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Advancing performance measurement theory by focusing on subjects: Lessons from the measurement of social value

Summary

Performance measurement and management (PMM) researchers have recently called for a closer inspection of social controls – the cultural and behavioural aspects of PMM inside organisations – as a complement to longstanding inquiries into technical controls – the rational and structural processes that enable measurement. We address this call by first reviewing the principal findings obtained in the field of social value measurement (SVM), which focuses on the measurement of how and to what extent individuals and groups perceive and realise subjective changes (i.e., in knowledge, access, health, etc.) from interactions with organisations. Subsequently, we distil the main characteristics of SVM research (i.e., the basic conceptualisations, stated purposes and normative principles). We find that SVM tends to highlight the importance of individual and group wellbeing and welfare, aims to understand how organisational actions influence these conditions, and focuses upon individuals' lived experiences of measuring or being measured. In comparison, PMM research concentrates on technical controls, mainly relies on notions of systems and structured processes, and assumes people's behaviours are impacted by measures, but does not fully explore their responses. We argue that to properly acknowledge and integrate social aspects of PMM into research and practice, subjects – with their thoughts, emotions and experiences – should be included more explicitly in future studies and theorisations.

Introduction

Performance measurement and management (PMM) is a multidisciplinary field of research consisting of different strands, such as operations management (Neely 2005), management accounting (Ferreira and Otley 2009), strategic management (Goold and Quinn 1990), human resource management (DeNisi and Smith 2014) and organisational behaviour (Townley 2002). Multiple perspectives on a topic can provide richer understanding and explanation of phenomena, but they can also result in disparate definitions and separate research agendas (Franco-Santos *et al.* 2007). Indeed, research in PMM appears to be divided into two camps[1]: the dominant one comprises operations management and management accounting scholars who have mainly focused on the technical aspects of measurement processes such as the design and implementation of measurement tools; the second one brings together researchers from several areas who have investigated an array of social, cultural, and behavioural effects of measurement (Smith and Bititci 2017). While studies in these two camps seem complementary, they have rarely been investigated jointly, leading to parallel lines of inquiry (Mehrpouya and Samiolo 2016).

Research focused on the technical aspects of PMM gathered pace in the late 1980s, when academics and practitioners started to focus on the design and implementation of performance measurement systems (Johnson and Kaplan, 1987; Kaplan and Norton 1992; Neely 1995). Studies conducted in that period significantly advanced our understanding of how to develop and introduce various PMM frameworks, tools and techniques (for reviews, see, e.g., Franco-Santos *et al.* 2007 and Bititci *et al.* 2012). More recently, PMM researchers in operations and management accounting have examined the actual uses and effects of PMM systems in private, public sector and not-for-profit contexts (Franco-Santos *et al.* 2012; Speklé and Verbeeten 2014; Bititci 2015). For example, Bourne *et al.* (2013) began unpacking the conditions in which PMM leads stakeholders to positively contribute to

organisational performance, uncovering that PMM works to direct attention and effort where stakeholder motivations have been engaged by human resource management practices. Koufteros *et al.* (2014) investigated two main uses of PMM systems – as a means to control organisational behaviour and to promote organisational innovation and strategic renewal. In the public sector, a growing body of literature has developed in the area of performance information use. According to Moynihan *et al.* (2011, p. i149), until performance information is "*interpreted and used, the promise of performance regimes to improve performance will not be met*", thus stressing the link between the introduction of PMM tools, their utilisation, and their consequences.

Such interest in the use and effects of PMM tools and techniques, rather than just in their existence and structure, has begun to illuminate the "behavioural assumption" (Hall 2008; de Leeuw and van den Berg 2011), which presupposes that PMM systems directly influence people's behaviours (Bititci *et al.* 2012). However, existing studies have largely neglected to consider and theorise how individuals engaged in measurement processes - with their cognitive, emotional, and social expressions - contribute, or not, to organisational performance (Hall 2016). Indeed, while PMM systems have gained credence as useful managerial and accountability tools, there lacks consensus on why in some circumstances they generate expected behaviours whereas in others they result in unanticipated actions, such as gaming and manipulation of performance information (Gray *et al.* 2014; Pavlov and Bourne 2011). Cumulatively, these studies suggest that the successful implementation and utilisation of PMM is intimately dependent upon eliciting certain psychological and behavioural responses. However, as stipulated by de Leeuw and ven den Berg (2011: p. 224): "*assumptions in performance management research often involve broad leaps in logic from useful performance management practices to enhanced organisational performance… [but,] there is no compelling evidence to suggest that these links exist*".

This has led to recent calls for studies where the critical role of subjects is explicitly stated and considered (Micheli and Mari 2014), and where the attitudes, beliefs, and values individuals hold for PMM systems are taken into account when investigating the results of their introduction (e.g., Woods 2012; Marginson *et al.* 2014; Kunz 2015). Importantly, Smith and Bititci (2017) argue that the effects of PMM systems depend on the interplay between technical and social elements. Moreover, they posit that, if social aspects are not strengthened, over time technical ones tend to dominate, making PMM systems less personal and more focused on performance results, thus potentially alienating employees (Bititci 2015). Therefore, to extend the theory and practice of PMM, research is required to provide insight into how the technical and social aspects of PMM intertwine, and on how subjects' interpretations and experiences of PMM processes and practices influence their actions, which ultimately affect organisational performance.

In this paper, we address these calls by reviewing research conducted in a strand of PMM research - social value measurement (SVM). Despite focusing on measurement related issues, SVM has remained quite separate from the main body of PMM literature[2]. This is partly due to the aforementioned existence of different lines of inquiry and partly to SVM's origins and theoretical foundations, which are in the domain of public policy (Wilcox *et al.* 1972). Furthermore, the focus of SVM studies has remained fairly specific, as its primary aim is to measure the positive or negative "*impacts actually experienced by humans (at individual and higher aggregation levels) in either a corporeal (physical) or cognitive (perceptual) sense*" (Vanclay 2002, p. 191) in their interactions with organisations.

In this review, we examine SVM studies, because they are rooted in a subject-related paradigm, rather than an object-related one, like the majority of PMM research (Micheli and Mari 2014). That is, SVM authors start from the premise that the measurement of aspects such as quality of life, employees' health and wellbeing, and service users' progress

(Freudenberg 1986) is shaped and interpreted by subjects. Therefore, subjects are inherent parts of the measurement process, rather than related but distinct features, and examination of measurement practices starts from the subjects involved, rather than from the 'objects' (performance targets, indicators, etc.).

In order to understand what the blossoming area of SVM may offer to broader debates on the social aspects of performance measurement and management (PMM) theory, we conduct a comprehensive review of the literature. In particular, we review all main contributions in the SVM literature and identify three core developments: the exploration of subjects' lived experiences, design of SVM tools, and motivations for adopting and using social value measures. Also, the review highlights several current issues at the heart of SVM: involving multiple stakeholders in the SVM process, utilising the same tools for internal and external stakeholders, and integrating social and financial measures.

Findings are used to uncover assumptions in the SVM literature (Alvesson and Sandberg 2013) and to inform research in the wider field of PMM. In particular, this review proposes that future PMM research explicitly focuses on *subjects*. In order to highlight and clarify our contribution, we distinguish amongst concepts that are typically used interchangeably. Specifically, we propose that there are three different ways of recognising individuals involved in measurement processes: 1) *stakeholders* refers to a group of individuals with similar relationships to the organisation (e.g., employees in a department, service users with similar needs); 2) *subjects* are specific individuals with their thoughts and feelings – in this context, individuals engaging in the measurement process (i.e., collecting, analysing, communicating or receiving performance information, as well as those being measured) within or outside the organisation; and 3) *lived experience* refers to the type of response subjects have during interactions with the measurement process (e.g., emotions, resulting attitudes and behaviours, etc.). Therefore, focussing on *stakeholders* enables a view

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of general responses to and enactments of performance measurement; concentrating on *subjects* emphasises the perspective of the person participating and enacting the measurement process; and *lived experience* refers to the positive or negative feelings, emotions, and thoughts of the subject.

This review is significant for two main reasons: 1) the assumptions and findings identified in the SVM literature are used to illuminate the psychological and social dynamics called for in recent PMM studies (Micheli and Mari 2014; Hall 2016; Smith and Bititci 2017) and to highlight specific areas for further research which better recognise and integrate subjects into PMM theory; 2) it outlines the theoretical foundations of SVM research and points scholars towards issues requiring further investigation in this field.

This paper starts by briefly reviewing the history of SVM, and then presents the approach to literature search, selection, and analysis (Hart 1998). Subsequently, the identification of assumptions in the SVM literature, especially in relation to subjects' inclusion and involvement, are critically analysed. Implications for SVM and PMM are explored in light of the findings before concluding with suggestions for further research.

A brief history of SVM

In the 1930s, governments started labelling and discussing the effects of urbanisation on people from various points of view: physical, biological, and social heritage; changing occupations; and shifting social habits (Ogburn 1933). With an emerging awareness that economic growth also entailed inequality, poverty, crime, congestion, and pollution, government and science bodies began developing 'social indicators' (e.g., quality of life metrics, welfare program evaluations and social statistics) to assist in monitoring and managing these effects (Wilcox *et al.* 1972). However, it was not until the late 1960s that any large movement towards developing SVM policies and tools for organisations occurred. In

1969 the National Environment Policy Act was founded in the United States along with the Environmental Impact Assessment (now known as the Social Impact Assessment) (Freudenberg 1986; Burdge and Vanclay 1996). Tracking mainly social, cultural, and environmental impacts of the extraction of natural resources and construction and infrastructure expansions, the assessments were intended to provide a prospective evaluation of how people and communities would be affected by a project. Impacts were defined as anything that "*alter[s] the ways in which people live, work, play, relate to one another, organise to meet their needs, and generally cope as members of society*" (Burdge and Vanclay 1996, p. 59).

Eventually, the use of Social Impact Assessments led to the desire by governments to ensure positive social impact was created through all public expenditure on social initiatives. The adoption of 'outcome measurement' tools directed the attention of evaluations to be less on policies (the means) and more on the social results created (the ends) (Boyne and Law, 2005). Through this evolution, not-for-profits receiving public funds, for example, were pushed towards new levels of accountability and transparency (Ebrahim 2003), leading to a momentum in SVM developments. However, this movement has not been without its challenges, as organisations have struggled to define, at the local level, outcomes that are robust and do not trigger perverse behaviours (Etzioni and Lehman 1967; Smith 1995a; Liket *et al.* 2014).

Most recently, SVM has blossomed into a multi-faceted approach for engaging a broad array of stakeholders into definitions of value, effectiveness, and performance goals. In the words of Gibbon and Dey (2011, p. 64), the purpose of SVM is *"to understand [in social terms] what difference an organisation's activities make to the world and to communicate that value to the organisation itself and to its stakeholders"*. For example, newer public procurement models, such as the Public Services (Social Value) Act 2012 in the UK, have

institutionalised SVM by requiring any bid over £30,000 to be accompanied by a social and environmental depiction of value created. Furthermore, the social investment market has flourished, leading to a host of new institutions and funding models which base decisions on social value measures (Déjean *et al.* 2004). In the for-profit sector, the practice of SVM is usually subsumed in Corporate Social Responsibility reporting as a measure of corporate social performance[3]. Studies show up to 95% of the 250 largest companies in the world are actively measuring social impact to generate transparency along the supply chain, enhance reputation, and increase loyalty (Epstein and Yuthas 2014).

Yet, although the importance and usefulness of SVM continues to be recognised in academic and practitioner circles (Wood 2010; Gates 2013; Battilana *et al.* 2014), several issues plague the advancement of this field. Most notably, the lack of a wider conceptual framing (Ebrahim and Rangan 2014) and the need for more academic inquiry, as practitioner reports and recommendations are leading praxis, but rigorous studies over the applications of specific practices and tools are still lacking (Battilana and Lee 2014; Mair *et al.* 2015).

Methodological considerations

We conducted a comprehensive review (Hart 1998) of the SVM literature with the aim of addressing the following research questions: what are the main contributions and current issues in this domain? What are the underlying assumptions in the SVM literature, particularly concerning the inclusion and involvement of subjects? And, how can SVM research contribute to the theory and practice of performance measurement and management? Drawing on Jones and Gatrell (2014), the interdisciplinary bodies of knowledge that contribute to discussions on SVM were searched using popular business search engines (ProQuest, Business Source Premier, Scopus, and Web of Science). Based on our early scoping of the SVM literature we used three search strings - "social value measur*", "impact

measur*", and "outcome measur*" – to capture the most widely used variations of SVM terms, and did not apply any temporal boundary (i.e., we included all material until March 2016, when the search was conducted). The results were refined by limiting the searched subject areas to business, management, accounting and public administration. Other potential subject areas such as environment and medicine were excluded as they tend to focus on developing specific operational SVM practices and measures related to their disciplines, whereas the interest of this paper is to explore the general lessons and debates of SVM for organisations. Subsequently, we read all the resulting abstracts (251 results) to determine which articles to include or exclude (Tranfield *et al.* 2003).

Articles that made a direct contribution to SVM theory and were in high quality journals were included. Similarly to Franco-Santos et al. (2012), if papers found in the initial review were published in academic journals with less than 'two stars' according to the ABS Academic Journal Quality Guide (Cremer *et al.* 2015), they were excluded from the review for quality reasons. Studies in which SVM was only loosely discussed in relation to other organisational phenomena (e.g., as a contextual feature or suggested as an area for future research) were excluded. This provided us with a list of 29 articles upon which we applied a backward snowball technique by reviewing the references to identify academic articles that had not emerged from the initial search, but played an integral role in the evolving conversation and practices of SVM. Specifically, we included articles that were cited by five or more of the already selected sources. The same was done to capture the extensive work done by practitioners in this area. The only exceptions to the above criteria were the recent contributions from prominent authors in the field of SVM (i.e., new research published by those authors who had previous work cited by the majority of included articles; e.g., Barman, 2016; Polonsky *et al.* 2016). Finally, we presented our initial findings at two academic conferences and consulted with academics active in the SVM field to ensure all major

publications had been included.

In total, our search identified 43 core sources as the foundations of SVM literature (33 academic articles and 10 other sources). The selected articles, books, and reports were then read in full in order to analyse their content, and to identify main contributions and current issues. Our analysis process involved reading, extracting and tabling the following information from each source: definitions of social value measurement, methods used, theoretical lenses applied, and practical and theoretical contributions made (Hart 1998). The extracted information resulting from the analysis conducted on the academic articles is presented in Appendix 1. A summary of the reports' and books' core contributions to SVM is provided in Appendix 2.

Subsequently, we considered a variation of Alvesson and Sandberg's (2013) categories (i.e., basic conceptualisations, stated purposes and normative principles) to uncover and problematise the main assumptions in SVM research, especially concerning the role of subjects (Alvesson and Sandberg 2011). This was accomplished by re-examining the articles and extracting information regarding: definitions and metaphors of social value measurement, described purposes of SVM, and instructions or guidelines for implementing SVM in practice. The results of this analysis are provided in the first column of Table 1.

Analysis

The analysis section consists of two main parts: 1) the focus and main findings in SVM research and 2) current issues and challenges in SVM studies. Aspects discussed in both are then utilised to identify ways to progress and enrich PMM research.

Focus of social value measurement research

Social value measurement tools

Similarly to earlier studies in PMM, several authors in SVM have developed and proposed the introduction of a variety of tools and techniques. A reoccurring feature for SVM tools is the distinguishing between inputs, outputs, outcomes, and impacts of social value, otherwise known as the conceptual chain of influences (Plantz *et al.* 1997), the value chain (Clark *et al.* 2004) or the theory of change (Ogain *et al.* 2012). Over the years, the definitions of these components of SVM have been refined, with inputs and outputs becoming known as the means to social value creation, and outcomes and impacts as the ends (Boyne and Law 2005). 'Outcomes' often refer to lasting results in the lives of individuals, whereas 'impacts' indicate lasting results at the societal or root-cause level (Ebrahim and Rangan 2014; Thomson 2010).

While the complete analysis of existing SVM tools is outside the purview of this paper (for work that considers the greater detail of the individual tools, please see Mass and Liket (2011) or Clark et al. (2004)), the global membership body for SVM, Social Value International, estimates that there are over 300 developed tools for measuring social value[4], and over 1,000 established social value indicators[5]. Given the substantial work done, it has been recommended that organisations interested in introducing social value measures start by considering the measures already developed in order to save time and capital (Ellis and Hogard 2006; Kroeger and Weber 2014). Doing so, it is argued, would also address concerns regarding comparability and validity of social value measures (Mook *et al.* 2015).

Because of the wide portfolio of measures available, researchers have suggested that organisations select measures based on a set of characteristics, such as the purpose of a measure (monitoring, reporting, or evaluation), the time span of interest (short or long term), the particular level of analysis (micro, meso or macro), and the desired type of measure (qualitative impact, monetisation of impact, standardisation, quality assurance) (Maas and Liket 2011). Given the multi-faceted nature of social value and the necessity to engage

multiple stakeholders in the SVM process, authors have concluded that successful implementations require a host of approaches (Polonsky and Grau 2011; Hall *et al.* 2015; Costa and Pesci 2016).

At present the most known tools for measuring social value are Social Return on Investment (SROI), the Outcome Star, social accounting, and randomised control trials (Denny and Suddon 2014; Maier *et al.* 2015). All of these tools encompass instructions detailing when and how to involve various relevant stakeholders in the measurement processes. The SROI methodology is a seven-step process for calculating the financial value of outcomes resulting from products and/or services delivered (i.e., monetized social value) per amount of money spent. The first stage of an SROI calculation requires the involvement of relevant stakeholders in the identification and selection of what should be measured (i.e., what objects should represent social value created). For example, an organisation delivering a healthy eating program in schools that had an SROI score of 1:3 would suggest that for every £1 spent on the project, £3 of benefit was accrued for the students, schools, and communities in which the program was based (Emerson *et al.* 2000) in the forms of health improvement or amount of physical activity undertaken. Although an SROI score is rarely used internally by organisations for decision-making, it has proven popular with funders and commissioners who use it to compare with other projects' SROI scores (Arvidson *et al.* 2013; Millar and Hall 2013).

The Outcome Star is an independently developed SVM tool that tracks the progress of vulnerable people receiving services along dimensions related to physical, emotional, and mental health (Hall and Arvidson 2014). There are over 20 variations tailored to different types of services, such as the Family Star, Work Star, Homelessness Star, and Autism Star. All versions explicitly instruct the measurer (e.g., a frontline worker) to conduct the scoring along outcomes with the beneficiary of the service, thereby recording and encompassing both

perspectives to determine progress made. Social accounting is presented as a compromise between SROI and the Outcome Star as it involves a systematic analysis of the effects of the organisation on the various internal and external stakeholders, and includes stakeholder input as part of the data (Mook *et al.* 2015). Allegedly, social accounting enables the blending of social and financial value created inside an organisation and is thus applicable in all sectors (Nicholls 2009; Quarter and Richmond 2001). Randomised control trials, as a form of SVM, when conducted correctly serve to validate the social value effects of an organisation (Ellis and Hogard 2006), but are expensive and typically require the assistance of experts (Hall and Arvidson 2014). Furthermore, the selection of a treatment group can be ethically problematic (Denny and Suddon 2014).

Motivations for adoption and use of SVM

SVM scholars generally agree that financial, political, and normative pressures greatly influence the adoption and use of SVM (Thomson 2010; Arvidson *et al.* 2013; MacIndoe and Barman 2013; Denny and Suddon 2014). In one of the first studies to investigate how organisations behaviourally respond to SVM adoption, Arvidson and Lyon (2014) invoke the concept of decoupling (Meyer and Rowan 1977) to illustrate two determinant factors: the coercive pressures from external funders (the nature of the relationship), and the normative expectations for collection and disclosure of information (the nature of measures). Organisations may respond in five different ways to these pressures: 1) comply (acceptance of directions and funder norms), 2) reject (maintain independence), 3) resist control (symbolic adoption), 4) accept (begin to consider that use of SVM may have benefits), or 5) proactively 'strategically decouple' (i.e., purposeful decoupling from mandated social value measures that are not relevant, and adoption of measures aligned with internal needs) (Arvidson and Lyon 2014). This final response is suggested as the most beneficial one, as it

occurs when organisations develop the capacity to strategically align SVM uses with their particular goals. However, Arvidson and Lyon (2014) provide little detail as to how to shift from a particular response to another.

Although coercive pressures may motivate organisations to adopt SVM, these are found to have little effect on whether or not measures are actively used (MacIndoe and Barman 2013). This is in line with studies in PMM where organisations were forced to adopt specific performance targets and indicators (see, e.g., Brignall and Modell 2000; Delmas and Montes-Sancho 2011). Furthermore, the introduction of social value measures does not say much about the actual quality of the measures, nor does it necessarily improve relationships with stakeholders (Benjamin 2013). Instead, only those organisations which secured positive perceptions of SVM within frontline staff have been found to benefit from SVM (MacIndoe and Barman 2013). In cases where measurement is perceived as imposed, regimented and standardised, there tends to be mistrust in the relationship with the external stakeholders that introduced the measures. Instead, organisations that manage to adopt and implement practices viewed as collaborative tend to foster collegiality and long-term partnerships (Nguyen *et al.* 2015). Indeed, the motivation for adoption of SVM has to come from all stakeholders involved in order for SVM to be embedded. Once this is accomplished, research suggests that organisations achieve increased effectiveness and service improvement (Ogain *et al.* 2012). On the other hand, if the SVM process is poorly managed, it can have negative consequences for organisational performance, including detrimental effects on inter- and intra-organisational relationships, which are paramount to successful social performance (Ebrahim *et al.* 2014). Involving stakeholders and considering subjects' perspectives in the selection and introduction of measurement tools is therefore essential for ensuring that SVM tools are used.

Considering internal drivers, organisations are found to utilise SVM for several reasons: screening beneficiaries, forming partnerships, managing operations, scaling services, justifying use of resources, exiting a project or market, and conducting retrospective evaluations (Clark *et al.* 2004; Arvidson and Lyon 2014). Also, there are degrees of maturity which help explain the variation in content of measures, purpose of use (e.g., to evaluate internal effectiveness, to communicate with external stakeholders, or to meet accountability requirements), and connection to overall strategy (Epstein and Yuthias 2014). These characteristics ultimately show the progression from using SVM as a nascent idea unrelated to strategic decision-making, to implementing a robust system that integrates SVM in organisational performance measurement systems. Overall, to foster SVM adoption and use, the literature suggests that it is imperative the subjects involved agree over the focus of the social value measures being introduced by the organisation.

An exploration of stakeholders' lived experiences

A clear example of connecting technical and social aspects of measurement is the explicit involvement of stakeholders in the SVM process. Although recognized as a cornerstone of SVM authors, this is ripe with complexity, and it has been found to depend more on managers' epistemic beliefs (the type of knowledge they believe is valid) and the amount of resources available (Hall *et al.* 2015), rather than on the type of tool used. In a historical analysis of the SROI method in both UK and US, for example, Hall et al. (2015) demonstrate how the different contexts and managerial positions led to completely different uses and consequences of the tool, such as whose voice was mostly represented (governments vs. beneficiaries). Therefore, it appears that attention must not only be paid to generating stakeholder interest for SVM, but also to making explicit the value sets and perceptions related to particular tools (Denny and Suddon 2014).

Some authors have also argued that the focus of SVM should be to enable an understanding of subjects' lived experiences (Mook *et al.* 2015), rather than to attempt to estimate performance, as SROI does (Arvidson *et al.* 2013). In this manner, the measurement process could generate information which is relevant on an individual level to those involved in social value creation (Costa and Pesci 2016), and thereby assist them in aligning their own positions with those required to lead to changes-in conditions (Poole *et al.* 2001). For example, for organisations to determine whether offering employees a mindfulness program could boost productivity, the organisation should encourage the use of measures which assist employees to consider their personal progressions over time. In general, to consider lived experiences, social value measures should be designed with a variety of stakeholder needs in mind, and then incentives should be given to them to invite participation in discussions and to trigger change (Smith 1995b).

Current issues in social value measurement research

Involving multiple stakeholders in the SVM process

While the importance of involving stakeholders in the measurement process is well established in SVM, reconciling multiple stakeholder demands is perhaps the greatest challenge to effective implementation (Smith 1995b). As Poole *et al.* (2001) found in their study of factors which support effective outcome evaluations, only one of five aspects that contribute to high quality SVM is not directly dependent on stakeholders. These are: 1) organisational culture (levels of internal buy-in and value for SVM); 2) management support (clear communication, time allocation, feedback); 3) technology; 4) involvement (inclusiveness of decision making processes); and 5) funder approach (perceived support for and understanding of SVM). Surprisingly, however, a recent analysis of ten professional guidebooks on SVM implementation found the guidance concerning stakeholder engagement

rather weak (Benjamin 2013). In particular, professionals in the field, including various organisations, which had introduced SVM frameworks and methods, were found to overlook important elements of the process. The research suggested more work was needed to elucidate how to involve multiple service users in the process of SVM, how to report findings in order to encourage participation of various stakeholders, and how to measure the quality of the experience (Benjamin 2013).

One existing way of meaningfully engaging stakeholders into the SVM process that has been found to generate extensive social value is Benjamin and Campbell's (2015) theoretical propositions of 'co-production work'. Measurement tools that allow for 'co-productive work' encourage relationship building, help collectively design support plans, and enable service users to take actions in accordance with learned behaviours, thereby allocating a level of agency to the service users in orienting their programs and understanding success (Benjamin and Campbell 2015).

Overall, authors argue that the inclusion of subjects' views is imperative to SVM as it has to embody and draw on the plural nature of social value, rather than to seek to uncover an 'objectified truth' (Ellis and Hogard 2006; Barman 2016). Instead of seeking validity and reliability, it is argued that the SVM process should strive for adequacy and authenticity, which also means there is no 'judge' of success, but instead a democratic evaluation over whether social value has been created (Freudenburg 1986). Furthermore, those involved in social value initiatives are unlikely to have the exact same experience, which means that it is improbable that a single way to interpret SVM data could be found (Arvidson and Lyon 2014). Instead, it could be more relevant to describe and express the varying lived experiences of the subjects involved in social value creation (e.g., managers, employees, service users) in relation to particular organisational resources, practices and processes, and thereby seek to identify patterns and themes in those responses that help understand whether

and how organisational interventions are leading to positive and/or negative changes in their personal condition. In this way, SVM would offer information which can help subjects in their various roles understand how to act and respond within the process of social value creation to generate the desired ends, rather than to only assess whether these ends have been reached (Boyne and Law 2005). As Smith (1995b, p. 15) summarised: "*Realistically…the analyst examining [social] outcomes has no choice but to delve directly into the preferences and perceptions of all those with a legitimate interest*".

Utilising the same tools for internal and external stakeholders

Interestingly, the most popular SVM tools are found to play different roles once introduced, most distinctively as either mechanisms for understanding internal social value performance or alternatively to report to external stakeholders, but rarely for both. For instance, the SROI method is mostly used to communicate with funders and regulators, who desire to have a monetized representation of social value. Yet, although it is found to enhance transparency and legitimacy externally (Maier *et al.* 2015), internally the method is cumbersome and time consuming (Millar and Hall 2013), tends to overlook overall financial performance by focusing on how much social value is generated per amount of money spent (Mook *et al.*, 2015), and has even been said to 'dumb-down' (Gibbon and Dey 2011) the social value activities within an organisation. Due to conflicting assumptions (financial proxies of intangible items) and practical problems (e.g., time and cost demands; the calculation of discount rates and inflation), the methodology has also been heavily criticised for its incomparability across organisations or even projects (Mook *et al.* 2015; Ryan and Lyne 2008). Regarding SROI's scope and approach, some authors purport there is an over-emphasis on validity and reliability at the expense of authenticity and adequacy, which are more relevant to the qualitative nature of social value (Maier *et al.* 2015). As social value

tends to be understood as subjective, pluralistic, and co-produced (MacIndoe and Barman 2013; Benjamin and Campbell 2015), then the assumptions upon which SROI was constructed seem to fail to resonate with internal stakeholders. On the other hand, another quantitative tool, the Outcome Star, has proven to be very effective at assisting organisations internally with service delivery as workers find it intuitive and its implementation aligned with their own values (Hall and Arvidson 2014). However, it has minimal relevance to external stakeholders (e.g., funders) seeking standardised measures of effectiveness, as the results are incomparable across projects.

Given the shortcomings of tools such as SROI in informing both internal and external stakeholders, organisations and their funders are increasingly also applying purely qualitative tools to capture social value, ranging from focus groups, to case studies, to narratives (O'Dwyer 2005; Maas and Liket 2011; Millar and Hall 2013). Yet, while there are many approaches available to stakeholders interested in SVM (Mass and Liket 2011), few have been considered beneficial and appropriate for both internal and external stakeholders. Unfortunately, this means that sometimes the measurement needs of frontline staff are overlooked in favour of producing information which is relevant to external stakeholders such as funders and regulators. This is despite consensus over the positive effects of internal stakeholder empowerment - through SVM – on individual and organisational performance (O'Dwyer 2005; Nguyen *et al.* 2015; Costa and Pesci 2016). Indeed, the challenge remains for organisations, and stakeholders involved in social value creation, to adjust to and become comfortable with participatory measurement mechanisms, rather than more 'subject-neutral' and standardised ones. Also, organisations may opt to include a variety of tools that relate and connect with different stakeholder groups, but this should not lead to the proliferation of measures (Hall *et al.* 2015).

Integrating social and financial measures

Another current issue in the SVM literature concerns how organisations introduce social value measures into organisational performance measurement and management systems (Barman and MacIndoe 2012; Mair et al. 2015). While studies hint that social value and financial value are much more complementary than initially conjectured (Dees 2012), little is known as to the role of measurement methods at the interstice of financial and social performance (Battilana *et al.* 2014). Instead, social value measures are often regarded as distinct from, and unrelated to, other measures of performance, such as financial and operational ones.

Only very few organisations are found to have the 'maturity' to integrate social value information into strategic decision making (Epstein and Yuthas 2014), the majority preferring instead to collect and communicate this type of information to please outside stakeholders (Arvidson and Lyon 2014). In part, this is due to the traditional belief that the most important dimension of organisational performance is financial (Stevens *et al.* 2015), which also means that managers are often little aware of how to measure and manage social performance (Wood 2010). In part, despite an increasing appreciation for its relevance, social value is often treated as a 'separate' dimension of performance, which requires specialism and dedicated practices and reporting streams (Brickson 2007).

Organisations that have introduced SVM alongside financial performance measures have convinced key stakeholders that traditional measurement methods used in relation to the latter are inadequate for understanding and describing social value (due to, for example, incompleteness and lack of relevance), thereby enabling novel techniques to emerge (Molecke and Pinske 2017). Others have succeeded in reinforcing positive behaviours aligned to each respective goal by allocating measures that are distinctively social or financial (as recognised by language used and on what they focus attention upon (i.e., service users or

revenues)) to relevant stakeholders responsible for specific activities (Beer and Micheli 2017). However, further research is required to understand how these different forms of measurement may complement and extend each other in the pursuit of sustainable organisational strategies.

Discussion and implications

Our review of the SVM literature has led to the identification of several relevant aspects of social and technical controls in this domain, which can contribute to the development of PMM theory and practice. In particular, SVM typically consists of the introduction of a variety of measurement instruments such as SROI and the Outcome Star, but the use of which is intimately related to understanding and engaging stakeholders and subjects. Indeed, from its inception SVM has been introduced as a mechanism to make visible and actionable the human implications of organisational operations (Ogburn 1933; Wilcox *et al.* 1972). SVM accomplishes this by considering multiple perspectives on the changes in condition of people and/or communities interacting with an organisation (Smith 1995b; Vanclay 2002; Esteves *et al.* 2012; Costa and Pesci 2016). Today, SVM is regarded as a way to understand and enhance subjects' wellbeing (Vanclay 2002; Brickson 2007; Benjamin 2013; Kroeger and Weber 2014; Mook *et al.* 2015) and it focuses on assessing whether and how individuals are physically, cognitively or emotionally affected by organisational activities (Burdge and Vanclay 1996; Kroeger and Weber 2014). The SVM process therefore is presented as inclusive and participatory (Ellis and Hogard 2006; Millar and Hall 2013; Hall *et al.* 2015), and social value measures aim to be authentic, genuine and adequate (Freudenburg 1986; Mook *et al.* 2015). To accomplish these aims, researchers have explored people's lived experiences (Mook *et al.* 2015), value orientations (Denny and Suddon 2014), and epistemic beliefs (Hall *et al.* 2015). This is being achieved, by combining technical and social aspects

of measurement, for example by developing measurement mechanisms which help collect and synthesise information from a broad array of stakeholders into one document (Mook *et al.* 2015), identifying whose voice is represented in SVM reports (Hall *et al.* 2015), and exploring how SVM can enable service users' and employees' discretion in tailoring outcomes to individual cases (Benjamin and Campbell 2015).

In the next sections, adapting Alvesson and Sandberg's (2011) framework, we discuss how the basic conceptualisations, stated purposes, and normative principles in SVM research could advance PMM theory and practice. A summary of the main points is provided in Table 1. We conclude by outlining areas for further research and practical implications.

Basic conceptualisations

In its most basic form, SVM is conceptualised as a mechanism for understanding the interactions between subjects and organisations; whereas PMM tends to be conceived as a technical process for monitoring and controlling resources (Franco-Santos *et al.* 2012), which enables organisations to improve their performance (Neely *et al.* 2005). Therefore, SVM appears to focus more on the people creating and delivering performance, whereas PMM concentrates on the practices used and the results obtained. To further understand and leverage the social dynamics involved in measurement (Bititci *et al.* 2012), PMM should not only focus on techniques and results, but also on understanding how subjects inside and outside the organisation interact with the measurement process and could contribute, or not, to performance. The explicit consideration of subjects in the measurement process could also lead to the investigation of wider aspects such as organizational routines related to PMM (e.g., different uses of performance information, dynamics of important inter-organizational exchanges) and the appropriateness of different management styles in PMM. These could

then be included as relevant elements in studies over the effects of PMM on organizational performance.

Stated purposes

The findings of this review suggest that a primary concern in SVM is to capture how subjects are involved and contribute to the creation and expression of social value (Denny and Suddon 2014; Benjamin and Campbell 2015; Nguyen *et al.* 2015; Polonsky *et al.* 2016). Conversely, traditional underlying assumptions in PMM research are that measurement systems are mechanisms for quantifying action and enhancing efficiency and effectiveness (Neely *et al.* 2005, p. 80). This focus in PMM studies could therefore be complemented by a perspective which considers people outcomes, and which aims to create genuine experiences and co-create performance (Manetti 2014). From this point of view, the SVM literature shows that there is a need to work differently with stakeholders in order to measure and achieve social value: considering multiple perspectives, taking into account divergent needs, and communicating across value sets (Smith 1995b; Ellis and Hogard 2006; Hall *et al.* 2015).

While more recent elaborations of PMM theory suggest that indeed measurement systems are social systems which depend on people's values, beliefs, and feelings (Bititci 2015), most PMM literature focuses largely on technical aspects, such as designing and aligning the content of the measures with strategic objectives (Kaplan and Norton 2008; Hoque 2014), with the aim to manage resources in a way that attains the desired goals. Even those authors, who have acknowledged the importance of supporting cognitive functions, have focused on the measurement system characteristics (e.g., the types of goals in goal setting theory (Locke and Latham 1990) or the types of measures needed to trigger psychological empowerment (Hall 2008)), rather than on the actual role of measurement in influencing appropriate personal psychological experiences. When PMM researchers have

approached the idea that individual beliefs are important (e.g., Ittner et al.'s (2003) use of equity theory), they have mainly concentrated on whether individuals were content with rewards, rather than on the actual experiences of performing (Franco-Santos *et al.* 2012). In so doing, measurement has remained a means towards *understanding* organisations, instead of a process that purposefully informs and involves subjects in their *creation* of performance. Therefore, building on SVM research, we argue that one of the aims of PMM should be to explore the development of practices which support positive psychological experiences and outcomes for those involved in measurement processes, such as the measurers (those who measure), the measurands (those whose performance is measured), and those receiving performance information. In so doing, when considering the effects of PMM, impacts on individuals and groups could be explored and considered alongside those on organisational performance.

Normative principles

The aim of PMM, as it is often conceptualised, is about ascertaining the 'truth' about an organisational object (e.g., an activity, resource or process) that could contribute to the achievement of strategic goals, and which supposedly has quantitative descriptors and/or standards to which it can be compared (Micheli and Mari 2014). This view, however, not only is likely to capture mainly technical aspects (Smith and Bititci 2017), but it also rests on a number of assumptions that may become untenable in certain circumstances. For example, when there are no quantitative standards or when perceptions of performance are particularly divergent. This is one of the major issues raised by SVM researchers, as the subjectivity of social value creation is purported to be mistreated by holding the measurement process to standards such as validity and reliability, instead of pursuing aims such as authenticity and adequacy (Ellis and Hogard 2006; Manetti 2014; Maier *et al.* 2015). SVM studies have

therefore tended to emphasise the subjective reactions, preferences, and outcomes of the subjects involved in measurement, rather than attempt to construct a subject-neutral process (Hall *et al.* 2015). For instance, Benjamin and Campbell (2015), in the context of non-profit organisations, found empirical evidence of enhanced performance on social goals derived from measurement practices that provide service users and workers the discretion to select and modify support plans, and related measures, in pursuit of social value creation, rather than those requiring a priori a specific measure that aims to represent success for each service user.

While it is suggested that there has been a 'representational' turn in measurement, whereby numbers are assigned to measured objects, rather than objects having inherent numerical properties awaiting measurement (Mari 2005), there has been minimal theorisation of the process of value-assignment in PMM studies, particularly when different subjects are involved. Arguably, standards can exist for social value performance (e.g., desired behaviours as outlined by the mission and values of an organisation), but these cannot be pre-determined, kept stable, or used independently of context. Instead, they are most effectively developed when they are agreed upon and enacted by individuals in their pursuit of (social) organisational objectives.

Therefore, the way in which different PMM mechanisms are designed to attribute value to properties of organisational objects could regard not only features of the objects being measured (e.g., cost, quality, flexibility), as typically done in PMM, but also standards developed and exercised by subjects involved in the measurement process (e.g., values for self-knowledge, personal development, and emotional intelligence). Indeed, the maturity of a person's psychosocial development can often be the difference between ethical and unethical treatment of organisational resources, colleagues, and self (Voronov and Yorks 2015), as people's knowledge is forever mediated by their emotional and relational state (Voronov and

Vince 2012). Therefore, if we assume the experiential aspect of measuring and managing performance is relevant and worthy of attention, then we can begin to present and utilise measurement not only to foster organisational effectiveness, but also to stimulate personal potentiality and growth. Conceptualising the measurement process in this way means that PMM theory could indeed bring together social and technical aspects, by exploring not only the practices used to measure particular 'organisational objects' (e.g., cost of an operation or time to market in product development), but also the study of principles which can guide individuals to be self-reflective, inclusive and participatory while utilising measurement (Freudenberg 1986). In so doing, performance measurement and management would be both object-related, as it would still be connected to an organisational activity or process, and subject-related, as it would explicitly relate to the individuals involved (both within and outside the organisation).

The key implications SVM literature has for PMM theory and practice are summarized in Table 1. The next section outlines a proposed plan for future studies, including promising theoretical lenses that could help focus on social aspects of PMM.

Table 1: Assumptions in SVM research and implications for research on PMM

	Assumptions in SVM	**Implications for PMM**
Basic conceptualisation	• An assessment of subjects' (changing) conditions (Vanclay 2002; Benjamin 2013; Kroeger and Weber 2014; Mook *et al.* 2015).	• Measurement design and implementation should focus not only on tools, processes and results, but also on how subjects interact with the measurement process. • Potential theoretical lens: phenomenology
Stated purposes	• SVM is the process of describing, monitoring, and communicating the effects in users' or communities' conditions of an organisational activity, process, or service (Plantz *et al.* 1997; Vanclay 2002; Boyne and Law 2005; Polonsky and Grau 2011; Esteves *et al.* 2012; Benjamin 2013; Kroeger and Weber 2014; Nguyen *et al.* 2015). • SVM is used for accountability to, and engagement of, stakeholders (e.g., employees and service users), and as a learning mechanism for understanding what creates changes in subjects' conditions (Ellis and Hogard 2006; Hall *et al.* 2015; Mook *et al.* 2015).	• It is not just the involvement of subjects that matters, but also the consideration of their perceptions of the measurement process and tools. • Measurement is both a process of understanding organisational performance and one of informing and generating (positive) psychological experiences for subjects who are performing. • Potential theoretical lenses: identity theory, stakeholder theory.
Normative principles	• Multiple views must be included to determine social value (Smith 1995b; Ellis and Hogard 2006; Millar and Hall 2013; Hall *et al.* 2015), especially those of service users (Kroeger and Weber 2014) and frontline workers (Benjamin and Campbell 2015; Hall *et al.* 2015) as changes in condition cannot be ascertained otherwise. • The SVM process should be participatory and appreciate subjects' lived experiences (Smith 1995b; Esteves *et al.* 2012; Maier *et al.* 2015). • Multiple approaches are required to gain an understanding of social value (Maas and Liket 2011; Polonsky and Grau 2011; Esteves *et al.* 2012; Denny and Suddon 2014; Costa and Pesci 2016).	• Subjects' perspectives should be considered also when deciding what performance measures will capture and how performance information will be used. • Measurement standards should refer not only to attributes of measured objects, but also to guidelines concerning individual dispositions during the measurement process (i.e., emotional intelligence, self-knowledge, personal development, etc.). • Potential theoretical lens: institutional theory.

Future Research

This research proposes that subjects be explicitly included into the theory and practice of performance measurement and management. Building from approaches in SVM research, we now explore an array of possible future studies utilising various theoretical lenses.

First of all, qualitative research could focus both on the measurement process (i.e., the phases of collection, analysis and communication of information, and related tools and practices) and on how people's experiences are created and understood along it. In SVM research this is often the norm, as what is measured typically concerns the wellbeing of service users. In broader settings, scholars could investigate the ways in which various measurement techniques and frameworks influence subjects' understandings of themselves, others, and organisational realities, and how these affect individual and organisational performance, thus connecting social and technical aspects of performance (Smith and Bititci 2017). Adopting organisational identity as a theoretical lens could enable the exploration of how subjects relate to PMM and use it to understand both personal and/or organisational identity over time (Brickson 2007; Ashforth *et al.* 2016). For example, it would be interesting to examine whether particular PMM practices contribute to conceptions of self, which ones enable organisational identification, and whether or not these affect the forming of inter- and intra-organisational relationships.

Phenomenological lenses and practices, such as those utilised to understand how 'caring for the self' is conducted - that is reflection, journaling, meditation, humility, etc. (Hadot 1995) - could be useful in coming to understand lived experiences of measurement. That is, organisational PMM has traditionally been concerned with ensuring people come to know and to modify organisational objects (e.g., tasks, activities, processes), but not with how people are *personally* changed or influenced by the measurement process (Townley 2002).

In recent studies, the implications of the social aspects of different PMM practices were found to be significant in relation to how people experience their work and relationships (e.g., Bourne *et al.* 2013; Beer and Micheli 2017; Smith and Bititci 2017). In future research, ethnographies witnessing responses to different PMM methods, phenomenological diaries, or journals of frontline employees and/or service users, observations of the utilisation of a variety of PMM mechanisms, or focus groups of particular stakeholders could be useful in comparing newer methods of PMM which include (forms of) the practices of 'caring for the self'. Furthermore, by applying the tenets of stakeholder theory, these studies could incorporate an array of different stakeholder groups into the investigations of the effects and uses of PMM (service users, suppliers, volunteers, etc.), rather than focus only on employees and managers (Hall *et al.* 2015).

Finally, more attention should be paid to how different forms of measurement dynamically influence subjects' emotional, attitudinal and value stances towards themselves, other stakeholders, and organisational objects over time. Here institutional theory could help explain witnessed changes by unveiling the normative, coercive, and mimetic pressures within shifting discourses and priorities (Barman and MacIndoe 2012). Quantitative methods such as large scale surveys could also be used to accomplish these aims, for instance by studying whether there are attitudinal shifts in employees' relationship to organisational resources and processes following implementations of new measurement tools and practices (e.g., introduction of environmental sustainability targets, or measures aimed at promoting innovation).

Practical Implications

The results of this review are also relevant to managers and policy makers, as it demonstrates that the design and implementation of measurement processes should not only be concerned

with the acquisition and representation of data, but also with how people are personally changed or influenced during the process. Therefore, reflections on both technical and social aspects of PMM should happen jointly, rather than separately, and behavioural aspects should be considered at the beginning of the measurement process (e.g., in the design of measures), rather than at the end. Such an approach would be particularly important in large firms and between organisations (for example, when implementing public policies through local agencies) (Dossi and Patelli 2010; Micheli and Neely 2010).

Furthermore, with the increasing understanding that organisations impact people's emotional states or stages of development (Voronov and Yorks 2015), it is imperative that managers make strides towards mitigating the longer-term implications of stressed and/or immature employees. Revisiting the uses and implementation of measurement processes with the aim of nurturing and evoking positive psychological experiences for subjects involved may assist organisations to promote healthy levels of self-esteem, confidence, and integrity in their employees (Tannenbaum 1962; Voronov and Vince 2012).

Measurement systems could be developed to encompass and elucidate the experiences of those involved in it (e.g., the measurer, the measured, and the receiver of performance information). To support this, and deal with associated complexities, managers could prioritise skill development in the areas of emotional intelligence and collaboration. Managing, or at least recognising, the feelings, attitudes, and overall experiences subjects have while using measurement should be considered an important part of the performance creation process, and hence a major influence over which results could be achieved.

Conclusions and Limitations

The findings of this review have important implications for PMM theory and practice, as they show that the performance measurement process should not only consist of designing

measures, and collecting and analysing data in the pursuit of better organisational performance, but should also recognise and include subjects' engagement and experiences of the process. In this article, in order to be directly relevant to a management audience we excluded other subject areas in which discussions on SVM have occurred for some time, notably medicine and environmental studies, therefore other insights on the topic may be gained by including contributions published in these fields. Also, we discussed only the most popular SVM tools; further studies could review a wider range of methods and practices. However, these limitations do not undermine the main message, which is to encourage a shift from technicalities of measurement mechanisms which strive to obtain 'valid' and 'reliable' performance information in objectified and standardised ways, in order to embrace an approach based on stakeholder inclusion that generates human-centred measurement practices and positive experiences.

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Notes

[1] We thank one of the anonymous reviewers for this insight.

[2] This is confirmed by the results of our review, as the identified journal articles on SVM tend to cite mainly social value authors (e.g., Ebrahim, Lyon and Nicholls) rather than general PMM ones. The most cited PMM authors are Kaplan and Norton for their work on the Balanced Scorecard, but only by 12.5% of the sample.

[3] For in-depth research regarding the concept and practices of measuring corporate social performance in particular, please see Wood (2010). Our search of social value measurement literature uncovered very little in the corporate sector, possibly because of differences in perspectives and in definitional boundaries. Wood's (2010) conclusions were that the corporate social performance literature focusses on the impacts on the firm, rather than on its individual stakeholders (p. 76). As the aim of social value measurement is specifically to understand individual level effects, the two literatures seem not to have converged yet.

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

[5] Global Value Exchange: http://www.globalvaluexchange.org