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Janni Nielsen is a researcher at the Department of Business and Economics at University of Southern Denmark, affiliated with the accounting research group. She conducts research on performance measurement systems with a special interest in social organizations, such as social enterprises.

In her dissertation, she focuses on situational factors that influence the possibilities for developing performance measurement systems and for measuring the social value that social organizations create. She is especially interested in how social enterprises handle tensions that arise due to their dual purpose of fulfilling a social mission and generating profit.

Janni obtained her MSc in Business Administration and Controlling from University of Southern Denmark in 2013 and has worked as a controller before she started her PhD.



SDU 

PhD thesis
Department of Business and Economics
University of Southern Denmark

Janni Grouleff Nielsen

Measuring performance
in social enterprises

Situational factors affecting
the use of performance
measurement systems

Industrial PhD

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Measuring performance in social enterprises

Situational factors affecting the use of performance measurement systems

Measuring performance is considered a key accounting practice for all organizations. Performance information is used for facilitating strategy implementation and enhancing organizational performance. Performance measurement systems (PMSs) help organizations to monitor performance, provide information for decision-making, focus attention on strategic priorities and to secure legitimacy among stakeholders by providing information of performance. However, measuring performance is at the same time one of the most critical challenges facing organizations. For all organizations, it is a question of finding the right measures that capture the most important information and do not create behavioral displacement (i.e. focus on what is measured at the sacrifice of other important areas) or gaming (i.e. misrepresentation of data).

Social organizations have specific characteristics that create implications for measuring performance that are far more complex than for for-profit organizations. First and foremost, it is challenging to quantify and concretize the value social organizations create for society. Social value is often “soft” and difficult to translate to a traditional market (financial) value.

Researchers and practitioners have tried to develop various frameworks to evaluate performance in social organizations. Unfortunately, researchers still have not succeeded in developing a framework that has gained broad acceptance across social organizations and their stakeholders.

The purpose of the thesis is to create an understanding of what affects the process of measuring performance in the real-life context of a social enterprise, which leads to the following research question:

What affects the process of measuring performance in social enterprises?

The overall motivation for the thesis is to deepen our understanding of what affects measuring performance in social enterprises, with the main purpose of improving these organizations’ possibilities for better future PMSs. Having a better PMS enables social enterprises to gain legitimacy and obtain a better foundation for decision-making.

This PhD dissertation includes three academic articles.

Article 1 provides an overview of the purposes PMSs are used for in social enterprises through a systematic literature review. It shows that PMSs in social enterprises are mostly used for monitoring performance and enhancing legitimacy, whereas the role of PMSs in decision-making and for attention-focusing is limited due to difficulties of integrating social and commercial logics into a single PMS. The role of PMSs is influenced by several factors, such as decision-makers’ influence, situation-specific interdependence, institutional factors, stakeholder interpretation of PMSs and design characteristics of PMSs. The paper defines three roles PMSs have in social enterprises: as a mediator, a disrupter and a symbolizer.

Article 2 addresses how context affects the process of measuring performance in social enterprises through a longitudinal case study. The dominance of the commercial logic in the case organization created a barrier for developing inclusive PMSs because management only accepted financial measures as a valid form of evaluation. The paper concludes that a strong organizational culture maintained the powerful commercial focus and hindered a discussion about the appropriateness of social performance measures.

Article 3 studied one performance measurement method discussed in the case organization to understand how a specific tool can affect the process of measuring performance. The case organization focused on finding and measuring the financial value of social activities, which led them to the SROI framework. The paper studies in which situations SROI can be useful for social enterprises and what the outer limits are. It discusses the appropriateness of the SROI framework based on four concepts (comparability, subjectivity, legitimacy and resource utility).

Based on the literature, theory and empirical data, the dissertation makes four main contributions:

1. The process of developing PMSs in social enterprises is different from developing PMSs in commercial organizations.
2. Stakeholders should be involved in developing PMSs in social enterprises.
3. The context has a large impact on the practice of measuring performance in social enterprises.
4. The usefulness of PMSs as an integration mechanism for different logics is questionable.

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The Department of Business and Economics is a department under the Faculty of Business and Social Sciences at the University of Southern Denmark.

The department has a strong tradition for high-quality research and teaching within the fields of economics and business. The research and teaching cover both theoretical and empirical subjects, but the use of economic theory and quantitative methods, such as mathematics, statistics, econometrics and computer science characterizes most research projects.

Accounting, Finance, Microeconomics and Management Science, and Econometrics and Economic History. The department is also involved in different cross-disciplinary areas.

Contract research

The department wishes to strengthen its competences through collaboration with public and private organizations nationally as well as internationally through the unit OECONOMIA. The unit offers research-based consultancy in the form of economic analyses.

