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tenkatehuizinga+
accountants + belastingadviseurs

Performance Management and Measurement at Ten Kate Huizinga:

An assessment of the current performance management system and the identification of areas for improvement

Confidential Version

University of Twente

Master thesis MSc Business Administration Financial Management track

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Preface

This thesis is written to conclude my Master of Science in Business Administration and will thus mark the end of my time as a student of the University of Twente.

Over the last seven months I have come to know Ten Kate Huizinga as a business in change and with clear aspirations to grow, evolve and take advantage of trends in an ever changing environment. More than I could have hoped for, the organisation and its people were very open, informal and always willing to answer a question. In a nutshell, Ten Kate Huizinga provides an excellent environment for executing a thesis assignment, but also provides a great learning experience. Aspirations besides, Ten Kate Huizinga is also clearly feeling its way forward through uncertain times and developments. Given the broad scope of this thesis I believe it can and will provide a helping hand by providing guidance the organisation can utilise in order to move forward.

As with any thesis, there are always people to thank without whom this thesis could not have been written and I would like to take a moment to do just that.

Thanks go to Ten Kate Huizinga as a whole for making this thesis possible and giving me the opportunity to conclude my college education in such an interesting organisation.

Jorien Derkman, who brought me into contact with the organisation and without whom I would not have found this assignment and turn it into a master thesis.

Ryanke Beckmann-Stoeten, my primary supervisor within Ten Kate Huizinga, whose guidance, feedback, general knowledge and patience during the course of the thesis were invaluable for bringing it to a good end. Rolf ter Laak, my secondary supervisor, who was always ready to answer questions, especially regarding the information system and when information in AFAS eluded me. Both supervisors were always willing to answer and discuss at length different aspects of the goings-on in the organisation and provided a lot of valuable insights, not only pertaining to the thesis, but also on a personal level.

I would also like express my gratitude to the eight respondents, and the Audit & Assurance department specifically, for their willingness to participate in this study. They were very open and forthcoming in their answers and provided a lot of valuable information required for answering the research questions. Without their input, time and effort this would not have been possible.

A master thesis cannot be written without input from the academic supervisors. Thanks therefore go to Henk Kroon and Celeste Wilderom. Henk's enthusiasm, critical thinking and feedback during our meetings were very insightful and proved essential in providing some much needed structure in the thesis. In addition, I would like to thank Celeste Wilderom for assessing the thesis as the secondary supervisor.

Final thanks go to my father, Peter, my soon-to-be step-mother, Marion, and brother and sisters, who are always willing to listen and have provided me with support and encouragement throughout this master thesis.

Martijn Leegsma

Enschede
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Management summary

Background: Ten Kate Huizinga operates in a changing environment with regard to economical and judicial developments. In previous years changes have taken place in the market, competition, regulation and governance, the labour market and information technologies that impact the business of Ten Kate Huizinga. Foremost, clients have become more price-conscious and have ever changing needs and wishes. These developments force Ten Kate Huizinga to have a firm grip on their business, in which the proper measurement of performance is critical in order to improve organisation results, validate decisions and motivate employees to contribute more to the organisation's results. For a time Ten Kate Huizinga has not had a clearly articulated vision, mission and strategy. As a result, Ten Kate Huizinga observed that the current performance measures may not match with the direction the organisation is moving towards.

Objective: Ten Kate Huizinga is questioning the quality of their performance management system and whether it supports them in achieving their vision, mission and strategy for the future. Do their measures give them (enough) insight in whether their goals are reached and does the system provide enough diversity in measures. The thesis is undertaken under the assumption that the performance management system as a whole, and the performance measures specifically, can be improved upon. The research objective of this thesis is to arrive at recommendations for the redesign of the dimensions of the performance management system.

Research question: *"Which adjustments to the current overall performance management system, the performance measures, and the way the system is used are required to generate a better quality performance management system?"*

Research method: In this thesis an inductive, exploratory research design is employed. More specifically, a qualitative research method is used in which three sources of information have been gathered: (internal) documents, an online survey and in-depth semi structured interviews. Eight respondents were asked to fill in the survey and were subsequently interviewed. These consisted of four management respondents and four employee level respondents, thereby gaining insight in the entire hierarchy of Ten Kate Huizinga, although a specific focus was on the situation within the Audit & Assurance departments. Information was gathered on the performance management system of which nine dimensions were to be reviewed: vision and mission, strategy and plans, key success factors, key performance indicators, targets setting, reward system, information system, PM system change processes and last for what ends the system is used.

The thesis was executed in three phases: an orientation phase to become familiarised with the organisation and the relevant concepts; an inventory phase to assess the current state of the performance management system; and an improvement phase in which the research question is answered and recommendations are given on how to improve the performance management system.

Results:

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Conclusion:

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Chapter 1: Introduction to the thesis

> *"Measurement is the first step that leads to control and eventually to improvement. If you can't measure something, you can't understand it. If you can't understand it, you can't control it. If you can't control it, you can't improve it."*
> — H. James Harrington

In the first chapter the subject of the thesis (i.e. the measurement of performance), the specific motivation for undertaking the thesis and the problem statement and accompanied research questions are presented and discussed. Before doing so the firm and its organisation structure are introduced in order to ensure that the reader will be equipped with background information concerning the firm this master thesis is executed in.

1.1: The firm: Ten Kate Huizinga

Ten Kate Huizinga – accountants en belastingadviseurs (accountants and tax consultants) is a medium-sized firm, specialized in providing services in accountancy, tax consultancy, corporate finance, personnel and payroll administration, pension advice and restructuring for businesses. In each of these sectors a variety of services, primarily financial in nature, are provided to clients. Ten Kate Huizinga has approximately 200 employees, spread over eleven branches and service points that are located in 'Twente', 'de Achterhoek' en 'Midden-Nederland', focussing on the eastern and middle region of the Netherlands, but providing services to businesses in both The Netherlands and abroad. Ten Kate Huizinga's customer-base ranges from SMEs to large enterprises and from automotive to healthcare, agricultural and other sectors of industry.

Over the years Ten Kate Huizinga has developed an image of being a modern, progressive, innovative, digital and high-quality firm operating in a fast changing environment that demands a constant adjustment of the strategy of the organisation.[1] In previous years, different (economical and judicial) developments have taken place in the market, competition, regulation and oversight, the labour market and ICT. Clients have become more price-conscious and have ever changing wishes and needs, although they often remain loyal to their relationship with the accountants firm. In addition, labour markets are found to be under pressure: on the one hand there is the greying and stream-out of skilled professionals and on the other hand the critical need for experienced and highly skilled professionals. These developments force Ten Kate Huizinga to have a firm grip on their strategy, insights in the behaviour of the market and their own employees.[2]

1.2: Organisation structure of the firm

The organisation structure of Ten Kate Huizinga is presented in figure 1. Please note that the organisation went through a redesign of their organisational structure and therefore figure 1 may not be accurate any longer. This is not a problem, because these changes did not affect the Audit & Assurance department on which is focussed.
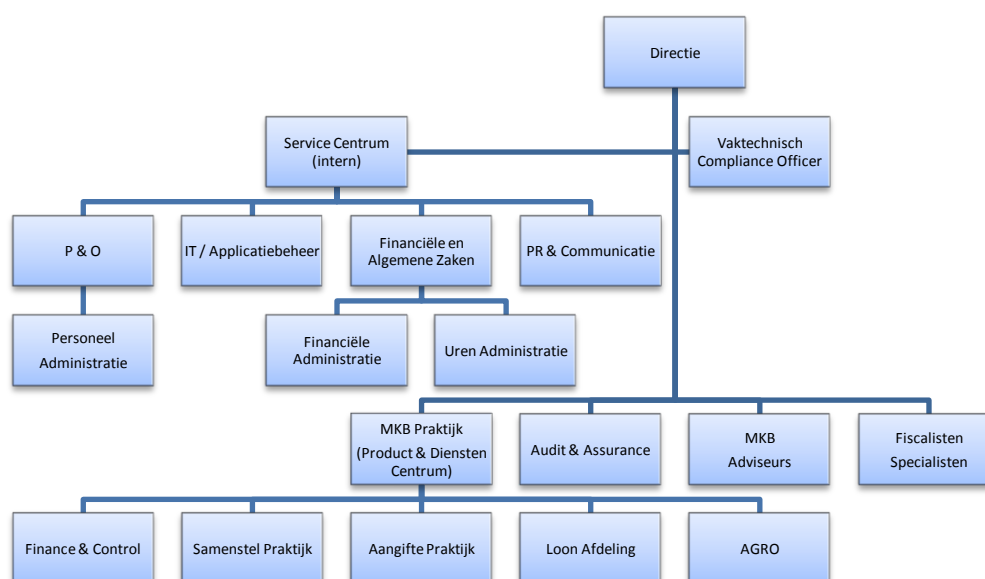

Figure 1: Organisation Structure of Ten Kate Huizinga

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[1] http://www.tenkatehuizinga.nl/ (retrieved on 20th of June 2014)
[2] http://www.tenkatehuizinga.nl/ (retrieved on 20th of June 2014)

1.3: The reason for the execution of the thesis

Measuring performance is a critical activity for any organisation, because by measuring performance information is collected regarding the progress towards specific goals. Moreover, measuring performance can: motivate employees to perform better and contribute more to the organisation's results, assist in validating decisions (e.g. getting rid of poor performers) and enable firms, as a whole or certain business processes within the organisation, to perform better (e.g. Evers, 2009; Henri, 2006; Pun & White, 2005). Traditionally, performance was measured via a financial perspective, such as profit or sales. These measures are limited in its perspective of the entire business activities and do not encompass the whole of a corporate vision, mission and strategy. Thus, over time other perspectives have been found to be important as well, such as the customer, internal business processes and learning and growth perspectives (Kaplan & Norton, 2001). These perspectives are accompanied by their own goals, which have to be made measurable in order to analyse their progression.

For a time Ten Kate Huizinga has not had a clearly articulated vision, mission and strategy. In the first quarter of 2014, with the aid of an external consultant, Ten Kate Huizinga has taken the effort to articulate and sharpen their vision, mission and strategy, consequently setting a clear direction for the firm to move towards. Several themes have been added, or at least have been given a more prominent emphasis in this strategic direction. As a result, Ten Kate Huizinga observed that the current performance measures may not match with the direction the organisation is moving towards. This presents a potential problem, because as made clear from the introduction above, performance measures should be contingent on the vision, mission and strategy of the firm. During the initial intake interviews it has been expressed that the current performance measures are expected to be based on tradition and habit and have a strong financial focus. The risk of being misaligned with the firm's strategic direction is therefore probable.

In addition, Ten Kate Huizinga is trying to become more of a learning organisation that is continually improving on their service proposition and, being a service firm, the development of their employees. The organisation already invests in recruitment, motivation, training, education and development of their employees in order to offer the opportunity for employees to grow, both personally and in their job. It is currently unknown how performance measurement systems can contribute in facilitating learning and improvement and Ten Kate Huizinga wishes to find out how their performance management system can be improved to better support such behaviour.

In sum, an assessment of the current performance management system, and specifically the performance measures that are being used, is an appropriate course of action.

1.4: Problem statement

The problem statement is a sharp formulation of a targeted research product, objective and scope. It comprises of a research objective, the scope of the research and the questions to be answered (Babbie, 2009).

Cutting to the heart of the issue, the following problem is identified: Ten Kate Huizinga is questioning the quality of their performance management system and whether it supports them in achieving their vision, mission and strategy for the future. Are their performance measures diverse enough and do provide them with (enough) insight in whether their goals are reached.

The thesis is undertaken under the assumption that the performance management system as a whole, and the performance measures specifically, can be improved upon. Based on a more suitable and effective set of performance measures employees can be better guided and motivated to improve. The end goal, or research objective, of this thesis is to arrive at recommendations for the redesign of the various dimensions of the performance management system.

The following main research question is devised to accomplish the research objective:

"Which adjustments to the current overall performance management system, the performance measures, and the way the system is used are required to generate a better quality performance management system?"

To answer this question six sub-questions have been formulated that will be used to identify areas of the system that can be improved upon. These sub-questions are presented now.

For starters insight is required on the specific field of study. Therefore, the first sub-question has a theoretical basis and serves as introduction to the subject matter. It reads as follows:

1.1 *"What is performance management and measurement, what are performance management systems and why are they used?"*

After gaining this insight, the design of the current performance measurement system is to be explored and assessed. By doing so potential shortcomings and limitations can be identified, after which advice may be given on how the system may be improved upon. A framework is required that constitutes the different dimensions of a performance management system and which can subsequently be used to evaluate the current system that is present. The second next sub-question is:

1.2 *"What constitutes a performance management system and how is the system employed by Ten Kate Huizinga currently designed?"*

As the theoretical review will outline, a performance management system comprises of various dimensions, systems and processes. To focus the thesis, emphasis lies on lies on two main aspects of the larger system: the specific performance measures and whether the manner in which the system is used contributes to facilitating learning and continuous improvement within Ten Kate Huizinga. Three sub-questions have been formulated that will address these two focus points.

The third sub-question will assess whether the used performance measures are aligned with the vision, mission and strategy and is stated as follows:

1.3 *"Which performance measures are currently being used by Ten Kate Huizinga and are these aligned with the vision, mission and strategy?"*

Given that the end goal of the thesis is to arrive at recommendations for improving the performance management system, and that performance measures are an integral aspect within this system, it is important to assess the quality of these performance measures. This will be done with the aid of best practices found in academic literature. Thus, leading to the fourth sub-question:

1.4 *"What best practices, if any, can be found with regard to the performance measures and does Ten Kate Huizinga incorporate these best practices in their own performance measures?"*

Stated in section 1.3, Ten Kate Huizinga wishes to become more of a learning organisation. The question is how performance management systems can assist in them in this desire and whether at the moment the existing system supports Ten Kate Huizinga in this regard. Therefore, the fifth sub-question is:

1.5 *"How does a performance management system contribute to learning and continuous improvement and does the current system facilitate learning and continuous improvement within Ten Kate Huizinga?"*

In conclusion, based on the assumption that the performance management system can be improved upon, an appropriate framework or method is to be identified that can assist in developing new performance measures, while also facilitating a learning and improvement behaviour among employees. The sixth sub-question will read as follows:

1.6 *"Which framework(s) can assist Ten Kate Huizinga in developing a new set of performance measures, while also facilitating a learning and improvement behaviour among employees?"*

Chapter 2: Method

This chapter will elaborate on the manner by which the thesis has been executed. In the first section the nature of the research design is discussed, after which the specific steps taken during the study and method of research will be described. This is followed by the procedures of data collection and analysis.

2.1: Research design

An inductive and exploratory research design has been adopted for executing this master thesis (Babbie, 2009). A qualitative research method, i.e. the single-case study, is employed, because of the broad nature of the research questions and due to the fact that in-depth understanding of the answers given by interviewees is the aim instead of making use of hypotheses based on existing academic literature. The reason for choosing the single-case study approach is that a case study methodology can be used in many situations and aims to contribute to our knowledge of the individual, group, organisational, social, political, and related phenomena (Yin, 2003). Generally, speaking case studies deal primarily with questions of how and why and are often exploratory in nature. In-depth knowledge of an issue or problem is the aim, after which guidance is provided on how this may be improved upon (Babbie, 2009). A case study approach is appropriate, due to the fact that it is an approach that is particularly useful when the phenomenon under investigation is difficult to study outside its natural setting and its concepts and variables are hard to quantify (Ghauri & Gronhaug, 2010). During this thesis several issues will be systematically researched in order to enlarge the knowledge on these issues (Babbie, 2009). The study can be earmarked as applied research as this type of research is primarily concerned with trying to find solutions for real life problems.

The thesis will consist of three phases, as depicted in figure 2. First, an orientation will take place in order to get to know the organisation and to become familiarised with the relevant concepts related to performance management and measurement. Secondly, an inventory of the current state of the performance management system will take place. To this end an online survey was created, which will be supplemented by a number of open semi-structured interviews to be held with employees in key positions. The third phase is one of improvement. Recommendations will be given on how to improve the performance management system and also, based on the initial assumption that the system can be improved upon, arrive at a method for developing performance measures that can also facilitate learning and continuous improvement.

1. Orientation

- Getting to know the organisation
- Literature review into Performance Management and Measurement Systems, Performance Measures and their role in the learning organisation

2. Inventarisation

- Developing a survey to analyse the current PMS
- Conduct survey and interviews to inventorise the current state of the PMS

3. Improvement

- Arrive at recommendations for improvement
- Determine a method for developing performance measures that also facilitate a behaviour of learning and continuous improvement.

Figure 2: Thesis phases

The following sections will provide an in-depth elaboration of the steps that have been undertaken during the course of this thesis.

2.2: Literature review

The first step in the thesis was to conduct a thorough literature review on the subjects at hand. During the literature research the following questions were used to guide the search for relevant academic literature:
- What is performance management/measurement?
- What are performance management systems and why are they used?
- How can performance measurement systems assist in the issues at hand?

- What are performance measures and what role do they play in the performance management system?
- How can one analyse performance management systems and are there best practices available for performance management systems, and performance measures specifically?
- Which frameworks or methods are in existence that may assist in developing performance measures, but concurrently also facilitate values of learning and continuous improvement in employees?

The key terms used were: performance management/measurement (systems), (key) performance measures/indicators, performance measures/indicators best practices/recommendations, continuous improvement/learning by performance management/measurement (systems).

Upon gathering the literature, the researcher commenced by reading the most recent empirical and comprehensive review articles first. By subsequently employing a snowballing method, i.e. looking at the references used in these articles, the researcher was guided to other articles that could be relevant.

2.3: Main research question, sub-questions and methods of research

To recapitulate, the main research question is:

> *"Which adjustments to the current overall performance management system, the performance measures, and the way the system is used are required to generate a better quality performance management system?"*

As listed in chapter 1, six sub-questions were devised that will assist in answering the main research question quoted above. These sub-questions are listed in table 1, supplemented with the manner by which the questions will be answered.

Table 1: Sub-questions and method of research

Sub-questions	Answered by utilising		
	Theory	Both	Empirical
1. *"What is performance management and measurement, what are performance management systems and why are they used?"*	X		
2. *"What constitutes a performance management system and how is the system employed by Ten Kate Huizinga currently designed?"*		X	
3. *"Which performance measures are currently being used by Ten Kate Huizinga and are these aligned with the vision, mission and strategy?"*			X
4. *"What best practices, if any, can be found with regard to the performance measures and does Ten Kate Huizinga incorporate these best practices in their own performance measures?"*		X	
5. *"How does a performance management system contribute to learning and continuous improvement and does the current system facilitate learning and continuous improvement within Ten Kate Huizinga?"*		X	
6. *"Which framework(s) can assist Ten Kate Huizinga in developing a new set of performance measures, while also facilitating a learning and improvement behaviour among employees?"*	X		

The information required for answering these sub-questions is gathered by a document analysis, an online survey and semi-structured interviews and are gathered in this order. Multiple informal conversations were also held with the business supervisors and other staff. These methods will be discussed in the following sub-sections. The thesis focused on Audit & Assurance department and respondents were contacted via internal e-mail to ask for their participation in the study. This department was specifically chosen because of its importance to the organisation and therefore the importance of having this department run smoothly.

2.3.1: Document analysis

Ten Kate Huizinga is a business that is undergoing various changes. One of the changes is the articulation of the 'new' strategic direction of the firm. This recently written strategy plan outlining their vision and direction for the future was reviewed by the researcher. In addition, eight respondents, four of whom fill a management position and four general employees were asked to fill in forms listing the current key success factors and (key) performance indicators they were aware of and/or were relevant for them. Seven respondents managed to do so. The forms the researcher asked the respondents to complete can be reviewed in appendix I. Note that at

the moment of executing the thesis this 'new' strategy direction was not disseminated widely within the organisation. However, as has been pointed out to the researcher several times the strategy is not to be seen as new, but more an effort of 'officially' putting on paper of what is already present. Therefore, it stands to reason that employees will, at least to a certain extent, be able to list the current key success factors and (key) performance indicators used within the organisation.

2.3.2: Online survey

The same eight respondents were also asked to complete an online survey. Due to the substantial number of best practices that could be identified, as well as the use of various other concepts, it was judged to be more time-efficient to incorporate these aspects in an online survey instead of discussing these during the semi-structured interviews. All eight respondents filled in the online survey. Incorporated in the online survey are the three-stage maturity model, the 19 identified 'good' practices for performance measures, how the respondents perceive the system and the extent to which employees participate in several assorted PM system activities. In consultation with the business supervisors, the option 'cannot answer/I do not have knowledge of this aspect' was added to the survey questions regarding the three-stage maturity model and performance indicator characteristics. This was done because it was expected that some respondents may not have the required knowledge of certain aspects or were simply not involved with the specific activities to answer the statement satisfactorily. For example, not all employees are responsible for writing reports based on the performance indicators and thus it is difficult for them to rate the statement of *'information required for using/reporting performance measures is easy to collect.'* After consultation with the supervisors it was also deemed best to translate the 19 characteristics and the other concepts used to the Dutch language by the researcher. The respondents were instructed to fill in the survey after completing the forms. The online survey can be found in appendix II. The survey was created on http://www.thesistools.nl/

2.3.3: Semi-structured interviews

To gather additional information, in-depth semi-structured interviews are used (Babbie, 2009). These types of interviews provide the researcher with a way of understanding the significance and meaning of answers given by the interviewees. Important topics and questions were standardised in advance to keep the interviews on track. Before the interview commenced the respondents were asked to keep their answers concise, due to the extensive list of questions, but also to voice their opinion on issues regarding the performance management system they were unhappy with or felt improvements could be made.

All eight respondents were interviewed face-to-face either in the personal office of the respondent or in a designated conference room at Ten Kate Huizinga, after they had completed the form and online survey. Before the interviews commenced the respondents were made aware that the data would be made anonymous, so the interviewees could speak freely. Also, at the start of the interview it was stated that the data would be used for a master thesis and permission to record the interview was asked. The advantages of an audio-recording are that they ensure and enlarge the quality of data and accurate quotes can be used to illustrate important points (Boeije, 2008). The interviews have been held in Dutch, the native language of the researcher and respondents. Therefore, relevant quotes had to be translated to English, which means meaning may have been lost in translation. All interviews conducted were recorded and transcribed by the researcher.

Because this thesis makes use of specific interviewees' opinions, which is known as an interpretive approach (Miles & Huberman, 1994), it means the background and interpretation of the interviewer may influence the outcome of the interviews and thus the results. Furthermore, because the researcher is both the interviewer and the transcriptionist of the interviews during this study, this may lead to bias. In order to limit this bias the specific steps taken in this thesis have been outlined. Because of confidentiality issues, the transcripts are not made available to the reader, although quotes are supplied throughout the thesis for illustration purposes. To conclude this sub-section the interview structure and sample description are outlined.

Interview structure
The eight main topics that were inquired about are outlined here. For the complete questionnaire the reader is referred to appendix III.
1. Vision and mission: What is the mission and vision of the firm and are these known among employees.
2. Strategy and plans: What strategy and (departmental) plans are followed, how visible are these for employees, and are respondents aware of how they can contribute to these.
3. Key success factors and (key) performance indicators: These are discussed based on the documents, referred to in 2.3.1, that were to be completed prior to the interview being held.

These first three topics focused on gaining insight in the strategic alignment within the business, but also to what extent these topics are communicated throughout the organisation.

The following five topics constitute the supporting processes and systems that are also of significance in evaluating the performance management system.

4. Target setting: How are targets determined (in an ad-hoc or systematic manner), are they considered challenging and realistic, and do employees feel motivated to reaching targets relevant for them.
5. Reward system: What rewards are bestowed when targets are reached and are there negative consequences when targets are not reached. What other types of rewards are bestowed, if any.
6. Information system: Is the information system capable of supplying relevant and accurate information in a timely manner and do users experience problems with the information system(s) used.
7. Performance management system change: Are there formal procedures in place that evaluate the performance management system periodically.
8. Performance management system use: is the performance management system capable of facilitating single-loop and double-loop feedback, how is the performance management system perceived by employees (as a coercive or enabling instrument), and to what extent do employees participate.

Sample description
The sample of respondents included in this thesis was carefully selected and not by a method of randomisation. Employees in key positions were selected, upon deliberation with the supervisors and a department head of the Audit & Assurance department. A certain level of knowledge and involvement in key activities is required to satisfactorily answer the formulated questions and expectations were that by deliberately selecting respondents in key positions they would be better capable of providing the researcher with the information required for answering the research questions.

In total eight people were interviewed. The sample consisted of the two CEOs of Ten Kate Huizinga; the two managing partners of the Audit & Assurance business-unit and four general employees. Three people (one CEO and both managing partners) were interviewed twice for additional insight on subjects that remained unclear. In total 11 interviews were held. By participation from these three levels broad insight was gathered on the strategic, tactical and operational level.

All eight respondents were male.
The average age of the four middle and higher management respondents was 46.5 years
The average age of the four general employees that were interviews was 33.3 years
The average number of years middle and higher management worked for TKH was 15.8 years
The average number of years the general employees worked for TKH was 5.3 years

- CEOs: Higher management, responsible for running of the entire business and setting the strategic direction. The CEOs are shareholders and appointed by the managing partners of the firm, which leads to an interesting power dynamic. The managing partners are shareholders and on paper placed below the CEOs, although technically having the power to remove the CEOs from their position.
- Managing partners: Middle management, responsible for the running of the departments, in this case Audit & Assurance. Managing partners are shareholders and thus have a clear vested interest in the running of the entire business and not just their own department.
- Team-leaders (controleleiders): Characterised as a spider in the web between the managing partner and the client. A team-leader is responsible for managing the voluntary and statutory audits the Audit & Assurance department conducts. In this function he/she manages a team consisting of novice and advanced assistants. A team-leader is largely responsible for the throughput time of audits as well as having a substantial impact on the quality of the work done during the audit.

2.4: Data analysis
The first source of information were the forms respondents were asked to complete by filling in the key success factors and (key) performance indicators of both Ten Kate Huizinga and those used specifically within the Audit & Assurance department. These forms were compared for overlap and presented per hierarchical level, as they were completed and turned in by the respondents. The second source of information was the online survey. Respondents were instructed to complete the survey after completing the forms with the KSFs and KPIs. The results of the scores on the various items were compared, because the low number of respondents did not allow for statistical analyses. This was acceptable, since the survey served in part as an

instrument to find a general opinion of the current performance management system and its us, but also to familiarise the respondents with the terminology and subject matter of the thesis. This was expected to stimulate respondents to critically think about their performance measures and their use prior to the interviews. The last source of information was the semi-structured interviews. As elaborated on in the previous sub-section the semi-structured interviews were structured by separate themes. Answers given by the respondents on these themes were compared for overlap and/or differences of opinion and were thusly reported. During the course of the thesis multiple informal conversations were held with both supervisors within the firm to discuss observations and preliminary findings.

Chapter 3: Performance management and measurement and performance management systems

This chapter will present insight on what performance management and measurement is and also serves as introduction for management of Ten Kate Huizinga to the subject matter at hand. The first sub-question is addressed here: *"What is performance management and measurement, what are performance management systems and why are they used?"* The first section introduces the field of performance management and measurement, followed by an elaboration on the balanced scorecard approach that has popularised performance management. Subsequently, empirical findings regarding the advantages of using a performance management system are discussed and sub-question 1 will be answered.

3.1: Performance management and measurement

At the basis of this thesis lies the field of performance management and measurement (or PMM) of for-profit firms. Waal (2007) defines the field of performance management and measurement as follows: "... *the process in which steering of the organisation takes place through the systematic definition of mission, strategy and objectives of the organisation, making these measurable through critical success factors (CSFs) and key performance indicators (KPIs) in order to be able to take corrective actions to keep the organisation on track.*" (in Waal & Kourtit, 2013, p. 446).

The field in question has gained substantial interest during the last two decades (Taticchi, 2008) from both the academic and business perspectives (e.g., Chau, 2008; Franco-Santos et al., 2007, 2012; Otley, 1999; Thorpe & Beasley, 2004). This is not surprising as it is well established that if businesses want to achieve higher performance standards a necessary condition is being able to effectively measure and monitor the performance of your business. In fact, the veracity of the saying "*What you measure is what you get*" is widely recognised (Cocca & Alberti, 2010). The process of PMM creates a consistent understanding of the business strategy, by translating this strategy into a set of performance measures/indicators (Brewer & Speh, 2000). This process is vital for businesses, since early on researchers (e.g., De Toni & Tonchia 1996; Ghalayini, Noble & Crowed, 1997; Kennerley & Neely, 2002) have identified the requirement of proper deployment and alignment of the business objectives, followed by measuring the performance in key critical areas, as preconditions for gaining sustainable competitive advantage (Bititci, Carrie & McDevitt, 1997). In addition, PMM is a crucial element for improving business performance in and of itself (Sharma, Bhagwat & Dangayach, 2005), and it is argued to enable organisations to continuously react and adapt to changes that have originated internally or externally (Chau, 2008). This insight is significant, because business environments are nowadays characterised by fast changes in customers, technologies and competition (Henri, 2005). It is therefore imperative for organisations to continuously renew themselves if they wish to survive and prosper (Danneels, 2002).

Performance management and measurement is thus considered critical for effective and efficient control and correction of a business. Moreover, the system also communicates strategic intent and importance to the rest of the organisations in terms of what is and is not being measured (Melnyk, Bititci, Platts, Tobias & Andersen, 2014). The activity falls within the business activities of planning and control, which is illustrated by the Deming cycle of continuous improvement. Figure 3 depicts the plan-do-check-act and standardization activities. In the 'plan' phase the objectives and processes that are necessary to deliver results in accordance with the expected targets or goals are established. In the 'do' phase the process is executed and data is collected for the 'check' and 'act' phases. In the 'check' phase the actual results are measured and compared against the expected results (targets or goals). Deviations from the targets and plans are identified and in the last 'Act' (Adjust) phase corrective actions may be

Figure 3: Deming cycle of continuous improvement

taken if required. The root causes for these differences need to be investigated, in order to find out how to adjust and improve (Kerklaan, 2004). Last, the improved processes need to be 'standardized' in order to sustain the enhanced performance.[3] Performance measures or indicators play an integral part in the planning and control cycle, as the measurement of key activities, goals and results provide a means for capturing vital performance data that in turn can be used in the decision-making process (Neely et al., 1997), i.e. planning, directing and controlling, as well as for identifying areas for improvement.
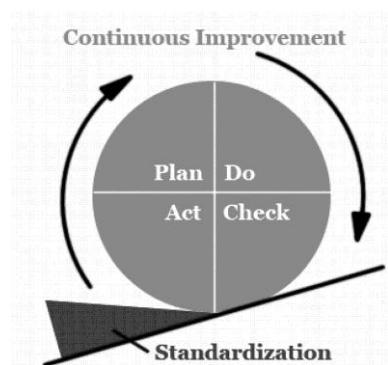
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[3] http://iacbe.org/qa-cqi.asp (Retrieved 4th of August 2014)

3.2: Performance management and measurement systems

According to researchers (e.g. Marr & Neely, 2003; Neely et al., 2004; Rigby, 2001; Silk, 1998; Speckbacher et al., 2003; Waal & Kourtit, 2013) around 60% to 70% of medium to large firms in the USA and Europe, as well as many governmental departments, have implemented a performance management system in some capacity. Given the abundance of (potential) benefits derived from the use of such systems this is not surprising (Waal & Kourtit, 2013). Unfortunately, the field does lack a cohesive body of knowledge (Marr & Schiuma, 2003) in part as a result of many disciplines (e.g. strategy management, operations management, human resources, organisational behaviour, information systems and management accounting and control) having contributed to the subject over the decades (Marr & Schiuma, 2003; Franco-Santos & Bourne, 2005; Franco-Santos et al., 2007). This widespread attention has lead to various descriptions of these systems coming into existence and is something that requires further clarification.

Melnyk et al. (2014) argue a performance management and measurement system consists of two complimentary components: the performance management system and the performance measurement system. The performance measurement system encompasses the process of setting goals, developing a set of performance indicators, after which performance data can be collected, analysed and interpreted (Melnyk et al., 2014). The objective of this process is to use this information to assess the effectiveness and efficiency of actions that are undertaken (Neely et al., 1997). Complimentary to this system is the performance management system. Melnyk et al. (2014, p. 175) define the performance management system as follows: *"The performance management system encompasses the process (or processes) of assessing the differences between actual and desired outcomes, identifying and flagging those differences that are critical (thereby warranting management intervention), understanding if and why the deficiencies have taken place, and, when necessary, introducing (and monitoring) corrective actions aimed at closing the significant performance gaps."* As indicated, the latter system goes additional steps further and focuses on utilising the information that is derived from the performance indicators. Other authors do not make this distinction. Various other definitions for performance measurement systems can be found that also differ in the specific activities it incorporates (Franco-Santos et al., 2007). Over time the evolution of the definitions has blurred the lines between the two systems, as illustrated by descriptions supplied by Neely, Mills, Gregory, Richards, Platts & Bourne (1997), Wettstein & Kueng (2002), Bourne, Neely, Mills & Platts (2003) and Ittner, Larcker & Randall (2003):

- Neely et al. (1997): A performance measurement system is "*the set of metrics used to quantify both the efficiency and effectiveness of actions.*" (p. 81).
- Wettstein & Kueng (2002): *"... an information system that tracks the performance of an organisation (or part thereof), supports internal and external communication of results, helps managers by supporting both tactical and strategic decision-making, and facilitates organisational learning."* (in Cocca & Alberti, 2009, p. 2).
- Bourne et al. (2003): *"A business performance measurement system refers to the use of a multi-dimensional set of performance measures for the planning and management of a business"* (p. 4).
- Ittner et al. (2003): "*A strategic performance measurement system: (1) provides information that allows the firm to identify the strategies offering the highest potential for achieving the firm's objectives, and (2) aligns management processes, such as target setting, decision-making, and performance evaluation, with the achievement of the chosen strategic objectives.*" (p.715).

The definition by Neely et al. (1997) can be considered quite limited, but does exemplify the core of any PM system, i.e. measuring the efficiency and effectiveness of actions via a set of performance indicators. The definitions by Wettstein & Keung (2002), Bourne et al. (2003), and Ittner et al. (2003) beyond this limited definition. For example, Bourne et al. (2003) state that the performance measurement system is used for the planning and management of the business, while the definitions by Wettstein & Keung (2002) and Ittner et al., (2003) list several more specific activities the performance measurement system can support. It is clear that performance measurement systems are intended to go far beyond merely measuring the performance of specific activities or processes. Therefore, in this study the broader term *'performance management system'* (PMS or PM system) will be used to refer to the entire overall system, from the performance measures and the processes and activities surrounding the use of the information derived from the system. In chapter 4 the framework for analysing the performance management system is presented that will clarify which aspects of the performance management system will be investigated in this study.

To conclude this section, a performance management system fills a number of critical roles in the managing of the business (Melnyk et al., 2014), foremost being the strategic planning and communication of the strategy and objectives throughout the organisation (Kaplan & Norton, 1996). Franco-Santos et al. (2007) propose a set of five categories of roles that a performance management system performs:

- Measuring performance: By measuring and evaluating the current level of performance via the performance indicators, the progress towards goals can be monitored.
- Strategy management: This encompasses the roles of planning and formulating strategy, subsequently executing the said strategy, and lastly providing alignment and focus within the organisation towards the attainment of the strategy and assorted goals, whose progress is measured by a set of performance indicators, and on the essential activities that will make the organisation successful. Henri (2006) adds that based on the feedback supplied by the performance management system, (strategic) decisions can both be made and legitimised.
- Communication: The PM system can be used for both internal and external communication, as well as benchmarking and ensuring compliance with regulations.
- Influence behaviour: A PM system can influence behaviour by rewarding or compensating desired behaviour. In addition, it can assist in managing relationships and asserting control over the business.
- Learning and improvement: An important function of a PM system is to provide feedback, thereby facilitating single- and double-loop learning. By reviewing the feedback of performance over time and with respect to pre-defined plans and targets, corrective action may be taken when deviations from the norm are observed (Evers et al., 2009) compared to the plans or even the strategy. Melnyk et al. (2014) list the additional role of stimulating action, since based on this feedback the moment to intervene can be identified.

3.3: Balanced Scorecard approach by Kaplan & Norton

The early methods of measuring performance focused on financially based indicators and have subsequently been criticised for lacking a strategy focus, encouraging local optimisation and short-termism, not focussing on continuous improvement, but rather on minimizing variances, lacking an external focus of the organisation, failure to provide data on responsiveness, quality, flexibility and providing information on what customers want (Bourne et al., 2000; Neely, 1999). Over time the notion became clear that management accounting information systems cannot rely on financial information alone (Berrah, Mauris & Vernadat, 2006) and that non-financial performance indicators must be incorporated in the management information systems as well (Elg & Kollberg, 2009; Laitinen, 2002; Malina & Selto, 2001). In response performance management frameworks, such as the performance pyramid by Cross & Lynch in 1989 and the results and determinants framework by Fitzgerald in 1991 were developed. These frameworks prescribe a more balanced view between internal and external measures, as well as between financial and non-financial measures. In this respect non-financial performance indicators must not be viewed as substitutes, but as additives to the financial measures (Zuriekat et al., 2011). Financial measures may have been adequate in the past, but is unlikely the case for modern-day businesses that operate in a competitive, technological and capability-driven environment and where investments in long-term capabilities and customer relationships are essential for continued success (Kaplan & Norton, 1996).

What has popularised the measurement and management of performance is the development of the Balanced Scorecard (BSC) approach in 1992 by Kaplan & Norton (1996; 2001). The BSC is an approach that can assist an organisation in translating their vision, mission and strategy into a comprehensive set of performance measures (Kaplan & Norton, 1996). The BSC creates a holistic view of the organisation, by focussing on four perspectives (i.e. financial, customer, internal business processes and learning and growth) that are linked to the business strategy and aids the employees in realising how they can contribute to the success of the organisation (Rompho, 2011). The BSC approach is designed to ensure that critical feedback loops are maintained and can stimulate managers to look to the future instead of implementing quick-fix solutions that ignore the longer-term consequences, making it essential during times of organisational change (Ho & McKay, 2002). This broader way of thinking is regarded as being consistent with the ideas of a contemporary organisation (Elg & Kollberg, 2009). The BSC approach is elaborated on because it is intuitive, relatively easy to understand and has a good chance of being successfully applied to an SME according to Edberg (1997) and Chalmeta, Palomero & Matilla (2012). Also, it is the most widely accepted framework of the past decades (Srimai et al., 2011; Taticchi et al., 2010) and it is believed that it can be as beneficial to SMEs as it is to large businesses (Rompho, 2011).

The balanced scorecard approach incorporates four perspectives, as depicted in figure 4. The perspectives all pose a question that enables an organisation to focus on the factors that are truly important (Kaplan & Norton, 1996). The framework aims to provide a balanced view of the business and does so in several areas: both short-term and long-term objectives can be incorporated in the framework, financial data is complemented by nonfinancial data, lagging information from the financial and internal processes perspectives is complemented by leading information from the customer and learning and growth perspectives and last external information (customer data) is complemented by internal information (financial, internal processes and learning and growth data) (Waal, 2007). By taking such a balanced approach one of the main deficiencies of traditional performance management systems can be alleviated: focussing too much on just the financial perspective that present past information (Elg & Kollberg, 2009) and also more properly reflect a vision and strategy.
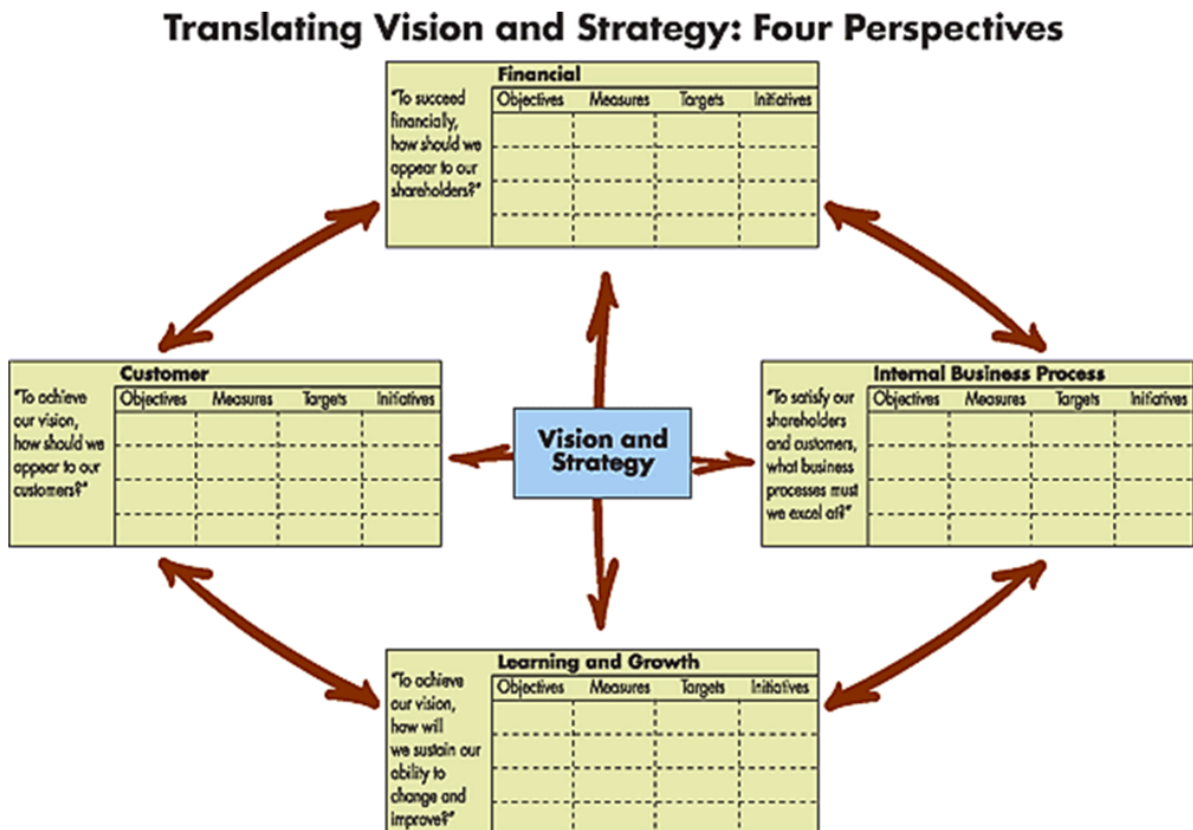
Figure 4: Balanced Scorecard by Kaplan & Norton (1996, 2001)

1. Financial perspective: "*To succeed financially, how should we appear to our shareholders?*"
This question leads to performance indicators that provide accurate and timely information regarding the appropriateness of the strategy that is followed. It provides information whether the organisations' strategy, implementation and execution are contributing to bottom-line improvement (Kaplan & Norton, 1996, 2001), such as growth, costs, return on investments and other traditional measures of business performance (Waal & Kourtit, 2013).

2. Customer perspective: *"To achieve our vision, how should we appear to our customers?"*
Prior to answering this question a segment of customers is to be targeted that the business will compete for. Following this targeting, the customer perspective measures performance in terms of how the customer experiences the value created by the organisation (Waal & Kourtit, 2013). Essentially it answers why customers should select your business, what is your differentiating value proposition? These measures should represent those factors that are critical for a customer in deciding whether to switch or remain loyal, and its impact can be measured by indicators such as customer satisfaction and retention (Kaplan & Norton, 1996, 2001).

3. Internal business processes perspective: *"To satisfy our shareholders and customers, what business processes must we excel at?"*

The third perspective identifies the internal business processes that are critical for the creation of value and thus represents those processes the organisation must excel in. These processes enable the business to deliver on the value propositions that will attract and retain customers and satisfy shareholder expectations. The internal business process measures should focus on the internal processes that will have the greatest effect on customer satisfaction and achieving the financial objectives of the organisation (Kaplan & Norton, 1996, 2001).

4. Learning and growth perspective: *"To achieve our vision, how we will sustain our ability to change and improve?"*

The last perspective is the learning and growth perspective, often also referred to as the innovative perspective. Because of changing environments and circumstances, both outside and inside the organisation, key success factors may change over time. Moreover, the preceding three perspectives commonly reveal gaps between existing capabilities of staff, systems and procedures and those that are required to deliver value and achieve higher performance in the (near) future. This perspective may incorporate investments in human resources (e.g. re-skilling), information technology and systems that support the organisation in order to bridge these gaps (Kaplan & Norton, 1996, 2001). The learning and growth perspective can also incorporate measures of how often an organisation introduces new products/services, which ensures that the organisation does not become complacent and instead continues to renew itself (Waal & Kourtit, 2013). This perspective may be of additional significance within the service setting of Ten Kate Huizinga in which human resources are vital, because without a properly trained and experienced staff little value is expected to be created, let alone delivered.

3.3.1: Strategy mapping

According to Wu (2012) strategy mapping is the most important procedure in developing a balanced scorecard. In a strategy map the cause-and-effect relationships between the strategic objectives, the key success factors, and key performance indicators are made explicit. By doing so, the organisation establishes clear causal/logical links leading to the establishment of strategic pathways throughout the organisation (Evans, 2007). Figure 5 displays an example of such a strategy map.
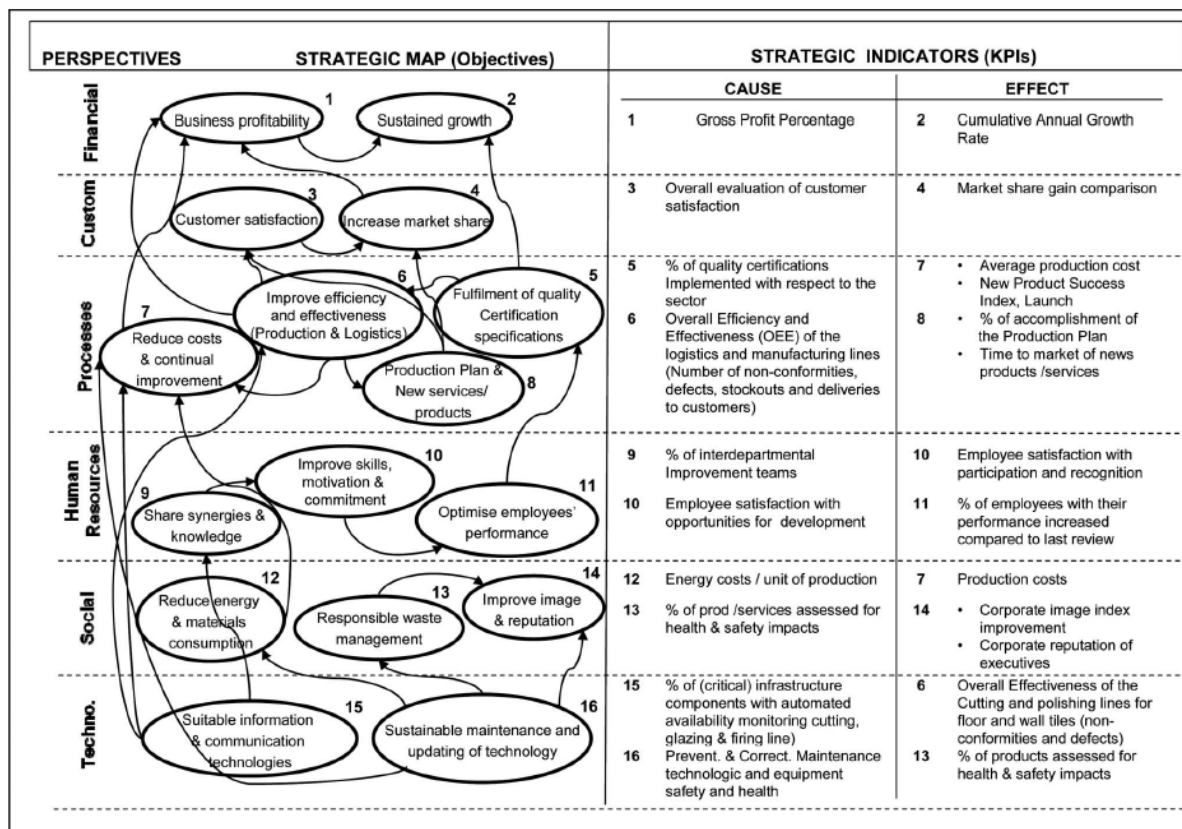

Figure 5: Balanced Scorecard causal mapping (adapted from: Kaplan & Norton, 2001)

The figure also illustrates that other perspectives can supplement the four that are included in the basic balanced scorecard approach. The main idea of the approach is that a balanced set of indicators is used that allows the business to measure the logical chain by which customer and shareholder value is created. The organisation can choose or devise their own perspectives they feel are best suited to their situation.

As depicted in figure 5, the measures that are taken up in the balanced scorecard should be part of a logical chain, which together communicate what the organisation wants to accomplish and how it intends to do so. In sum, the various performance measures should not be viewed as requiring complex trade-offs, but rather part of a series of cause-and-effect relationships (Kaplan & Norton, 1996). By making these cause-effect linkages explicit, it will enable managers to better understand how focussing on specific goals, measures and targets in one area can influence other performance areas (Chenhall & Langfield-Smith, 2007) and thus not only show when goals are reached, but also how (Malina & Selto, 2001). The empirical literature strongly supports the creation of strategic maps or at least the definition of tentative cause-and-effect relationships between measures (Wenisch, 2004). In a case study by Tuomela (2012) the following is stated: *"...during the construction phase, managers frequently praised how enlightening the measurement team meetings were, giving strategy documents a specific content and nurturing intellectual discussion of underlying cause-and-effect relationships. When using the scorecard, it is possible to look at trends and evaluate the validity of anticipated relationships. This in turn accentuates the need to formulate and describe the measures in a way that the assumed cause-and-effect relationships are visible, and hence, it is possible to evaluate or question the validity of those assumptions."* (p. 313). This statement clearly expresses the added value strategy mapping can have for an organisation in ways of facilitating debate.

3.3.2: Empirical findings regarding the deployment and use of performance management systems

A lingering question regarding the use of performance management systems is whether the implementation and use of such systems actually enhances business performance. According to Robinson (2004) there is still a gap to be filled with respect to both the specific reasons businesses have for implementing a PMS and also how these reasons relate to the (dis)advantages associated with their use. Bourne et al. (2010) agree and state: "*From an academic perspective, studies in the literature on the impact of performance measurement on business performance are inconsistent in their findings. This suggests that our understanding of this field is far from complete.*" (p. 1). Even so, many studies can be found listing positive results upon implementation. Over the last two decades numerous researchers have attempted to prove the relationship between using performance management systems and increased results for the firm in the long run. Of those, many (e.g. Ahn, 2001; Hronec, 1993; Ittner et al., 2003; Kaplan & Norton, 1996; Lawson et al. 2003, 2005; Lingle & Schiemann, 1996; Lynch & Cross, 1995; Pinheiro de Lima et al., 2009; Rheem, 1996; Said et al., 2003; Waal & Coevert, 2007) contend that businesses that have implemented a PM system of some kind perform better than businesses that have not. Without going into detail some of the results are listed:

- Hoque & James (2000) found that the overall use of a balanced scorecard was significantly correlated with higher organisational performance. Likewise, Evans (2004) and Waal et al. (2009) found a positive relation between the maturity of the performance management system, as defined by broadness of what is measured (i.e. not just financial measures), and enhanced organisational results.
- Empirical results from a survey study of 76 business units by De Geuser et al. (2009) indicate that the balanced scorecard has a positive impact on organisational performance. This is explained by the fact that by providing information on via a set of concise, balanced and relevant performance indicators, the time that is required for processing information is reduced and thus more time can be spent on decision-making. It is also said that the BSC contributed to a better translation of the strategy into operational terms, facilitated strategising into becoming a continuous process and enabled a greater alignment of various services, processes, competencies and units (De Geuser et al. 2009).
- Azofra, Prieto & Santidrián (2003) found a correlation between the use of both financial and non-financial measures in their performance management system and profitability in their case study. Important to note is that in their case study the PM system was not dictated from higher-up. Instead, the main purpose was to motivate behaviour of employee involvement and learning within the organisation by building on consensus.
- Ittner et al. (2003) found that financial services firms that make more extensive use of a broad set of financial and, particularly, non-financial measures in comparison to similar firms with a similar strategy and/or value drivers have higher stock market returns and satisfaction with the measurement system. In a similar vein, Davis & Albright (2004) investigated the use of the BSC in bank branches and found that a group of branches that did make use of the BSC approach realised superior financial performance compared to the group of branches that did not have a BSC implemented.

Take note that there are not only positive effects to be found when implementing a PM system. Martinez & Kennerley (2005) found both positive and negative effects in a British energy supplier. The positive internal effects consisted of: better people management, higher organisational capabilities, better organisational behaviour and higher operational performance, while the negative effects of using a performance management system expressed themselves in more bureaucracy and unclear designed performance indicators. Both of these issues should be manageable by limiting what you measure to those success factors and indicators that are key to your success and by using a record sheet for developing KPIs (appendix IV) to clearly design them.

In sum, there are an abundance of empirical findings that show that performance management systems, such as the balanced scorecard, can be beneficial for organisations to implement. Evidence does suggest that these benefits show reveal themselves in the medium to long-term performance enhancements (Chenhall & Langfield-Smith, 2007) and therefore approaches should be given the opportunity to have their effect, while no short-term (financial) gains should be expected. Moreover, it is not enough to simply implement a PM system. Organisations are also to make regular and structural use of the system (Waal et al., 2009), in which feedback to, as well as input from, employees on the performance measures is essential for the effectiveness and acceptance of the balanced scorecard (Ho & McKay, 2002). This satisfaction with the system among the users is paramount, because findings by Mausolff & Spence (2008) indicate a strong correlation between the perceived quality of the performance management system by the users and the organisational performance. To end this sub-section: those that wish to implement or improve on their PM system should do well to realise that it can only support and not replace managers in leading people and that the increased interactivity between management and employees plays a crucial role in effecting the increased organisational performance associated with performance management systems (Ukko et al. 2007). Thus, their participation is vital.

3.4: Conclusion and answering sub-question 1
This chapter served as introduction to the subject matter for the reader and management of Ten Kate Huizinga specifically. In the previous sections and sub-sections the first sub-question was addressed:
- *"What is performance management and measurement, what are performance management systems and why are they used?"*

To recapitulate, Waal (2007) defined the field of performance management and measurement as follows: "... *the process in which steering of the organisation takes place through the systematic definition of mission, strategy and objectives of the organisation, making these measurable through critical success factors (CSFs) and key performance indicators (KPIs) in order to be able to take corrective actions to keep the organisation on track."* (in Waal & Kourtit, 2013, p. 446). Unfortunately, a unanimous definition of a performance management system does not exist, but authors do somewhat agree on the different roles such a system can fill. These roles are: measuring performance, the management and alignment throughout the organisation of the strategy and objectives, legitimising (strategic) decisions that are made, the communication of results, the influencing of behaviour by compensation/reward policies and facilitating learning and improvement behaviour by stimulating action. These roles give a good indication of what a performance management system entails and what it is intended to realise.

It is important for organisations to have a comprehensive and balanced view of their performance, lest they focus on the short term and the wrong issues. The balanced scorecard approach can serve as the basic template in developing a performance management system as it prescribes a balance between internal and external measures, as well as between financial and non-financial measures. In addition, the framework can incorporate more than just the four basic perspectives. An important step in this approach is the mapping of the strategy in which the causal links between strategic objectives, key success factors and key performance indicators are mapped. By doing so employees and managers will become aware of how they can contribute to the strategy and also how and when goals are reached.

Although the potential for organisational improvements in the medium- to long-term are recognised in empirical research, the reader would do well to realise that the regular and structural use of the system, and specifically the measures, as well as the perceived quality of and satisfaction with the system by the users are important prerequisites to realise this increased organisational performance. Moreover, the system cannot replace managers in leading people and only support them in their role, and the increased interactivity between management and employees plays a crucial role in effecting the increased organisational performance.

Chapter 4: Framework for analysing the performance management system used by Ten Kate Huizinga

The previous chapter elaborated on what performance management and measurement is and accentuated its importance and merits for organisations. Also discussed was the balanced scorecard approach that has popularised the measurement and management of performance as well as the translation of strategy. This chapter will serve as the theoretical basis that will assist in answering sub-questions two through six:

- *"What constitutes a performance management system and how is the system employed by Ten Kate Huizinga currently designed?"*
- *"Which performance measures are currently being used by Ten Kate Huizinga and are these aligned with the vision, mission and strategy?"*
- *"What best practices, if any, can be found with regard to the performance measures and does Ten Kate Huizinga incorporate these best practices in their own performance measures?"*
- *"How does a performance management system contribute to learning and continuous improvement and does the current system facilitate learning and continuous improvement within Ten Kate Huizinga?"*

The following sections and sub-sections of 4.1 will present the comprehensive framework used for analysing the performance management system and serves as the leitmotif of the thesis. In section 4.2 the three-stage maturity level that was utilised during the survey is elaborated on, providing the researcher with a quick-scan tool for analysing the current level of the PM system and identifying areas to focus on during the interviews. In the final section, 4.3, a number of expectations are listed that can be observed.

4.1: Comprehensive framework for analysing the performance management system

To answer the second sub-question a framework is required that can be utilised by the researcher for analysing the current performance management system in place.

- *"What constitutes a performance management system and how is the system employed by Ten Kate Huizinga currently designed?"*

Such a framework is provided by Ferreira & Otley (2009). Answering the need for a more comprehensive approach for studying management control systems (e.g. Chenhall, 2003; Covaleski et al., 2003), Ferreira & Otley (2005, 2009) present their extended framework. Their framework aims to provide a broad view of key dimensions of a performance management system and hands the researcher a useful tool that can facilitate the rapid description of the design and operation of the PM system in a holistic manner (Ferreira & Otley, 2009). Even though the associated questions to these topics are not regarded as exhaustive, they are considered to be useful for structuring the enquiry. According to Ferreira & Otley (2009) the framework has been found to yield significant insight into the dimensions of a performance management system design and its use. Moreover, by taking such a broad perspective it is believed it can identify various (potential) gaps and limitations, which is exactly why it is appropriate to use here.

The framework has three distinct advantages. First, the topics and questions provided are broad and cover the entire performance management process, while making the interconnections between the various parts of performance management systems explicit (Stringer, 2007). Secondly, the framework is generic and can therefore be used to describe a wide range of systems, both financially focussed systems and balanced scorecard adaptations (Stringer, 2005) in both for-profit and non-profit organisations (Stringer, 2007). Last, the framework provides a systematic way to categorise and discuss case study findings (Berry, et al., 2009).

A disadvantage of the framework is that it does not describe the specific qualities a performance management system should incorporate. This may not come as a surprise, as every firm has its own set of circumstances, needs and wishes and based on the contingency theory, there is arguably no universally applicable design of a management control system (Otley, 1999). Thus, no judgements are made by the authors regarding the potential absence of specific characteristics and therefore it is not considered to be a normative tool (Ferreira & Otley, 2009). This means that, as the aim of this thesis is to identify areas that can be improved upon, these dimensions are to be supplemented with normative stances in order to pass judgement on them.

The framework of Ferreira & Otley (2009, p. 268) was adapted into the framework presented in figure 6. The dimension 'organisation structure' is left out due to the focus on a single department (Audit & Assurance), whereby no comparison can be made to other departments; the dimension of 'performance evaluation' is left out due to its close ties with the reward system dimension; and 'strength and coherence' because this will be addressed in the conclusion. In addition, the questions supplied in the article of Ferreira & Otley (2009) were adapted to fit the researcher's need, although for the most part they did serve as the basis for both the

interview topics and questions. For the specific list of questions the reader is referred to the interview protocol in the appendix III.
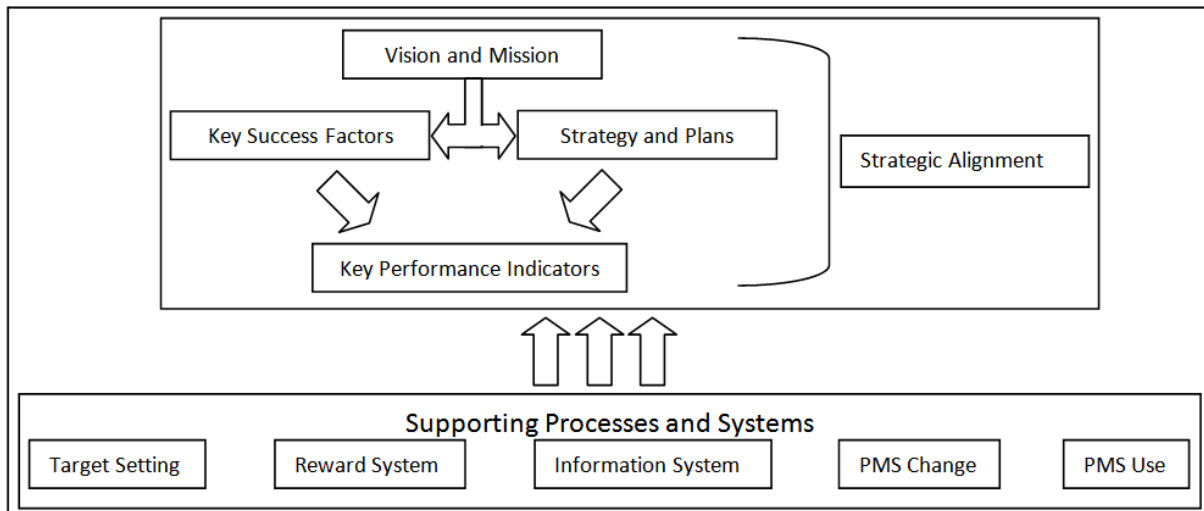

Figure 6: Performance management system dimensions (adapted from: Ferreira & Otley, 2009)

Table 2 presents the summary of the framework presented in figure 6. In the table each dimension under investigation is listed and supplemented by criteria on which is focused during the collection of the required data. Each of these dimensions is elaborated on in-depth in the sub-sections that will follow.

Table 2: Summary of the framework used

Dimension	Criteria
4.1.1: Vision and mission	The vision and mission of the organisation should be clearly defined and articulated and communicated throughout the organisation in order to guide employees' actions and provide them a higher goal to aspire to.
4.1.1: Strategy and plans	The strategy and plans should be clearly communicated throughout the organisation; The goals that are formulated for reaching the strategy and plans should be made SMART and contribute to the attainment of the vision and mission of the organisation; All employees should understand the organisation's objectives and be aware of how they can contribute to reaching these objectives and thereby the higher goals of the organisation.
4.1.1: Key success factors (KSFs)	The KSFs should be clearly derived from the vision and mission and strategy and plans; The KSFs should consist of a manageable number of balanced and clearly defined factors that are expected to be critical for the (continued) success of the organisation.
4.1.2: (Key) Performance indicators (KPIs / PIs)	The KPIs should clearly reflect the KSFs and strategy and plans; The KPIs should comprise of a balanced set of financial (lagging) and non-financial (generally leading) indicators; A manageable number of KPIs (~10) and a set of supporting PIs (up to 80) should be present; The used KPIs and PIs conform to best practices found in literature (19 in total: table 3 in 4.1.2.1).
4.1.3: Target setting	Targets should be set systematically and not at random; The targets should be considered challenging but reachable; Employees should be seen as committed to reaching the determined targets; Progress towards the targets is periodically and clearly communicated.
4.1.4: Reward system	The reward system is seen as motivating employees towards reaching the predetermined goals and targets and implies a preferred behaviour in employees.
4.1.5: Information system	The information system is perceived as easy to use and is capable of effectively supporting the activities of its users; The information system is capable of providing relevant information accurately and in a timely fashion.
4.1.6: Performance management system change	Processes are present that periodically assess the effectiveness and quality of the PM system. This can for example be a periodic reflection on whether the KPIs/PIs still reflect the important issues and are capable of providing the required insights in your business.
4.1.7: Performance management system use	The PM system is used both diagnostically (monitoring of the progress towards formulated goals) and interactively (performance inspires debate about the direction and strategic validity of the chosen course) by management; Employees view the PM system as an enabling formalisation (something that will help them in their job and improve) instead of something imposed on them by higher management to force compliance to organisational goals (coercive formalisation); Employees participate in the five activities associated with the PM system to enlarge their knowledge, which eventually may lead to improved performance.

The first three aspects, vision and mission, strategy and plans and key success factors are intricately connected to each other and are therefore discussed together in this first sub-section.

Reflecting back on the elaboration on performance management and measurement in chapter 3, it is clear the strategic alignment of a business is critical in effecting performance. The 'BusinessDictionary' defines *strategic alignment* as follows: *"The process of bringing the actions of an organisation's business divisions and staff members into line with the organisation's planned objectives. The ability of most businesses to achieve their strategic goals will benefit from performing a comprehensive strategic alignment to help assure that its divisions and employees are jointly working towards the company's stated goals."* [4] Figure 7 provides a schematic representation of strategic alignment in which the vision (and mission, although not displayed) is cascaded down. The *vision* of an organisation is the desired future state or aspirations the organisation has (Johnson, Scholes & Whittington, 2008). It answers the question of what the organisation wants to be or wishes to accomplish in the future. The *mission* of a business is the *"... general expression of the overall purpose of the organisation, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organisation."* (Johnson et al., 2008, p. 10). The mission can be seen as the reason for existence and describes their overall goal. Both of these are part of the belief system of the business (Simons, 1995) and are the embodiment of their core values and purposes (Collins & Porras, 1996).

Figure 7: Strategic Alignment

The *strategy* of the firm is the long-term direction the organisation will follow in order to reach the vision and mission it has decided upon (Johnson et al., 2008). The chosen strategy is to be translated into specific goals or objectives (the two terms are used interchangeably in literature). Within an organisation several levels of goals (or objectives) may exist (see figure 8). Strategic goals set the direction of the business and are often determined for longer periods of time, for example three to five years. These in turn shape the tactical goals, often determined by middle management at division level, and are set for one to three years. Last, there are the operational goals at the department level that usually cover the short-term (Daft, 2008). Organisational goals that are designed effectively are aligned into a hierarchy, meaning that the achievement of operational goals lead to the achievement of tactical goals, which consequently leads to the achievement of strategic goals (Daft, 2008). A consistent connection between the objectives of different levels within the organisation should exist. The results that are achieved in all levels of the organisation should contribute to the reaching of strategic goals that higher management has set up, i.e. the vision and mission of the firm.

In order for the aforementioned goals/objectives to be effective, Daft (2008, p. 217-218) list the following five characteristics to which the goals/objectives that have been set-up should conform:
- Specific and measurable: Goals/objectives should be expressed in quantitative terms, since vague goals have little motivating power for employees.
- Cover key results areas: Goals/objectives cannot be set for every aspect of the business. The organisation's attention, energy and resources can be focused more effectively on a few key result areas: those activities that contribute most to the performance and competitiveness of the business.

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[4] http://www.businessdictionary.com/definition/strategic-alignment.html (retrieved 6th of August 2014)

- Challenging but realistic: Goals/objectives should be challenging, but not unreasonably difficult, because this may set up employees for failure and lead to a decrease in morale among employees. They must thus be considered achievable.
- Have a defined time period: A specified time period during which the goals/objectives are to be reached is required. However, one must be careful as a deadline too far in the future is easily put off, but one too near can be unrealistic and may discourage employees (Meyer, 2003).
- Linked to rewards: For an employee rewards give meaning and significance to goals, as well as help them commit to achieving the devised goals.
- Relevant: Although not listed by Daft (2008), goals/objectives should also be relevant, i.e. they should matter to the person they apply to and be consistent with other established goals (Meyer, 2003).

Figure 8: Goal alignment

Not only do the vision, mission and strategy and objectives have to be aligned with regard to each other, for employees it is important to have what Boswell (2006) calls *'line of sight'* on both strategy and action. This means that employees understand the organisation's objectives, but also how they can effectively contribute to these objectives. Boswell (2006) found that employees that understand how to contribute to the strategic goals of the organisation are more likely to feel a sense of fit or belonging. A possible explanation is that they are better able to work in alignment with the organisation's needs. Therefore, at every hierarchical level it is recommended that the organisation ensures employees have line of sight on the organisation's objectives, as well as know how to contribute to those objectives (Boswell, 2006). Not surprisingly it is found that employees that have worked longer and on various positions within a business have a better line of sight to the organisation's objectives and how they may contribute to these objectives (Boswell, 2006). Boswell (2006) argues that organisations should not merely communicate their strategic direction to employees, but also focus on whether employees accurately understand the behaviours that contribute to the strategic success. This may be facilitated most successfully by linking employee behaviours to the success of the organisations through performance feedback, clear goals setting and employee involvement initiatives (Boswell, 2006).

Continuing with figure 7, _key success factors_ (KSFs) (or critical success factors), are *"... those activities, attributes, competencies, and capabilities that are seen as critical pre-requisites for the success of an organisation in its industry at a certain point of time."* (Thompson & Strickland, 2003, in Ferreira & Otley, 2009, p. 268). These are the areas in which the organisation must excel in order to outperform the competition and represent areas that indicate whether the vision, mission and strategy are pursued successfully (Johnson et al., 2008). It is important to realise that an extensive list of key success factors will defeat the purpose of focussing management on the factors that are vital for the long-term success of the organisation (Thompson & Strickland, 2003) and should thus be limited to a manageable number.

4.1.2: (Key) Performance indicators/measures
The performance measures (or indicators) are arguably the most critical part of a performance management system and warrants it own discussion since a focus of this thesis is on these performance measures. This discussion will assist in answering the third sub-question:
- *"Which performance measures are currently being used by Ten Kate Huizinga and are these aligned with the vision, mission and strategy?"*

Any performance management system comprises of various performance indicators, determined through the setting of goals and targets and enable the translation of the business strategy into actual results (Pun & White, 2005). It is these performance indicators that enable the measuring, evaluation and control of performance (Franceschini et al., 2007). In addition, the measures educate employees on what is considered important, because they indicate how value is intended to be delivered to the customer, and last, they facilitate improvement as gaps between expected and realised performance are identified (Franceschini et al., 2007). In fact, measuring the results of performance indicators is the prerequisite for improving the performance of the business or even a single process. Given this information it is critical that performance indicators are used that adequately reflect and are in line with the firm's vision, mission and strategy (Franceschini et al., 2007).

Ferreira & Otley (2009, p. 271) define _key performance indicators_ (KPIs) (or key performance measures) as _"... the financial or nonfinancial measures (metrics) used at different levels in organisations to evaluate success in achieving their objectives, KSFs, strategies and plans, and thus satisfying the expectations of different stakeholders."_ These key performance indicators thus reflect the key success factors and specific strategies and plans, both of which are derived from the vision and mission of the organisation. A KSF can be measured by multiple KPIs. To clarify, the difference between a KSF and a KPI is that the KSF is the cause of your success, whereas the KPI is the effect of the taken actions. Together they provide qualitative and quantitative descriptions of elements of the business strategy in which the organisation has to excel in order to be successful (Melkers & Willoughby, 2005). A further distinction can be made towards the performance indicators. Neely, Gregory & Platts (1995, p. 80) define a _performance indicator_ (or PI) as _"...a metric used to quantify the efficiency and/or effectiveness of an action."_ The difference between a KPI and a PI is that results achieved on a KPI have a substantial influence on the overall performance of the business, while those of a PI do not necessarily have to (Parmenter, 2007).

Parmenter (2007) states that a business may need up to 10 KSFs, 10 KPIs and use up to 80 PIs, although generally fewer are required. Keep in mind that different organisational levels within the firm often require different information. A useful analogy provided by Parmenter (2007, p. 2-3) is a car's speedometer: _"The board will simply want to know the speed the car is travelling (KSF). However, management needs to know more information since the travelling speed is a combination of what gear the car is in and the revolutions per minute (RPMs) of the engine. Management might even be concentrating on completely different measures, such as how economically the car is performing (miles per gallon), or how hot the engine is running."_

When discussing (key) performance indicators distinctions are made between financial vs. non-financial, internally vs. externally focussed and leading vs. lagging indicators (Neely et al., 1995; Kaplan & Norton, 1996).

Financial indicators are internally oriented lagging indicators, because they report on the outcomes from past actions. Having financial performance indicators is natural as strategy customarily aims at financial success, and they have to be created for external reporting purposes making their implementing costs low (Tuomela, 2005). Relying exclusively on these performance indicators is met with criticism and has well-documented inadequacies (see also section 3.3), as listed by Tuomela (2005): myopia, excessive risk aversion, gamesmanship and a lack of basis for sound decision-making, because financial measures provide information that is too late, too aggregated, and too distorted. Moreover, they can promote behaviour in employees of sacrificing long-term value creation for improving short-term performance (Kaplan & Norton, 2001).

As stated in section 3.3, to mitigate these problems businesses started adopting non-financial performance measures that can better reflect an organisation's objectives and environment and that are believed to act as the leading indicators for financial performance (Nudurupati et al., 2010). According to Henri (2006) prior studies have shown several strengths associated with non-financial measures, such as being more directly traceable to strategic actions, having better predictive ability, and being more actionable by providing timelier information (Ittner & Larcker, 1998). Henri (2006) argues that therefore non-financial measures can be used to stimulate dialogue, gain new insights and create action plans throughout the business, as well as encouraging learning and identifying new strategic patterns. There are also recognised shortcomings associated with non-financial measures (Zuriekat et al., 2011). One problem presents itself in the difficulty of untangling the impact of specific non-financial measures on the financial results of the organisation (Tuomela, 2005). In addition, non-financial performance indicator targets may contradict short-term results that need to be achieved (Ittner & Larcker, 1998) and a lack of clear understanding of the tradeoffs and limited measurement history can make it difficult to set applicable targets for non-financial measures (Tuomela, 2005).

Unfortunately, there appears to be no optimal mix of performance indicators. Businesses should therefore use indicators that they believe will provide useful information (Zuriekat et al., 2011). It is clear that a combination of financial and non-financial information is essential to give a more balanced impression of the overall performance of an organisation (Hoque & James, 2000; Laitinen, 2002). Moreover, focusing on a

broader set of performance indicators provides employees and managers with more job related information than may routinely be available and the access to this additional information can in turn lead to improved performance on the individual and organisational level, but also job satisfaction (Burney & Matherly, 2007).

A general problem businesses often face is that performance measures are too poorly defined, which can create misunderstandings amongst employees (Nudurupati et al., 2010). Also, because businesses fail to identify, analyse and act on the correct non-financial measures benefits are not realised (Ittner & Larcker, 2003). Ittner & Larcker (2003) list four commonly made mistakes with regard to the use of non-financial indicators: not linking these measures to strategy through cause-and-effect relationships; not validating the envisioned link by actually proving that improvement in non-financial performance also improves financial performance; not setting the right performance targets, for example setting 100% satisfaction for customers as a target, but finding that those that have 80% do not spend more money than those with a higher percentage; and last, measuring incorrectly, e.g. using point scales to measure responses to a question to evaluate complex performance dimensions.

4.1.2.1: Best practices for performance measures

Over the years researchers (e.g. Cocca & Alberti, 2010; Hudson et al., 2001; Neely et al., 1997) have reviewed academic literature and provided an exhaustive list of features of a 'good' performance measure that can be considered best practices. These recommendations are used for answering the fourth sub-question:

- *"Are the performance measures currently being utilised by Ten Kate Huizinga incorporating best practices found in academic literature?"*

Four sources are used to arrive at 19 'good' characteristics a performance measure should have. A comprehensive review of literature by Neely et al. (1997) has identified a variety of characteristics for performance measures that remain relevant today. Hudson et al. (2001) argue that many of these show duplication and by focussing on what they believe are the critical characteristics arrive at seven recommendations. However, these are also convoluted. An example: 'performance measures should be simple to understand and use', understanding a performance indicator and using it are two different things. In addition, Najmi, Rigas & Fan (2005) provide a checklist that can be used when measures are being reviewed. Last, Cocca & Alberti (2010) have analysed the existing recommendations and arrive at a set of characteristics that are applicable for small and medium-sized enterprises. Based on these sources the following 19 recommendations were gathered:

Table 3: Characteristic of 'good' performance measures

Characteristics of 'good' performance measures	By author
1. Performance measures should be derived from strategy	A, B, C, D
2. Performance measures should link business operations to strategic goals	A, B, C
3. Performance measures should relate to specific goals (targets)	A
4. Performance measures should be relevant (for managers and employees in executing their jobs)	A, B, C
5. Performance measures should be clearly defined	A, B, C
6. Performance measures should have an explicit purpose	A, B, C, D
7. Performance measures should be based (calculated) on an explicitly defined formula and source of data (objective)	A, C, D
8. Performance measures should be based on quantities that can be influenced, or controlled by the user	A
9. Performance measures should be objective – not based on opinion	A
10. Performance measures should be simple to understand	A, B, C, D
11. Performance measures should be simple to use	A, B, C, D
12. Performance measures should be consistent (in that they maintain their significance as time goes by)	A
13. Performance measures should provide fast and accurate feedback	A, B, C, D
14. Information required for using/reporting performance measures is easy to collect (i.e. automatically collected as part of a process whenever possible)	A, C
15. Performance measures should be used to monitor past performance	A, C
16. Performance measures should be used to plan future performance	A, C
17. Performance measures should be reported in a simple consistent format	A
18. Performance measures should stimulate continuous improvement	A, B, C
19. Performance measures should stimulate the right behaviour	C

Author: A: Neely et al. (1997); B: Hudson et al. (2001); C: Cocca & Alberti, (2010); D: Najmi et al. (2005)

At this point the four dimensions falling under the strategic alignment concept have been discussed and elaborated on. In the remaining sub-sections the focus will shift to the supporting processes and systems (see figure 6). Apart from sub-section 4.1.7 on 'PMS use' these dimensions will be discussed less elaborate and are subject to a necessity of having to focus the thesis and keeping the interviews manageable.

4.1.3: Target setting

The setting of appropriate targets on the (key) performance measures is critical in the management of performance (Otley 1999; Stringer, 2007). Setting goals for KPIs that conform to the SMART criteria (specific, measurable, achievable, relevant, time-bound) create awareness among people of what is expected of them (Waal & Kourtit, 2013). Locke & Latham (2002) emphasise the need for clear goal setting, as well as the need for commitment of employees towards these goals. The authors found that the most difficult (highest) goals produce the highest levels of both effort and performance and that the goal-performance relationship is strongest when employees are also committed to their goals. This commitment is facilitated by two key factors: those factors that make the attainment of the goal important to people, such as rewards or other motivations, and the belief that they can be attained (self-efficacy) (Locke & Latham, 2002). According to Waal & Kourtit (2013) performance will be better when the targets are clear and set systematically, when they are perceived as sufficiently difficult and therefore challenging, and last, when specific feedback is provided frequently with regard to the extent targets are attained. It is not surprising employees require feedback on their progress towards targets if they are to be effective. If employees are unaware of how they are doing they cannot adjust the direction or level of their efforts or adjust their performance strategies (Locke & Latham, 2002). In practice it is found that targets tend to be achievable 80 to 90% of the time and this is regarded as desirable (Merchant & Manzoni, 1989).

The interest in this dimension does not lie specifically in the process of setting the targets, but in whether targets are set systematically (and not random) in the opinion of those they are relevant to, if they are perceived as challenging but also attainable, whether employees feel committed to achieving them, and last, progress towards the targets is also to be clearly communicated.

4.1.4: Reward system

Rewards can be expressions of approval or recognition by (senior) management, financial rewards, such as bonuses and salary increases, or promotions (Ferreira & Otley, 2009). At the basis, rewards, either financial in nature or not, are used to motivate employees to make the organisation's goals their own (Hopwood, 1972), but also to express gratitude and signal desired behaviour in employees. A performance management system requires consequences of some kind to be incorporated, since the motivation of employees regarding the performance measurement can influence its effectiveness (Mausolff & Spence, 2008). For example, employees may work harder or behave differently to gain rewards or in order to avoid negative consequences.

To be motivated means that a person is moved to do something (Ryan & Deci, 2000). There are two types of motivation: intrinsic and extrinsic. Ryan & Deci (2000, p. 56) define intrinsic motivation as *"...the doing of an activity for its inherent satisfactions rather than some separable consequence."* Employees are not motivated by external pressures or rewards, but by the joy or challenge associated with the task. Ryan & Deci (2000, p. 60) define intrinsic motivation as *"...a construct that pertains whenever an activity is done in order to attain some separable outcome."* In this case certain rewards are bestowed based on the performance of the activity, such as a monetary reward. One can imagine intrinsic motivation to be the desired form of motivation found within one's employees, because who wouldn't want an employee that is motivated by the work itself rather than the reward(s) he or she might receive upon reaching a target.

Even so, Peterson & Luthans (2006) report that meta-analyses shows that both non-financial and financial incentives have a positive impact on the performance of the individual, although there are nuances to be found. Especially financial incentives can be quite dangerous, because they may lead to higher performance quantity (e.g. number of tasks completed), but not the quality (Jenkins et al., 1998). Bonner et al. (2000) agree and indicate that monetary incentives have widely varying effects on efforts and are even regularly found not to improve performance at all. Another issue to take note of is the pay-for-performance link. When good performing employees perceive that their high performance is not sufficiently rewarded this may lead to turnover intentions of your best human resources (Peterson & Luthans, 2006). This is of particular interest for people-oriented businesses, where knowledge and experience of employees are critical for its operations and thus it is imperative to keep turnover of employees to a minimum.

Non-financial incentives are related to recognition (formal or social in nature) and the feedback of performance (Peterson & Luthans, 2006). Formal recognition can be formal programs, such as employee of the month or top sales awards, while social recognition refers to informal acknowledgement, praise or appreciation

from one individual or group to another (Luthans & Stajkovic, 2000), and can be powerful incentive motivators for performance improvements by influencing employee behaviour (Stajkovic & Luthans, 2003). These non-financial incentives are apparently valued by practicing managers, as a survey by Nelson (2001) found that 90% of managers felt that informal (social) recognition contributed to improving employees' motivation. In addition, 84% believed that providing non-financial recognition to employees upon doing a good job contributed to increasing their performance.

Unfortunately, the relationship between rewards, motivation and performance can be quite complex and would be a topic for research in and of itself. This thesis focuses on describing the reward system in the terms used above, whether employees feel motivated by this system to reach their targets and the business-unit or organisational goals, and more specifically what their own experiences are with the reward system.

4.1.5: Information system

Any performance management system is supported by an information system. Ferreira & Otley (2009) liken the information system to a nervous system that transmits information from the centre of the body to the extremities and vice versa. Hence, the importance of the underlying information system cannot be understated. Franco-Santos et al. (2007) even argue that a PM system at the bare minimum has two necessary features: a set of performance measures and a supporting infrastructure which is used to gather the required information on these measures. This support infrastructure can range from simplistic and manual methods of recording data to sophisticated information systems and supporting procedures, such as data acquisition, collation, sorting, analysis, interpretation, and dissemination (Neely, 1998). Several of the best practices stated in sub-section 4.1.2.1 reflect on the information system. For example, it is not the measure itself that provide fast and accurate feedback or enable a performance measure to be reported in a simple consistent format. Instead it is the underlying information system and the assorted reports the system can generate that enable this to be accomplished. Furthermore, the information that is generated and stored in the information system is that which is used to undertake corrective action or to enable to organisation to learn from its experience, generate new ideas and try to anticipate future events (Ferreira & Otley, 2009). The information system should provide managers and employees alike with the information they require for executing their jobs as well as facilitate feedback on the KPIs and PIs that are relevant for them and their targets. Two important aspects of information system to consider are the system quality and information quality (Wixom & Watson, 2001; Delone & MacLean, 2003). System quality can be measured for example by the ease-of-use, functionality and reliability of the system, while information quality can be measured in terms of accuracy, timeliness and relevance (Delone & MacLean, 2003).

The interests here lie in whether the users feel that the information system works as intended, effectively supports them in doing their jobs and whether they experience problems with the system. In addition, the information system should be easy to use, and also provide accurate information in a timely manner with which employees can base their decisions on.

4.1.6: Performance management system change

As both the environment and organisations themselves change over time, it stands to reason the performance management system must also change in order to remain relevant and useful. According to Lynch & Cross (1995) an effective PM system is dynamic and modified to the circumstances at hand. As a firm's competitive environment and strategic direction changes, (key) performance indicators are to be re-evaluated to ensure they continue to reflect important issues of the business (Kennerley & Neely, 2002, 2003; Malina & Selto, 2001). A lack of this dynamism may lead to the system reflecting old priorities and inconsistent measures (Henri, 2010). Moreover, although these periodic reviews come with a cost in human and technological resources, time and money, it is stated that it may in fact be more harmful not to have a dynamic PM system in a context of fast changes than to have a dynamic PM system when it is not required (Henri, 2010). Put in different words, it appears the price you will pay for not having updated performance indicators is larger than the cost of unnecessarily reviewing them. Managers should therefore be aware of the significance of periodically reviewing the used performance measures if they wish to avoid inconsistent and conflicting signals to employees, but also take into account the necessity to review based on the level of internal and/or external changes that are occurring (Henri, 2010). A periodic review of the performance management system can lead to the addition or deletion of performance indicators and changes in the definition or targets linked to performance indicators (Bourne et al., 2000), but also adjustments to the information systems to enable new or different information to be gathered and the way the system is used (Ferreira & Otley, 2009; Henri, 2010).

To conclude, the interest of this sub-section lies in whether Ten Kate Huizinga has formal periodic review processes implemented and how the performance management system has changed over time.

4.1.7: Performance management system use

The second focus of this thesis is on the ends for which the performance management system is used and specifically whether it facilitates a learning and continuous improvement attitude in employees. Firms as a rule wish to continuously improve on their products, services and performance, which is paramount given that environments operated in are becoming increasingly competitive. The high demands for information and knowledge pressures firms to transform into knowledge and learning organisations, and to identify intellectual capital in order to gain sources of competitive advantage (Chenhall, 2005). As stated in the problem statement, Ten Kate Huizinga operates in a fast changing environment and wishes to become more of a learning organisation, thus also facilitating learning and continuous improvement within the members of the firm. The question to ask is how a performance management system can contribute to learning and to what extend it is currently doing so. This sub-section will assist in answering the theoretical part of the fifth sub-question:

- *"How does a performance management system contribute to learning and continuous improvement and does the current system facilitate learning and continuous improvement within Ten Kate Huizinga?"*

Pedler et al. (1991, (p. 211), cited in Sambrook & Stewart (2000) describe a learning organisation as *"...one which facilitates the learning of all members and which continuously transforms itself."* Giesecke & McNeil (2004, p. 55) define a learning organisation as *"...an organisation skilled at creating, acquiring, and transferring knowledge and at modifying its behavior to reflect new knowledge and insights."* In a learning organisation anticipatory learning of the individual employee is encouraged, which means that individual employees can acquire new knowledge and incorporate that new knowledge into the workplace (Giesecke & McNeil, 2004). This anticipatory learning is participatory in nature, meaning it is a joint venture in which individuals in a unit, department or the entire organisation explore alternatives, share ideas, and consider how new knowledge helps the organisation reach its goals (Giesecke & McNeil, 2004). Feedback is critical in learning as one must know where he or she can improve (Mausolff, 2004). In fact, Argyris (2002) define learning as the detection and correction of error, which can be identified by providing and analysing feedback on results.

It is argued to be unlikely that during the design, maintaining and using the performance management system no organisational learning takes place. According to Franco-Santos et al. (2007) during the design of the PM system the self-analysis that is required will lead to improved knowledge of the organisation. Furthermore, the iterative and cumulative experiences of using the system will likely also result in improved knowledge and therefore learning (Franco-Santos et al., 2007). Mausolff & Spence (2008) argue that performance measurement provides feedback which can trigger problem-solving and thereby contribute to learning in an individual. In an earlier study by Mausolff (2001), it is reported that performance measurement triggered awareness of performance gaps and consequently employees commenced problem-solving activities, such as interpreting the causes of the performance gaps, sharing these interpretations with others, searching for additional information to better understand the identified problems, and selecting and implementing solutions (Mausolff & Spence, 2008). Thus, as (key) performance indicators make those aspects of the business that are critical for its success insightful, the reports and feedback on the results can enlarge the knowledge of organisation members by presenting performance gaps and eliciting subsequent learning activities. To conclude, studies (e.g. Ahn, 2001; Johnston et al., 2002; Godener & Soderquist, 2004; Chenhall, 2005) suggest that in order for PM systems to be effective mechanisms for facilitating organisational learning that supports growth and development, the focus of use of the PM system should be on action and improvement, as opposed to using it in a reporting and control capacity (Franco-Santos et al., 2012).

In academic literature two sets of typologies of performance management system use are found that are closely related to learning and improvement in an organisation: diagnostic vs. interactive use, and a coercive vs. enabling perception of the PM system. These two typologies will be discussed in the next two sub-sections.

4.1.7.1: A diagnostic versus an interactive use

The diagnostic versus interactive typology is based on Simons' (1995) levers of control framework. Using a PMS in a diagnostic way, is characterised by a mechanistic, repressive and traditional control approach, and is regarded as single-loop learning. Utilising the PMS in an interactive way is characterised by an organic, constructive, and learning-oriented control approach, and is regarded as double-loop learning (Simons, 1995; Henri, 2005). The concept of single- and double-loop learning is illustrated in figure 9. Argyris (2002) compares single-loop learning to a thermostat that is turned on or off depending on the setting (i.e. the target) and the temperature (i.e. the result). Double-loop learning goes a step further and asks whether the setting was correct in the first place and why it was chosen. It asks not only about objective facts, but also about the reasons and

motives behind those facts: the underlying assumptions that were made. In other words, single-loop learning refers to doing things right, while double-loop learning is about making sure you are doing the right things.
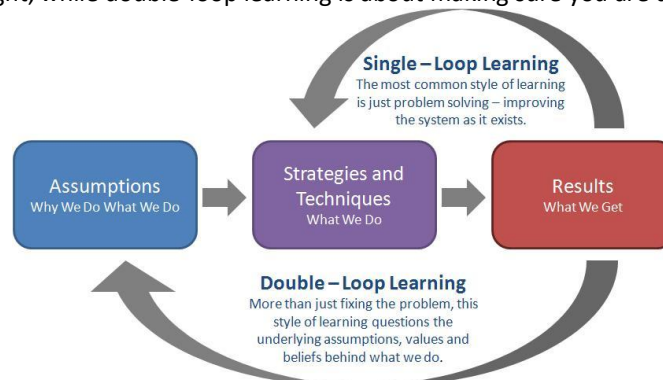

Figure 9: Single and double-loop learning

Henri (2005, p. 5) defines diagnostic use as follows: "*The diagnostic use of MCS represents the traditional feedback role as MCS (red. management control systems) are used on an exception basis to monitor and reward the achievement of pre-established goals.*" Measuring performance, by nature, falls into the category of diagnostic control systems (Tuomela, 2005), because the basic premise of a PM system is to make the result of a process or goal measurable (Simons, 1995). In a diagnostic control system formal information systems are used by management to monitor organisational outcomes, and motivation is provided by focussing on and correcting deviations from pre-set standards of performance (Simons, 1995). This type of use is identified with being a negative force for two reasons. First, a diagnostic use focuses on mistakes and negative variances, and second, the sign of the deviation (i.e. plus or minus) that is observed when targets and actual outputs are compared are reversed in the feedback signal when the process is to be adjusted (Simons, 1995).

It is acknowledged control systems can also be used interactively (Sakka et al., 2013; Tessier & Otley, 2012). Simons (1995) argues that a diagnostic control system will constrain innovation, because it focuses on the achievement of predictable goals. On the other hand, an interactive control system stimulates searching and learning and can enable new strategies to emerge, because it allows members throughout the firm to participate and respond to opportunities and threats they observe. Henri (2005, p. 5) defines interactive use as: "*The interactive use of MCS represents a positive force as MCS are used to expand opportunity seeking and learning throughout the organisation. The interactive use focuses attention and forces dialogue throughout the organisation by redirecting signals sent by top managers. It stimulates the development of new ideas and initiatives and guides the bottom–up emergence of strategies by focusing on strategic uncertainties (i.e., contingencies threatening or invalidating underlying assumptions of current strategies).*" In an interactive control system, information that is generated is regularly discussed and interpreted by top management, but also among organisational members of different hierarchical levels. It consists of formal two-way communication between managers and subordinates at different levels within the organisation (Mundy, 2010). This interactive debate can be facilitated by face-to-face meetings or organising regular strategy days to discuss and resolve problems, as opposed to assigning blame (Frow et al., 2005). If the performance management system is to be used in an interactive way senior managers should realise that a significant amount of attention is required to remain aware of strategic uncertainties (Bisbe & Otley, 2004), and therefore tend to be both costly and time-consuming (Widener, 2007).

Henri (2005) posits that a diagnostic use of a PM system may not be an end in itself, but rather a means vital for initiating the (strategic) dialogue and interactive use of a PM system. Therefore, the use of the performance management system may range from being mostly diagnostic, to a combination of both diagnostic and interactive. Some empirical research has been undertaken on the specific use of PM systems within businesses and their consequences. Henri (2005) found a significant positive relationship between interactive use of PM systems and the strategic capabilities of businesses (i.e. market orientation, entrepreneurship, innovativeness, and organisational learning). On the other hand a diagnostic use had a negative effect on these strategic capabilities, because of the constraints to ensure compliance. Results also indicate that a balanced use leads to dynamic tension that contributes positively to the strategic capabilities, but this result is only found in a context of high environmental uncertainty and with an organisational culture that reflects flexibility values (Henri, 2005). Widener (2007) finds similar evidence and reports that the full benefit of performance measurement arises when it is used both diagnostically and interactively, finding their use to be complementary in nature.

4.1.7.2: A coercive versus an enabling formalisation

Another typology is provided by Wouters & Wilderom (2008) whom, while building on the work of Adler & Borys (1996), view the performance management system as a form of formalisation, which can be perceived by employees to be either coercive or enabling in nature.

Formalisation is the extent of written rules, procedures and instruction that are implemented in the business and dictates how the activities of employees are supported, guided and controlled (Adler & Borys, 1996). On the one hand a performance management system can be utilised to serve higher management needs and control employees' behaviour (i.e. a coercive formalisation), while on the other hand it can be utilised as a system that supports employees to do their work better (e.g. by providing feedback, identifying problems or revealing opportunities for improvement), which is known as an enabling formalisation (Wouters & Wilderom, 2008). Adler & Borys (1996) argue that the impact of the type of formalisation on the attitudes of employees can be positive or negative and may inhibit or enable behaviour of improvement, contingent on the underlying intentions of the formalisation and the perception of the system. According to Adler & Borys (1996), a coercive formalisation can foster dissatisfaction, be detrimental to the motivation and commitment of employees and consequently limit innovation, because employees that work in a formalised setting (i.e. many strict rules and procedures) will likely have little motivation for the complex non-routine tasks of innovation. On the other hand, an enabling formalisation creates greater understanding among employees regarding the fit of their own tasks within the greater picture and allows employees to improve upon the system by modifying or repairing it when required (Ahrens & Chapman, 2004). Wouters & Wilderom (2008) advocate an enabling approach to performance management systems as it is more appropriate for facilitating continuous improvement attitudes among employees. Prominent differences found between the two formalisations are listed in table 4 (Adler & Borys, 1996; Ahrens & Chapman, 2004; Wouters & Wilderom, 2008).

Table 4: Differences between a coercive and enabling formalisation

Coercive formalisation	Enabling formalisation
The PM system is used as a control tool to force compliance of employees to organisational goals and ensure accountability.	The PM system is used as a tool to enable and motivate employees to master and improve their tasks (in the interest of organisational goals), for example by providing feedback, identifying problems, revealing improvement opportunities or help prioritizing action.
A deviation from the standard (e.g. in performance or procedures) is seen as suspect by management. Procedures are designed to highlight to superiors whether subordinates actions are in compliance.	A deviation from the standard (e.g. in performance or procedures) is seen as an opportunity for improvement.
Tasks of employees are minimised to a list of duties. Management does not seek to guide the employee's efforts so much as sanction punishment in the case of deviations.	Employees are made aware of the rationale underlying their tasks, as well as the context of these tasks within the wider organisation.
Tasks are partitioned and moving beyond the specific realm of tasks of the employees is penalised.	Employees can offer suggestions for improving and developing new standards (e.g. processes or in this case performance indicators) and are encouraged to do so.

In an enabling formalisation employees will be actively involved in the performance management system on various levels. In fact, the importance of enabling employees' participation in the performance management system is clear in the literature (e.g. Adler & Reid, 2008; Burney & Matherly, 2007; Zuriekat et al., 2011). Studies show that employee participation in the development and/or implementation of a PM system generally leads to beneficial effects, such as reducing resistance (e.g. Abernethy & Bouwens, 2005; De Haas & Algera, 2002; Kleingeld et al., 2004; Li & Tang, 2009; Wouters & Wilderom, 2008). According to Kleingeld et al. (2004) the participation of employees in the design is emphasised, because it can lead to motivational gains (e.g., commitment to the system, acceptance of feedback and goals), along with cognitive benefits (e.g., better understanding of job priorities, development of effective task strategies). Their quasi-experimental design study shows that the system designed with participation of the employees lead to significantly larger performance increases compared to an identical system that was introduced by a tell-and-sell method, along with a significantly higher satisfaction with the system and perceived usefulness of the feedback (Kleingeld et al., 2004). Burney & Matherly (2007) agree and also found that participation was a significant variable to increase the level of satisfaction of employees and managers with the system. An explanation for this increased satisfaction is voiced by Lynch & Gregor (2004, p. 287): *"Participation will improve system quality by better meeting user requirements, avoiding development of unacceptable features, and improving user understanding*

of the system.'' Finally, according to Moriarty (2010) when organisations allow employees to participate in the decision making process there is also a relatively high use of non-financial performance measures. This would mean that it can be expected that employees and managers will develop and use a more diverse set of performance measures were they to participate in the design of their own performance management system. As stated previously, this broader set of financial and non-financial performance measures can give employees and managers more information to achieve their jobs than would be routinely available, which might lead to improved performance on the organisational and individual levels (Burney & Matherly, 2007).

Wouters (2009) calls this participation employee ownership, whereby employees whose performance is being measured produce these measures themselves. Groen et al. (2012b) take a similar limited stance on PM participation and define it as: *"The substantial impact of one or more employees on the content of the performance measures by means of which one is measured." (p. 121).* Employee participation is however not limited to just this aspect. Burney & Matherly (2007) identify five items related to the decision-making activities associated with the PM system on which employees can participate: *"(1) involvement in selecting performance measures during the system's design; (2) involvement in system implementation; (3) involvement in assessing organisational performance; (4) involvement in recommending changes to the system; (5) involvement in setting and revising (budgetary) targets."* (in Zuriekat et al., 2011, p. 163).

4.2: Three-stage Maturity Model for assessing performance management systems

The dimensions brought forth by Ferreira & Otley (2009) do not include clear normative stances on the performance management system design or its use, which is not to say advice or recommendations cannot be found. Examples of this are the best practices in sub-section 4.1.2.1. The other dimensions have also been supplemented by normative stances to the extent possible, although, as could be read, perceptions of the quality of the dimensions by the users play a substantial role in passing judgement. In this section the three-stage maturity model is presented that can be regarded as somewhat of an ad-hoc analysis, but seems useful for taking a quick-scan inventory of the PM system in place. The aim of this model in the study is to use it to prioritise areas to focus on and guide the subsequent semi-structured interviews.

Wettstein & Kueng (2002) have proposed a four-level maturity model that follows an evolutionary pattern through the following levels: Ad-Hoc, Adolescent, Grown-up and Mature. These levels describe the progressive development along several dimensions. However, as the subject of this thesis is a medium-sized firm, which are often characterised by lower complexity levels (Garengo, Biazzo & Bititci, 2005), the simplified adapted maturity model by Cocca & Alberti (2008), which is derived from the model of Wettstein & Kueng (2002), is used. In this model the four maturity levels are rearranged into three stages (basic, advanced and excellent) in order to eliminate unlikely maturity stages, that according to Cocca & Alberti (2008, p. 3) are *"... characterised by unreasonably too low or too high level practices, which could be more adequate in micro/individual or large enterprises contexts."* The maturity model is a gradual evolution of a stage in which it can be argued that a PM systems is not in place, or only in a very limited capacity, to increasing levels of maturity. Seven different dimensions are included in the model, all of whom touch on the various dimensions discussed in the previous sub-sections. The maturity model is presented in table 5.

Table 5: Three-Stage Maturity Model for PMSs (adapted from Wettstein and Keung, 2002)

Dimension	Maturity level 1	Maturity level 2	Maturity level 3
Scope of Measurement	Only financial performance indicators are considered.	Financial performance indicators are measured. In addition, a few non-financial indicators are measured as well.	Both financial and non-financial performance indicators are measured in a balanced way.
Data Collection	Most performance-relevant data are collected manually.	Some performance data are collected manually and some by operational IT systems.	Collection of most performance data is fully automated by operational IT systems.
Storage of Data	Most performance data are stored in paper format.	Performance relevant data are stored in local PCs.	Most performance data are stored in a central database integrated with the IS.
Communication of Performance Results	Performance results are disseminated on an ad-hoc basis usually to upper and middle management.	Performance results are disseminated regularly and sometimes also to operative levels.	Performance results are disseminated regularly to all hierarchical levels and also to external stakeholders.
Use of Performance Measures	Performance data are used primarily for internal reporting, thereby accounting for deviations from pre-set targets (control role).	Performance data are used primarily for analysing deviations from targets and identifying areas of improvement (e.g. in processes) (improvement role).	Performance data are used to analyse deviations from targets, identify areas of improvement and primarily for supporting tactical and strategic decision making (improvement and decision-making role).
Quality of Performance Measurement Processes	The measurement processes are not defined and the frequency of measurement is irregular.	The measurement processes are documented and standardized for some main metrics and the frequency of measurement is regular.	The measurement processes are documented and standardized for all metrics, the frequency of measurement is regular and as least one person is responsible for collecting and reporting the data.
Target Setting	No target levels are set for the metrics.	Target levels are set for some metrics.	Target levels are set for all metrics.

Please note that the following two items, 'use of performance measures' and 'quality of performance measurement processes' were adapted in the survey in order to better clarify the distinctions between the three maturity levels:

- Use of performance measures (old): (1) Performance data are used primarily for internal reporting; (2) Performance data are used primarily for checking improvements and analysing deviants from targets; (3) Performance data are used primarily for supporting decision making.
- Use of performance measures (new): (1) performance data are used primarily for internal reporting, thereby accounting for deviations from pre-set targets (control role); (2) performance data are used primarily for analysing deviations from targets and identifying areas of improvement (e.g. in processes) (improvement role); (3) performance data are used to analyse deviations from targets, identify areas of improvement and primarily for supporting tactical and strategic decision making (improvement and decision-making role).
- Quality of performance measurement processes (old): (1) The measurement processes are not defined; (2) Measurement processes are documented and standardised for some main metrics. Frequency of measurement is regular; (3) Measurement processes are documented and standardised for all metrics. At least one person is responsible to collect and report the data.
- Quality of performance measurement processes (new): (1) the measurement processes are not defined and the frequency of measurement is irregular; (2) the measurement processes are documented and standardized for some main metrics and the frequency of measurement is regular; (3) the measurement processes are documented and standardized for all metrics, the frequency of measurement is regular and as least one person is responsible for collecting and reporting the data.

4.3: Expectations

In this final section expectations are voiced regarding the type of organisation the thesis is executed in. Originally, the use of performance management systems was found primarily in large manufacturing businesses. Not many studies on the measurement of performance deal with SMEs, while those that do (e.g. Garengo et al., 2005) take a mainly theoretical approach and focus on the manufacturing sector (Radnor & Barnes, 2007). This is not to say that performance measurement cannot be of great value to smaller firms that operate in a service setting. In fact, it is found that service firms increasingly engage in the measurement of performance (Radnor & Barnes, 2007). Furthermore, in Europe 99% of all businesses are SMEs, providing two out of three private sector jobs and contributing to more than half of the total value-added created by businesses in the European Union.[5] Their social and economic importance cannot be understated and it is therefore vital they are able to deal with the increasing pressures from the market and gain competitive advantages. Small and medium-sized enterprises, or SMEs, are organisations that employ no more than 250 persons, have an annual turnover not exceeding 50 million Euros, and/or an annual balance sheet total not exceeding 43 million Euros (European Commission, 2003). Literature argues that small and medium-sized enterprises are distinctly different from large enterprises. Various characteristics can be found (e.g. see Hudson, Smart & Bourne, 2001; Garengo et al., 2005) that differentiate an SME from a large enterprise. The following ten characteristics are of interest, because they are listed by Chalmeta et al. (2012) as found to be an obstacle that hinders a proper implementation of a PM system in an SME:

1. There is an informal and non-documented definition of both the vision and strategy that is to be followed by the rest of the firm. These are defined by the owners.
2. The members of the organisation do not have a clear notion of the corporate strategy that is to be followed and achieved.
3. SMEs are often restricted by limited resources in terms of capital, manpower and managerial capacity. Its members are consequently compelled to taking financial aspects into consideration before any others when it comes to defining goals, making decisions and outcomes. Investments in organisational consulting and technological equipment are often restricted due to these circumstances.
4. Most SMEs have computer applications, such as an enterprise resource planning system, but are used primarily for the daily activities at an operational level. Few SMEs have actual management control systems. Often programs such as Excel and other disparate IT tools which do not allow coherent reporting to be carried out are used instead of real decision-support systems.
5. SMEs often have no prior process present of strategy review and data analysis.
6. SMEs usually lack the capacity to identify, design and quantify indicators in an integrated way. They do not have established relations among the indicators from the strategic to the operational levels, meaning they lack in alignment with the strategy of the organisation.
7. SMEs are characterised by a lack of communication and have no culture or there is a misconception of how to use indicators for performance measurement.
8. SMEs may face a lack of human resources, because may be difficult to retain skilled, competent staff.
9. SMEs often have flat and flexible structures. This implies employees often have a greater number of job roles and more responsibilities. This may complicate the delegation of responsibilities for performance management due to, for example, time constraints.
10. SMEs often have a personalised management style, with little decentralisation of authority.

An eleventh characteristic that could be an obstacle to a proper implementation of a PM system is that management of SMEs often has a reactive, fire-fighting mentality (Hudson et al., 2001). This may also impact the design and use of the PM system as it implies a more ad-hoc perspective towards strategy as well as the use of performance indicators. It could thus inhibit a proper strategic alignment throughout the business, but also mean that management is focussed on putting out fires in the short-term as opposed to looking towards the longer term vision and value creation.

These eleven expectations will be reflected on in the conclusion (chapter 6).

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[5] http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/ (retrieved on the 20th of January)

Chapter 5: Analysis and results

In the analysis and results chapter the findings from the document analysis, online survey and semi-structured interviews will be presented. Each of the dimensions elaborated on in the theoretical review, presented in figure 6 below, will be discussed in a separate section. In each of the sections the observations, results and recommendations for improvements, mentioned either by the respondents or identified by the researcher, are elaborated on. Recommendations are included after each dimension, because they are specific to that dimension and will ensure better clarity as opposed to listing them afterwards. The sub-questions will be answered during the discussion their related dimensions.
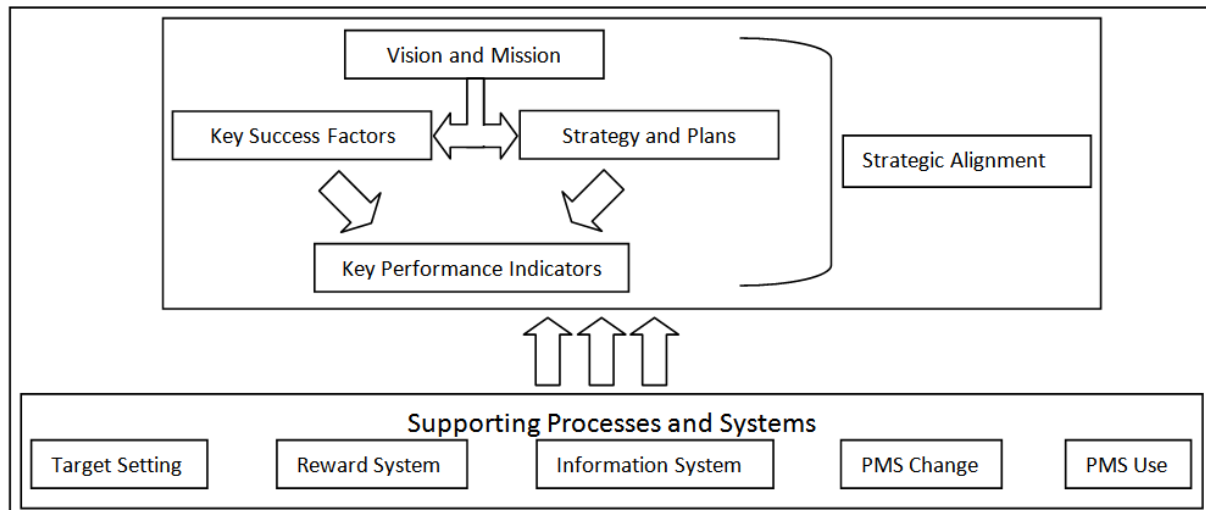
Figure 6: Performance management system dimensions (adapted from: Ferreira & Otley, 2009)

The overview per dimension provides comprehensive insight in the current performance management system, thereby answering the second part of the second sub-question:
-   *"What constitutes a performance management system and how is the system employed by Ten Kate Huizinga currently designed?"*

The third and fourth sub-questions are answered in section 5.5, after elaboration on the strategic alignment.
-   *"Which performance measures are currently being used by Ten Kate Huizinga and are these aligned with the vision, mission and strategy?"*
-   *"What best practices, if any, can be found with regard to the performance measures and does Ten Kate Huizinga incorporate these best practices in their own performance measures?"*

In section 5.11 (on PMS use) the empirical part of the fifth sub-question will be answered:
-   *"How does a performance management system contribute to learning and continuous improvement and does the current system facilitate learning and continuous improvement within Ten Kate Huizinga?"*

In section 5.12 the sixth sub-question is answered, providing a method for creating a new set of (key) performance indicators.
-   *"Which framework(s) can assist Ten Kate Huizinga in developing a new set of performance measures, while also facilitating a learning and improvement behaviour among employees?"*

In the sections in between those mentioned the remaining dimensions are discussed in the same order as they were discussed during the theoretical review. An answer to the main research question (providing a conclusion, listing the system's limitations and potential areas for improvement) is given in chapter 6.

Before discussing the findings it is prudent to elaborate further on the firm and especially the changing environment it finds itself in. These developments provide important contextual information to understand where Ten Kate Huizinga is coming from and why certain decisions were made. This is subsequently followed by the results of the three-stage maturity model as an initiation point for discussing the results.

The remainder of chapter 5 has been declared confidential by the author and supervisors.

Chapter 6: Conclusion, limitations and further research

In this final chapter a conclusion is to be provided on the main research question. In answering this question recommendations are also included. First, the expectations listed in section 4.3 will be addressed that should be taken note of as they can be obstacles for implementing a proper performance management system.

The remainder of chapter 6 has been declared confidential by the author and supervisors.

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Appendix I: Invitation mail and KSF, KPI and PI forms

Participatiemail

Beste collega,

Mijn naam is Martijn Leegsma en ik doe momenteel onderzoek naar het performance managementsysteem dat momenteel gebruikt wordt binnen Ten Kate Huizinga. Hierbij focus ik mij op de (kritieke) prestatie-indicatoren en het huidige gebruik van het systeem door het management en medewerkers.

Gezien de recente ontwikkelingen in het werkveld van Ten Kate Huizinga is dit natuurlijk een erg interessant onderwerp. Voor mijn onderzoek is het inzicht van managers en medewerkers die moeten werken met de prestatie-indicatoren, maar ook in contact komen met het algehele systeem van grote waarde.

In de bijlage van de mail is een invulformulier opgenomen waar de verscheidene kritieke succesfactoren en (kritieke) prestatie-indicatoren die binnen jouw afdeling gemeten worden ingevuld kunnen worden. Het invullen van het invulformulier zal enige tijd in beslag nemen, maar is van fundamenteel belang voor het onderzoek. Gelieve zou ik de formulieren uiterlijk ……… weer ingevuld ontvangen. Als dit niet mogelijk is dan hoor ik dat graag, anders zie ik het ingevulde document graag tegemoet.

Daarnaast heb ik een korte enquête waarvan het invullen ongeveer 5 à 10 minuten duurt. De link naar deze enquête zal zo spoedig mogelijk opgestuurd worden, maar behoefd nog enige aanpassingen.

Tenslotte zou ik ook graag een open interview met je willen inplannen. Is ……… rond ……… toevallig voor jou mogelijk? Dit interview zal ongeveer 1,5 uur in beslag nemen.

Voor alle geleverde informatie geldt dat alleen bij mij bekend is wie wat heeft gezegd en/of ingevuld heeft. Alle informatie en eventuele quotes zullen anoniem in het verslag opgenomen worden en er zullen geen namen aan verbonden worden.

Als je naar aanleiding van deze mail nog vragen hebt dan beantwoord ik die natuurlijk graag!

Met vriendelijke groet,

Martijn Leegsma

Invulschema's voor 'kritieke succesfactoren', 'kritieke prestatie-indicatoren' en 'prestatie-indicatoren'

Beste collega,

Zoals vermeld in de begeleidende e-mail ben ik op dit moment binnen Ten Kate Huizinga onderzoek aan het doen naar het prestatie managementsysteem. Een belangrijk onderdeel van dit algehele systeem zijn de kritieke succesfactoren en de (kritieke) prestatie-indicatoren die binnen Ten Kate Huizinga gemeten worden.

Een effectieve manier om inzicht te krijgen in datgene wat binnen Ten Kate Huizinga gemeten wordt is via een aantal invulschema's. Ik zou u dan ook willen vragen om de volgende 3 invulformulieren zo volledig mogelijk in te vullen. Er zullen aan de ingevulde documenten geen namen verbonden worden, noch zullen er in het eindrapport specifieke namen verbonden worden aan resultaten. Het draait om het algehele beeld dat verkregen wordt via deze invulformulieren.

Voorafgaand aan het invullen zou ik u graag willen vragen om de uitleg die bij elk van de drie formulieren is verschaft door te lezen, zodat de bedoeling duidelijk is.

1. Het eerste formulier betreft de kritieke succesfactoren die binnen Ten Kate Huizinga en uw afdeling gelden en waaronder dus gewerkt wordt. Het is mogelijk dat naast de kritieke succesfactoren die binnen Ten Kate Huizinga als bedrijf gelden, binnen uw afdeling aanvullende kritieke succesfactoren gelden.

2. Het tweede formulier betreffen de kritieke prestatie-indicatoren die binnen uw afdeling gelden en waarmee de kritieke succesfactoren die u in het eerste formulier heeft genoemd meetbaar gemaakt worden. Het is mogelijk dat bepaalde kritieke succesfactoren op dit moment niet gemeten worden. Dat is ook een waardevol resultaat, vul dan ook alleen datgene aan kritieke prestatie-indicatoren in die ook echt gemeten worden of waar u van op de hoogte bent.

3. Het derde formulier betreffen de (niet-kritieke) prestatie-indicatoren die naast de kritieke prestatie-indicatoren kunnen gelden en bepaalde processen meetbaar maken, maar niet als kritiek beschouwd worden.

Veel succes met het invullen!

Als u nog vragen heeft naar aanleiding van dit document hoor ik dat graag en probeer ik u zo goed mogelijk te assisteren.

1. **Kritieke succesfactoren: Noem de kritieke succesfactoren die binnen Ten Kate Huizinga en uw afdeling gelden en waaronder gewerkt wordt.**

Kritieke succesfactoren zijn factoren waar het *slagen of mislukken* van een activiteit of zelfs de gehele onderneming vanaf hangt. Een kritieke succesfactor is datgene wat een organisatie *vooruit brengt* en wat hen *differentieert van de concurrent* en waar men dus in moet excelleren. Dit zijn de factoren die belangrijk zijn voor het behalen van de missie/visie en strategie van de organisatie. Enkele generieke voorbeelden zijn: kwaliteit (van product of dienst), efficiëntie van processen, relatieonderhoud, klantvriendelijkheid, nieuwe product ontwikkeling, effectieve advertising of brand awereness.

Vul in het onderstaande schema de volgende gegevens in:
- Geef aan welke kritieke succesfactoren binnen Ten Kate Huizinga gelden
- Geef aan of er binnen uw afdeling onder dezelfde kritieke succesfactoren gewerkt wordt en vul deze aan met eventuele aanvullende kritieke succesfactoren die binnen uw afdeling gelden.
- Geef een korte beschrijving van de betekenis van deze kritieke succesfactoren

Kritieke succesfactoren binnen Ten Kate Huizinga	Betekenis van deze kritieke succesfactor
Kritieke succesfactoren binnen uw afdeling	Betekenis van deze kritieke succesfactor

2. Kritieke prestatie-indicatoren: Noem de belangrijkste kritieke prestatie-indicatoren die binnen Ten Kate Huizinga/uw afdeling gelden.

Een kritieke prestatie-indicator (KPI) is een _meeteenheid_ voor het meten van een _kritieke succesfactor_. Aan een kritieke succesfactor kunnen meerdere (kritieke) prestatie-indicatoren hangen. De KPI is een _kwantitatief_ gegeven en wordt uitgedrukt in een getal. KPI"s worden gebruikt om de prestaties te meten en te bepalen in hoeverre KSFs en doelstellingen binnen een organisatie worden behaald.

Vul in het onderstaande schema de volgende gegevens in:
- De naam van de KPIs die binnen uw afdeling gemeten worden.
- Hoe deze KPI berekent wordt (formule, indien deze formeel bepaald is).
- Of er een vaste streefwaarde/norm vastgestelt is voor deze KPI (streefwaarde, indien deze formeel bepaald is, met ja/nee).
- Aan welke (door u voorgaand genoemde) kritieke succesfactor(en) deze KPI gerelateerd is.

Kritieke prestatie-indicator	Formule (indien bepaald)	Streefwaarde (indien bepaald) (ja/nee)	Kritieke succesfactor(en)

3. Prestatie-indicatoren: Noem de prestatie-indicatoren die binnen Ten Kate Huizinga/uw afdeling gelden.

Naast de kritieke prestatie-indicatoren (KPI) kunnen er binnen de afdeling ook nog andere prestatie-indicatoren (PI) gemeten worden. Een prestatie-indicator (PI) is een meetinstrument dat gebruikt wordt om de *efficiëntie of effectiviteit* van een *specifieke activiteit of proces* te meten. PIs brengen de resultaten van bepaalde aspecten van de uitvoering van bedrijfsprocessen in beeld die van belang zijn voor de realisatie van de doelstellingen en kritieke succesfactoren. Een PI is net als een KPI een *kwantitatief* gegeven en wordt uitgedrukt in een getal.

Vul in het onderstaande schema de volgende gegevens in:
- De naam van de PIs die binnen uw afdeling gemeten worden.
- Hoe deze PI berekent wordt (formule, indien deze formeel bepaald is).
- Of er een vaste streefwaarde/norm vastgestelt is voor deze PI (streefwaarde, indien deze formeel bepaald is, met ja/nee).
- Aan welke (door u voorgaand genoemde) kritieke succesfactor(en) en/of KPI deze PI gerelateerd is.

Prestatie-indicator	Formule (indien bepaald)	Streefwaarde (indien bepaald) (ja/nee)	Kritieke succesfactor(en) of KPI

Appendix II: Survey

Het prestatie managementsysteem binnen Ten Kate Huizinga

Beste collega,

De enquête die je dadelijk in zult vullen betreft het prestatie managementsysteem binnen Ten Kate Huizinga en zal circa 15 minuten in beslag nemen om in te vullen.

Een prestatie managementsysteem bestaat in de basis uit de prestatie-indicatoren die de organisatie gebruikt om de voortgang van de organisatiedoelen in de gaten te houden, of om de efficiëntie van specifieke activiteiten meetbaar te maken. Deze prestatie-indicatoren worden ondersteund door een onderliggend informatiesysteem en kan optioneel ook nog andere ondersteunende processen omvatten.

In de enquête zul je voor een lijst van stellingen moeten aangeven wat in jouw beleving het meest van toepassing is binnen jouw afdeling van de organisatie. Deze stellingen zullen gaan over de prestatie-indicatoren die binnen het bedrijf / jouw afdeling (red. afhankelijk van naar wie de enquête verstuurd was is het een of ander vermeld) gebruikt worden en de processen die zich rondom het gebruik van het systeem bevinden.

De ingevulde antwoorden zullen alleen bij mij bekend zijn en jouw naam zal niet aan specifieke resultaten verbonden of in het rapport vermeld worden.

Succes!

Martijn Leegsma

Start enquête:
1. Het prestatie managementsysteem binnen Ten Kate Huizinga
In de volgende items zijn voor een 7-tal dimensies een drietal stellingen opgesteld. Deze geven in OPLOPENDE mate het volwassenheidsniveau (maturity level 1-2-3) aan van het huidige prestatie managementsysteem binnen het bedrijf / jouw afdeling (wat van toepassing is). Selecteer per item de optie die volgens jou het meest van toepassing is.

ps. Het is mogelijk dat je een niveau niet weet te aan te geven, omdat je de informatie niet hebt of niet betrokken wordt bij de betreffende activiteit. Selecteer dan 'weet ik niet'.

Uitgebreidheid van de metingen: geef aan welke prestatie-indicatoren binnen het bedrijf / jouw afdeling (wat van toepassing is) gemeten worden.
1. Alleen financiële prestatie-indicatoren worden beschouwd.
2. Financiële prestatie-indicatoren worden gebruikt, maar ook een klein aantal niet-financiële prestatie-indicatoren worden gemeten.
3. Zowel financiële als niet-financiële prestatie-indicatoren worden op een gebalanceerde manier gemeten.
Weet ik niet (ik heb hier geen zicht op).

Verzameling van gegevens: geef aan hoe prestatierelevante informatie binnen het bedrijf / jouw afdeling (wat van toepassing is) verzameld wordt.
1. Het merendeel van de prestatierelevante informatie wordt handmatig verzameld.
2. Enige prestatierelevante informatie wordt handmatig verzameld en enige prestatierelevante informatie wordt door operationele IT systemen aangeleverd.
3. Het verzamelen van het grootste deel van de prestatierelevante informatie is volledig geautomatiseerd door operationele IT systemen.
Weet ik niet (ik heb hier geen zicht op).

Opslag van gegevens: geef aan hoe de opslag van prestatierelevante informatie binnen het bedrijf / jouw afdeling (wat van toepassing is) plaats vindt.

1. Het grootste deel van prestatierelevante informatie is opgeslagen op papier.
2. Prestatierelevante informatie is opgeslagen in lokale computers.
3. Het grootste deel van prestatierelevante informatie is opgeslagen in een centrale databank dat deel uitmaakt van een geïntegreerd informatiesysteem.

Weet ik niet (ik heb hier geen zicht op).

Het communiceren van prestatieresultaten: geef aan in hoeverre de prestatieresultaten gecommuniceerd worden.

1. Prestatieresultaten worden op een ad-hoc manier verspreid, gewoonlijk naar hoger en midden management.
2. Prestatieresultaten worden met regelmaat verspreid naar hoger en midden management en soms ook op operationeel niveau.
3. Prestatieresultaten worden met regelmaat verspreid naar alle hiërarchische niveaus en ook naar externe stakeholders.

Weet ik niet (ik heb hier geen zicht op).

Het gebruik van prestatie-indicatoren: geef aan waar de in het bedrijf / jouw afdeling (wat van toepassing is) gebruikte prestatie-indicatoren voor gebruikt worden.

1. Prestatie-informatie wordt voornamelijk gebruikt voor interne rapportage, waardoor afwijkingen van voorafgestelde doelstellingen kunnen worden geïdentificeerd (controlerol).
2. Prestatie-informatie wordt voornamelijk gebruikt voor het analyseren van afwijkingen van de voorafgestelde doelstellingen en zodoende het identificeren van verbeterpunten (bijvoorbeeld in processen) (verbeteringsrol).
3. Prestatie-informatie wordt gebruikt om afwijkingen van voorafgestelde doelstellingen te analyseren, het identificeren van verbeterpunten en ter ondersteuning van tactische en strategische besluitvorming (verbetering- en besluitvormingsrol).

Weet ik niet (ik heb hier geen zicht op).

De kwaliteit van de prestatie meetprocessen: geef aan wat de kwaliteit van de meetprocessen is met betrekking tot de in het bedrijf / jouw afdeling (wat van toepassing is) gebruikte prestatie-indicatoren.

1. De meetprocessen voor de prestatie-indicatoren zijn niet gedefinieerd en de meetfrequentie is onregelmatig.
2. De meetprocessen zijn gedocumenteerd en gestandaardiseerd voor enkele hoofdzakelijke prestatie-indicatoren. De frequentie van het meten is regelmatig.
3. De meetprocessen zijn gedocumenteerd en gestandaardiseerd voor alle prestatie-indicatoren. Tenminste één persoon is verantwoordelijk voor het verzamelen en het rapporteren van de informatie. De frequentie van het meten is regelmatig.

Weet ik niet (ik heb hier geen zicht op).

Het vaststellen van streefcijfers: geef aan in hoeverre streefniveaus (targets) aanwezig zijn met betrekking tot de in het bedrijf / jouw afdeling (wat van toepassing is) gebruikte prestatie-indicatoren.

1. De prestatie-indicatoren hebben geen vastgestelde streefniveaus.
2. Streefniveaus zijn voor sommige prestatie-indicatoren vastgesteld.
3. Streefniveaus zijn voor alle prestatie-indicatoren vastgesteld.

Weet ik niet (ik heb hier geen zicht op).

2. De prestatie-indicatoren binnen Ten Kate Huizinga

Geef voor de volgende stellingen aan in hoeverre de door Ten Kate Huizinga gebruikte prestatie-indicatoren naar jouw mening aansluiten op de volgende karakteristieken:

ps. Het is mogelijk dat je een stelling niet weet te beantwoorden, omdat je de informatie niet hebt om deze te kunnen beantwoorden of omdat je niet berokken bent bij de activiteit. Keuzerondje 4 (het midden) geldt daarom als optie 'weet ik niet'.

ps 2. Controleer alstublieft dat je alle stellingen beantwoord hebt.

Stelling:	Sterk mee oneens (1)	2	3	Weet ik niet (4)	5	6	Sterk mee eens (7)
1. De door ons gebruikte prestatie-indicatoren zijn afgeleid van onze strategie.							
2. De door ons gebruikte prestatie-indicatoren koppelen onze operationele activiteiten aan onze strategische doelen.							
3. De door ons gebruikte prestatie-indicatoren zijn gerelateerd aan specifieke doelen (targets).							
4. De door ons gebruikte prestatie-indicatoren zijn relevant (bijv. voor de werkzaamheden van managers/werknemers).							
5. De door ons gebruikte prestatie-indicatoren zijn duidelijk gedefinieerd.							
6. De door ons gebruikte prestatie-indicatoren hebben een expliciet doel met betrekking tot waarom ze gebruikt/gemeten worden.							
7. De door ons gebruikte prestatie-indicatoren worden berekend met behulp van een gedefinieerde formule op basis van duidelijke gegevensbronnen.							
8. De door ons gebruikte prestatie-indicatoren zijn gebaseerd op kwantiteiten die beïnvloed kunnen worden door de werknemers waarop ze weerslag hebben.							
9. De door ons gebruikte prestatie-indicatoren zijn objectief en niet gebaseerd op mening.							
10. De door ons gebruikte prestatie-indicatoren zijn eenvoudig te begrijpen.							
11. De door ons gebruikte prestatie-indicatoren zijn eenvoudig te gebruiken.							
12. De door ons gebruikte prestatie-indicatoren zijn consistent, betekenend dat ze hun significantie behouden naarmate tijd vordert.							
13. De door ons gebruikte prestatie-indicatoren zijn in staat om snelle en nauwkeurige feedback/informatie te leveren							
14. De informatie die benodigd is voor het gebruiken/rapporteren van de prestatie-indicatoren is eenvoudig te verzamelen.							
15. De door ons gebruikte prestatie-indicatoren kunnen worden gebruikt om in het verleden behaalde prestaties te monitoren.							
16. De door ons gebruikte prestatie-indicatoren kunnen worden gebruikt om toekomstige prestaties te plannen.							

	Sterk mee oneens (1)	2	3	4	5	6	Sterk mee eens (7)
17. De door ons gebruikte prestatie-indicatoren worden op een eenvoudige en consistente manier gerapporteerd.							
18. De door ons gebruikte prestatie-indicatoren ondersteunen het stimuleren van leren en continue verbetering van het eigen werk, dan wel de geleverde dienst.							
19. De door ons gebruikte prestatie-indicatoren stimuleert het gewenste gedrag in werknemers.							

3. Gebruiker perceptie van het prestatie managementsysteem

Een belangrijk inzicht is hoe het prestatie managementsysteem door de gebruikers van het systeem wordt ervaren. In de volgende vraag zijn een aantal stellingen opgenomen. Geef voor elk van de stellingen aan in hoeverre (naar jouw mening) deze de situatie binnen het bedrijf / jouw afdeling (wat van toepassing is) beschrijven.

Stelling:	Sterk mee oneens (1)	2	3	4	5	6	Sterk mee eens (7)
1. Het prestatie managementsysteem wordt gebruikt als controle instrument om inzet van medewerkers voor organisatiedoelen af te dwingen en voor het afleggen van verantwoording.							
2. Het prestatie managementsysteem wordt gebruikt als instrument om medewerkers in staat te stellen hun taken (in het belang van de organisatiedoelen) beter uit te voeren (bijvoorbeeld doordat feedback geleverd wordt en problemen en verbeteringsmogelijkheden geïdentificeerd kunnen worden).							
3. Een afwijking van de standaarden (bijvoorbeeld het niet halen van streefniveaus of het afwijken van reguliere processen) wordt door management gezien als een gelegenheid voor verbetering.							
4. Medewerkers zijn zich bewust van de gedachte (rationale) onderliggend aan hun taken, maar ook van de context van deze taken binnen de organisatie. Medewerkers zijn zich bewust hoe hun activiteiten bijdragen aan het behalen van de organisatiedoelen.							
5. Medewerkers worden aangemoedigd suggesties aan te bieden voor het verbeteren en ontwikkelen van nieuwe standaarden (bijvoorbeeld nieuwe prestatie-indicatoren of andere proces aanpassingen voordragen).							

(Hierbij geldt voor stellingen 2 t/m 6 dat bij een lagere score het systeem meer richting een coercive formalisation neigt)

4. Werknemer participatie in het prestatie managementsysteem

Werknemers kunnen op verschillende wijze deelnemen met betrekking tot het algehele prestatie managementsysteem. Geef per stelling aan in hoeverre werknemers betrokken worden bij de specifieke activiteit.

Stelling:	Sterk mee oneens (1)	2	3	4	5	6	Sterk mee eens (7)
Werknemers zijn betrokken geweest bij het selecteren van de prestatie-indicatoren tijdens de ontwikkeling van het systeem.							
Werknemers zijn betrokken geweest bij het implementeren van het systeem.							
Werknemers zijn betrokken bij de beoordeling van de prestaties van de organisatie							
Werknemers zijn betrokken bij het aanbevelen van wijzigingen aan het systeem.							
Werknemers zijn betrokken bij het vaststellen en herzien van de doelstellingen.							

Einde enquête

Bedankt voor het invullen van deze enquête.

De door u gegeven informatie is voor mij belangrijk als input voor de open interviews die gehouden gaan worden. Ik verzoek u daarom de volgende informatie in te vullen. De ingevulde antwoorden zullen alleen bij mij bekend zijn en jouw naam zal niet aan specifieke resultaten verbonden of in het rapport vermeld worden.

Vergeet niet na het invullen op de "Versturen" knop te drukken.

Voornaam:	
Achternaam:	
Functie:	
Afdeling:	

In de nabije toekomst kan je gecontacteerd worden om, indien mogelijk en beschikbaar, een open interview in te plannen.

Appendix III: Interview Protocol

Interviewvragen – Managers en gebruikers van het PMS

Beste collega,

Dit onderzoek wordt uitgevoerd, omdat het voor alle bedrijven belangrijk is dat de doelen, processen en activiteiten op de juiste manier gemeten worden om zo het bedrijf en/of aparte afdelingen beter aan te kunnen sturen en op tijd potentiële kansen of gevaren te kunnen identificeren.

De vragenlijst die we zullen gaan doorlopen dient ter inventarisatie van het huidige prestatie managementsysteem binnen Ten Kate Huizinga en zal gebieden identificeren die verbeterd kunnen of zelfs moeten worden. Het gaat dus om de **huidige situatie** omtrent het prestatie managementsysteem.

Tijdens het interview doorlopen we een aantal thema's, zoals de visie, missie en strategie, het ontwerp en gebruik van het prestatie managementsysteem binnen Ten Kate Huizinga en aspecten die volgens u verbeterd kunnen worden.

Tijdens het interview zijn we voornamelijk geïnteresseerd in uw eigen ervaring en mening met betrekking tot het ontwerp en gebruik van het prestatie managementsysteem. Hierin ligt een specifieke focus op de prestatie-indicatoren binnen uw afdeling. Wanneer u belangrijke meningen of inzichten heeft met betrekking tot bepaalde aspecten of tekortkomingen van het systeem, vermeld deze dan ook vooral. Echter, we hebben een behoorlijke vragenlijst om door te lopen en zodoende krijgen beknopte antwoorden de voorkeur.

Enige tijd geleden heeft u ook een korte enquête en een aantal invulformulieren ingevuld waar ten dele op teruggekoppeld zal worden in de loop van dit interview. Enkele vragen kunnen dus overeenkomen of aansluiten op vragen die u al eerder beantwoord heeft.

Daarnaast wil ik u vragen of ik het interview mag opnemen, zodat ik me kan focussen op het interview en het doorvragen naar interessante antwoorden. Deze opname zal alleen bij mij beschikbaar zijn en zal niet verspreid worden.

Zou u zich kunnen introduceren

Naam:
Leeftijd:
Functie:
Afdeling:
Periode werkend voor TKH:

Missie/Visie en Strategie van Ten Kate Huizinga
- Bent u bekend met de visie en missie van het bedrijf?
    - Zo ja, kunt u mij die kort toelichten?
    - Wordt er binnen uw afdeling onder dezelfde missie en visie gewerkt?

- Bent u bekend met de specifieke strategieën en plannen die het bedrijf / uw afdeling heeft aangenomen om deze missie en visie te bereiken?
    - Zo ja, zou u mij die kort kunnen toelichten?
    - Gelden binnen het bedrijf / uw afdeling nog andere specifieke plannen en zo ja sluiten die aan op de m/v/s erboven?

- Er is mij verteld dat er een nieuwe richting in missie/visie/strategie gevolgd wordt, verschild deze significant met de vorige richting?

- Hoe zijn deze strategieën/plannen gegenereerd?
    - Welke rol spelen prestatie-indicatoren in het genereren en het bijstellen van deze strategieën en plannen?

- Hoe worden strategieën/plannen gecommuniceerd aan managers en algemene werknemers?
    - Welke rol spelen prestatie-indicatoren in het communiceren van de strategieën en plannen?

- Bent u zich bewust hoe u kan bijdragen aan het behalen van de strategische, dan wel tactische, doelen die opgesteld zijn? (hoe zichtbaar zijn die doelen?)

- Zouden naar uw mening de missie/visie/strategie en doelen duidelijker en expliciter gecommuniceerd moeten worden binnen de organisatie / uw afdeling?
    - Zo ja/nee, waarom?

Het ontwerp van het prestatie managementsysteem binnen Ten Kate Huizinga
U heeft voor mij een aantal formulieren ingevuld met betrekking tot de kritieke succesfactoren en de (kritieke) prestatie-indicatoren (KPIs en PIs) die gemeten worden binnen uw afdeling. De volgende vragen zullen daarop betrekking hebben.

- Hebben de door u genoemde kritieke succes factoren een duidelijke link met de missie/visie en strategie die nagestreefd wordt?

- Zijn de door u genoemde KPIs en PIs expliciet afgeleid van de kritieke succesfactoren die opgesteld zijn door de organisatie?

- Op welke van de door u ingevulde KPIs wordt voornamelijk gestuurd binnen de organisatie?

- Zijn de prestatie-indicatoren in staat belangrijke informatie te leveren met betrekking tot in hoeverre missie, visie en strategie en opgestelde doelen behaald worden?
    - Leveren de prestatie-indicatoren naar jouw mening voldoende informatie om het bedrijf op te kunnen sturen?

Overige processen rondom het gebruik van het systeem
- Hoe worden voor de door u genoemde KPIs en PIs geschikte en haalbare streefniveaus bepaald? (systematische wijze/willekeur?)
    - Ervaart u het behalen van deze streefniveaus als uitdagend?
    - Beschouw je jezelf toegewijd aan het behalen van deze gestelde streefniveaus?

- Welke vorm van beloning (financieel of niet-financieel) staat tegenover het behalen van streefniveaus en zijn er negatieve gevolgen voor hen die hun streefniveaus niet halen?
    - Wat zijn uw eigen ervaringen hierin?
    - Voelt u zich hierdoor meer of juist minder gemotiveerd om doelen te behalen?

- Welke informatiesystemen worden gebruikt ter ondersteuning van de KPIs en PIs?
  o Voor welk doeleinde maakt u persoonlijk gebruik van dit systeem?
  o Werken deze systemen naar behoren of ervaart u problemen in het gebruik ervan?
  o Zijn de gebruikte system in staat om tijdig accurate en relevante informatie te leveren?

- Hoe is door de loop van de jaren heen het prestatie managementsysteem verandert als gevolg van veranderingen in de organisatie en/of de omgeving?
  o Zijn er specifieke processen aanwezig die periodiek het systeem evalueren?
  o Zijn prestatie-indicatoren naar uw weten in de loop van de tijd toegevoegd, verwijderd of verandert in definitie?

Gebruik van het prestatie managementsysteem
- Voor welk(e) doeleinde(n) worden het prestatie managementsysteem en specifiek de prestatie-indicatoren in uw ervaring gebruikt?
  o Waar blijkt dat uit?

- Zou u het doel van het systeem, en specifiek de prestatie-indicatoren, vooral omschrijven als het verzekeren dat medewerkers werken naar opgezette doelen (rapportage en controle) of juist om medewerkers in staat te stellen om hun werk beter te doen en te verbeteren (actie en verbetering)?

In de literatuur komt naar voren dat het prestatie managementsysteem voor verschillende doeleinden gebruikt kan worden. Ik omschrijf dadelijk een aantal wijzen van gebruik waarop ik naar uw mening zal vragen.
- Ten eerste kan het systeem gebruikt worden als een soort van stoplicht. De prestatie-indicatoren verschaffen feedback in de vorm van resultaten waarna correcties of aanpassingen kunnen worden gemaakt ten aanzien van streefniveaus en/of actieplannen. Herkent u zich in deze beschrijving?
  o Kunt u daar een voorbeeld van noemen?

- Ten tweede kan een stap verder gegaan worden en kan de feedback van resultaten dienen om te communiceren en te debatteren met werknemers over de correctheid van genomen assumpties en validiteit van de strategische richting. Herkent u zich in deze beschrijving?
  o Kunt u daar een voorbeeld van noemen?

- Wanneer streefniveaus/targets niet gehaald worden, wordt dat bekritiseerd of juist gezien als een mogelijkheid tot verbetering?
  o Welk stappen worden consequent ondernomen?

Een van de kernwaarden van Ten Kate Huizinga is het onderling van elkaar leren en een continue verbeteringsmentaliteit ten aanzien van het eigen werk en diensten van de organisatie. Een van de uiteindelijke doelen van een prestatie managementsysteem is het stimuleren van leren en continue verbetering.
- Herkent u zich hierin?
- Zo ja, faciliteert het systeem volgens u deze mentaliteit onder werknemers?

- Leveren de KPIs en PIs die gemeten worden naar uw mening waardevolle inzichten om uw werk en/of geleverde diensten te kunnen verbeteren?

- Belangrijk voor leren onder medewerkers is dat feedback aangeleverd wordt met betrekking tot de resultaten die behaald worden. Worden naar uw mening resultaten mbt de prestatie-indicatoren regelmatig met werknemers zoals u besproken zodat zij weten waarin zij kunnen verbeteren?
  o Draagt dit bij aan het verbeteren van uw werk en prestaties?

- Hebben werknemers in de regel invloed op het performance management systeem?
  o Bijvoorbeeld:
(1) betrokken bij het selecteren van prestatie indicatoren;
(2) betrokken bij de implementatie van het PM systeem;
(3) betrokken bij het beoordelen van organisatie performance;
(4) betrokken bij het aanbevelen van veranderen aan het systeem;
(5) betrokken bij het bepalen en aanpassen van (budget) targets.

- Zou u meer betrokken willen zijn bij deze activiteiten en meer zegspraak willen hebben in wat er gemeten wordt?
  - o Zou u zelf uw medewerkers daar nauwer bij willen betrekken?

Verbetering van het prestatie managementsysteem
Één van de veronderstellingen bij de aanvang van deze opdracht was dat het huidige prestatie managementsysteem tekorten vertoont. Daarnaast is tijdens informele gesprekken naar voren gekomen dat bepaalde punten in de bedrijfsvoering verbeterd kunnen worden, maar op dit moment niet gemeten worden en dus niet gemanaged kunnen worden.

- In hoeverre bent u tevreden met de huidige invulling van het prestatie managementsysteem, en in het specifiek de KPIs en PIs die gemeten worden?
  - o Komt het overeen met uw eigen ideaalbeeld van datgene wat gemeten moet worden?

- Zijn er volgens u kritieke succesfactoren en/of specifieke doelen die de organisatie heeft opgesteld die, naar uw mening, beter meetbaar gemaakt kunnen en moeten worden?

- Zijn er volgens u activiteiten en/of processen binnen het bedrijf en/of uw afdeling die, naar uw mening, beter meetbaar gemaakt kunnen en moeten worden?

- Wat kan er, naar uw mening, met betrekking tot het algehele prestatie management systeem nog meer verbeterd kunnen worden?
  - o Hoe zouden deze tekorten naar uw mening opgelost/verbeterd kunnen worden?

Dit is het einde van het interview. Bedankt voor uw tijd.

Einde interview

Appendix IV: Record sheet for filling out KPIs

Attribute	Description
Name	Effective names to avoid ambiguities. A good name explains the meaning of the measure and defines why it is important.
Objective/purpose	The relationship between the measure and the objectives should be clear.
Scope	Business areas or parts of the organisation measured.
Targets	The objectives of the organisation to be attained.
Formula calculation	The precise calculation of the measure should be known. This formula represents the way in which the performance will be measured.
Units of measurement	The units of measurement used.
Frequency of measurement	The frequency of measurement recording and report preparation. It is related to the importance of the measure and the volume of data available.
Frequency of review	The frequency with which the measures are reviewed.
Source of data	The real source of data to calculate the measure. This source has to be consistent.
Person responsible for the measurement	Person in charge of collecting the data and reporting the measure.
Person responsible for the measure	Person in charge of achieving better performance.
Person responsible for the data	Person in charge of taking action based on data.
Drivers	The factors that influence performance.

Source: Braz et al. (2011) (original source: Neely, Richards, Mills, Platts, & Bourne, 1997))

Appendix V: Stapsgewijze methode voor het creëren van een nieuwe set prestatie-indicatoren

Het volgende stappenplan is ontwikkeld door Bianca Groen, Celeste Wilderom en Marc Wouters en is voor een groot gedeelte letterlijk (!) overgenomen vanuit het artikel: "Hoe betrekt u medewerkers bij prestatiemeting" (Groen, Wilderom & Wouters, 2011). Deze benadering is in verschillende organisaties op verschillende niveaus en in verschillende sectoren ontwikkeld. De verwachting is dat dit ook zou kunnen binnen Ten Kate Huizinga. Gebaseerd op de theoretische onderbouwing en de specifieke situatie binnen Ten Kate Huizinga is het stappenplan enigszins aangepast. Omdat Nederlandse de geprefereerde taal is binnen het bedrijf en het doel is om het bedrijf van duidelijke richtlijnen te voorzien zal het stappenplan in het Nederlands gepresenteerd worden.

Stap 1: Projectleider aanstellen

Zoals in het voorgaande is aangegeven is een onafhankelijke (outside) projectleider onmisbaar als het project moet slagen. Deze projectleider heeft een aantal belangrijke taken te vervullen:

- Het organiseren van het traject van het project.
- Het overtuigen van mensen van het nut van prestatiemeting binnen het bedrijf. De facilitator kan het voorgaande rapport voor dit doeleinde gebruiken.
- Het inventariseren van datgene wat op dit moment al gemeten wordt. Ook hier geldt dat de facilitator het voorgaande rapport voor dit doeleinde kan gebruiken
- Het assisteren bij het vertalen van zowel kennis en ideeën van leidinggevenden en medewerkers naar prestatie-indicatoren.

Tip 1: Voer de methode uit in één afdeling tegelijk

Het is belangrijk om het project behapbaar te houden. Dit kan gedaan worden door dit afdeling voor afdeling aan te pakken. Alleen op deze manier is het mogelijk om de medewerker en het project de aandacht te geven dat het nodig heeft. Dit is een noodzakelijke voorwaarde om een cultuurverandering teweeg te brengen binnen de werknemers en organisatie.

Stap 2: Het formuleren van doelen

Het is belangrijk dat men duidelijke en heldere doelen voor ogen heeft alvorens met de methode te beginnen. Houdt in gedachten dat het maken van de prestatie-indicatoren op zich niet het doel is, maar juist een middel om iets anders te bereiken, bijvoorbeeld meer betrokkenheid van medewerkers bij het bedrijf bewerkstellingen of om afdelingsprestaties verbeteren. Daarnaast is het ook belangrijk dat prestatie-indicatoren passen bij de doelen van de organisatie/afdeling. Alleen dan is het mogelijk dat ze medewerkers in de juiste richting kunnen sturen. Daarom moeten vooraf ook duidelijke SMART doelen gesteld zijn op strategisch and afdelingsniveau en die moeten ook bekend zijn onder de deelnemers.

Stap 3: Het samenstellen van groepen

Maak een aantal gevarieerde groepen van medewerkers. Zorg wel dat het mensen zijn die open staan voor verbetering in hun werkpraktijken en resultaten (professionalisme) Elke groep kan een thema gegeven worden waarvoor zij specifiek prestatie-indicatoren gaan ontwikkelen. Ook kan gevraagd worden een eigen thema te ontwikkelen. Zorg ervoor dat the thema's gerelateerd zijn aan de doelen van de organisatie. Op deze manier zullen de prestatie-indicatoren ook automatisch aansluiten op de organisatie doelen. Binnen het directieplan zijn een zestal strategische pijlers beschikbaar die als leidraad kunnen dienen voor deze doelen. Het is dan wel zaak dat deze nog enigszins uit te kristalliseren met betrekking tot wat deze pijlers precies moeten bereiken.

Stap 4: Het informeren van de betrokkenen

Wees altijd direct, open en eerlijk naar de betrokkenen toe en zorg dat met iedereen persoonlijk gesproken wordt. Communiceer duidelijke wat het doel is van het project en maak de deelnemers bewust van wat hun rol is binnen het project. Benoem ook de randvoorwaarden waarbinnen ze geacht worden de prestatie-indicatoren te ontwikkelen. Vertel duidelijk de stappen die genomen zullen gaan worden en de projectleider moet hen ervan verzekeren ze bij elke stap te zullen begeleiden.

Tip 2: Het omgaan met weerstand

Het is mogelijk dat er weerstand kan zijn tegen het project. Overtuig de betrokken personen dat hun input van vitaal belang is voor het creëren van relevante prestatie-indicatoren die hen kunnen helpen bij hun eigen werk. Door het houden van persoonlijk contact kan de weestand beperkt blijven en merk je die eerder op. Het project staat of valt door het onderling vertrouwen tussen de betrokkenen en facilitator.

Stap 5: De brainwrite sessies

Het is alleen mogelijk om prestatie-indicatoren te creëren wanneer men er zich bewust van is wat er precies verbeterd kan worden. Zoals vermeld heeft de organisatie een zestal strategische pijlers opgesteld waarop gefocust dient te worden. Deze kunnen als verbetervraag geformuleerd worden. Per groep moet dan een zogenaamde brainwrite sessie georganiseerd worden. Elke groep kan één of meerdere van deze verbetervragen voorgelegd worden. Het is dan de bedoeling dat de deelnemers in een bepaalde tijd (circa 5 tot 10 minuten) zoveel mogelijk verbeterideeën opschrijven. Het formulier wordt daarna doorgegeven aan de buurman. Daarna krijgt men nogmaals tien minuten om de ideeën door te lezen en nieuwe ideeën te bedenken. Dit herhaalt zich totdat iedereen weer zijn eigen formulier heeft. Een standaard formulier is hieronder opgenomen.

Hoe kunnen we onze efficiëntie verhogen binnen de A&A afdeling Hoe kunnen we het relatiemanagement met onze klanten verbeteren? Etcetera	
Wat kunnen we daarin nog verbeteren?	Hoe kunnen we dit meten?
-	-
-	-
-	-
-	-
-	-
-	-

De projectleider verzameld na afloop van de sessie de formulieren. Deze worden door hem of haar kritisch bekeken en onder categorieën onder gebracht voorafgaand aan de volgende sessies.

Omdat binnen Ten Kate Huizinga nog vrij weinig gemeten indicatoren aanwezig zijn, kunnen zij er ook voor kiezen om de brainwrite sessies vanuit een standaard Balanced Scorecard te beginnen. Hierbij kan aan de deelnemers gevraagd worden per perspectief (financieel, klant, interne processen en leren & groei) met zaken te komen die gemeten zouden kunnen en moeten worden. Zie voor uitgebreide uitleg van dit model sectie 3.3.

Belangrijk is dat bij beide aanpakken strategische mappen gemaakt worden (zie ook 3.3.1), ofwel het daadwerkelijk uittekenen van de verwachte relaties tussen de verschillende geïdentificeerde succesfactoren en de te volgen prestatie-indicatoren. Op deze manier kunnen de causale hypotheses getest worden op hun accuraatheid en kan bekeken worden of de strategie daadwerkelijk valide is.

Stap 6: Het prioritiseren van de verbeterideeën

In de tweede bijeenkomst zal gevraagd worden aan de deelnemers om voor zich te bepalen welke categorieën ze het belangrijkst vinden. Inventariseer welke categorieën het vaakst zijn gekozen en waar dus mee begonnen moet worden om prestatie-indicatoren voor te maken.

Tip 3: Het maken van kaartjes

Er kan voor gekozen worden om elke categorie en de bijbehorende verbeterideeën op een kaartje te zetten. Op deze manier zien de deelnemers hoe hun categorieën terugkomen en blijven de ideeën die door de Brainwrite sessie geïdentificeerd zijn behouden. Ook kan dit de afweging tussen categorieën makkelijker maken, omdat men ze nu letterlijk naar elkaar kan leggen.

Stap 7: Prestatie-indicatoren ontwikkelen en het maken van prototypes

In de derde bijeenkomst worden daadwerkelijk de prestatie-indicatoren ontwikkeld. Per categorie wordt besproken wat voor soort prestatiemaatstaven wellicht handig en nuttig gemeten zouden kunnen worden. In appendix IV staat een schema, ontwikkeld door Neely et al. (1997), waarmee duidelijke prestatie-indicatoren gemaakt kunnen worden en die zullen helpen de prestatie-indicatoren ook te laten voldoen aan de 19 geïdentificeerde karakteristieken. Volgens de ervaring van de onderzoekers zijn er nog maximaal 7 bijeenkomsten per groep nodig om de set van prestatie-indicatoren af te maken. Een prototype is een realistische versie van een prestatie-indicator, maar staat nog wel geheel open ter discussie en dus veranderingen. Het is belangrijk om continue te kijken hoe de prototypes verbeterd kunnen worden. Ook kan in dit stadium al gekeken worden naar het bepalen van goede streefwaardes voor de indicatoren, alsook het aanpassen of opnieuw bouwen van (bestaande) rapportages om de informatie te presenteren.

Tip 4: Het meegeven van 'huiswerk'

Uit ervaring blijkt dat het onmogelijk is om alle vragen direct te kunnen beantwoorden. Vaak roepen vragen ook weer nieuwe vragen op, denk bijvoorbeeld aan of de juiste informatie wel voorhanden is in de aanwezige system. Maak dus afspraken met de deelnemers over wie dergelijke informatie gaat uitzoeken en zorg dat vragen zo snel mogelijk beantwoord worden.

Stap 8: Het gebruiken en experimenteren met de prestatie-indicatoren

Ook als de prototypes nog niet af zijn kunnen ze gebruikt worden. Het is sterk aanbevolen dit ook te doen. Zoals gezegd is het experimenteren met de prestatie-indicatoren van belang om tot een betere invulling te komen. Het is belangrijk dat realistische gegevens gebruikt worden om te zien of de indicatoren daadwerkelijk werken en nuttige informatie verschaffen. Pas als de indicatoren in de praktijk gebruikt worden en gezien kan worden of ze functioneren, kan men erachter komen wat er aan verbeterd moet worden.

Stap 9: Het onderhouden van de prestatie-indicatoren

Een prestatie-indicator kan als 'af' gezien worden wanneer niemand meer ideeën heeft om deze verder te verbeteren. Dit betekent echter niet dat deze nooit meer mag, of juist zelfs moet, veranderen. Elk jaar zouden de volgende zaken geëvalueerd moeten worden:
- Worden alle ontworpen prestatie-indicatoren nog gebruikt.
- Is men nog tevreden met de prestatie-indicatoren (verschaffen ze de juiste informatie en op tijd).
- Is er behoefte aan nog meer of andere prestatie-indicatoren.

Over deze zaken moeten duidelijke afspraken gemaakt worden met de medewerkers, om ervoor te zorgen dat het een voortdurend proces van meten en verbeteren wordt. Uiteindelijk is het van belang dat de projectleider zich overbodig maakt en de activiteit zichzelf in stand houdt.