 4.80, the *mean* is 3.24, with a $SD = .75$ ($n = 36$). Mean strategic learning has a *minimum* of 1.82 and *maximum* of 4.64. The *mean* is 3.21 and the $SD = .62$ ($n = 36$). These means indicate that on average, the respondents indicate that their organisations engage relatively well in strategic planning, performance measurement and strategic learning, with the lowest being strategic planning and the highest performance measurement. Mean IT capacity has a *minimum* of 1.70, a *maximum* of 4.70, a *mean* of 3.43, and $SD = .66$ ($n = 36$). Lastly, organisational performance has a *minimum* of 2.17, a *maximum* of 5.00, the *mean* is 3.62 and the $SD = .56$ ($n = 36$). On the last 2 variables, the respondents categorize themselves as performing moderately on average.

Table 15: Descriptive statistics of the independent, dependent and moderating variables.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
mean strategic planning	36	2.20	5.00	4.1056	.60755
mean performance measurement	36	1.60	4.80	3.2444	.75155
mean strategic learning	36	1.82	4.64	3.2111	.62339
mean IT capacity	36	1.70	4.70	3.4250	.66306
mean organisational performance	36	2.17	5.00	3.6269	.55514
mean control variable resources	34	1.00	4.33	3.2353	.82278
How many FTE are employed at your organisation?	33	1	4	2.52	.939
Valid N (listwise)	33				

Secondly, the Bi-Variate Correlations using Pearson's r are determined. Most significantly correlated are mean strategic learning to mean performance measurement, with a strong positive correlation, $r = .64$, $n = 36$, and $p < .01$ (2-tailed). Second is mean strategic learning to mean strategic planning, with a strong positive correlation $r = .60$, $n = 36$, $p < .01$ (2-tailed). Mean IT capacity is only moderately correlated to mean performance measurement, $r = .38$, $n = 36$, $p < .05$. mean organisational performance is most strongly correlated with strategic planning at a moderate level of $r = .39$, $n = 36$, $p < .05$. The control variable mean resource slack correlates most with mean strategic learning at a moderate level of $r = .39$, $n = 34$, $p < .05$, and the control variable FTE most with IT capacity at a moderate level of $r = .45$, $n = 33$, $p < .01$ (see appendix 2 for the full overview).

Table 16: Bi-variate correlations with Pearson's r.

	1	2	3	4	5	6	7
1. Mean strategic planning	-						
2. Mean performance measurement	.420[*]	-					
3. Mean strategic learning	.600[**]	.642[**]	-				
4. Mean IT capacity	.266	.381[*]	.278	-			
5. Mean organisational performance	.390[*]	.173	.362[*]	.117	-		
6. Mean resource slack	.338	.394[*]	.341[*]	.401[*]	.384[*]	-	
7. FTE	.095	.250	.143	.453[**]	-.234	.103	-

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

5.3. Findings

To test the hypothesis regarding the relationship between the elements of performance management, (1) strategic planning, (2) performance measurement, and (3) strategic learning, and organisational performance, and the role of the 2 control variables and moderating variable, 4 multiple regression models are performed.

Prior to testing the hypothesis through regression analyses, the four assumptions of regression analyses are tested (Osborne & Water, 2002). The first assumption states that the relation between the independence and dependent variable should be linear. The second assumption is concerned with showing that there is no multicollinearity among the independent variables. The third assumption entails that the standard error of the models is normally distributed. Lastly, the fourth assumption states that there is homoskedasticity in the model.

To test assumption 1 and 4, a scatterplot is built for the relationship among between each independent and the dependent variable. The scatterplots show a linear relationship and do not indicate "fanning out" (see appendix 3). Therefore, a linear relationship among the variables can be assumed and assumption 1 and 4 are confirmed.

To test assumption 2 and 3, the regression model is built. In each regression model, the histogram and normal probability plot are included. For all models the Variance Inflation Factor (VIF) is < 5 which confirms that there is no issue with multicollinearity and hence assumption 2 can be confirmed. Lastly, the histograms for each regression model indicate a normal distribution and the normal probability plots for each model show the dots spread closely to the line. These two results confirm assumption 3 and 4. Since all 4 assumptions can be confirmed the regression analysis are reliable.

The data was screened for outliers. The initial boxplots indicate the possibility of outliers. To test whether there are indeed outliers, the Cook's Distance values included in the regression analysis. Tabachnick and Fidell (2013) indicate that a value over 0.1 should be looked at further. The regression analysis included the Cook's Distance value shows that it has a maximum value of .340. Therefore, based on the newly created Cook's Distance variable, outliers are identifying and removed. The removal of these outliers results in the reduction of the sample size to 31 cases. For the remainder of the analysis, the tests are run once including and once excluding the outliers.

5.3.1. Regression Analysis (*H1, H2, H3*)

Model 1

In the first model, only the independent variables – mean strategic planning, mean performance measurement and mean strategic learning and the dependent variable mean organisational performance – are entered. The model proves to be insignificant, $F(3,32) = 2.435$, $p > 0.05$, $R^2 = .186$ (*adjusted R^2* = .110). Hence, the independent variables alone are not useful for predicting the independent variable, organisational performance (appendix 2). If the cut off value of significance is

set at $p < .10$, the model is significant. However, the separate predictors – mean strategic planning, mean performance measurement and mean strategic learning – remain insignificant all with a $p > .10$. Excluding the outliers also yields an insignificant model, $F(3,27) = 1.636$, $p > .10$. Excluding the outliers also yield an insignificant model, $F(3,27) = 1.636$, $p > .10$.

As this model does not yield any significant results, additional models are constructed to test the relationship between performance management and organisational performance. Firstly, under Model 1.a.1., Model 1.a.2., Model 1.a.3., Model 1.a.4., Model 1.a.5., and Model 1.a.6. the performance management variables, mean strategic planning, mean performance measurement and mean strategic learning are entered into 6 separate regression models with each of the 6 elements making up organisational performance separately as the independent variable to see whether performance management only relates positively to separate elements.

Secondly, under model 1b, the items making up strategic planning (5 items), the items making up performance measurement (5 items) and the items making up strategic learning (11 items) are combined into one mean performance management variable to test whether as a whole the significance of performance management towards organisational performance changes. To construct this model, the Cronbach's alpha across these 21 items has to be determined first, however, and only if it is acceptable can the items be combined into one variable.

Model 1.a.1.

The first model tests the relationship of the 3 mean performance management variables and organisational efficiency. The model turns out to be insignificant $F(3,32) = 1.717$, $p > .1$, $R^2 = .139$ (*adjusted R^2* = .058). Yet, at the significant level of $p < .10$, mean strategic learning becomes significant ($b = .655$, $t = 1.947$, $p < .10$).

Table 17: Regression model, dependent variable efficiency.

Constant	2.094**
Mean strategic planning	-.111n.s.
Mean performance measurement	-.126n.s.
Mean strategic learning	.655*
Adjusted R^2	.058
F	1.717

Note: Significance levels: * $p < .10$, ** $p < .05$, *** $p < .001$, n.s. $p > .10$

Model 1.a.2.

Entering the three variables mean performance management variables and the second element of organisational performance, quality, into the model, the model is insignificant $F(3,31) = 1.351$, $p > .10$, $R^2 = .116$ (*adjusted R^2 = .030*). All separate variables are also insignificance, $p > .10$.

Model 1.a.3.

Entering effectiveness as the dependent variable and the three mean performance management variables into a regression model results in an insignificant model, $F(3,32) = 1.334$, $R^2 = .111$ (*adjusted R^2 = .028*). However, looking at the independent variables separately, in this model mean strategic planning becomes significant at $p < .10$ ($b = .476$, $t = 1.904$, $p < .10$).

Table 18: Regression model, dependent variable effectiveness.

Constant	2.301**
Mean strategic planning	.476*
Mean performance measurement	-.094n.s.
Mean strategic learning	-.106n.s.
Adjusted R^2	.028
F	1.334

Note: Significance levels: * $p < .10$, ** $p < .05$, *** $p < .001$, n.s. $p > .10$

Model 1.a.4.

Entering the 3 mean performance management variables into a model with collaboration, the model is insignificant ($F(3,32) = 1.759$, $p > .10$). None of the separate coefficients is significant either.

Model 1.a.5.

Entering the 3 mean performance management variables into a model with legitimacy, the model is insignificant ($F(3,32) = .693$, $p > .10$). None of the separate coefficients is significant either.

Model 1.a.6.

In the regression model with the 3 mean variables of performance management and the last item of organisational performance, namely future proofing, the model is significant, $F(3,32) = 4.496$, $p < .05$, $R^2 = .297$ (*adjusted R^2 = .231*). Both strategic planning ($b = .787$, $t = 3.064$, $p > .01$) and performance measurement ($b = -.371$, $t = 1.716$, $p < .10$) are significantly related while strategic learning is not ($p > .10$).

Table 19: Regression model, dependent variable future proofing.

Constant	1.272n.s.
Mean strategic planning	.787**
Mean performance measurement	-.372*
Mean strategic learning	.089n.s.
Adjusted R²	.231
F	4.496

Note: Significance levels: * $p < .10$, ** $p < .05$, *** $p < .001$, n.s. $p > .10$

Conclusively, the results from the model 1a analyses show that depending on the dependent variable item of organisational performance, different independent variables gain significance. While for efficiency, strategic learning is associated positively, for effectiveness, strategic planning is positively related. Only for future proofing, however, the model as a whole is significant and the predictors, strategic planning and performance measurement within this model.

Model 1.b.

Entering all 21 items making up the 3 scales, strategic planning, performance measurement and strategic planning, yields a Cronbach's alpha of .911. As this result is an acceptable Cronbach's alpha value, the 21 items are combined into one mean performance management variable (PERFMANCOMBINED). Performance the regression analysis with the newly computed mean performance management variable as the independent variable and mean organisational performance as the dependent variable, results in a significant model, $F(1,34) = 5.292$, $p < .05$, $R^2 = .135$ (*adjusted $R^2 = .109$*). The adjusted R^2 indicates, however, that only 10.9% of the variance can be explained by this model which is small.

Table 20: Regression models 1, 1a-1b.

Coefficients	Model 1	Model 1.a.1.	Model 1.a.2.	Model 1.a.3.	Model 1.a.4.	Model 1.a.5	Model 1.a.6.	Model 1.b.
Constant	2.095**	2.094**	2.418**	2.301**	1.341n.s.	3.214**	1.272n.s.	2.377***
MEANSTR PLAN	.252n.s.	-.111n.s.	.081n.s.	.476*	.329n.s.	-.076n.s.	.787**	
MEANPERF MEAS	-.087n.s.	-.126n.s.	-.155n.s.	-.094n.s.	.059n.s.	.181n.s.	-.372*	
MEANSTR LEARN	.242n.s.	.655*	.467n.s.	-.106n.s.	.218n.s.	.124n.s.	.089n.s.	
PERFMAN								.364**

COMBINED								
Adjusted R^2	.110	.058	.030	.028	.061	-.027	.231	.109
F	2.435	1.717	1.351	1.334	1.759	.693	4.496	5.292

Model 2

As a second step, the two control variables, mean resource slack and the size of the organisation (FTE), are added to the model. Adding the two control variables to the model, it becomes significant, $F(5,27)$ = 3.882, $p < .05$. With 41.8% of the variance explained by the model (R^2 = 41.8; *adjusted R^2* = .311). Considering each variable for its own contribution towards organisational performance shows that only the two control variables, FTE (b = -.178, t = -2.192, p = < .05) and mean resource slack (b = .282, t = 2.804, $p < .05$) are significant.

Table 21: Coefficients regression analysis Model 2

Constant	2.350***
Mean strategic planning	.065n.s.
Mean performance measurement	.085n.s.
Mean strategic learning	.066n.s.
Mean resources slack	.282*
FTE	-.178*
Adjusted R^2	.311
F	3.882

Note: Significance levels; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, n.s. p > 0.05

However, once the outliers are removed, the significance level of the model drops to $p < .10$ ($F(5,22)$ = 2.553. $p < .10$) (appendix 2). Mean control variable resources slack remains significant at $p < .05$ (b = .241, t = 2.226) with the unstandardized coefficient value slightly decreasing while control variable FTE drops in significance value to $p < .10$ (b = -.155, t = -1.857). and the strengths of it slightly decreasing as well.

Model 2.a.

The newly performed variable mean performance management is also tested in one regression model with the two control variables and mean organisational performance as the dependent variable to see whether it changes from the model with the separate mean performance management variables.

Performing the regression model including the control variables with the mean performance management variable as the independent variable, the model remains significant, $F(3,29) = 6.885$, $p < .01$, $R^2 = .416$ (*adjusted* $R^2 = .356$). Considering the predictors separately, only the two control variables are significant, nevertheless. Mean resource slack with $b = .285$, $t = 2.950$, $p < .01$ and FTE with $b = -.175$, $t = -2.257$, $p < ,05$).

Preliminary Empirical Conclusion: H1, H2, H3

Following these models, the conclusion can be drawn that, performance management made up of strategic planning, performance measurement and strategic learning, cannot significantly predict organisational performance here if they are considered as separate mean variables. Yet, combining all scale items of performance management into one mean performance management variable yields a significant model and indicates that performance management as a whole can be associated with enhanced organisational performance in the context at hand. Additionally, separate elements of performance management have different relationships with the separate parts making up organisational performance. The results from the Model 1a analyses give more complexity to answering the hypothesis:

Hypothesis 1: strategic planning is positively associated with organisational performance in nonprofit organisations

Model 1.a.3. shows that mean strategic planning is positively associated with organisational effectiveness, as well as model 1.a.6. shows that it is also positively related to organisational performance as future proofing along with performance measurement.

Hypothesis 2: performance measurement is positively associated with organisational performance in nonprofit organisation

In Model 1.a.6. the regression analysis shows that performance measurement is significantly but negatively related to organisational performance as future proofing.

H3: strategic learning is positively associated with organisational performance in nonprofit organisations

Thirdly, the regression analysis shows that strategic learning is solely significantly and positively related to organisational performance as efficiency shown by Model 1.a.1.

Based on these results from the regression analyses *H1: strategic planning is positively associated with organisational performance in nonprofit organisations*; *H2: performance measurement is positively associated with organisational performance in nonprofit organisations*; *H3: strategic learning is*

positively associated with organisational performance in nonprofit organisations, are therefore partly accepted.

Nevertheless, as the models as wholes, with separate mean strategic planning, mean performance measurement and mean strategic learning as independent variables, show significance, the importance of the control variables should be noted. The regression analysis indicates that the resource slack in the organisations has the largest individual contribution towards organisational performance (*beta* = .495). Hence, having more resources available is associated with better performance in the nonprofit organisations under study. For the second significant predictor, FTE, the results show that for every 1-unit increase in FTE, organisational performance decreases by *beta* = -.333. This result indicates that in the context of this study, the size of an organisation in negatively associated with organisational performance.

5.3.2. Moderation (*H4*)

Model 3

To test the fourth hypothesis – IT capacity positively moderates the relationship between performance management and organisational performance in NPOs –, whether IT capacity of a nonprofit organisation positively moderates the relationship between performance management and organisational performance, firstly mean IT capacity is added to the regression model.

Adding IT to the regression model including the independent variables, the control variables and the dependent variable, the model remains significant, $F(6,26) = 3.138$, $p < .05$ with a slightly decreased variance explained by it ($R^2 = .420$, *adjusted* $R^2 = .286$). However, all variables except for the moderating variables remain insignificant. The two control variables, FTE ($b = -.189$, $t = -2.077$, $p < .05$) and mean resource slack ($b = .273$, $t = 2.561$, $p < .05$) decrease slightly in their predictive power. When the outliers are removed the model becomes insignificant, $F(4,26) = 1.186$, $p > 0.10$.

Table 22: Coefficients regression analysis model 3.

Constant	2.294***
Mean strategic planning	.063n.s.
Mean performance measurement	.079n.s.
Mean strategic learning	.066n.s.
Mean resources slack	.273*
FTE	-.189*
Mean IT capacity	.040n.s.
Adjusted R^2	.286
F	3.138

Note: Significance levels; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, n.s. p > 0.05

Model 3a

To test the moderation comprehensively, another model is constructed with the mean performance management variable, the control variables, the mean IT capacity variable and as the independent variable mean organisational performance. The model remains significant, $F(4,28) = 5.030$, $p < .01$. Yet, looking at the separate predictors, mean performance management and mean IT capacity are still insignificant and only the two control variables are significant, mean resource slack ($b = .275$, $t = 2.684$, $p < .05$) and FTE ($b = -.187$, $t = -2.143$, $p < .05$).

Preliminary Empirical Conclusion: H4

As model 3 and model 3a both show neither the separate mean performance management variables nor the combined mean performance management variable as well as the mean IT capacity variable are insignificant in both models, no moderation can be found. Therefore, hypothesis 4: IT capacity positively moderates the relationship between performance management and organisational performance is rejected.

5.4. Interview Findings

The interviews are structured along the lines of the survey and cover the experiences of nonprofit professionals in regard to the elements of performance management – strategic planning, performance measurement, and strategic learning and the role IT capacity can play is this regard in their experiences. The interviews intend to deepen the findings and capture why performance management adds value to organisational performance or why it may be difficult for organisations to use performance management for increasing performance (see appendix 3 for the full interview and the interview transcripts).

Five professionals from the nonprofit sector have been interviewed. Four of which are working in nonprofit organisations, in a management or monitoring and evaluation function and one participant who works for an advisory firm for the nonprofit sector and who has, until recently, worked for a nonprofit organisation. Therefore, the four participants working in the nonprofit organisations can provide insights about how performance management practices occur within their organisations and the view from the advisor can add a more comprehensive account of how the experiences are in the sector as a whole.

The 3 elements of performance management and IT capacity deal as the overall categories according to which the interviews are analysed. Within each element certain trends emerged from the interviews. The trends are presented per category and supported by direct examples from the interview data. Lastly, conclusions are drawn in correspondence with the quantitative data to provide answers to the empirical question.

Strategic planning

The interview participants all agreed that strategic planning can have value for organisational performance and that to a certain extent it is important for an organisation to engage in strategic planning. In that way, the participants point out that strategic planning can serve as giving an organisation a broad sense of where it is going and for what reason. Nevertheless, a clear image emerges that the usefulness of strategic plans for organisational performance is bound to certain conditions. One of the participants who works as a Monitoring, Evaluation and Learning advisor points out:

> *Well, I have mixed feelings about strategic planning processes, especially over the last, maybe, 5 - 10 years. I started being less convinced that strategic planning, especially if it's a long-term plan for five years or longer, makes much sense because of such a dynamic change. So, I think it is important to have some clarity on strategic direction to take but less and less convinced over time that we should stick to a strategic plan without actually critically reflecting on them and taking them just as a strategic direction not a strict plan to stick.*
> (Sever Dzigurski, 2019)

And another participant mentions:

> *Yeah, so, the strategic plan, it serves more as a guideline than as yeah, like a real strategy to achieve efficiency and like that.*
> (Anonymous, 2019)

These quotes illustrate that while a strategic plan can serve as a guideline, it must remain flexible and allow for revision and adjustment based on this revision. The other participants mostly agree with this stance, highlighting that, at the overall (often times this includes international "mother-organisations") organisational level, strategic plans are often broad while the more detailed operational plans are used at the project level to inform day-today activities. As a program manager, who would like to remain anonymous, of an international NGO points out:

> *What I find, I find it of course very important because it's cross-departmental. So, it's not just a programs department or not just a communications department but it makes the organisation a bit more holistic. [...] but there are less tracking moments of that strategy. So, there is less-. So, there's a lot of emphasis on developing the strategic plan. But I find less on monitoring that strategic plan.*
> (Anonymous, 2019)

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It follows that while there is recognition that strategic plans must remain open to revision to allow organisations to effectively adjusting to changing environments, and that it can bring organisations to work together as a whole, the plans are in fact not always revised systematically. As one Monitoring and Evaluation Adviser at Liliane Foundation points out:

> *In all of these [operational plans], except for the strategic plan of Liliane Foundation, but the strategic plans at the partner level are quarterly basis reports. So, that's quite a lot. In most other employers where I have worked, it's half a year but here its quarter. And there you have to process indicators and we have milestones where you see. Yeah, you describe what you want to achieve and then you see, of course, to what extent you have been able to do it.*
> (Marja Rijerse, 2019)

Her experience underlines that most organisations, in her point of view, do not evaluate and engage with their performance data often and sufficiently enough. She recognizes that in the approach her current organisation takes, which is the evaluation of operational plans on a quarterly basis, allows them to more clearly see what works and what does not and to what extent they are achieving what they are intending to. Despite the more long-term strategic plan at the "mother-organisation"-level, the frequent evaluation of the performance according to the short-term plans can help an organisation keep track of their achievements better.

Performance Measurement

Regarding performance measurement, scepticism about how to use it persists. While the organisations of the interview participants all engage in performance measurement, they express their concern that performance measurement is still mostly used as an accountability tool for upward accountability. Hence, it is used to satisfy donors instead of for internal organisational purposes or at least that this aspect is expandable. As Wieteke Overbeek, an advisor for nonprofit organisations, points out:

> *I think that performance measurement is still mostly used as an accountability tool, especially externally. There is a tendency to look for ways to use it for learning. But I do see that as it is really, really, really time consuming to really internalize the learning, it has not been put as a priority.*
> (Wieteke Overbeek, 2019)

Martijn Marijnis, Monitoring and Evaluation Officer at ICCO Cooperation, deepened the experience programme officers face at the operational level:

I think for project officers it's not always on top of their head to start filling databases and to realize that this can be really important to document your data because you can use it A for analysis but B also for future purposes. [...]. And that's something that's not always because project officers or program managers are basically dealing with day to day business and then this comes as an add on. They don't see it as a crucial role now of their job maybe but it's a challenge.

(Martijn Marijnis, 2019)

His experience points out that often times, programme officers are preoccupied to implement the programs and do not have the time or do not see enough value in it to dedicate time, to take a step back and consider the bigger picture of what the data they gather could mean for their organisational workings. Nevertheless, one of the participants points to a trend that this is changing in her organisation and that there, the value of performance data and evaluation is recognized across all levels. In turn, it shows that this facilitates the work of the monitoring and evaluations officers:

It's not seen here as extra work. We see it's not only proving what we do but also used to improve the work. Yeah. All my colleagues value M&E. Yeah. And they see the importance of it and now we try to, yeah, to tell the strategic partner organisation that also they don't need to do M&E for proving but improving as well. And when you don't know if you're doing the right things in the right way that you can never have a good program [...].

(Marja Rijerse, 2019)

Additionally, Martijn Marijnis actually considers the positive effect the pressure from external stakeholder and the need to proof one's performance to donors can have for internal purposes. He elaborates:

And then there's also the external trigger, I think. So, what happens nowadays is that more and more donors, well, they expect you to prove impact and they are asking more tough or thorough questions so that will force us as an organization as well to become better in this so then it becomes more of a priority probably.

(Martijn Marijnis, 2019)

Nonetheless, the challenge the participants identify as the most prevalent for the effective use of performance measurement is that it involves handling a huge amount of data spread across the whole organisations. Hence, the first challenge organisations face is how to combine all these data to gain meaningfulness for the organisations' performance.

As Wieteke Overbeek adds:

> *[...] how to combine all these apples and pears of all different projects, how to collect them all together and say OK as an organisation we're heading this way and we can use this for steering or internal learning, I think it is and it has proven to be a challenge.*
> (Wieteke Overbeek, 2019)

One organisation has found a way to tackle this effectively. Even though, Liliane Foundation operates through partner organisations spread across the globe, they have managed to bring together the performance data across all these partners into one platform from which they are able to extract meaningful lessons based on the combined reported data:

> *We have developed a resource framework. [...]. And there we have defined indicators on all the levels. So, all the strategic partners have been trained in the use of these indicators. And we also say how they can measure it, in what tool or how often and where they do report their findings. So, we give them certain formats as a suggestion but still they're free to make it their own.*
> (Marja Rijerse, 2019)

The experience of this specific organisation exemplifies that if careful consideration is dedicated aggregating the data from all different organisational and operational levels, meaningful learnings can be deducted from these data. Furthermore, Rijerse points out that they offer guidelines, training and support to all organisational levels to use the framework in the right way. Offering this support may be the key to engaging the stakeholders in a way that overcomes the issue faced by other organisations that the staff level at the operational level dismisses the data reporting process as rather unimportant for them.

Secondly, a hesitation is still present about nonprofit professionals about how performance measurement should be applied. Especially, to balance the need to operate efficiently while not compromising the goals of the organisation proof to be difficult:

> *I feel that the NGOs are under pressure to adopt different approaches and strategies from both like the public sector and business sector and it's becoming more about being efficient. It's about the focus on and on the performance management is then taking a toll, so to say, on what I believe NGOs should be and how they should operate.*
> (Sever Dzigurski, 2019)

Despite, these challenges, the participants observe, however, that there is a trend in the nonprofit sector towards redesigning performance measurement tools in a way that they are integrated into organisational processes to add value to the organisation's work. One strategy to overcome the challenges prompted by performance measurement is found by two participants who recounts that by hiring a dedicated monitoring and evaluation officer or by designing a dedicates position for this tasks, specifically focusing on how to handle performance data and supporting all levels of an organisation in enhancing these performance tasks, helps in getting the most out of these data and channel them into learning processes that can facilitate the organisations work.

Strategic Learning

When discussing performance measurement, the participants were already pointing out the connection it has to learning and that in their experience in their organisations, there is a push towards increasing the value of performance data for learning purposes. All participants clearly highlight the need and possibilities of increasingly using performance data for learning. But it also becomes clear that these efforts are just taking off. The Monitoring, Evaluation and Learning Advisor, Sever Dzigurski, describes:

> *That opens up a bigger Pandora's Box. How NGOs approach to learning. And how much we actually use the, I mean first capture learnings and then use them for project development or for whatever purposes. And I think that is a huge area in which improvement is needed. I mean more and more of learning is becoming present as a concept. And the big trend is seeing three trends in changing M and E into PME and then into PMEL. So, there is a L connected to monitoring evaluation and planning and conceptually so philosophically we say yes, we have that learning but my experience from working on the MEL tasks is that L is always quite neglected.*
>
> (Sever Dzigurski, 2019)

His description depicts how organisations are trying to evolve from only measuring (M) and evaluation (E) to incorporate performance (P) and learning (L) and that the learning aspect gains tractions. Nevertheless, he notes that not enough effort is being put into learning, yet.

According to all the participants, organisations are increasingly recognizing the need to transform their knowledge into learnings and turning their organisations as a whole more towards becoming learning organisations, however face difficulties in putting it into practice. One the one hand, organisations face difficulties in implementing learning processes into their work. On the other hand, to achieve this internalization and real leverage of learning, a lot of time has to be invested. As Wieteke Overbeek points out:

And in my experience [...] we produced for learning when it's still very much to the monitoring and evaluation unit rather than it is really internalized in the organisation. Although, I believe that people would be very interested in seeing, OK, how can we apply it, for example, to the next programs; how can we change the design. But yeah, priorities lay elsewhere.
(Wieteke Overbeek, 2019)

From her experience, it follows that while there is interest and motivation to fully make use of the potential of learning for internal organisational processes, organisations are still coming short in actually putting it into practice due to the complexity of combining all data sources, of combining all systems into one, and due to the time-investment it requires. This explanation leaves the feeling of a sort of a vicious cycle and Wieteke Overbeek concludes:

[...] and I think it [strategic learning] also that should be the essence of programming as well. That's because otherwise we keep on inventing the wheel and there are so many wheels already invented.
(Wieteke Overbeek, 2019)

At the same time, however, organisations are finding different reasons to why data use and processes hold importance in their organisations, Marijnis points out, for example, that in his experience the leadership or management of an organisation plays a crucial role in determining the stance and attitude the organisation as a whole takes towards data usage. So, from experiencing different management approaches, he finds:

[...] that this director will probably more be more focused on data. So, if that's the case at the top of your organization then it automatically will trickle down to the rest of the organization.
(Martijn Marijnis, 2019)

Furthermore, the way the gathered data is managed matters for its usefulness. Rijerse illustrates:

[...] and now we also want to, we are currently developing a format for documenting lessons learned so when close, yeah, finalise a project that we have a brief paper and this is done at the level of LF at Liliane Foundation that the project holder writes down some do's and don'ts and lessons learned in this form also that we can file also these findings in a more structural way which was not done until now.
(Marja Rijerse, 2019)

Conclusively, regarding strategic learning, organisations are enhancing their efforts to make use of their performance data in a more constructive and meaningful way. Different approaches and pressures can help in implementing these processes across the whole organisations. Additionally, the answers show that importance lays in bringing everyone on board and convince all implementing partners of the value of strategic learning for their own work.

IT Capacity

Regarding how IT is used and implemented in organisations seems to differ. While in some organisations, it is more used at the program level instead of the organisation-wide level, at other organisations progress in using these tools can be noted:

> *I think there is a huge potential in I.T. to for different purposes and complex. And I. Yeah, I think that there is a there is a big progress and there is a big openness and appreciation that's there that it can facilitate and help.*
> (Sever Dzigurski, 2019)

In Sever Dzigurski's experience, organisations are increasingly using IT to facilitate management processes and mobile tools for tracking performance. While the other participants agree with the developments, another participant describes that IT is used to keep track of key performance indicators at the program level, for example, it is not used enough yet to manage quantitative data for predictions at the organisational; level. As well as Wieteke Overbeek finds that thus far, organisations seem to view IT as a product in itself rather than a facilitator to processes and a process in itself.

Yet, also in Sever Dzigurski's reflection, there is room for improvement to how nonprofit organisations make use of IT:

> *Well, I do see some resistances and hesitation sometimes because people are not familiar with the tools, so it feels a bit scary like using something unknown or sometimes it feels like it's an extra work. [...] and then I have to put some information in some system and especially when people don't feel that that system also helps them individually.*
> (Sever Dzigurski, 2019)

In the case of ICCO, Marijnis highlights that they have developed a database in-house that allows them to gather, aggregate and visualise all their program data. Hence, they have found a way in their organisational to effectively incorporate IT tools to enhance the use for performance data. The most advanced approach to utilising the premise of IT for performance data and learning purposes was highlighted by the approach Liliane Foundation takes:

So, there the regional partners as strategic partners meet and exchange but a more interesting thing is our, it is called Platform Connect which is a sort of intranet accessible for all the strategic partners and hopefully later also for the local parties where they have folders per country or per theme or per joint projects and there they can exchange documents that they use or share report which is now being promoted to be used.
(Marja Rijerse, 2019)

She continues to illustrate by the example of one of their programs:

So, for example, one of our projects officers in Asia, she had three similar projects on down syndrome in Indonesia, Philippines and another Asian country and then we decided to make a two-monthly Skype call with the three countries to learn really from each other and also to create a folder on this platform where they can share the tools they use because when they are not started, they have not started in the same year and then this way they facilitate learning and we see this also as responsibility from the Liliane Foundation to the bring those partners together.
(Marja Rijerse, 2019)

The Platform Connect (Marja Rijerse, 2019) is the way Liliane Foundation is able to effectively connect all the stakeholders and implementation partners in the organisation to share learning and build upon best practices. It offers them a systematic way to organise, manage and learn from the data they produce. Complimentarily, they have also developed e-learning courses in which all organisational levels participate. These e-courses are built on the past performance of the programs implemented by Liliane Foundation and gives all the participants an idea of what works and what does not in engaging way. Nonetheless, Rijerse notes that these approaches are only being introduces based on the gaps the organisation was facing in regard to using its data for meaningful learning purposes. So, she points out that while there is great effort in her organisation to tackle the challenges of strategic learning, they are still in the development phase of these practices.

Hence, the value of IT seems to have gained attention, however, organisations have not fully embraced these tools, yet. One reason may be that they have to familiarize themselves with these tools and implement them into their daily work processes as the program as well as the organisational level. Furthermore, similar to the challenges faced in regard to performance measurement, another participant points out that not all systems are useful for the same kind of data and that one of the main challenges in also posed by combining all these systems into one to use the data comprehensively.

Performance Management combined

In conclusion, all participants reckon all three elements of performance management together as important and useful in contributing to the work of nonprofits. Firstly, it can help organisations aggregate and present results more efficiently. Secondly, it can contribute to professionalizing the work of nonprofit organisations. Nevertheless, current challenges have to be taken into account and the interaction and internalization of these practices further encouraged. Considering all elements together:

> *I would just then stress if you look into these three to be balanced to consider in a balanced manner different aspect and I would then from my biased position and the role of say that we should focus more on the strategic learning aspect. Because planning and management are already quite present.*
> (Sever Dzigurski, 2019)

Martijn Marijnis underscores this conviction in regard to the added value of performance management as a whole:

> *And yeah, really make sure in new proposals, for example, and also new strategic documents that we build more on those lessons learned.*
> (Martijn Marijnis, 2019)

Their stances represent the general trend emerging from the interviews. Strategic planning and performance management should be continuously improved but are already widely incorporated. Strategic learning, on the other hand, is emphasized as the more important aspect of the three. Nevertheless, thus far it has not received equal and adequate attention in nonprofit organisations.

Preliminary Empirical Conclusion of the Interviews

The pattern that emerges from all the interviews is that strategic planning and performance measurement are already enacted in all the organisations in one way or the other. All interviewees express their optimism towards these practices, though, and recognize the need to further embrace them at the organisational level. The challenges that can be identifies across all the interviews is that to render performance management practices meaningful to the internal operations of an organisation, the performance management practices have to be integrated into existing processes by making them part of the daily work activities of staff across all organisational levels, a dedicated employee for performance management tasks enhances the attention paid to these practices and is seen to also improve the quality of them, and lastly, the recognition by the leadership of an organisation of the importance of these practices helps an organisation embrace performance management more extensively. The aspect of performance management that organisations still struggle with mostly, is

strategic learning. However, there appear vast differences to the extent to which learning practices are adopted and there seems to be a broader shift towards giving more priority towards learning. Specifically, while some organisations realise, they need to work more on these practices, others have already developed and integrated more extensive practices. Hence, in regard to learning, a gap still persists in the extent to which organisations use the data they gather for advanced learning processes to complete the performance management cycle.

5.5. Empirical Conclusion

Based on the statistical and interview findings, answers to the empirical questions (1) what is the empirical relationship and organisational performance in NPOs? And (2) does IT capacity empirically moderate this relationship? are concluded.

The statistical analysis from the survey data shows that in regard to the role of performance management, *H1*, *H2*, and *H3* are only partially accepted. Hence, no significant relationship is found between the three element of performance management – strategic planning, performance measurement, and strategic learning – and organisational performance in NPOs. However, if the items of performance management are all combined, the model is significant and well as strategic planning shows to be significantly related to effectiveness, strategic learning significantly related to efficiency, and strategic planning and performance measurement are significantly related to future proofing. In the context of this study, the two control variables, capturing the size and the resource slack of the organisations, appear to be pivotal. The resources available to an organisation are most strongly related to improved organisational performance in the context of the organisations of this study. Regarding the size of the organisations, the findings indicate that in fact the size of an organisation negatively related to its performance. Conversely, this would mean that in the context at hand, the bigger an organisation, the less its size relates to its performance.

In regard to why the control variables are such decisive factors, the interviews offer explanations. The interviewees point out that the relevance of the elements of performance management have long been recognized. However, the effective use of these elements is often contingent on dedicating time and resources to these practices and to integrate them into existing work processes to leverage them at the organisational level. These insights might explain the importance of the control variables. The more time and resources an organisation has available, the easier it is for it to leverage performance management. At the same time, the bigger an organisation is, the more difficult may it be to capture and combine all its project data at the organisational level and make strategic decision for the organisation as a whole.

Based on these conclusions, the first empirical question can be answered. The empirical relationship between performance management and organisational performance is dependent on the combination of all the performance management variables together as well as the control variables have an important role in regard to this relationship. The separate variables of performance management

alone do not relate to organisational performance in this context. These relationships entail that in the context of this study the model of performance management, split up into strategic planning, performance measurement and strategic learning, does not enhance performance for the nonprofit organisations that participated. Nevertheless, the interviews add to answering the empirical question. Based on the interviews, the experience of professionals from nonprofit organisation validates that there is a perceived positive relationship between the performance management practices and organisational performance. It is, however, also the interplay between all the variables of performance measurement that renders them positively related to organisational performance according to the interviews. Therefore, based on the interviews the answer to the empirical question underscores the interplay among the performance management variables to have a significant positive contribution towards performance.

In regard to IT capacity in nonprofit organisations moderating the relationship of performance management and organisational performance, the statistical analysis leads to the rejection of *H4*. Hence, IT capacity is not found to moderate the relationship in the context of this research. In the qualitative findings, reasons for this outcome can be found. The interviews confirm the possibilities for facilitating processes opened up by IT. While they report on recent progress in this domain, all of them also note that nonprofit organisations are not fully leveraging IT to fulfil purposes of performance management enough, yet, and that its facilitating role should be strengthened.

Therefore, to answer the second empirical question, based on the findings of this study IT capacity so far does not show to positively moderate the relationship between performance management and organisational performance. Nonetheless, the qualitative findings indicate that there is great potential for IT capacity to take on this role and that it will increasingly do so in the future.

6. Discussion & Conclusion

The aim of this research was to see what role performance management can play for organisational performance in nonprofit organisations and how IT capacity relates to this process. The quantitative aspect of this research was designed to find out whether and what parts of performance management contribute to organisational performance and whether IT capacity quantitative appositively moderates this relationship. Additionally, qualitative data from interviews explores the in-depth experience with performance management, IT capacity and organisational performance in nonprofit organisations. By investigating these relationships, this research provides answers to the research question: "*what is the relationship between performance management and organisational performance in nonprofit organisations and does IT capacity positively moderate this relationship?*". This last chapter firstly answers the research questions based on the findings. Secondly, it discusses implications for (1) research, (2) theory, and (3) practice. Lastly, the limitations of the research are outlined.

6.1. Conclusion

To answer the research question guiding this research, the empirical analysis finds that in the setting of this research, performance management only positively relates to organisational performance if performance management is considered as a whole. Furthermore, certain elements of performance management can positively contribute to separate elements of organisational performance. Additionally, IT capacity does not seem to moderate this relationship. However, the size and resources available to an organisation play an important role. Based on the interview findings, this answer can be expanded. The interviews underscore that in nonprofit organisations the need and usefulness of performance management and IT for this purpose is recognized. However, nonprofit organisations face certain challenges within the organisations that do not allow them to leverage the full potential of performance management and IT. In turn, these challenges faced by nonprofit organisations, such as a lack of embeddedness into daily work structures or the ownership of performance management practices by staff, lead to reduced value of performance management and IT capacity towards their organisational performance.

The statistical analysis only allows for a partial acceptance of a significant relationship between performance management and organisational performance. The combination of the three elements making up performance management only has a significant relation towards organisational performance together. Moreover, the analysis shows that certain elements of performance management contribute to only certain elements of organisational performance. Taking a look one level deeper, the interviews provide more insight. First of all, in regard to strategic planning, its effectiveness is based on the theory of goal-setting. It entails that clear goals help guide an organisations energy and therefore contributes positively to performance (Locke & Latham, 1994). Yet, the interviews revealed that often times too strict plans are met with scepticism and are criticised for their rigidity. While Bryson (1988) argues that strategic planning enables organisations to effectively respond to contextual changes, the

experience from the nonprofit sector diverges from this premise. Considering the relationship of strategic planning towards the separate elements of organisational performance confirms this theory. The analysis shows that indeed strategic planning contributes significantly and positively to effectiveness and future proofing which refers to the extent to which an organisation is able to achieve its goals. The interviews give insight to why strategic planning may only be useful for effectiveness.

The interviewees all confirm that to a certain extent, strategic planning gives an organisation direction and ensures that priorities are set and followed. This finding in combination with the statistical finding can lead to the conclusion that strategic planning fulfils its intended purposes in an organisation. Nevertheless, strategic planning at the organisational level often times only broadly define strategic objectives and is only loosely followed in daily work activities as the interviews pointed out. The operational plans at the program level instead outline in a more specific way the daily activities of organisations. For these reasons, at evaluation moments it may be easier for an organisation to conclude that indeed it stuck to the broad priorities set in the strategic plan and confidently face the future, which is in line with effectiveness and future proofing. Yet, conclusion about the efficiency, quality, legitimacy and collaboration as part of organisational performance cannot be made at that level. Rather, the operational plans might have more value in regard to these elements.

In terms of performance measurement, insignificant in the statistical in the overall model but significant and negatively towards future proofing, is assumed by theory to positively relate to performance since setting clear goals allows an organisation to keep track of its achievement and in turn increase performance (Chun & Rainey, 2005). The challenges outlined by the literature, namely that performance measures for nonprofit organisations are difficult to establish and that the performance is difficult to fully capture (Jung, 2011; Fryer, Antony & Odgen, 2009) aligns with the findings. The interview findings might explain why the surveyed organisations did not perceive performance measurement to relate to enhance performance and negatively relates to future proofing. The interviews make the points that in their organisations they are facing challenges in capturing performance data comprehensively. Specifically, while all of them report using some kind of performance measurement to capture their achievements, the next step of turning these data into organisational knowledge often lacks. Additionally, confirming the fact that organisations fear to compromise their values and social mission for market dynamics (Lindenberg, 2001), the findings argue that a certain hesitation persist to the extent to which performance measurement should be used as to not over-emphasize efficiency. So, organisations actively avoid compromising quality for efficiency (Fryer, Antony & Odgen, 2009) and hence, performance measurement in the context at hand may prove less useful. Lastly, Greener (2018) points out performance management systems should not be implemented top-down to render most success to the organisation itself. However, specifically in regard to performance measurement, findings suggest that accountability to external stakeholders is still seen as the its main purpose. Hence, organisations have not internalized it for their own value and have not arrived at a bottom-up approach, yet.

Based on logical incrementalism, the concept of strategic learning stipulates that it contributes to enhanced performance because strategy should continuously evolve based on performance information which allow organisations to incorporate captured environmental changes (Kroll, 2015; Quinn, 1978). Despite, a shared understanding among nonprofit professionals about the valuable premise of strategic learning, the conclusion is that it is still waiting in the wings. The challenge erupts mainly in its interaction with the challenges of processing performance information from performance measurement processes at the organisational level. These findings illustrate that organisations are facing difficulties in channelling performance information into strategic decisions which has been widely determined as the crucial tipping point for rendering performance management as a whole effective for organisational performance improvements (Gerrish, 2016; Kroll, 2015). The statistical analysis only finds it useful for enhanced efficiency. This finding may indicate that to a certain extent value can be seen in the effort organisations put into learning from their practices to design their work in a more efficient way. However, as strategic learning only proves useful towards efficiency and none of the other elements of organisational performance, especially towards future proofing where it could be expected to play a role, the point that work still needs to be done by nonprofit organisations is highlighted.

While the separate elements render nuanced results, the finding that the combination of all elements of performance management into one variable is significant towards organisational performance may highlight the outset of the theoretical basis of this research. The literature on performance management continuously and the definition of performance management adopted in this research lay it out as "a system that generates performance information through strategic planning and performance measurement routines and that connects this information to decision venues, where, ideally, the information influences a range of possible decisions" (Moynihan, 2008, p. 5). This guiding definition considers performance management as a system of its elements. It means that all elements of performance management work together to inform one another, and that without one, the others may be useless. The fact that performance management as a whole is useful to predict organisational performance may signalise that in fact only the combination of all the elements working together can positively contribute to performance in the nonprofit organisations of this study.

Lastly, in regard to IT capacity, the outset is that it can facilitate exactly these processes of information management organisations struggle with (Limburg, 2017; Hackler & Saxton, 2007). Yet, despite the fact that nonprofit organisations share the conviction of the value of this premise, the expansion of IT capacity has been rather slow. The findings suggest that organisations hesitate to make the time and resource investments necessary to incorporate IT fully and that thus far these processes are not internalized by professionals in the field.

The internalisation in regard to IT but also in regard to the wider concept of performance management has been identified as one of the key aspects to make performance management useful to organisational performance (Fryer, Antony & Odgen, 2009). The findings highlight that the

internalisation and integration into existing processes, especially at the organisational level, has not occurred sufficiently thus far. This conclusion may also be explanation for why the size of an organisation and its resources render these practises more useful. As one of the interviewees notices, the instatement of a dedicated monitoring and evaluation officer improved their organisation's use of performance information. It is in accordance with the finding of Sicialiano (1997) that appointing someone dedicated to the process, internally or externally, signals to the whole organisation the importance of the practice. Hence, it becomes more embraced. In addition, in line with Poister et al. (2013), it contributes to formalizing such processes and in turn enhances its effectiveness. Relating these implications to the control variables, it may show that it requires sufficient resources to invest appropriate time to fully establish performance management practises while the bigger an organisation is, the harder it may be to fully involve all levels in these processes.

6.2. Implications

6.2.1. Implications for Research

This research aimed to contribute to filling the research gap by expanding the research on performance management in nonprofit organisations outside of the US and UK contexts and away from case study design. But the sample at hand is small. While surveys proved only relatively useful to determine whether there is a relationship, the additional interviews provided more insights to why these processes play out as they do in this specific context. This can serve as a lesson to further research. The combination of quantitative and qualitative data can give a broader account to the trends in the sector. Furthermore, in addition to the perceived organisational performance indicators from the surveys and interviews, future research may include supporting performance data from registry platform such as the International Aid and Transparency Initiative. (IATI) Using data from this platform can provide additional, quantitative data on organisational performance which can be used to complement perceived performance. Together, these data can serve to provide a more exhaustive image of an organisation's performance and hence, help circumvent common source, and social desirability bias.

A method that has not been explored extensively and was also not addressed in the research at hand, is a pure content analysis. Such an analysis could gather the strategic planning documents, the performance measurement indicators from an organisation and the documents produced on learnings and compare these to archival data on organisational performance. This approach could give further insights to how, in practice, organisations actually formalize the elements of performance management and to what extent there is documented interaction among the elements.

Furthermore, this research indicates that there is a current trend in the adoption of IT for performance management purposes as well as the interviews point to a current buzz around strategic learning. Hence, time-comparisons and longitudinal studies, examining the results of organisations prior and post introducing performance management tools, reporting platforms (such as IATI), and expanding their IT infrastructure. Longitudinal studies are useful to gather data at different points in

time in order to identify pattern and "[...] facilitate the measurement of differences, or changes, in a variable from one period" (Ruspini, 1999, p. 219). Therefore, employing a longitudinal study could give insights to how organisations adopt these tools. Moreover, including in-depth interviews in such a method could proof helpful in identifying the perceived challenges organisations and their staff face in adopting those tools and transforming them into accepted, meaningful tools for their work.

Moreover, it should be noted that in the context of this study, IT capacity is considered as the ability of an organisation towards any IT practice. The focus lays on how sophisticated an organisation is in regard to IT. Yet, IT capacity here is considered as a concept as a whole instead of breaking IT into all the various systems and purposes it consists of. A suggestion for future research is to investigate the IT more in-depth and break the concept as a whole into its various components. In that way, it would add to clarifying which systems are most useful to an organisation and what aspect of IT adoption they should prioritize.

Additionally, the findings from this research show that increasingly emphasis is put on how learning can be designed more effectively. Hence, a suggestion to future research is to explore the way nonprofit organisations can and should address learning better and how the elements of performance management can link its processes better. Further, specifically in regard to strategic learning, a longitudinal study including content analysis could further explore the way strategic learnings are used and end up in the planning and programming of the future. Lastly, the increasing adaption of IT for performance management calls for research to dive deeper into this realm and explore how and which kind of IT application is most useful to support the work of nonprofit organisations.

Conclusively, the findings of this research, especially the interviews, emphasise that performance management practices and IT capacity are people-issues. The involvement of stakeholders and staff has been identified by literature (Van Dooren, 2011; Jules & Holzer, 2001) and is underlined by the findings at hand. Hence, the suggestion follows that future research should continue to find ways to connect factual, archival data with perceptual methods to achieve meaningful results that can have practical implications for professionals in nonprofit organisations.

6.2.2. Implications for Theory

While the findings show that nonprofit organisations do engage in practices the theory has highlighted to be important, specifically goal-setting theory (Locke & Latham, 1994), goal ambiguity (Jung, 2011) and logical incrementalism (Quinn, 1978), certain aspects have shown to have less explanatory value in the context of the nonprofit organisations included in this study. A specific bottleneck that erupts from this research is the way logical incrementalism, and the continuous adaption to environmental changes (Bryson, 1988; Quinn, 1978) through synoptic planning – which allows strategic planning processes to stay agile (Roberts, 2000)– and logical incrementalism – which allows strategy to be a continuously evolving process (Quinn, 1978)–, can be combined with goal-setting theory (Locke & Latham, 1994). The nonprofit professionals who participated in this research point to the difficulty of

determining how strictly to set their goals and how to include revisions based on the dynamic environment into these goals. The question to the theory is what the right balance between rigor and dynamism is for nonprofit organisations to have most benefit for their work.

Furthermore, in theory as in practice, the difficulty of assessing performance measurement is illustrated. Yet, theory as practice agree that gathering performance data is crucial for strategic learning processes (Gerrish, 2016; Kroll, 2015). Theory focused on goal ambiguity and goal attainment therefore needs to become more precise to where nonprofit organisations should set priorities for indicators and how they should be designed to capture the organisations' efforts most comprehensively and in the most useful manner.

Lastly, one of the interviewees pointed out the difference in single-loop, double-loop and triple-loop learning. He emphasized that organisations need to put in more effort to explore the potential triple-loop learning has for them. Triple-loop learning, according to him, is as systems approach that entails organisations re-evaluate the fundamental outset upon which they base their interventions (Martijn Marijnis, 2019). Following his remark, the analysis of which the theoretical approach to learning has most value to a nonprofit organisation and how such a theoretical approach can most successful be translated into the practices of an organisation is an avenue in which theoretical explorations could add value to the field of strategic learning for nonprofit organisations.

6.2.3. Implications for Practice

From the findings the clear trend emerges that strategic learning and the facilitating use of IT are becoming more and more adapted by the nonprofit community and that the value they hold is increasingly accepted across the nonprofit sector. However, the research also points to the struggles of the nonprofit sector to incorporate these processes fully.

This research suggests that nonprofit organisations should focus on embedding strategic learning processes and IT into their daily work and combine these efforts at the organisational level. Specifically, dedicating time and attention to these processes is crucial to support the adoption of them across the organisation. More attention needs to be paid by practitioners to determining how their organisation can maximize the value past performance can have for informing future performance, so that indeed the wheel is not reinvented over and over again but instead it starts to roll faster and smoother.

To achieve this, four lessons-to-learn appear from the research for practice. The research shows that performance management can have value if it is approached as an interlinked system with each of its elements informing the next. Therefore, lesson (1) is that to make performance management useful for an organisation, formal linkages between its three elements have to be established. These linkages entail that it is ensured that strategic plans are tracked, that this performance data is recorded, and that this data is used to inform future programming. Following from this lesson, lesson (2) from the findings entails that strategic plans should set priorities but remain dynamic. Most importantly, these plans

should be evaluated more frequently as is common practice currently, and the revaluations should be used to revise the plans. Lesson (3) is focused on ensuring these tracked performance data are recorded. To make sure data is stored, organized and managed, this research points out that the value of doing so has to be recognized at all levels of an organisation. The findings point out that this can be achieved by, for example, offering trainings to employees and by support from the leadership. Furthermore, dedicating a formalized team or person to data management processes is perceived to enhance the quality of performance management processes. Lastly, lesson (4) informs how the gathered data can be made more meaningful. In this regard, IT can support organisations to compile data from all the organisational levels, aggregate the data and compare it. By doing so, IT can deal as a facilitator to channelling these data into strategic processes as the basis of the future direction of an organisation.

Conclusively, there is value for the nonprofit organisations studied here in performance management. To fully leverage it, however, organisations need to invest in the performance management processes to transform them into processes that can add value to the performance of the organisation instead of being perceived as an additional burden.

6.3. Limitations

As previously discussed in the methodology section, the findings of this research are limited in their generalizability. Firstly, the sample is small with 36 nonprofit organisations included and 5 interviews. Therefore, the findings apply to the context of the nonprofit organisations included in this study and the setting of the Dutch context but cannot be expanded beyond that. They may deal as pointers to what research can consider in other settings, nonetheless, the conclusions cannot simply be applied to other contexts or the sector as a whole. Lastly, the implications of measuring organisational performance in the same tool as the processes investigated for their contribution to performance, bears with it the over-estimation of the performance of the organisations. The additional interviews aimed to compensate these shortcomings and validate the findings.

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<center>**Appendices**</center>

1. Full Survey

Performance Management in Nonprofit Organizations

Q17 Welcome to my survey and thank you for your time.   My name is Sarah Abdelatif and I am currently writing my master thesis for International Public Management & Policy at the Erasmus University Rotterdam in collaboration with Data4Development. My research is concerned with performance management in nonprofit organisations.

 Your direct insight from working in the nonprofit sector is invaluable to my research. Please note that there are no right or wrong answers. Your answers are confidential and anonymous and the survey data will not be shared with third parties. The survey will only take about 5 minutes to fill out.

 A report will be written based on the findings of this research. If you are interested, please leave your email at the end of the survey and I will provide you with the report.
 Thank you!

 If you have any question, please do not hesitate to contact me sarahlabdelatif@gmail.com

The following questions are focused on the strategy process within your organisation. Please choose the option that best represents your nonprofit organisation for each statement.

	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
Your nonprofit organisation has developed strategy through a systematic planning process. (1)	○	○	○	○	○
Your nonprofit organisation has completed a formal strategic plan or plan update at least every four years. (2)	○	○	○	○	○
In your nonprofit organisation, you have conducted situational analyses of your organisation's strengths and weaknesses. (3)	○	○	○	○	○
In your nonprofit organisation, you have conducted situational analyses of your organisation's opportunities and threats. (4)	○	○	○	○	○
In your nonprofit organisation, you have established strategic goals and have used them to drive decisions and actions throughout the organisation. (5)	○	○	○	○	○

In our nonprofit organisation:

	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
Performance measures are used to track the accomplishments of strategic goals and objectives. (1)	○	○	○	○	○
We have used performance measures to track performance over time. (2)	○	○	○	○	○
We have set clear numerical targets and then actively monitored and managed performance in order to achieve those targets. (3)	○	○	○	○	○
We have used measures to compare performance across the various departments or units in our organisation. (4)	○	○	○	○	○
We have compared our organisations's performance data against other similar nonprofit organisations. (5)	○	○	○	○	○

To what extent does your organization use performance measurement information for the following purposes?

	To a minimal Extent (1)	To a small extent (2)	To a moderate extent (3)	To a fairly great extent (4)	To a great extent (5)
Setting programme priorities. (1)	○	○	○	○	○
Allocating resources. (2)	○	○	○	○	○
Adopting new programme approaches or changing work processes. (3)	○	○	○	○	○
Coordinating programme efforts with other internal or external organisations. (4)	○	○	○	○	○
Refining programme performance measures. (5)	○	○	○	○	○
Setting new or revising existing strategic objectives. (6)	○	○	○	○	○
Setting individual job expectations for employees. (7)	○	○	○	○	○
Rewarding employees. (8)	○	○	○	○	○
Reporting to higher level of management. (9)	○	○	○	○	○
Reporting to governing board or body. (10)	○	○	○	○	○
Reporting to higher level of government or regulatory agency. (11)	○	○	○	○	○

End of Block: Performance Management in NPOs

The following set of questions relates to Information Technology (IT) within your organisations. Please choose the option that resonates mostly with your nonprofit organisation for each statement.

In our nonprofit organisation:

	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
We engage in IT planning. (1)	○	○	○	○	○
We have explicit IT budgeting. (2)	○	○	○	○	○
We provide IT training. (3)	○	○	○	○	○
We have dedicated IT staff. (4)	○	○	○	○	○
We evaluate the effectiveness of our IT systems and usage. (5)	○	○	○	○	○
The board/oversight body of our organisation is involved in IT decision making. (6)	○	○	○	○	○
The organisational management recognises IT as important to the organisation. (7)	○	○	○	○	○
We actively use the internet and our website. (8)	○	○	○	○	○
We have good IT capabilities. (9)	○	○	○	○	○
We make good use of IT. (10)	○	○	○	○	○

The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.

My nonprofit organisation has improved performance over the last five years on:

	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
Efficiency (same results against lower costs or faster) (1)	○	○	○	○	○
Quality (we deliver more quality against similar costs and time) (2)	○	○	○	○	○
Effectiveness (we reach our goals better) (3)	○	○	○	○	○
Collaboration (we reach our goals better combining those with the goals of others) (4)	○	○	○	○	○
Legitimacy (stakeholders are satisfied with the organization) (5)	○	○	○	○	○
Future proofing (we can face the future with trust, expected future developments are included in policies and plans) (6)	○	○	○	○	○

End of Block: Organisational Performance

Start of Block: Demographics

What is the name of the nonprofit organization you are working for?

_____

Which category best describes the focus of your nonprofit organisation?

○ Aid and development (1)

○ Health (2)

○ Education and Employment (3)

○ Animals (4)

○ Environment (5)

○ Arts and Culture (6)

○ Youth (7)

○ Politics (8)

○ Other (9)

What is your position in the organisation?

_____

How many FTE are employed at your organisation?

○ 1 to 9 (1)

○ 10 to 49 (2)

○ 50 to 249 (3)

○ 250 or more (4)

Please rate the abundance of the following resources for your organisation:

	This resource is very scarce/or prohibitively expensive (1)	This resource is moderately scarce (2)	This resource is sufficient (3)	The resource is moderately plentiful (4)	This resource is quite plentiful (5)
Capital. (1)	○	○	○	○	○
Skilled labour. (2)	○	○	○	○	○
Material supplies. (3)	○	○	○	○	○
Managerial talent. (4)	○	○	○	○	○

End of Block: Demographics

Start of Block: Block 2

Please leave your email if you would like to receive the report of the findings.

_____

End of Block: Block 2

2. Statistical Analysis

Bi-variate Correlation (Pearson's r)

Correlations

		mean strategic planning	mean performance measurement	mean strategic learning	mean IT capacity	mean organisational performance	mean control variable resources	How many FTE are employed at your organisation?
mean strategic planning	Pearson Correlation	1	.420[*]	.600[**]	.266	.390[*]	.338	.095
	Sig. (2-tailed)		.011	.000	.117	.019	.051	.598
	N	36	36	36	36	36	34	33
mean performance measurement	Pearson Correlation	.420[*]	1	.642[**]	.381[*]	.173	.394[*]	.250
	Sig. (2-tailed)	.011		.000	.022	.312	.021	.161
	N	36	36	36	36	36	34	33
mean strategic learning	Pearson Correlation	.600[**]	.642[**]	1	.278	.362[*]	.341[*]	.143
	Sig. (2-tailed)	.000	.000		.100	.030	.048	.427
	N	36	36	36	36	36	34	33
mean IT capacity	Pearson Correlation	.266	.381[*]	.278	1	.117	.401[*]	.453[**]
	Sig. (2-tailed)	.117	.022	.100		.496	.019	.008
	N	36	36	36	36	36	34	33
mean organisational performance	Pearson Correlation	.390[*]	.173	.362[*]	.117	1	.384[*]	-.234
	Sig. (2-tailed)	.019	.312	.030	.496		.025	.191
	N	36	36	36	36	36	34	33

mean control variable resources	Pearson Correlation	.338	.394*	.341*	.401*	.384*	1	.103
	Sig. (2-tailed)	.051	.021	.048	.019	.025		.569
	N	34	34	34	34	34	34	33
How many FTE are employed at your organisation?	Pearson Correlation	.095	.250	.143	.453**	-.234	.103	1
	Sig. (2-tailed)	.598	.161	.427	.008	.191	.569	
	N	33	33	33	33	33	33	33

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Scatter plots

Mean strategic planning and mean organizational performance
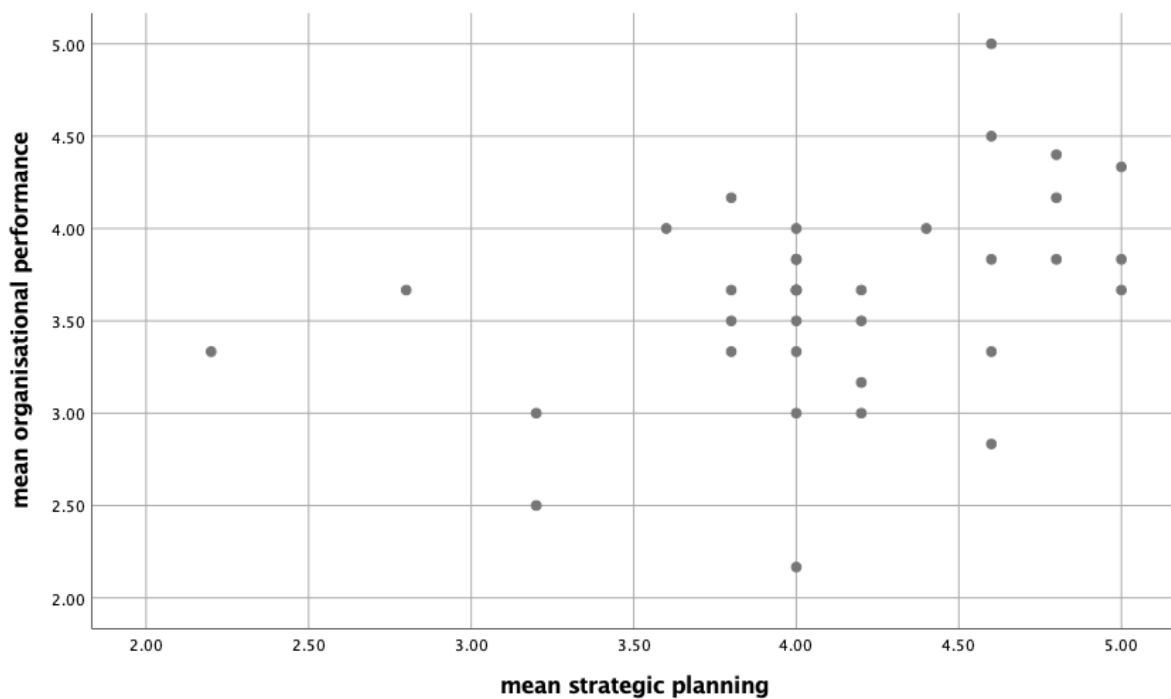
Mean performance measurement and mean organizational performance
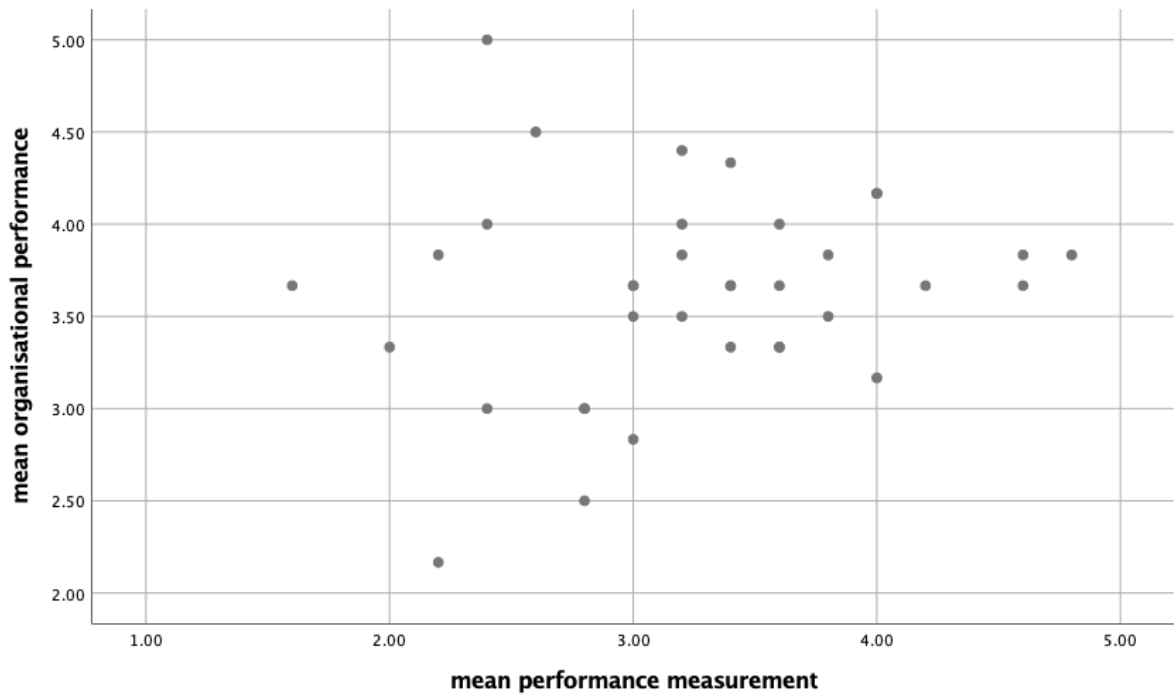
Mean strategic learning and mean organizational performance
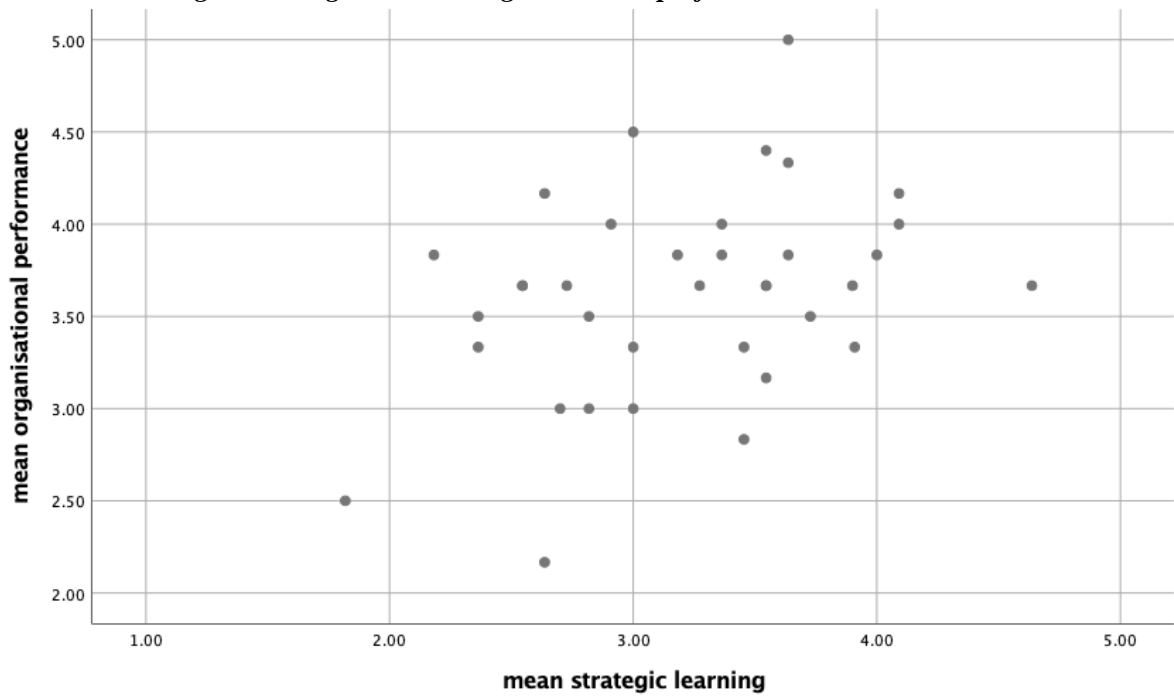
Mean IT and mean organizational performance
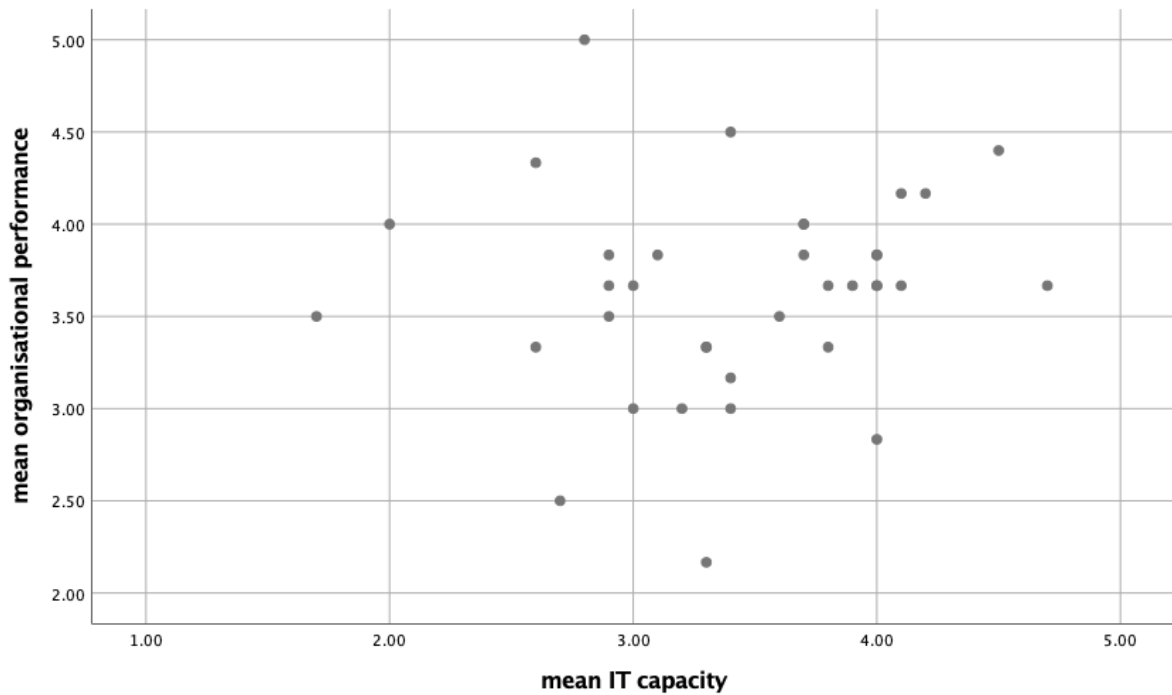
3. Regression Analyses

Model 1: Regression of the elements of performance management

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.095	.624		3.357	.002		
	mean strategic planning	.252	.183	.276	1.383	.176	.638	1.568
	mean performance measurement	-.087	.154	-.117	-.562	.578	.586	1.707
	mean strategic learning	.242	.211	.272	1.149	.259	.455	2.198

a. Dependent Variable: mean organisational performance

Histogram

Histogram

Dependent Variable: mean organisational performance

Mean = 9.10E-16
Std. Dev. = 0.956
N = 36

Normal Probability Plot

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: mean organisational performance
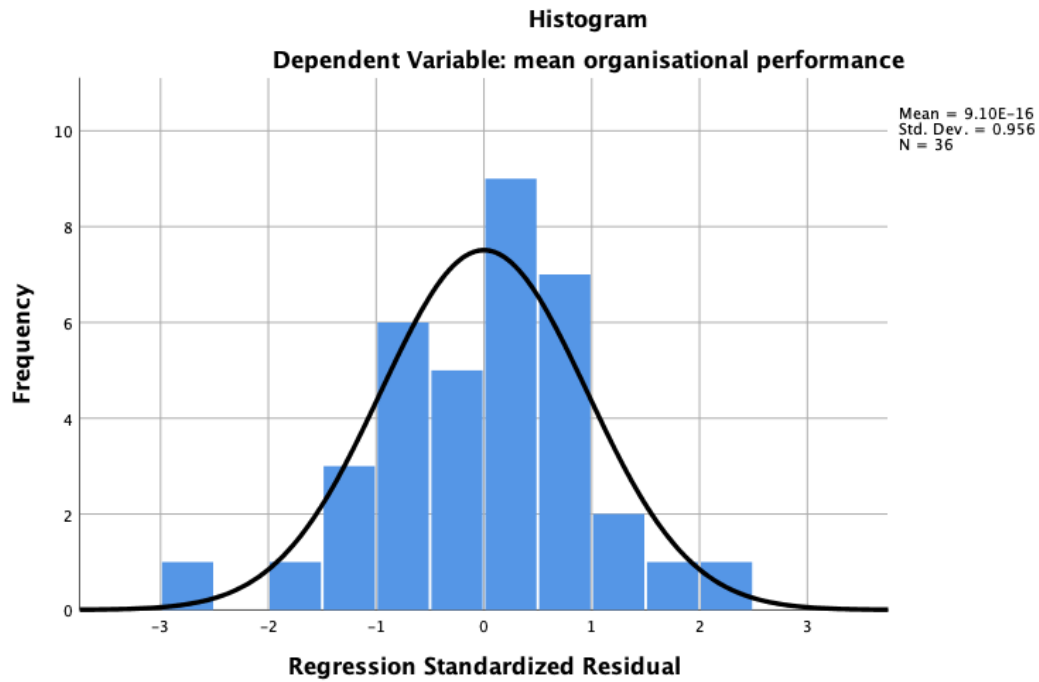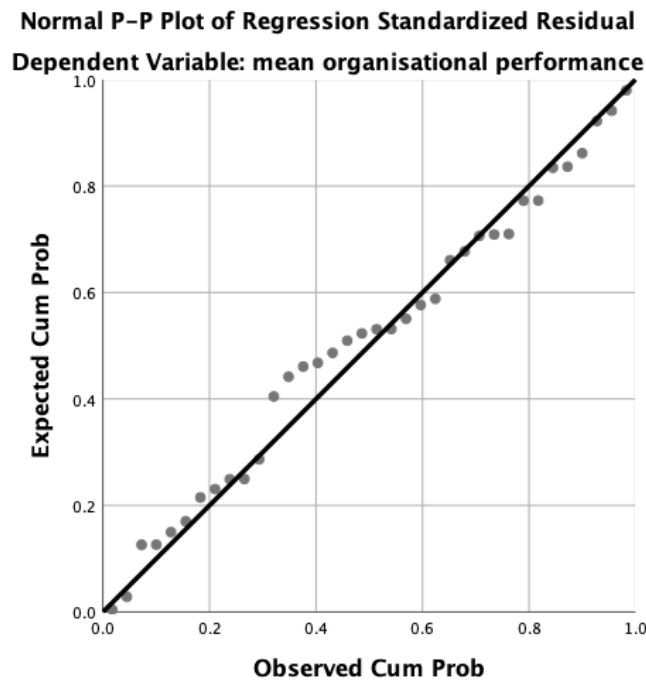
Regression analysis performance management with the outliers removed

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics

		B	Std. Error	Beta				Tolerance	VIF
1	(Constant)	2.435	.620		3.930	.001			
	mean strategic planning	.294	.174	.366	1.688	.103		.668	1.496
	mean performance measurement	-.106	.141	-.175	-.754	.457		.579	1.727
	mean strategic learning	.114	.198	.144	.577	.569		.500	2.000

a. Dependent Variable: mean organisational performance

Histogram

Histogram
Dependent Variable: mean organisational performance

Mean = −1.39E−15
Std. Dev. = 0.949
N = 31

Normal Probability Plot

Normal P–P Plot of Regression Standardized Residual

Dependent Variable: mean organisational performance
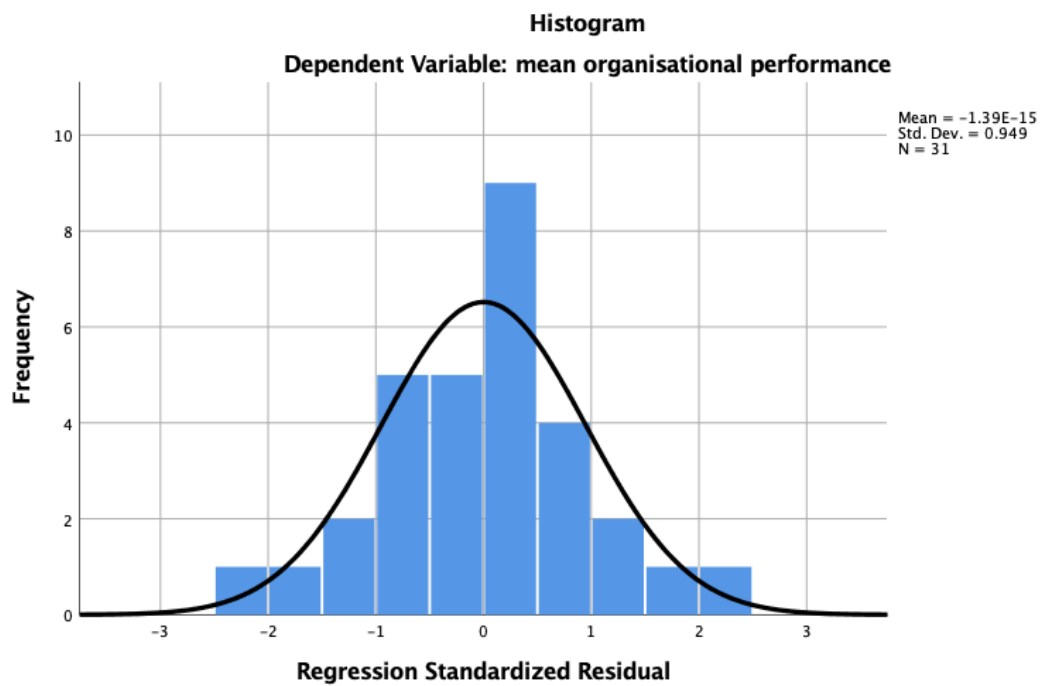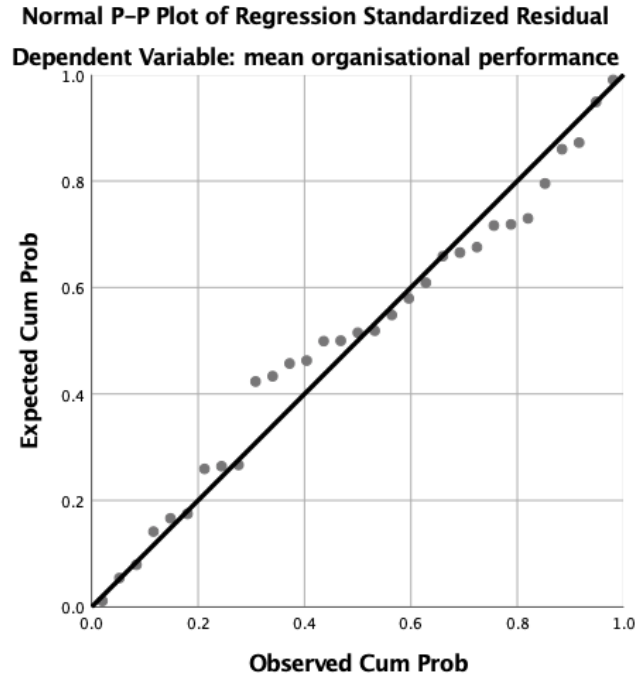
Model 1.a.1.

4. *Coefficients[a]*

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.094	.996		2.102	.044		
	mean strategic planning	-.111	.291	-.078	-.381	.706	.638	1.568
	mean performance measurement	-.126	.246	-.110	-.512	.612	.586	1.707
	mean strategic learning	.655	.336	.474	1.948	.060	.455	2.198

a. Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.
My nonprofit organisation has improved performance over the last five years on: - Efficiency (same results against lower costs or faster)

Histogram

111

Histogram

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation. My nonprofit organisation has improved performance over the last five years on: – Efficiency (same results against lower costs or faster)

Mean = –1.75E–16
Std. Dev. = 0.956
N = 36

Normal probability plot

Normal P–P Plot of Regression Standardized Residual

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation. My nonprofit organisation has improved performance over the last five years on: – Efficiency (same results against lower costs or faster)

Model 1.a.2.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF

1	(Constant)	2.418	.925		2.615	.014		
	mean strategic planning	.081	.272	.063	.299	.767	.641	1.560
	mean performance measurement	-.155	.227	-.152	-.683	.499	.580	1.725
	mean strategic learning	.467	.309	.377	1.513	.140	.459	2.181

a. Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.
My nonprofit organisation has improved performance over the last five years on: - Quality (we deliver more quality against similar costs and time)

Histogram
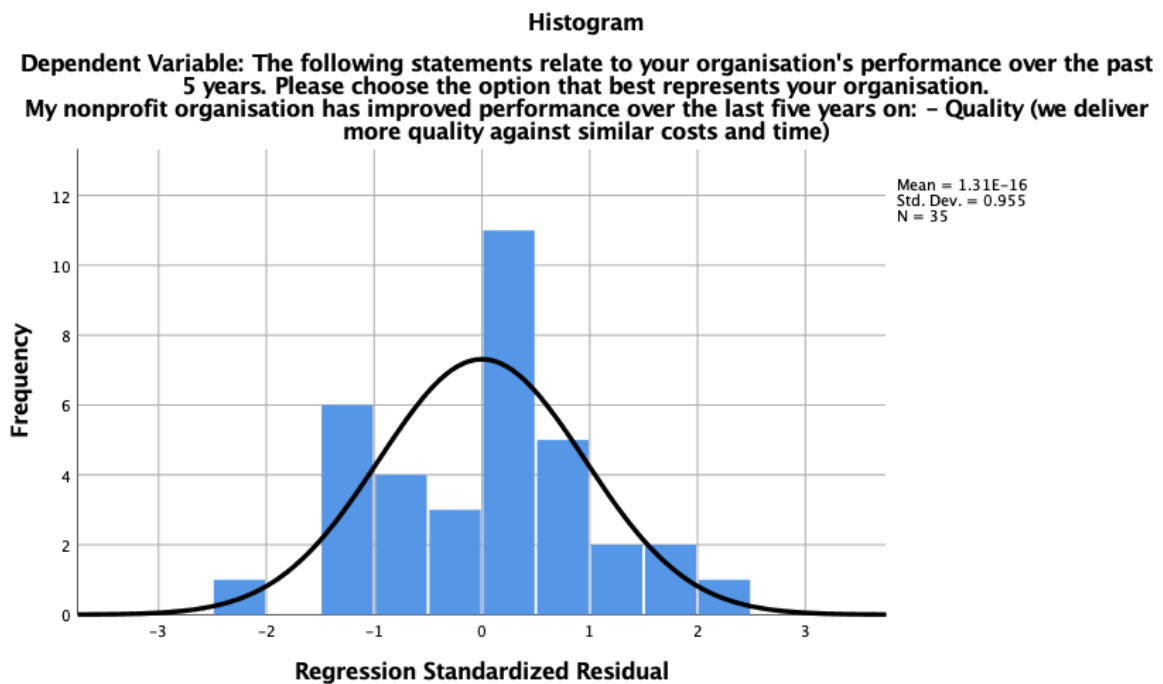
Normal Probability Plot

Normal P–P Plot of Regression Standardized Residual
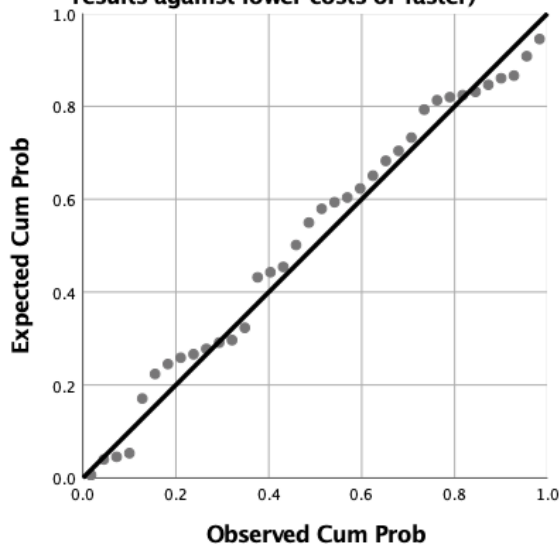
Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation. My nonprofit organisation has improved performance over the last five years on: – Quality (we deliver more quality against similar costs and time)

Model 1.a.3.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.301	.855		2.692	.011		
	mean strategic planning	.476	.250	.397	1.904	.066	.638	1.568
	mean performance measurement	-.094	.211	-.097	-.445	.659	.586	1.707
	mean strategic learning	-.106	.289	-.091	-.368	.715	.455	2.198

a. Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.
My nonprofit organisation has improved performance over the last five years on: - Effectiveness (we reach our goals better)

Histogram

114

Histogram

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation. My nonprofit organisation has improved performance over the last five years on: – Effectiveness (we reach our goals better)

Mean = 6.09E–16
Std. Dev. = 0.956
N = 36

Normal Probability Plot

Normal P–P Plot of Regression Standardized Residual

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation. My nonprofit organisation has improved performance over the last five years on: – Effectiveness (we reach our goals better)
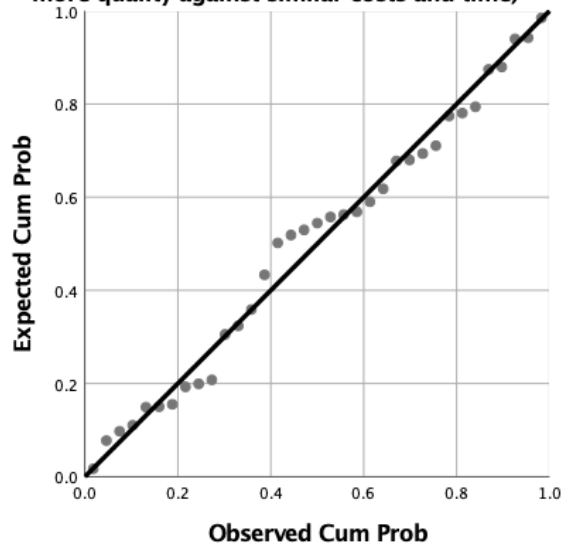

Model 1.a.4.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics

		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.341	1.009		1.329	.193		
	mean strategic planning	.329	.295	.229	1.116	.273	.638	1.568
	mean performance measurement	.059	.249	.051	.236	.815	.586	1.707
	mean strategic learning	.218	.341	.155	.640	.527	.455	2.198

a. Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.

My nonprofit organisation has improved performance over the last five years on: - Collaboration (we reach our goals better combining those with the goals of others)
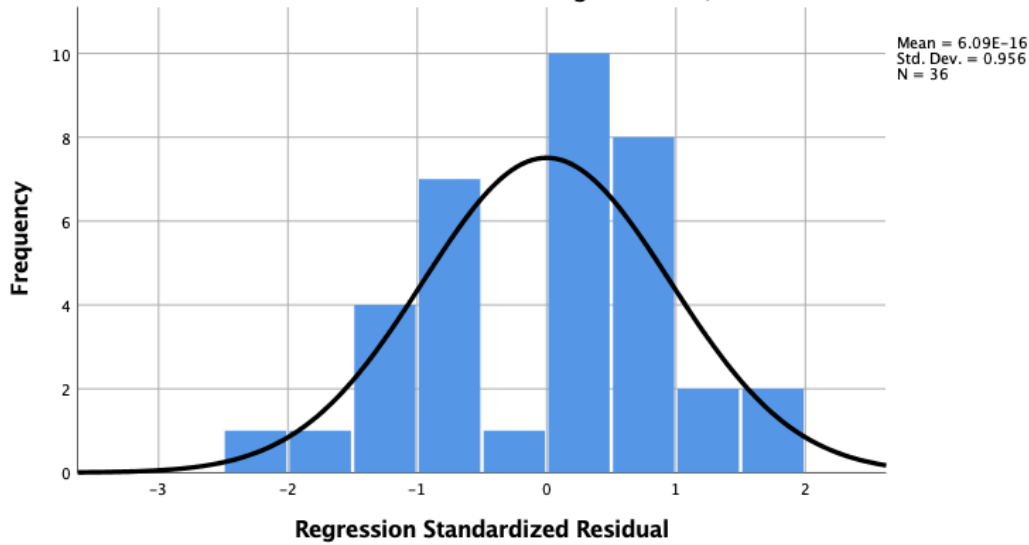
Histogram

Histogram

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.
My nonprofit organisation has improved performance over the last five years on: – Collaboration (we reach our goals better combining those with the goals of others)

Mean = -9.37E-17
Std. Dev. = 0.956
N = 36

Normal Probability Plot

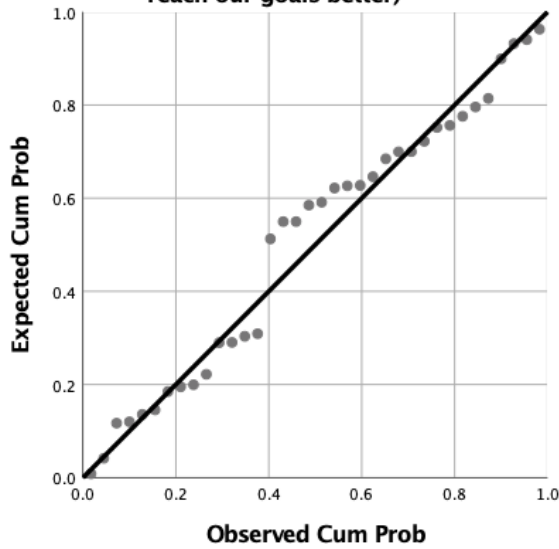## Normal P–P Plot of Regression Standardized Residual

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.
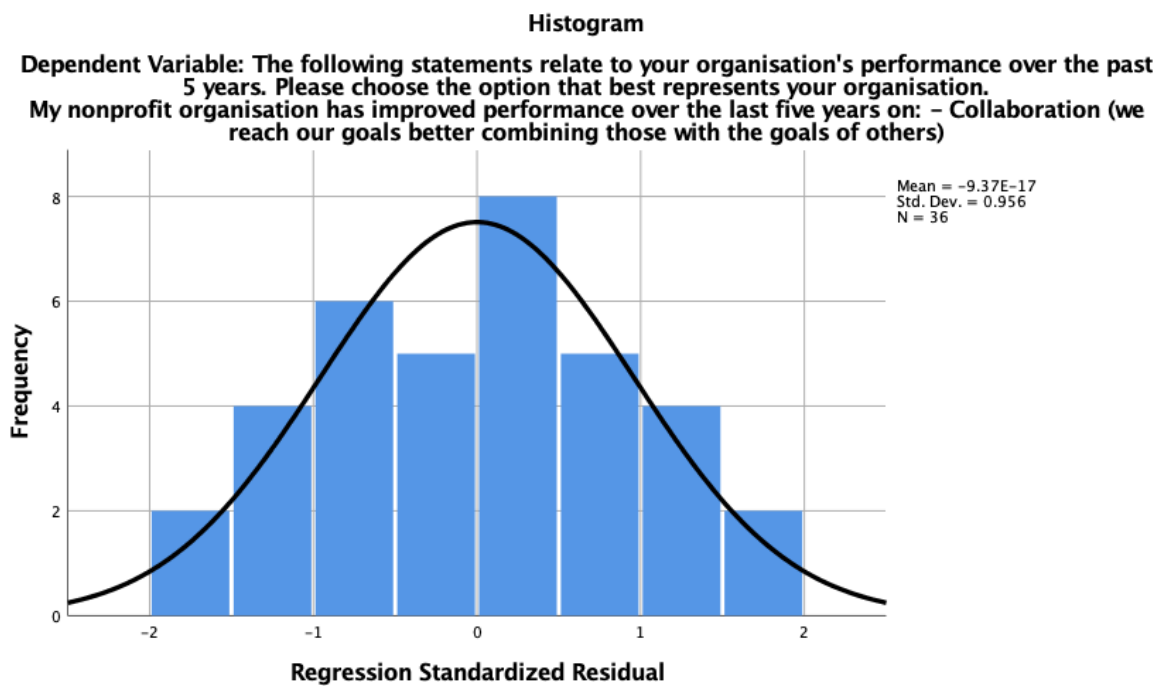My nonprofit organisation has improved performance over the last five years on: – Collaboration (we reach our goals better combining those with the goals of others)
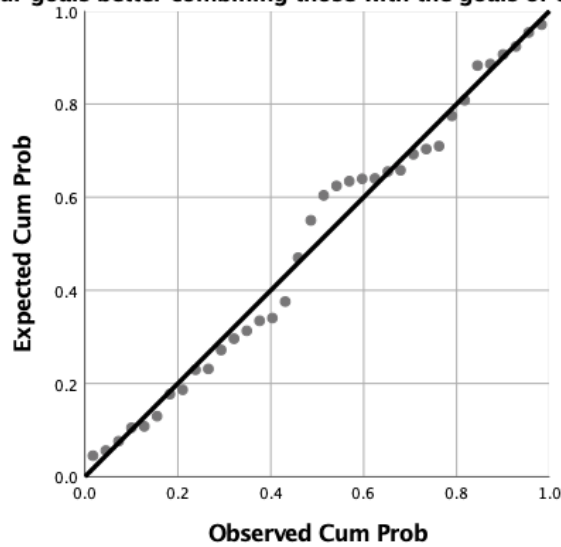
Model 1.a.5.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.214	.855		3.761	.001		
	mean strategic planning	-.076	.250	-.065	-.303	.764	.638	1.568
	mean performance measurement	.181	.211	.192	.859	.397	.586	1.707
	mean strategic learning	.124	.289	.109	.429	.670	.455	2.198

a. Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.
My nonprofit organisation has improved performance over the last five years on: - Legitimacy (stakeholders are satisfied with the organization)

Histogram

Histogram

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation. My nonprofit organisation has improved performance over the last five years on: – Legitimacy (stakeholders are satisfied with the organization)

Mean = −5.62E−16
Std. Dev. = 0.956
N = 36

*Normal Probability Plot*

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation. My nonprofit organisation has improved performance over the last five years on: – Legitimacy (stakeholders are satisfied with the organization)

Model 1.a.6.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics

		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.272	.878		1.448	.157		
	mean strategic planning	.787	.257	.569	3.064	.004	.638	1.568
	mean performance measurement	-.372	.217	-.332	-1.716	.096	.586	1.707
	mean strategic learning	.089	.297	.066	.300	.766	.455	2.198

a. Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.

My nonprofit organisation has improved performance over the last five years on: - Future proofing (we can face the future with trust, expected future developments are included in policies and plans)

Histogram
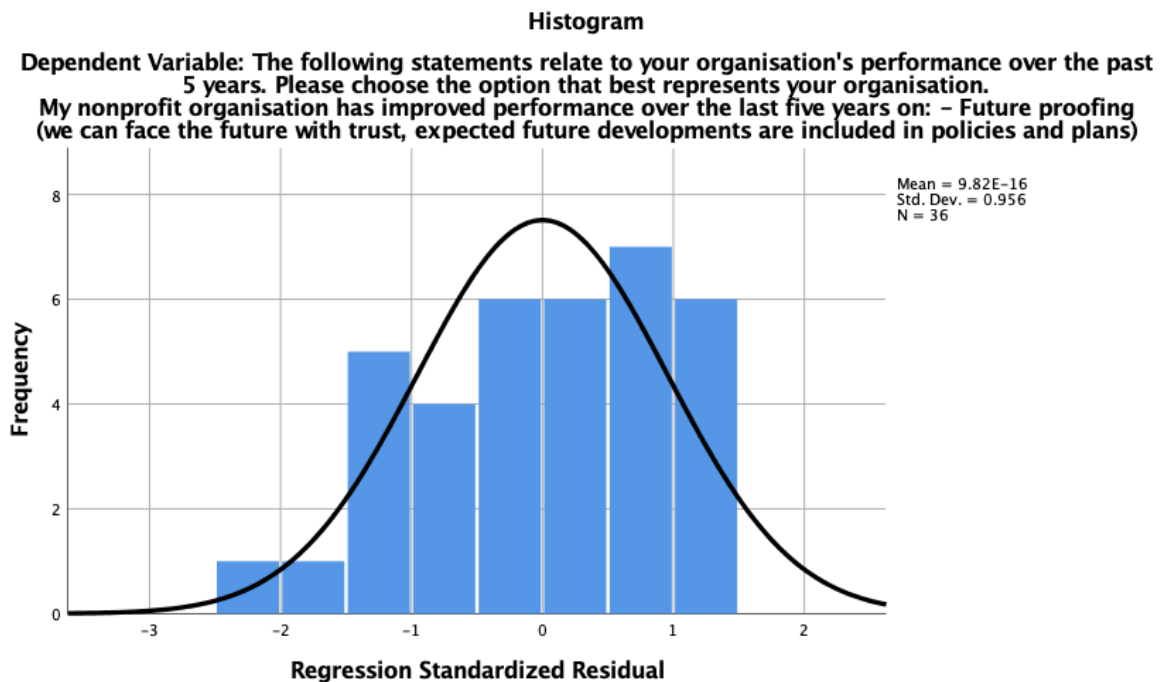
Histogram

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation.
My nonprofit organisation has improved performance over the last five years on: – Future proofing (we can face the future with trust, expected future developments are included in policies and plans)

Mean = 9.82E-16
Std. Dev. = 0.956
N = 36

Normal Probability Plot
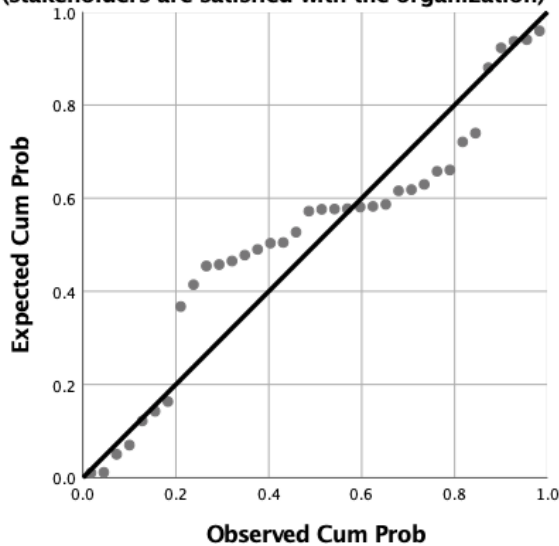
Normal P–P Plot of Regression Standardized Residual

Dependent Variable: The following statements relate to your organisation's performance over the past 5 years. Please choose the option that best represents your organisation. My nonprofit organisation has improved performance over the last five years on: – Future proofing (we can face the future with trust, expected future developments are included in policies and plans)
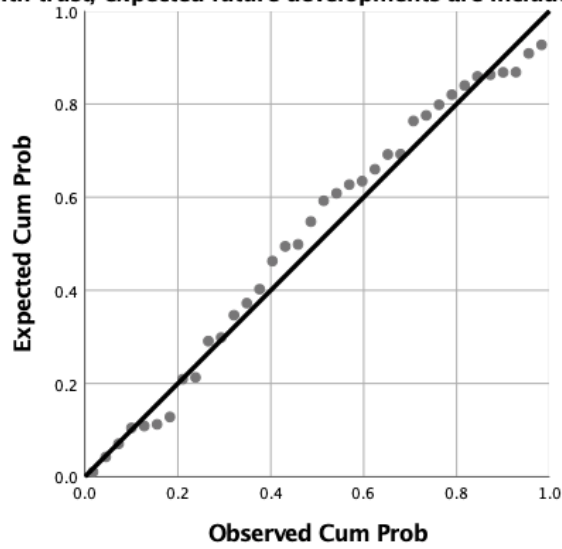
Model 1.b.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.377	.550		4.317	.000		
	mean performance management	.364	.158	.367	2.300	.028	1.000	1.000

a. Dependent Variable: mean organisational performance

Histogram

Histogram

Dependent Variable: mean organisational performance

Mean = 1.73E−16
Std. Dev. = 0.986
N = 36

Normal Probability Plot

Normal P–P Plot of Regression Standardized Residual

Dependent Variable: mean organisational performance
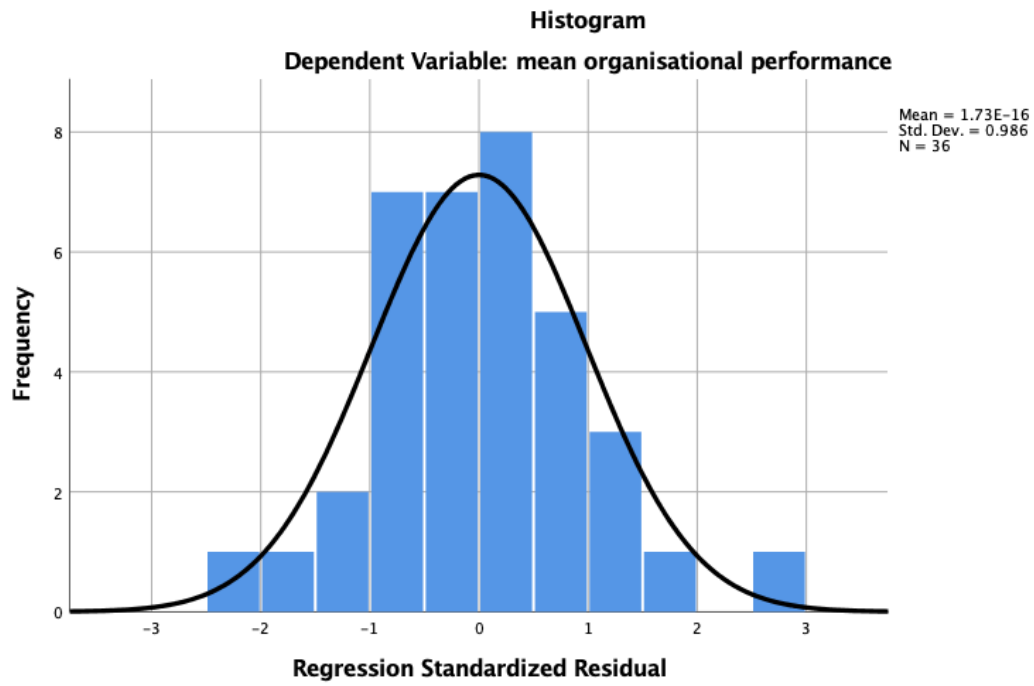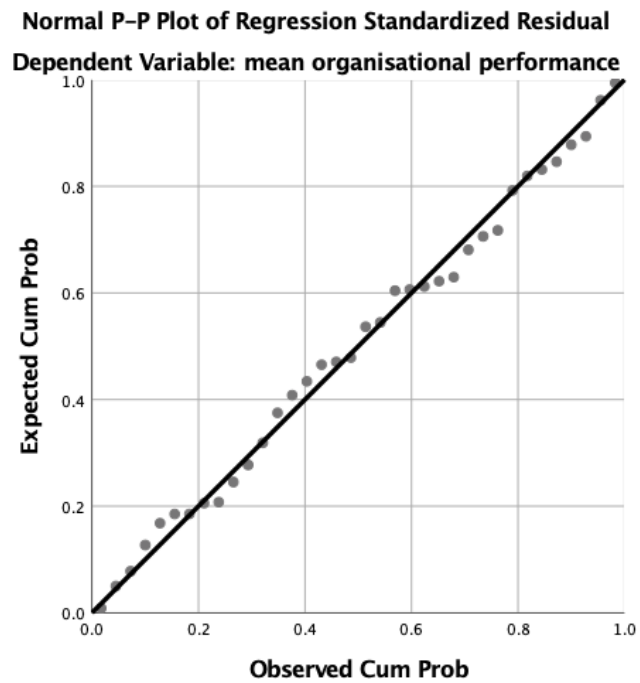
Model 2: Regression of the elements of performance management with the control variables

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.350	.531		4.424	.000		
	mean strategic planning	.065	.153	.079	.424	.675	.616	1.624
	mean performance measurement	.085	.137	.129	.616	.543	.490	2.040
	mean strategic learning	.066	.174	.084	.378	.709	.435	2.297
	How many FTE are employed at your organisation?	-.178	.081	-.333	-2.192	.037	.936	1.069
	mean control variable resources	.282	.101	.459	2.804	.009	.804	1.244

a. Dependent Variable: mean organisational performance

Histogram

Histogram
Dependent Variable: mean organisational performance

Mean = -5.41E-16
Std. Dev. = 0.919
N = 33

Normal probability plot

Normal P–P Plot of Regression Standardized Residual

Dependent Variable: mean organisational performance

Regression analysis with the outlies removed

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.421	.518		4.673	.000		
	mean strategic planning	.105	.141	.161	.748	.463	.624	1.602
	mean performance measurement	.090	.127	.184	.710	.485	.430	2.325
	mean strategic learning	.007	.155	.011	.044	.965	.474	2.109
	mean control variable resources	.241	.108	.417	2.226	.037	.819	1.220
	How many FTE are employed at your organisation?	-.155	.083	-.352	-1.857	.077	.800	1.250

a. Dependent Variable: mean organisational performance

Histogram

123

Histogram

Dependent Variable: mean organisational performance

Normal probability plot

Normal P–P Plot of Regression Standardized Residual

Dependent Variable: mean organisational performance
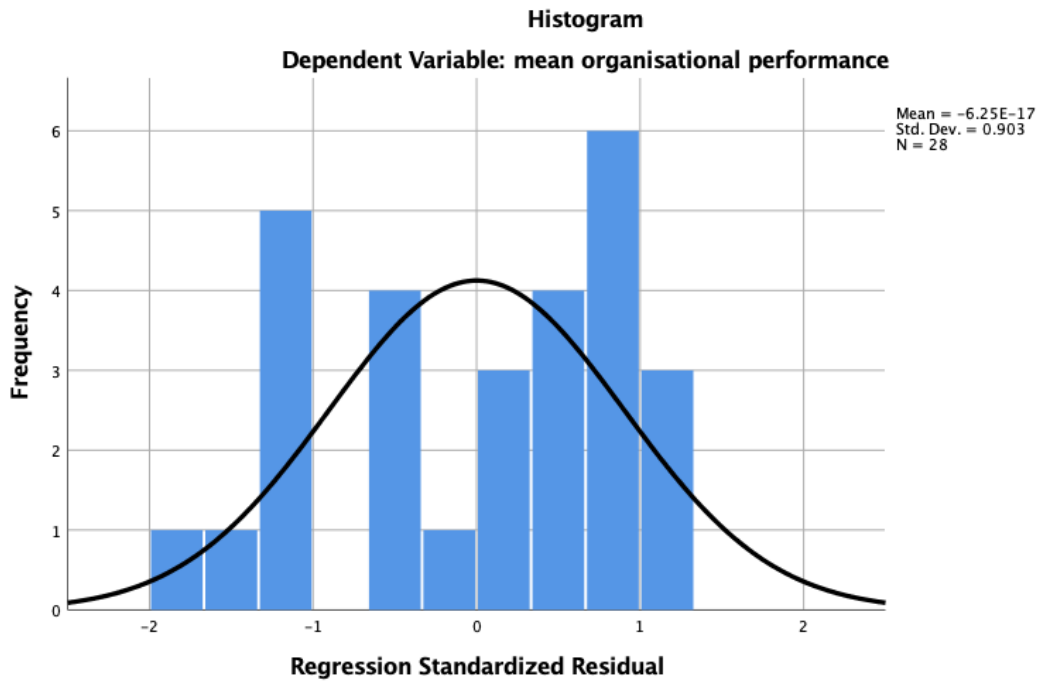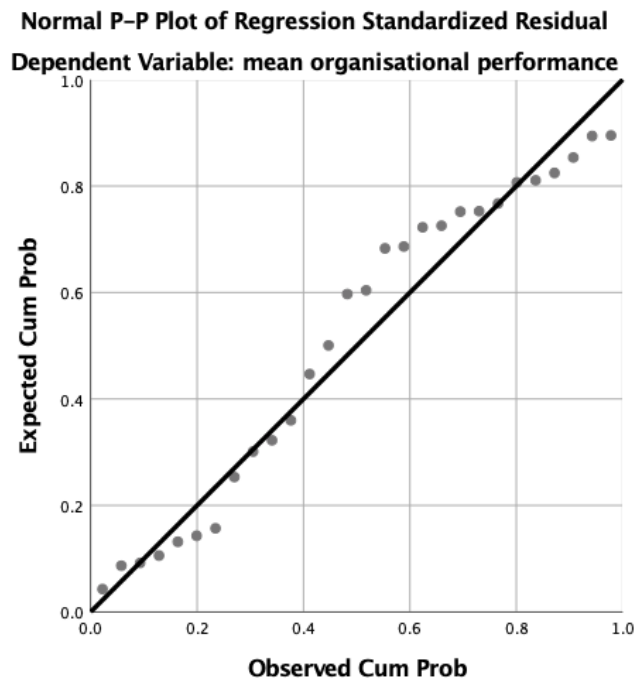
Model 2.a.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics

		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.364	.456		5.190	.000		
	mean performance management	.210	.138	.242	1.521	.139	.796	1.257
	mean control variable resources	.285	.097	.464	2.950	.006	.815	1.227
	How many FTE are employed at your organisation?	-.175	.077	-.326	-2.257	.032	.965	1.036

a. Dependent Variable: mean organisational performance

Histogram

Histogram
Dependent Variable: mean organisational performance

Mean = -1.14E-16
Std. Dev. = 0.952
N = 33

Normal Probability Plot

Normal P–P Plot of Regression Standardized Residual

Dependent Variable: mean organisational performance
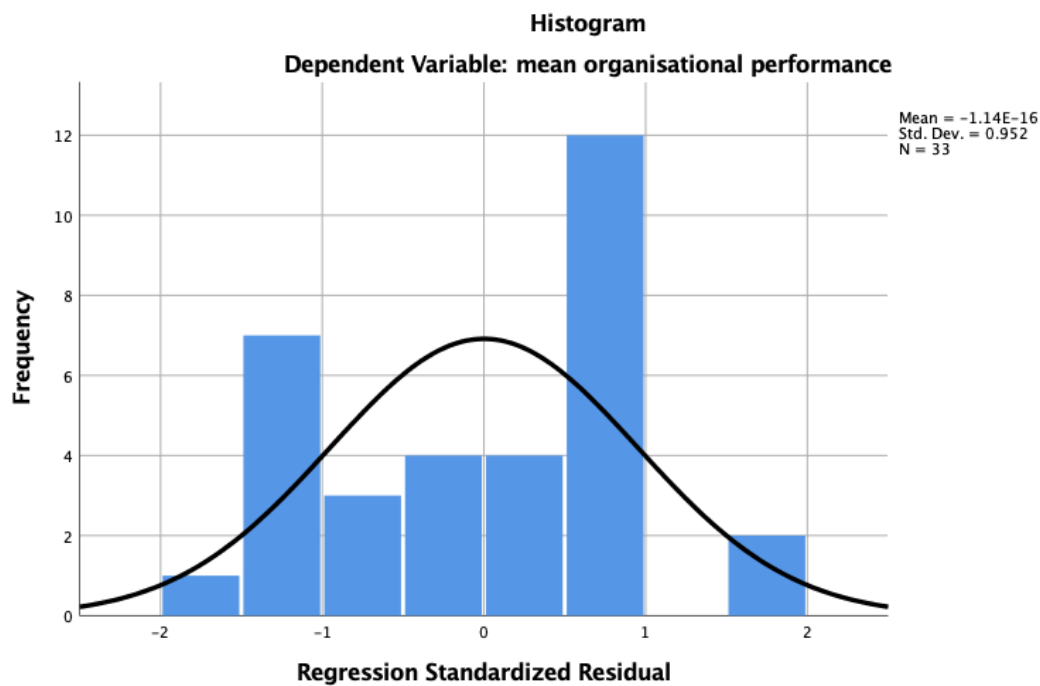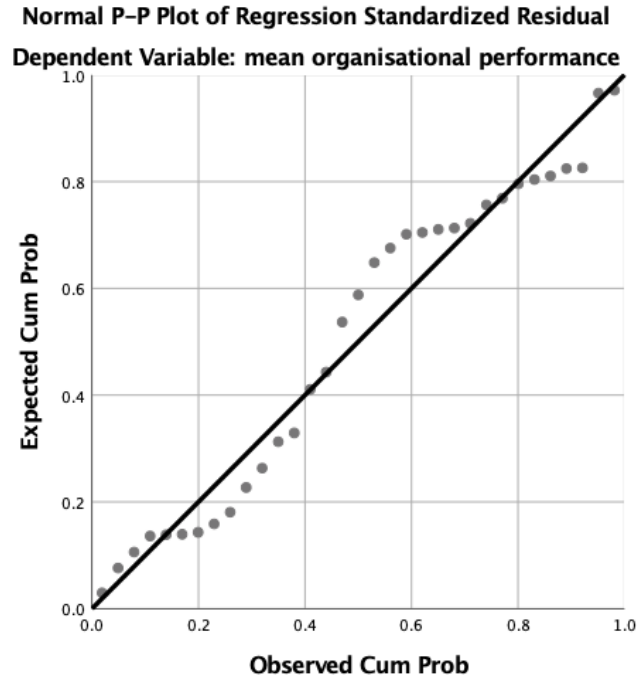
Moderation

Model 3: Regression model including the moderator IT capacity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.294	.576		3.980	.000		
	mean strategic planning	.063	.156	.077	.402	.691	.615	1.627
	mean performance measurement	.079	.141	.120	.558	.582	.480	2.083
	mean strategic learning	.066	.177	.085	.375	.711	.435	2.298
	mean control variable resources	.273	.107	.445	2.561	.017	.738	1.354
	How many FTE are employed at your organisation?	-.189	.091	-.352	-2.077	.048	.775	1.291
	mean IT capacity	.040	.142	.052	.281	.781	.653	1.530

a. Dependent Variable: mean organisational performance

Histogram

Histogram
Dependent Variable: mean organisational performance

Mean = −6.77E−17
Std. Dev. = 0.901
N = 33
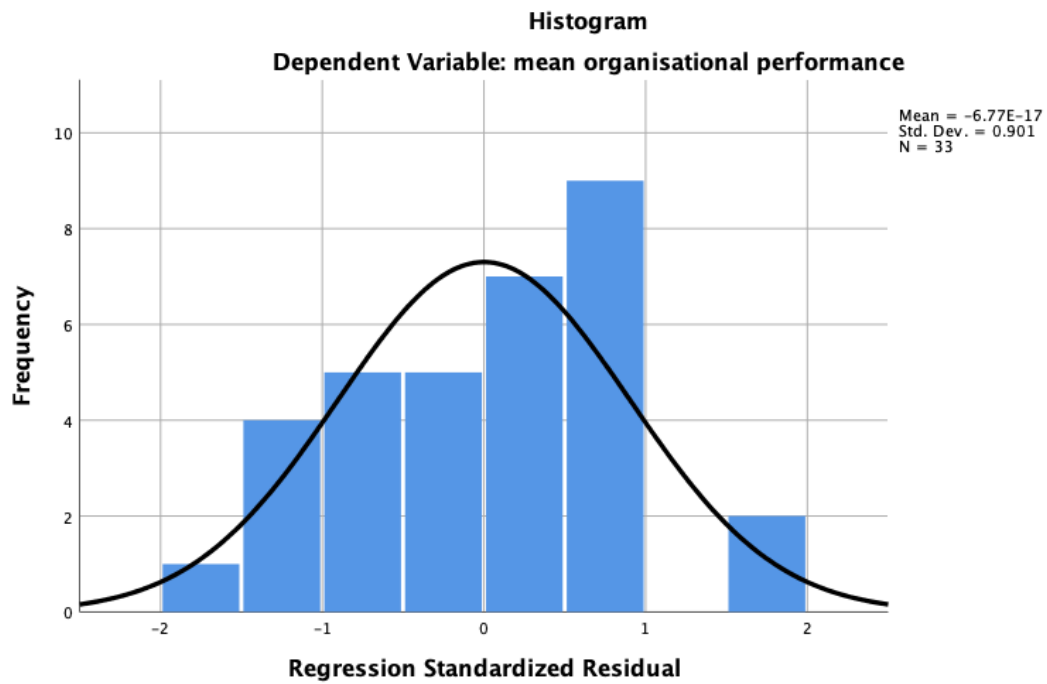
Normal probability plot of the regression analysis

Normal P–P Plot of Regression Standardized Residual
Dependent Variable: mean organisational performance
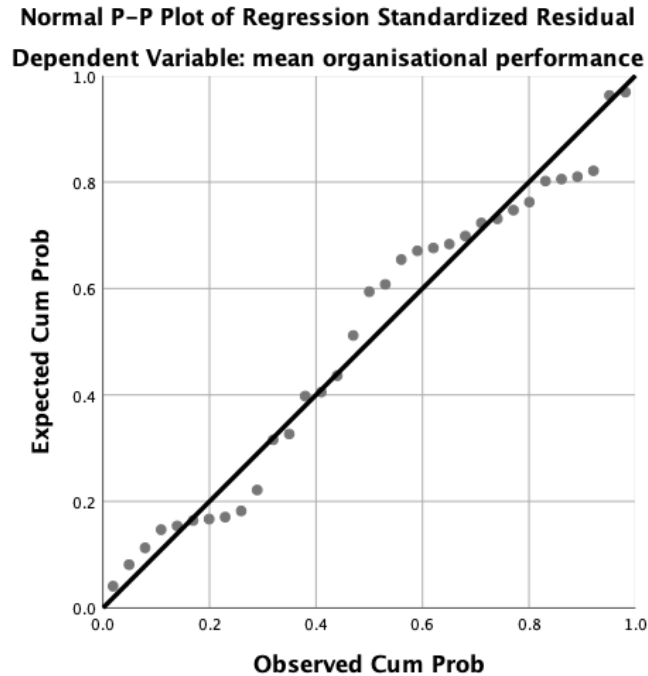
Model 3.a.

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.303	.500		4.606	.000		
	mean performance management	.202	.142	.233	1.421	.166	.773	1.294
	mean control variable resources	.275	.103	.448	2.684	.012	.746	1.341
	How many FTE are employed at your organisation?	-.187	.087	-.348	-2.143	.041	.786	1.273
	mean IT capacity	.044	.137	.057	.321	.751	.661	1.513

a. Dependent Variable: mean organisational performance
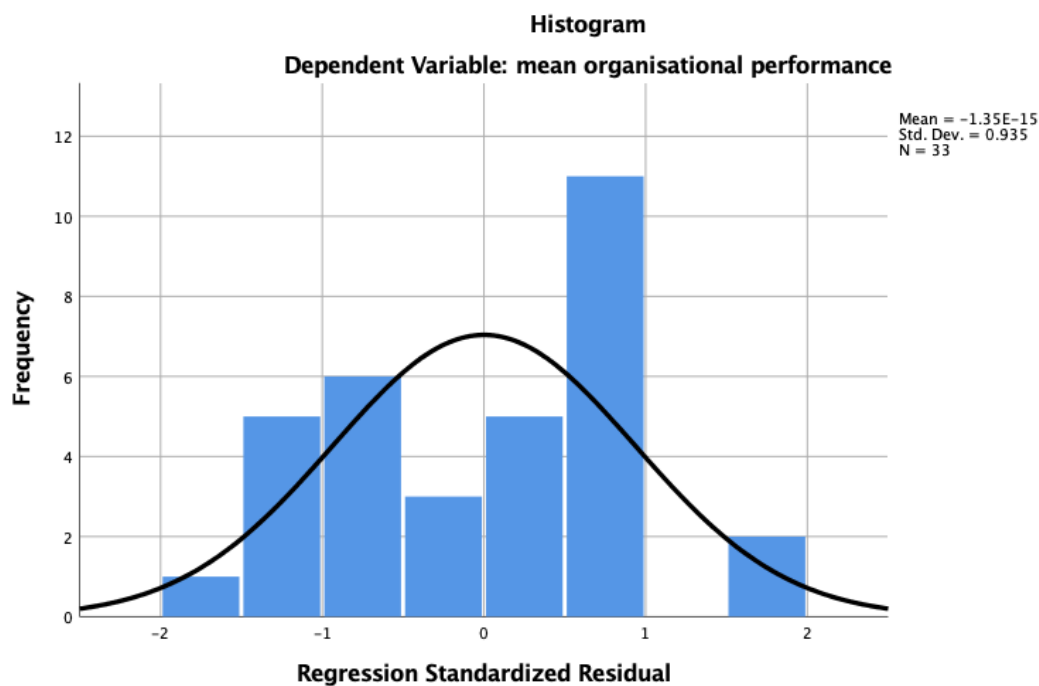
Histogram

Histogram
Dependent Variable: mean organisational performance

Mean = −1.35E−15
Std. Dev. = 0.935
N = 33

Normal Probability Plot

Normal P–P Plot of Regression Standardized Residual
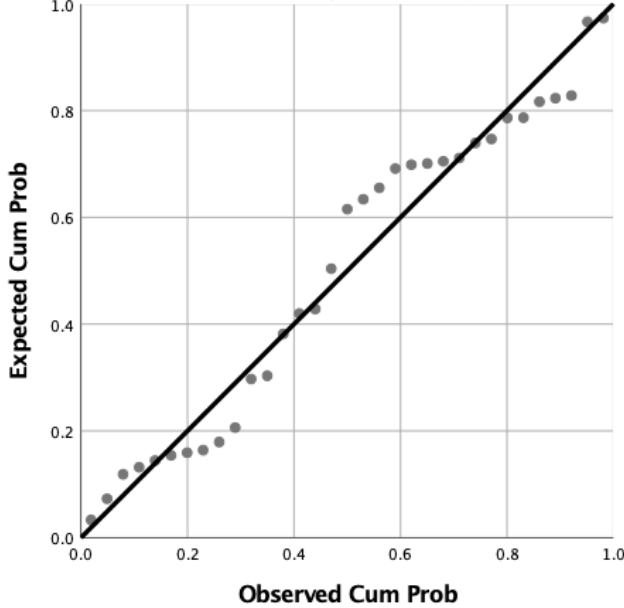
Dependent Variable: mean organisational performance

5. Interview Text

Performance Management in Nonprofit organisations

<u>Introduction</u>

Thank you for taking the time to answer a few questions about how performance management is used and plays out in your organisations. The questions are based on the survey you have participated in but are mostly interested in how you experience performance management in your nonprofit organisations and why your organisation may face difficulties in regard to performance management.

<u>Questions</u>

1. Strategic planning

   a. In your organisations, would you consider strategic planning as important in guiding your organisation's work?

   b. Why do you think strategic planning can or cannot contribute to the performance of your organisation in terms of efficiency and effectiveness? Why may strategic planning be difficult in your organisation?

2. Performance Measurement

   a. What is the role of performance measurement in your organisation?

   b. Why do you think that performance measurement can help your organisation perform better and where do you face difficulties regarding performance measurement?

3. Strategic Learning

   a. How are you using performance measurements to design your future work?

   b. Where do you face difficulties in using past performance to inform decision about the future work of your organisation and making your organisation more efficient and effective?

4. IT Capacity

   a. Do you see value in IT facilitating these processes? And why/why not?

5. Conclusion

       a. Looking at all three elements – strategic planning, performance measurement, and strategic learning – together, why do you think they are useful for your organisation? And why do you think they may not help your organisation perform better?

       b. Is there anything you would like to add?

End

Thank you for your time. If you are interested, and have not done so yet, please leave your email with me and I will forward you the report of my research.

6. Interview Transcripts

a. Interview 1 – Wieteke Overbeek, Advisor at Data4Development

00:00:10

Sarah Abdelatif: No, but you don't need to know that. But basically, it's about strategic planning, performance measurement, and strategic learning and how these help organizations or not. So, it's kind of the interviews are also structured along these lines a bit, but it is more general about how you experience it in the nonprofit sector and why it may help the organizations or what actually may not help the organizations. So yeah, the first question is about strategic planning, and do you think strategic planning is important to nonprofit organizations and that it helps them and why?

00:00:49

Wieteke Overbeek: Okay, first of all, I do believe it helps them, especially as there are so many tools of sort of predictive planning as well like there are a lot of contextual factors in the context that nonprofit sectors work in that can be predicted. Okay, so I'm just like more dropping ideas. Not very structured.

00:01:25

Wieteke Overbeek: So, also, if you look at emergencies, there is a lot to predict in emergencies. Emergencies are not so sudden anymore if you look at natural emergencies where hazard to say did based on weather forecast. We can see when emergencies are happening, so to say. Well of course, also on the long term we can predict and it's something that is very important as well because we have a responsibility also to plan and also to take into account contextual factors that happen in the future. And in terms of an organization, I think also if you look internally, I think it's very important to plan also to leave room for flexibility and I think especially in the work for data4development, I see that there is to a certain extent project planning but you also if you work in an agile way you also need to leave room to leave room for flexibility because there are things that we can't predict.

00:02:48

Sarah Abdelatif: But you also think that nonprofits do also use strategic planning already in a good

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way? Also, especially if you think in terms of how it contributes to the efficiency and effectiveness, I think.

00:03:06

Wieteke Overbeek: But this is based on, well of course, on the small experience that I have working in a nonprofit, but I do see that it's increasingly, becoming increasingly, important that organizations that they do go more into projects way of working which means that you have to plan your time in specific projects but in practice I think it proves to be quite a challenge still. And if it is fully internalized yet in the nonprofit sector, I wonder.

00:03:40

Sarah Abdelatif: Okay. Okay. And so, the next one is connected to performance measurement. So yeah, I mean nonprofits use performance measurement but what do you think the role is of performance measurement? Like, how do organizations actually use it? And why do you think or where do they face difficulties in actually really using this for their; to add value to their organization and to help them work better, faster?

00:04:09

Wieteke Overbeek: And just for me, for my understanding, what is your definition of performance measurement?

00:04:14

Sarah Abdelatif: Yeah, it's a bit it's quite broad. You're right. And especially in the nonprofit sector it's very difficult to measure. So, it's more treated and my research is more treated as how organizations actually use it. So, in terms of impact measurements is of course difficult so it's a combination of outputs and outcomes. And whether organizations formally kind of use that. And in the surveys, there are several items asking also if they have specific numerical measures for it or not. Yes, it's quite broad but also more about the concept of actually keeping track of what you achieve.

00:04:48

Wieteke Overbeek: Yes, okay. Keeping track of what you achieve and then the question is how is it use right?

00:04:55

Sarah Abdelatif: Yeah, well what's the role, how organizations see it and whether it attributes to their performance in a way or why it may be difficult for organisations to use it.

00:05:05

Wieteke Overbeek: Yeah, I think that performance measurement is still mostly used as an accountability tool, especially externally. There is a tendency to look for ways to use it for learning. But I do see that as it is really, really, really time consuming to really internalize the learning, it has not been put as a priority.

00:05:48

Sarah Abdelatif: That's also the third aspect, the strategic learning, so the question: do you think it's

only because it's time consuming that organizations don't really use the performance measures for learning. Or why do you think it's not really used?

00:06:03

Wieteke Overbeek: It's challenging, of course, because also there is so much data collected in projects, in organizational performance. So, a lot of data is produced. But to really go through all the data and what it actually means also to aggregate it and to say OK. So, if we're a project I believe it's easier than for an organization. But because how to combine all these apples and pears of all different projects, how to collect them all together and say OK as an organization we're heading this way and we can use this for steering or internal learning. I think it is and it has proven to be a challenge. And you see that on specific projects or in specific themes or thematic approaches that learning, it is either easier to internalize learning rather than on an organizational level.

00:07:13

Sarah Abdelatif: Yeah, I mean because some organizations like Care. I think where they were just implementing new tools also to kind of get all that data together but then it's too complex.

00:07:26

Wieteke Overbeek: Yeah. So, it's a lot of data production. But if you don't have a system really to really capture all the learnings you do. And in my experience at Care as well the things we produced for learning when it's still very much to the monitoring and evaluation unit rather than it is really internalized in the organization. Although, I believe that people would be very interested in seeing, OK, how can we apply it, for example, to the next programs; how can we change the design. But yeah priority lay elsewhere.

00:08:16

Sarah Abdelatif: Because so then it's also not really that this data is channeled into the next strategic plan or do you see a connection there? Is it not reviewed further?

00:08:27

Wieteke Overbeek: If it is in the same direction. So, you have, for example, like these strategic partnerships of the Ministry of Foreign Affairs and dialogue and dissent. I do believe that the outcomes of the previous dialogue, in a sense, programs will be used for the next one. But it's very narrow, so to say. I don't believe that that all lessons learned are combined of all projects or programs and then used for.

00:08:58

Sarah Abdelatif: And may it also be that because non-profit organizations cannot always freely choose what program they're going to start next because I think sometimes it's also the ministry coming to them like oh, we would like to go in this direction. So that can it be used for setting program priorities, for example, even?

00:09:19

Wieteke Overbeek: I do believe that there is a certain extent of room. It depends on the donor. So, I

think that the Dutch Ministry of Foreign Affairs does provide a lot of room for that learning can be used in a project and I think it's also that should be the essence of programming as well. That's because otherwise we keep on inventing the wheel and there are so many wheels already invented.

00:09:54

Sarah Abdelatif: True, and especially now a question for you working at data for development how do you see that I.T. can help in these processes? Do you think it can make these things easier?

00:10:05

Wieteke Overbeek: There are so many also like free tools that can help to plan and process work. And here we are also talking about project management and although it's a different project I've now discovered that there are many tools that can help you to guide a project and also to work together.

00:10:34

Sarah Abdelatif: So, do you think organizations are embracing this to improve their performance or is it still a bit of a hesitation?

00:10:43

Wieteke Overbeek: Well then, I believe it is, I think that that there's very much focus on I.T. as a product rather than I.T. as facilitating a process or more I.T. as a process, so to say so there is this.

00:11:09

Sarah Abdelatif: More as a means to an end than an end in itself.

00:11:11

Wieteke Overbeek: Yeah, as an end in itself. OK, so if there is this system that might solve that might solve the problems that are there that then it will not solve data quality.

00:11:25

Sarah Abdelatif: Yeah, if you look at all the elements together. Why do you think they may help an organization perform better if you look at all these elements? Do you think that this could actually help nonprofit organizations if they would be applied or should the nonprofit sector maybe look at other tools?

00:11:55

Wieteke Overbeek: No, I think it is very much it's very much helpful both process and process planning, so to say, as well as performance measurement but I believe that it is now still very much embedded in people rather than it is internalized in processes and systems. And that makes it very, very time consuming and requires a lot of effort and I think if it is.

00:12:30

Sarah Abdelatif: So, embedded in people you mean that people have to put the time and effort to do it?

00:12:36

Wieteke Overbeek: Yeah. And still this that this planning and especially performance measurement is

not fully internalized in the organization but still very much embedded in certain parts of the organization.

00:12:58

Sarah Abdelatif: Okay. Yeah, thank you. Do you have anything to add

00:13:04

Wieteke Overbeek: Not right now. But in case n case I have later I will tell you.

00:13:06

Sarah Abdelatif: Thank you.

00:13:07

Wieteke Overbeek: No problem.

b.   Interview 2 – Anonymous, Programme Manager

00:00:01

Sarah Abdelatif: Quickly before maybe, is it OK if I record our call.

00:00:36

Speaker 2: Yes, there's no problem.

00:00:38

Sarah Abdelatif: And how would you like to be mentioned, by name and your organization or rather anonymous would what do you prefer?

00:00:46

Speaker 2: Anonymous, I think, I think. A lot might be reflected on my previous organisation instead of my current organisation. But yeah. Yeah. OK.

00:00:57

Sarah Abdelatif: Yeah well, I know you went through my survey and basically the questions now for the interview are structured along these lines but more focused on you how you experience these practices really in your daily work in the organizations. And yeah you can you can talk about how you see it where you work now or more generally in the sector also.

00:01:19

Speaker 2: Sure. Sure.

00:01:21

Sarah Abdelatif: So yeah, the first one is about strategic planning and if you would consider for your organization that strategic planning is important in guiding your organization's work and why you think strategic planning can contribute to your organization's performance or not?

00:01:39

Speaker 2: Great. Right. Yeah. No, I think I think it's twofold. On the one hand we have a strategic planning which is usually annually. So that's like a year plan and on the other hand, organization-wide, so more also working with my organisation internationally. We have a longer-term strategy.

Often that it goes around five years, four years but each member contributes to that strategy. So, the way that that strategy is written is very broad based on teams and goals that they want to achieve. But it's not like operationalized so it's a lot on goals. Whereas the annual plan per organization or per member is more centered around okay, what is actually our annual operation plan. How are we going to achieve these targets? What are our targets? And like strategizing for that. What I find, I find it of course very important because it's cross-departmental. So, it's not just a programs department or not just a communications department but it makes the organization a bit more holistic. But what I find very different, for example, from the corporate sector, is that there is no -. You have a mid-term review but there are less tracking moments of that strategy. So, there is less-. So, there's a lot of emphasis on developing the strategic plan. But I find less on monitoring that strategic plan.

00:03:27

Sarah Abdelatif: So, sometimes you may feel like you're not directly working like how it was outlined in the plan or that you just don't make the connection too explicitly?

00:03:39

Speaker 2: Yeah, so the strategic plan, it serves more as a guideline than as yeah, like a real strategy to achieve efficiency and like that.

00:03:53

Sarah Abdelatif: Okay, yeah. So, you also feel that in your daily work it's not really that the strategic plan is directly contributing to working in a more efficient or effective way? Or do you?

00:04:03

Speaker 2: No, because we have -. Because I work on one specific program, so, we have a program strategy, so my daily work evolves more around a program strategy than an organizational wide strategy.

00:04:18

Sarah Abdelatif: Okay, yeah. That leads us to the next point of how you actually measure the performance a bit maybe connected to the strategic plan also. And so, what, how do you feel that the role of performance measurement is in your organization and also why do you think that performance measurement can help your organization perform better?

00:04:37

Speaker 2: So, I think because as an organization like as my department we're very project based so the results are measured on the basis of your programs. For my program I think that is, that hasn't always gone very well but recently it has. Because we appointed someone as a monitoring and evaluation officer who is very experienced. So, if you have a dedicated person working towards, working on monitoring and evaluation that is very helpful not only for programming but also in terms of the learning that you can get out of it. And I think one of the ambitions of my organisation is to become a learning organization. So, there will be more emphasis on monitoring and evaluation. But I'm not very sure whether that already interlinks with the organizational strategy. But more so with

program strategies. And I think if you want to take it to a bit higher level it can contribute to departmental strategies but not necessarily organizational.

00:05:45

Sarah Abdelatif: Okay. So, we'll get to strategic learning in a second but one more question about performance measurement. You mentioned that there should be one dedicated person of this. What else do you feel like is a bit difficult for nonprofit organizations with really using performance measurement so for their performance?

00:06:02

Speaker 2: I think it's the number of systems that we currently use to track the project whether that's financial or whether that's based on targets. They're all different systems and I think we're heading towards having everything in one system. But that takes a lot of time.

00:06:21

Sarah Abdelatif: Okay. Okay. So, then that actually leads us to strategic learning and how you use the performance information. So, you're saying that you're heading towards that.

00:06:33

Speaker 2: Yes. We're heading towards a learning organization what that entirely entails, I don't know to be honest. But I know that we want to capture learnings better. So not only the best practices but also what didn't work to sort of strengthen the organization. I know that we do that for programs in terms of the, well, annual reports or annual review. And you know, so that's where you can sort of steer, you know, in a different direction or make alternatives on the spot. But I think for -. If you want to become a learning organization as in organization wide, I think we have some, a long way to go because you also need that communication between departments and sort of set the key indicators for yourself.

00:07:33

Sarah Abdelatif: Yeah that's quite complex.

00:07:35

Speaker 2: I don't really think we have that, yet.

00:07:38

Sarah Abdelatif: So yeah. Okay. So that's then also one of the main challenges you would say of using past performance to learn?

00:07:45

Speaker 2: Yeah, finding common indicators.

00:07:49

Sarah Abdelatif: And that would also then -. Yeah, that has to be decided for the whole organization then and then everyone involved, I guess.

00:07:56

Speaker 2: Yeah. Yeah, yeah, exactly, yeah.

00:07:59

Sarah Abdelatif: Okay. And if you think about how you use information technologies and I.T., I.T. capacity in your organization, do you feel like these can help with these processes or are they more difficult actually?

00:08:13

Speaker 2: No, I definitely think they can help. Also, we use an I.T. program to track our KPIs for the programs team. But I think it would even be better if we used it on an organizational level just to be able to track quantitative data but also to make predictions. And I don't think we're doing that enough right now.

00:08:36

Sarah Abdelatif: Why do you think it's not that used yet? Where do you find most difficult-. Where do you see most difficulties then with implementing these?

00:08:46

Speaker 2: With implementing the systems?

00:08:48

Sarah Abdelatif: Yeah, or I.T. generally.

00:08:48

Speaker 2: Well, I think that generally we're working with systems that are not compatible for all data.

00:08:54

Speaker 2: So, we have IATI as you know, we have a work management system for program management. And then there [...] for financial data. And I think that that inter-linkage between systems that has been the most challenging so far.

00:09:13

Sarah Abdelatif: But generally, everyone is quite -, sees the value of these tools. It's just a matter of getting to know it and combining it all.

00:09:26

Speaker 2: Yeah, I think that's a huge ask from the organization.

00:09:31

Sarah Abdelatif: Yeah, okay. So, if you think about all these elements together and so strategic planning, performance measurement, and strategic learning, do you think that together they are useful for organizations and that organization should do them more because they actually help with efficiency or effectiveness?

00:09:47

Speaker 2: Yes, I think so and I think it helps him in, yeah maybe even a professionalization of NGO

work. Being able to present results really quickly to either donors or whoever and then and becoming more efficient in spending.

00:10:10

Sarah Abdelatif: Yeah, okay. That's a very interesting and helps me. This was like the end of my formal questioning but is there anything you can think of you'd like to add?

00:10:23

Speaker 2: Well not at this point. No.

00:10:25

Sarah Abdelatif: Okay good. Then I have all I need from you.

00:10:28

Speaker 2: Perfect, thank you.

00:10:30

Sarah Abdelatif: Thank you for your time. Thank you. Yeah. I'll keep in touch. Thank you for taking the time.

c. Interview - Sever Dzigurski, MEL Advisor

00:00:22

Sarah Abdelatif: Is it okay if I record our conversation?

00:00:24

Sever Dzigurski: Yeah, of course.

00:00:26

Sarah Abdelatif: Okay. And do you want to be mentioned by name and your organization or rather not?

00:00:34

Sever Dzigurski: Rather not as our organization because I don't have the capacity to represent officially [my organisation].

00:00:40

Sarah Abdelatif: Okay yeah that's fine.

00:00:42

Sever Dzigurski: As a name, I don't mind. Okay to be mentioned but uh. And then I will also try to look more broadly and to tell you some perspective of maybe a different organization because I don't have a right to represent [my organisation].

00:00:58

Sever Dzigurski: Okay. No that's good. I will include it like that.

00:01:01

Sarah Abdelatif: Okay. Yeah. Like you went through my survey so you kind of know what I'm looking at, of course. Yeah. And now with this interview. Yeah. Like as we talked already also, I want

to get a bit deeper into how people actually experience performance management in nonprofit organizations and where you feel it can help organizations and where you feel it is difficult for organizations or more of an obstacle.

00:01:33

Sever Dzigurski: Yes, yes. Just give me a minute I need to get in and put the earphones.

00:02:18

Sever Dzigurski: Okay, here I am.

00:02:22

Sarah Abdelatif: Okay, good. So, the interview is a bit structured along the lines of what you also saw in the survey. And yeah, I'm just really interested to hear how you experience that. So, just feel free to tell whatever comes to your mind.

00:02:40

Sever Dzigurski: So yeah. Maybe guide me a bit. Yeah.

00:02:44

Sarah Abdelatif: No, definitely. I have some questions for you and then we can see where that leads us. So, but firstly I'm interested in at [your organisation] or generally in your experience in nonprofit organizations, do you think that strategic planning is important in guiding the work you do and the organizations?

00:03:07

Sever Dzigurski: Well, I have mixed feelings about strategic planning processes, especially over the last maybe 5 - 10 years. I started being less convinced that strategic planning, especially if it's a long-term plan for five years or longer, makes much sense because of such a g dynamic change. So, I think it is important to have some clarity on strategic direction to take but less and less convinced over time that we should stick to a strategic plan without actually critically reflecting on them and taking them just as a strategic direction not a strict plan to stick. Due to dynamic changes and in the contexts. Different elements are changing. So yeah, so yes, it's important to have some idea of where we are going and why. But it's important also to revise it as in the case of [my oranisation], we are doing recently, we are reinvented our sales process but in case of some other organizations the organizations tend to either make strategic plans shorter like three years later operational plans for a year or two have less elaborate strategic plans with the [...] in Croatia or some other organizations that are making then sure the plans meet with regular revisions for adaptive management purposes.

00:04:53

Sarah Abdelatif: So, you think that it can have most value if it's more shorter term?

00:04:58

Sever Dzigurski: Yeah, shorter term and more like just defining strategic directions and not elaborating much on how to operationalize but it depends on the changing context.

00:05:09

Sarah Abdelatif: Okay, so also for the organization internally that's most kind of efficient to have these kinds of plans and effective?

00:05:18

Sever Dzigurski: Yeah, that's how I feel. Yeah.

00:05:20

Sarah Abdelatif: Okay. Interesting. And so, the next one is for more about the actual input to the strategic plans about the performance measurement. How do you experience the role of performance measurement? I know it's quite complex. And especially why do you think that performance management can help organizations perform better or why it may actually be difficult for organizations

00:05:48

Sever Dzigurski: So, performance measurement. I again have mixed feelings because I feel that that strong focus on performance particular measurement, I think like [...] or just measurement is developed under the pressure to professionalize and neo-liberalize NGOs. I feel that the NGOs are under pressure to adopt different approaches and strategies from both like the public sector and business sector and it's becoming more about being efficient. It's about the focus on and on the performance management is then taking a toll, so to say, on what I believe NGOs should be and how they should operate. It should be more responsive and the adaptive and not necessarily always the most efficient in order to be effective. And so, there is a clash I feel in what they are trying to do because they are under pressure to be very professional and what we, what our purpose and roles should be. So, I think it brings some value in the sense of you know better use of resources or in terms of being more active sometimes. But sometimes I also feel that it's, it goes too far into then just focusing on efficiency

00:07:39

Sarah Abdelatif: Just making the numbers. So, it can have benefits but it also difficult.

00:07:46

Sever Dzigurski: Yes, of course it can have benefits and that it could have benefits. But I also feel that the NGO sector should be more critical about how far and in what manner we are adapting and implementing some business-driven ideas and philosophies which is the methodology. We should be more critical of that. And better save guard our role because that is also contained in the second you know in shadow of trying to just be very professional and efficient.

00:08:26

Sarah Abdelatif: Yeah, but do you feel like organizations are already trying to make performance measurement more broad and include both efficiency and effectiveness or is that still a bit difficult?

00:08:35

Sever Dzigurski: I feel it is difficult. I think there is a progress and I think more and more

organizations are looking more broadly but still I feel it's too much driven by the pressure for accountability for resources and upward accountability whereas I feel we are still not well enough being accountable for ideas or values.

00:09:11

Sarah Abdelatif: Okay.

00:09:12

Sever Dzigurski: So, in that there I think there is a lot more to be done. I think we, that NGOs made a big progress in being accountable for resources. But we need to be better accountable for ideas and values based we stand for or we claim to stand for.

00:09:32

Sarah Abdelatif: Yeah. So that also leads to the next point which is how organizations actually then use the performance measurement because yeah whether they just use it for actual external accountability or if they use it internally?

00:09:46

Sever Dzigurski: Not that, not only, it is also used for for Human Resource Management. It is also used for internal planning and organization of work and resources. But it, it's now growing that the other use of measurement. Whereas, it was primarily driven by external accountability.

00:10:22

Sarah Abdelatif: Okay. So, if you think about how organizations use it to kind of learn from their past performance. Where do you see that this is most difficult for organizations like why may it be difficult to use past performance to design future work? Or is it actually not? I'm just curious how organizations then use the performance data they have as kind of a learning data.

00:10:53

Sever Dzigurski: That opens up a bigger Pandora's Box. How NGOs approach to learning. And how much we actually use the, I mean first capture learnings and then use them for project development or for whatever purposes. And I think that is a huge area in which improvement is needed. I mean more and more of learning is becoming present as a concept. And the big trend is seeing three trends in changing M and E into PME and then into PMEL. So, there is a L connected to monitoring evaluation and planning and conceptually so philosophically we say yes, we have that learning but my experience from working on the MEL tasks is that L is always quite neglected. So, I don't feel that we are really structurally and, yeah, and well approaching learning and that we really use that learning sometimes and where I see progress nowadays is that the several organizations, I know about are more looking into something I would rather say, Knowledge Management. So, we have knowledge products. We have some results, some reports, some publications, some specific knowledge from that and that we want to make sure we share with the public. But that is one level. And I think learning goes much beyond. I mean learning is also about learning processes. It's about reflecting on the experience and learning through experiential learning and not just. And then when we talk about

learning and thinking of the competence model developing knowledge, skills and attitudes that some Mock Scott model of competencies. So, I think we are still primarily focused on this when we talk about not some knowledge products. But then we are focused on knowledge. Whereas I feel we could do much more on also using these processes or setting up practices to also focus on skills or an attitude and on processes. Because we [...] learn through implementation but we missed to capture those learnings which are actually crucial for performance management, these processes, not so much like some publications or research or data but more of about these processes efficient [...].

00:13:55

Sarah Abdelatif: Yeah. Okay. Interesting. And if you think how you know how information technology is like any kind of I.T. capacity within organizations do you think that that can facilitate these processes?

00:14:12

Sever Dzigurski: Yes, I think it can. I think there is a huge potential in I.T. to for different purposes and complex. And I. Yeah, I think that there is a there is a big progress and there is a big openness and appreciation that's there that it can facilitate and help. There are some steps in doing so. On the one hand, for instance, further for the management within our organization and more and more and you see using some software solutions for management. Like a project connect [...] or some other platforms and applications for management. On another hand, I see more and more use of mobile tools to collect the data for monitoring or for further research. And so yeah, I think there is a there and there is a growing number of different tools on the market. So yeah, I think there is a great progress.

00:15:36

Sarah Abdelatif: Yeah. Do you think organizations already embrace these tools or is there a bit of a hesitation still? And why would this be difficult?

00:15:45

Sever Dzigurski: Well, I do see some resistances and hesitation sometimes because people are not familiar with the tools, so it feels a bit scary like using something unknown or sometimes it feels like it's an extra work. [...] and then I have to put some information in some system and especially when people don't feel that that system also helps them individually. So, in those cases there is sometimes a station and resistance but that's all. So, that's all that is similar this happens with data when data is collected and people providing data don't see like what is that going to tell them and how. So, I think it's also a bit steps into the ethics of data usage and how we make sure to what extent we make sure that actually people providing data have something. There I think we could we could develop more and more. But I think there is a there is a rapidly growing use of IT solutions.

00:17:00

Sarah Abdelatif: Okay, that's interesting. Interesting trends. So, a bit in conclusion if you look at all these three elements together of strategic planning, performance measurement, and strategic learning,

do you think that together they actually add value to organizational performance and that organization should really pay attention to them?

00:17:20

Sever Dzigurski: Yes, yes, very much very much and I would just then stress if you look into these three to be balanced to consider in a balanced manner different aspects and I would then from my biased position and the role of say that we should focus more on the strategic learning aspect. Because planning and management are already quite present. There is quite high awareness that we need to pay attention to and that it is important. But I feel that for a learning component there is yet to be developed that they have enough certainty and also that the proper tools and approaches.

00:18:13

Sarah Abdelatif: Okay. Yeah. That was kind of my questions. Is there anything you would still like to add?

00:18:24

Sever Dzigurski: Well at the moment, no. Nothing that specifically comes to mind. I think I made my point focusing on learning.

00:18:31

Sarah Abdelatif: Yeah, definitely. Okay, that's a really interesting and very valuable for me.

00:18:40

Sever Dzigurski: Good. Great. I'm glad.

00:18:42

Sarah Abdelatif: So yeah, I will finish my research and then you'll get my report.

00:18:47

Sever Dzigurski: Great. Thanks a lot.

00:18:48

Sarah Abdelatif: Yeah. Thank you very time.

00:18:51

Sever Dzigurski: And good luck with wrapping up process of finalizing.

00:18:54

Sarah Abdelatif: Thank you. Thank you very much. Thank you for your time and the call and we'll keep in touch.

00:19:01

Sever Dzigurski: Yeah keep in touch.

d.   Interview 4 - Martijn Marijnis, M&E advisor, ICCO Cooperation

00:00:01

Sarah Abdelatif: Okay, so I can mention where you work but not your name necessarily, or?

00:00:05

Martijn Marijnis: Yeah, yeah, it's okay but then it might be a good idea that you send back the notes or at least share the report.

00:00:16

Sarah Abdelatif: Yeah, of course.

00:00:18

Sarah Abdelatif: I can you share that with you, so you know what I am writing.

00:00:37

Martijn Marijnis: How many organizations will you interview?

00:00:41

Sarah Abdelatif: Yeah. This is because it's more of a follow up I'm keeping it quite short. So you're the fifth person that I will be interviewing. So yeah, that is also kind of how I will keep it.

00:00:54

Martijn Marijnis: Okay. No. But it might give you a little bit more in depth.

00:00:58

Sarah Abdelatif: Yeah, it is quite interesting to get because the other thing is like the statistical analysis which is interesting.

00:01:04

Martijn Marijnis: Yeah.

00:01:04

Sarah Abdelatif: But then to actually understand what the processes behind it are is also interesting. Especially in the social sciences.

00:01:11

Martijn Marijnis: Yeah. Yeah.

00:01:13

Sarah Abdelatif: Yes, so a bit of an introduction I think you've got a bit of an idea what I'm looking at. And so, the first question for you is how, in your organization, you use strategic planning. And whether you find it useful in your organization. That's just the broad view, how you view it [...].

00:01:32

Martijn Marijnis: Yeah. So, what we do is we have a multi-annual strategic plan which is a long-term planning document. It used to be here for the periods. If I had 2016 until 2020. But now we renewed the beginning of this year and it's now covering the period until the end of 2022 and we consist of a global organization down here or a kind of a headquarters now and then regional offices throughout the regions where we are working and they, every year, make an annual plan. And, of course, there should be a link to the multi-annual strategic plan. And in the strategic planning documents on headlines, core themes are chosen and a number of priorities that we will be focusing on.

00:02:29

Sarah Abdelatif: So that the overall long-term plan that's more broadly like and then the short term is more operational?

00:02:36

Martijn Marijnis: Exactly. Yeah. Yeah. Yeah.

00:02:38

Sarah Abdelatif: Okay, so and how present do you feel that this strategic plan is in your daily work?

00:02:43

Martijn Marijnis: Yeah, it's there. So, maybe the clearest example is that we identified four priorities in this that multi-annual strategic plan and then there are some working groups formed around these prios. It's not that I encounter it daily but to give you an example, coming Monday I have a lunch meeting at the Ministry of Foreign Affairs and I'm going there because it's very much linked to one of those priorities.

00:03:14

Sarah Abdelatif: Ah, okay.

00:03:14

Martijn Marijnis: So, in that sense I think ...

00:03:16

Sarah Abdelatif: It exists in your work.

00:03:16

Martijn Marijnis: Yeah, yeah. And I can also notice that actually I'm replacing someone, and the head of the unit actually asked me to go. He asked me to go and one of the reasons behind it is it's one of the priorities so. So, in that sense it all also influences management decisions or steering so to say, yeah.

00:03:38

Sarah Abdelatif: So yeah, the next question is more like why you think the strategic plan can help you perform better? You mentioned the priority.

00:03:46

Martijn Marijnis: Yeah, so it helps you making decisions and prioritize. And so, in that sense it's really important. Having said that, sometimes themes are, well, particular elements of the Multi-annual Strategic Plan are formulated in such a broad sense that you still have discussion ongoing if something falls within those boundaries or outside.

00:04:14

Sarah Abdelatif: And so that you would say is the main challenge?

00:04:16

Martijn Marijnis: Yeah, it's a challenge.

00:04:19

Sarah Abdelatif: Are there other difficulties you find when you're dealing with strategic planning and evaluating your strategic plan also?

00:04:28

Martijn Marijnis: Well, one other difficulty is I'm responsible for the main project management system down here and I usually do a little bit of an analysis on the results that we are reaching. I think that that is linked, of course, to the strategic planning. But I think it can be used in a more, in a better way by management to really steer. So, I would actually expect them to have a better look at the data and compare that with what they have been deciding upon the in the strategic plan and that is not always the case. Sometimes it is but there is room for improvement there. Yeah it took a second.

00:05:11

Sarah Abdelatif: We also had more questions regarding that. But yeah so that kind of leads us also to the next one which is about performance measurement and your experience how you keep track of what you're doing. How would you kind of assess the role or how do you experience performance measurement?

00:05:28

Martijn Marijnis: Yeah. So, we have an ICT database for that that we developed in-house you've probably seen it because it's ProMEva. Yeah. So, what we do there is we keep, or we track key information about the progress and projects that we are running including a number of key indicators that we can aggregate for the whole organization. And we have developed dashboards to measure, for example, by region or by country and to see where information is lacking. Stuff like that. So, in that sense there is a clear request to do analysis every period. So, we are reporting back, for example, in management team weeks. Also, my manager is asking for that kind of. So, it's part of my job description to fulfil this role but then to say that it really steers the decisions that we are making in the organization. I think there's room for improvement there.

00:06:35

Sarah Abdelatif: Yeah, you do seem very advanced then at least in how you measure things compared to what to some other organisations.

00:06:46

Martijn Marijnis: You think so?

00:06:46

Sarah Abdelatif: Yeah, because you have such an advanced program. So, I think that's great. Where do you think it's also difficult to measure in your organisation and where do you face most difficulties with working with that?

00:07:00

Martijn Marijnis: You mean geographically or content-wise?

00:07:05

Sarah Abdelatif: Content-wise. It can also be connected to geographic, of course.

00:07:08

Martijn Marijnis: Yeah, no, but. Yeah, content-wise, I think for project officers it's not always on top of their head to start filling databases and to realize that this can be really important to document your data because you can use it's A for analysis but B also for future purposes. So, for example, when we write the new proposal and we want to have a quick overview of the track record that we are having then it helps if you fill in the database. And that's something that's not always because project officers or program managers are basically dealing with day to day business and then this comes as an add on. They don't see it as a crucial role now of their job maybe but it's a challenge.

00:08:01

Sarah Abdelatif: Yeah, so more of a long-term organisational level part. Yeah, okay. Yeah. It's interesting to hear.

00:08:08

Martijn Marijnis: Yeah. But, but, and I understand how it works because in your day to day business you often think OK this comes later or I don't have time to really deepen my understanding about this system, for example, so that's a little bit the challenge that we are facing as a unit as well. And we try, of course, to convince people to do that. So, yeah.

00:08:30

Sarah Abdelatif: Okay, yeah but that's the main challenge. So, yeah. You also mentioned already that it would be the next question about IT usage in that regard. But you mentioned that you were using ProMEva. So that is your own program and that seems to be working well?

00:08:44

Martijn Marijnis: Yeah, well, with room for improvement. But that's the nice part about the way we developed ProMEva as well because we said we start with like a beta version which has minimal requirements. And then from user experience we start to improve it. So, what we realized this year is, for example, that the dashboards are not very much used and we also realize that, yeah, we need to deepen our understanding why this was and now, for example, we got the input from the Latin American region and it really gave a boost on improving the dashboard or dashboards. So, we hope that that will trigger in the near future in the use.

00:09:28

Sarah Abdelatif: But generally, it's quite well embedded in the organisation?

00:09:31

Martijn Marijnis: Yeah, nowadays it is. Yeah. But there are also some external triggers that help in fitting it more properly, for example, IATI. So, if projects have to fulfil the IATI requirements you notice that they're much better filled in the system. And it's good to realize we have data for our content, but we have a different financial system. And then we have a third or third-party systems

where we collect household data, for example. And probably one of the things that we are working on is an improvement of the interconnectedness of those various systems.

00:10:09

Sarah Abdelatif: Yeah. So, that's bringing it all together and see how you learn from the data. So, one challenge that you face is combining all the data?

00:10:18

Martijn Marijnis: Yeah, exactly. Yeah.

00:10:20

Sarah Abdelatif: And other than that? Yeah, you mentioned that it's a bit difficult that it's not used that well for channelling into strategic decisions. Why do you think that is?

00:10:31

Martijn Marijnis: Yeah, it's a little bit the type of management. So, the, so now, for example, we will have a switch in director in the coming month and what I heard, in rumours already, is that this director will probably more be more focused on data. So, if that's the case at the top of your organization then it automatically will trickle down to the rest of the organization.

00:11:00

Sarah Abdelatif: Okay, so you think the leader has to be convinced?

00:11:03

Martijn Marijnis: Yeah, yeah, yeah. Or at least managers. Yeah. So, we noticed that some of the managers are more dealing with data than others. Yeah. And then there's also the external trigger, I think. So, what happens nowadays is that more and more donors, well, they expect you to prove impact and they are asking more tough or thorough questions so that will force us as an organization as well to become better in this so then it becomes more of a priority probably.

00:11:39

Sarah Abdelatif: And then in turn, you think it'll also be easier to use for internal organisation steering?

00:11:42

Martijn Marijnis: Yeah. But I do have examples from the past where we, for example, in our new multi-annual strategic plan one of the themes, core themes, from the past was deleted. And one of the underlying reasons is that from the analysis that we did on the data, we simply noticed that it was not very much used in the regions where we are working. So, in that sense the directors realized, okay, we [...].

00:12:15

Sarah Abdelatif: So, yeah, it definitely proves useful to some extent.

00:12:18

Martijn Marijnis: Yeah, yeah, yeah.

00:12:19

Martijn Marijnis: Okay, and if you think now on the interaction of strategic planning, performance measurement and strategic learning. Would you say together these do help your organization perform better in your experience? Or is it more of a challenge and extra work?

00:12:38

Martijn Marijnis: Yeah, it's a good question. So, in a way does. The answer is a little bit nuanced. In a way it does but I definitely think there's, especially the learning. Yeah, I think we should have more in that sessions. And yeah, really make sure in new proposals, for example, and also new strategic documents that we build more on those lessons learned. Although we did as well in the past, so we had, for example, meta evaluations that we have used in our learning so there's room for improvement. But it's not that it is not happening. It's somewhere in between. Yeah, yeah and probably in the same situation for most for the organizations but yeah.

00:13:31

Sarah Abdelatif: So far, what I have heard, yes. And the learning part is always the tricky to actually bring it to the next level.

00:13:36

Martijn Marijnis: Exactly, yeah.

00:13:39

Sarah Abdelatif: Well that's interesting and also the end of my formal question.

00:13:43

Martijn Marijnis: Good. Yeah, Yeah.

00:13:44

Sarah Abdelatif: So, yeah, do you have anything you'd like to add that you were thinking of?

00:13:46

Martijn Marijnis: Yeah, maybe you are aware of this concept of single-loop, double-loop, and triple-loop learning. It refers a little bit to what we are saying, and I think especially this last loop, that's where many organizations can still improve. And you really need to take the time and get the right people on board to really go through that process of really understanding what has been going on and translating that back to your organization so. But if you're familiar with the concept that will, yeah.

00:14:22

Sarah Abdelatif: Well, single- and double-loop we discussed in our study also triple-loop learning we did not so far. So, maybe you can give a quick definition of it so that I can use the same in my analysis.

00:14:35

Martijn Marijnis: I don't know it by head the definition.

00:14:37

Sarah Abdelatif: It does not have to be the scientific definition.

00:14:40

Martijn Marijnis: No, no. We put it, let me check. It is more like the system approach. So, yeah, I have the definition, the theoretical one. It enables new learning strategies to be created for us to encourage complex problem solving and increase the performance of the organization. So, to give you an example, for our organization we have, for example, food security programs. There, we have an idea on how we do that. Well, first- and second-loop are, would be what kind of activities have you been doing and did that make sense? Double-loop would more be like are your approaches right and then triple-loop learning is more looking at the whole system. So, the whole underlying theory that you are using, is that correct? Or, yeah. Are you may be completely wrong, and do you need to complete a new system approach? So, yeah, it's not a very proper way of explaining it.

00:16:05

Sarah Abdelatif: But it makes sense. Yeah okay. And that's where there's room for improvement in an organisation to focus on?

00:16:12

Martijn Marijnis: Yeah. And, I simply think that we often simply don't take the time to really zoom out and have a look on what we are doing in that sense which is difficult as well. And yeah, yeah. So, day to day business is sometimes yeah, having the advantage, so to say. Yeah.

00:16:31

Sarah Abdelatif: Yeah, okay. But that is also what you think that that would more be management task because it is more long term strategic?

00:16:39

Martijn Marijnis: Of course, of course. Yeah. Yeah, yeah. So, it you should be steered by management as well. At the same time, I'm working in the Monitoring and Evaluation Unit. I think it's part of our role to push that as well. Like those kinds of questions should be asked within our organization. Yeah. Yeah.

00:16:53

Sarah Abdelatif: Well, that is very good to know. Yeah. Okay. Thank you.

e.   Interview 5 - Marja Rijerse, Adviser Monitoring & Evaluation

00:00:00

Sarah Abdelatif: Anonymous, what do you prefer?

00:00:02

Marja Rijerse: No, I think it's fine when you say a Liliane Foundation. Yeah, I think it's fine. I can ask my manager about that it depends, of course, a bit on the on the questions and. That's all but I think there is no reason to be secret about things about data management. So yeah.

00:00:29

Marja Rijerse: I'm not asking too specific questions, but we can also get back to this of course at the end of the interview and you can feel how you feel about it.

00:00:37

Marja Rijerse: Yeah that's fine. Yeah.

00:00:38

Sarah Abdelatif: Yeah are generally it's quite short actually but I'm, I do not. Yeah, you probably don't know that much about my research, yet but I'm looking at performance management in non-profit organizations. And it's mainly focused around strategic planning, performance measurement and strategic learning. And then what role IT can also play in this regard. And I'm mostly interested to hear, yeah, how it's working in your organization, what your experience with it has been and especially where you face challenges. That's kind of the broad background to it. And I have some questions prepared to make it a bit systematic. And then if anything comes up feel free to always add whatever you can think of and whatever comes to your mind.

00:01:28

Marja Rijerse: Yeah, okay, that's fine. Well, maybe it's good to tell you very brief a bit about the way of working at Liliane foundation because it's a bit different from other, regular NGOs where I also worked for. I recently joined to Liliane Foundation, so I was also a bit impressed and thinking about the way of working. Normally, many NGOs also have field offices in the countries where they work. The Liliane Foundation decided to do it not this way because if you then want to phase out or have to stop with your support then also the field office will close which will be a risk for the partners that you support locally. So therefore, decided in their partner network to select NGOs or organizations that perform relatively better. There's also all kinds of criteria for that but then in every country you have a so-called strategic partner organizations and they write their year plans with their programs with the local partner organizations and actually the strategic partner organization is responsible for the allocation of the budget but also the monitoring of their results. This use of indicators from LF and their own so that it's not too strict but they have some key indicators. And Liliane foundation on their end, we work with the strategic partner organizations and we ask them all on how the local partner organizations perform. The strategic partner organizations consolidate their results from the local level, and they report back to us on the big contract we have with them. So that makes it a bit different from other organization. We don't have any field responsible persons from LF. So, that's just background to them this is how we are organized as it is.

00:03:41

Sarah Abdelatif: Yeah, that definitely gives me a good, interesting because it also influences probably the way you work together and the processes that you have. Yeah. So especially like you touched upon it a bit already but the first question is also focused on your strategic planning and so you said it gets done through the strategic partners also.

00:04:01

Marja Rijerse: Yeah.

00:04:03

Sarah Abdelatif: But do you also have one broad strategic plan for kind of an overarching plan for everyone?

00:04:11

Marja Rijerse: Yeah, we do have as LF, we do have a strategic plan. We are now in the period of 2018 to 2022. And that's just for more or less like how do we want to work with our strategic partners and where do we want to go, our positioning, our visibility in the Dutch society also and every strategic partner organization writes her or his own strategic plan and timing of that they can decide themselves if it's for three years or five years. At the strategic level and per a year they write an implementation plan more on the action level [...]. Yeah. And also, the strategic partners are also organized in, yeah, sort of alliances. It's called the link network. So, we have an ACR network the strategic partners from Vietnam and Indonesia, Philippines and other Asian countries are combined, and they have a link strategic plan. So, that's at a more high level. So, we have like four networks. Two in Africa one in Latin America one in Asia. And, so, for the network they also have a strategic plan.

00:05:45

Sarah Abdelatif: Okay, and if you have to think like where do you face difficulties in managing these strategic plans? If all of these have separate strategic plans are you facing difficulties in like really making it really meaningful for your organizational performance?

00:06:02

Marja Rijerse: Well, it is the planning of the plan is a long process. And where the difficulty is with the implementation of all the ideas they have. Soon you have some delays, or you have, yeah, another understanding of what the priorities are. So, you are right that, yeah, planning is not always a proof that there will be also the implementation according to the plan. So, the strict monitoring, yeah, on the timeframe that was agreed upon that is the difficulty we face.

00:06:47

Sarah Abdelatif: That kind of also brings us to the next point because how do you then track whether and to what extent you are achieving the thing that have in your strategic plan?

00:06:57

Marja Rijerse: Yeah. In all of these, except for the strategic plan of Liliane Foundation, but the strategic plans at the partner level are quarterly basis reports. So, that's quite a lot. In most other employers where I have worked, it's half a year but here its quarter. And there you have to process indicators and we have milestones where you see. Yeah, you describe what you want to achieve and then you see, of course, to what extent you have been able to do it. And for ourselves I think for Liliane Foundation level, we look at for half year and we have also targets and, yeah targets not so

much maybe, but, yeah, indicators on the quality and quantity of what we do and then we see where we are. Yeah, the yearly reports so the annual report is for Liliana Foundation level, of course, most important and at the link level also an annual reporting is done, and the monitoring is more during Skype meetings and once a year they meet live.

00:08:24

Sarah Abdelatif: So, often that at the Liliane Foundation level is that where you bring all tracked information from other partners together or?

00:08:33

Marja Rijerse: Yeah. Yeah. And since this year we have a new system in the computer where they can put numbers also to them. Yeah, you have filled in activities per theme and then you put your numbers and then you can record, look at the progress you make. Since that is still new not all the partners filled in there. But they still use old fashioned way of the excel. So, now we are in this sort of transition process that we want to make it more easy for us to do, to have a, yeah, the date.

00:09:11

Sarah Abdelatif: Yeah, and do you face specific difficulties in measuring the performance in your organization?

00:09:19

Marja Rijerse: Yeah, what you see everywhere. It's difficult for them to measure of outcome and impact level. Output is okay and they, most of them understand the logic between doing the activity and counting or saying yes or no it has happened. But what does it mean that people have been trained or do they use the knowledge or in the end do children benefit from it? Still, yeah, yeah. Still that needs more attention and that's also why my position has been developed last year. It's a new position to support the strategic partner organization on measuring impacts and outcome and not then only outputs. So, have the tools and counting is not proving that, yeah, lessons learned and impact is really well documented.

00:10:17

Sarah Abdelatif: Yeah and I can imagine, so, at the practical level the partners also use all different indicators. So, how can you combine them then at the organizational level?

00:10:31

Marja Rijerse: Yeah, we have developed a resource framework. I can share it if you are interested in.

00:10:37

Sarah Abdelatif: Yeah, definitely.

00:10:38

Marja Rijerse: I can. And there we have defined indicators on all the levels. So, all the strategic partners have been trained in the use of these indicators. And we also say how they can measure it, in what tool or how often and where they do report their findings. So, we give them certain formats as a suggestion but still they're free to make it their own. And if they have an own one that is sufficient to

measure then it's fine. And since this new computer system, I don't know how to call it, the computer thing, they have all also to fill in per indicator the numbers.

00:11:24

Sarah Abdelatif: So, then it gets more consistent.

00:11:26

Marja Rijers: Yeah, then we can count, and we can calculate in all the continents or whatever in the same way.

00:11:33

Sarah Abdelatif: Yeah, okay. That then brings us also to the third point which is about strategic learning. So, yeah how you use the past performance to kind of design your future work. Is that happening and how does that work in your organization?

00:11:53

Marja Rijerse: Yeah, it is happening and especially in this link network thing. First of all, the most important but first thing I mention is these link meetings where they present their good practices, etc. So, there the regional partners as strategic partners meet and exchange but a more interesting thing is our, it is called Platform Connect which is a sort of intranet accessible for all the strategic partners and hopefully later also for the local parties where they have folders per country or per theme or per joint projects and there they can exchange documents that they use or share report which is now being promoted to be used. And every new project that we start has also a place on the Platform Connect and, yeah, where they can comment also on tools or ask questions and it's now being used more and more. Do we still have to say, well, you can find it or Platform Connect and to say, yeah, to invite them to have a look. And, we also have a sort of online e-course. Last year for lobby and advocacy there was an online course. We have a learning person here in Liliane a foundation who is responsible for the learning and in this online course various countries joined the course and they learned about lobbying and advocacy topics and this course was ended with also live events in one of the countries. Yeah, where also learning from each other is a key point.

00:13:47

Sarah Abdelatif: So, then also this course was designed based on previous experience?

00:13:51

Marja Rijerse: Yeah, and now we also want to, we are currently developing a format for documenting lessons learned so when close, yeah, finalise a project that we have a brief paper and this is done at the level of LF at Liliane Foundation that the project holder writes down some do's and don'ts and lessons learned in this form also that we can file also these findings in a more structural way which was not done until now and then we want a track record or any other thing than we have to dig into all the project files and now we make one format to facilitate the learning from previous projects.

00:14:41

Sarah Abdelatif: Okay, so that was, so was so that you could is one of the challenges maybe you face that the information, so far, was spread more?

00:14:51

Marja Rijerse: Yeah, yeah.

00:14:51

Sarah Abdelatif: And are there other challenges you face in regard to learning? Because it sounds like your organization is doing quite well in regard to learning.

00:15:00

Marja Rijerse: Yeah, it is still all in the development phase and it is invented all these things because we found all gaps in learning. Yeah. It came from the situation that there was no system, systematized way of filing this. So, then we cannot see the problem [...]. Until now, this format is still in the development and it was not done right, yet. What the projects that we are developing now, we really start with this sort of, yeah, problem tree analysis which also includes looking at projects that have been done that were similar sort of, yeah, context analysis, looking backwards. Yeah. This is what I said. So, from now, on the learning element is looking at what has been done before, is getting more importance because we did not pay that much attention before. So, I think we have changed into this quite learning organization. So, for example, one of our projects officers in Asia, she had three similar projects on down syndrome in Indonesia, Philippines and another Asian country and then we decided to make a two-monthly Skype call with the three countries to learn really from each other and also to create a folder on this platform where they can share the tools they use because when they are not started, they have not started in the same year and then this way they facilitate learning and we see this also as responsibility from the Liliane Foundation to the bring those partners together, because.

00:16:55

Sarah Abdelatif: Yeah, okay. That's really, really interesting insight to how you work.

00:17:01

Marja Rijerse: Yeah. And we use blue jeans for that. I don't know if you know that program.

00:17:04

Sarah Abdelatif: No, but I will [...].

00:17:08

Marja Rijerse: Instead of Skype, it is like video calling. But then, yeah, but I don't know if that is necessary for you to know but I had never heard of this.

00:17:17

Sarah Abdelatif: No, me neither. Yeah, also because now actually the next question is how do you see that IT facilitate these processes and you already mentioned that you are using that new program now and you're meeting via the internet?

Marja Rijerse: Yeah, I think all the, while it's about the learning. Yeah, most of it is of course I.T.-based because exchange visits are also part of the program which it's only once. I think the idea of the online course for a strategic partner for having support from the Netherlands, those courses will be more and more and we will develop an online course for M&E. So, where we can give information on the LF specific ways of monitoring and was only general M&E things. And, yeah, the link network they also have many Skype calls. I'm not part of any of those networks but I think they have a monthly Skype call and then there is often a lot of time reserved for, yeah, sharing practices and telling about what they are doing. But for the rest on I.T., I don't know, yeah. In addition to those things.

00:18:50

Sarah Abdelatif: I think is already quiet, quite a lot. So, okay. Then I have one last kind of concluding question which is so, if you look at all the three elements of strategic planning, performance measurement and strategic learning together, do you really feel that these together can help your organization perform better or are they more like extra work for your organization without real value?

00:19:17

Marja Rijerse: Difficult to answer without putting my own opinion in it.

00:19:27

Sarah Abdelatif: Well, I want to hear your experience. So, what, how you experience it.

00:19:32

Marja Rijerse: Yeah, for LF, I think we really want to become better based on experiences from the past. And that it's always difficult to understand [..] and spend really time on researching and looking back on the lessons learned. Yeah, we do want to improve. So, we also see the added value of documenting lessons learned and having a good strategic planning under our, yeah, yeah, activities. It's not seen here as extra work. We see it's not only proving what we do but also used to improve the work. Yeah. All my colleagues value M&E. Yeah. And they see the importance of it and now we try to, yeah, to tell the strategic partner organisation that also they don't need to do M&E for proving but improving as well. And when you don't know if you're doing the right things in the right way that you can never have a good program with if in fact, I think that many SPOs and POs see M&E as a sort of proving Yeah. But at LF level, I think there is sufficient, yeah, value for M&E and planning and learning as improving.

00:21:22

Sarah Abdelatif: Well, that's the end of my formal questions and I think I got a lot to. Thank you for sharing your experience. It gave a lot of insight. Is there anything you can, you would like to add still?

00:21:34

Marja Rijerse: No. I will send you the results framework and our M&E plan so that you have an idea. I think it at least it helps you understand or frame what I said.

Sarah Abdelatif: Yeah, definitely. That's really great. Thank you so much.