EXPLORING THE PERFORMANCE MEASUREMENT SYSTEM IN A HUMANITARIAN ORGANIZATION

THE CASE OF THE NORWEGIAN REFUGEE COUNCIL

MANAGEMENT CONTROL: BE304E

CANDIDATE NO: 13

SPRING 2012

ADHIKARI, BONIYAM

ACKNOWLEDGEMENTS

It has been an incredible experience to be a part of Bodø Graduate School of Business, University of Nordland which provided me the excellent opportunity to understand and acquire the best knowledge in Management Control. I would like to thank all the faculty members and staffs of the school who always helped me out throughout the study, Masters of Science in Business. This Master Thesis is a compulsory assignment for the successful accomplishment of this Degree.

I would like to take this opportunity to express my deep gratitude to my supervisor, Associate Professor, Konstantin Timoshenko who ever stood to me the constant source of inspiration. His persistent guidance, constructive comments and motivation at each moment provided me not only the energy to accomplish this Master Thesis but also supplied me the resilience at stressful times. It will be my honor to pronounce his name each time I remember the inception of research in my career.

I would like to express my special regards to Levi Gårseth Nesbakk, course coordinator of Management Control, who ever played to me the role of inspirer, positive controller and motivator to finish this study on time. Moreover, I would like to thank Prof. Inger Johanne Petterson for her constructive role and valuable comments in seminars and presentations that fueled my level of motivation to accomplish this study.

It wouldn't have been possible to finish this study without incredible support from Rønning, Ronny, head of strategy unit for NRC, who played the role of gatekeeper and managed an environment for interviews for this study. I am indebted to his immensurate coordination and co-operation to drive this study to a logical end. Moreover, I would like to deliver my thanks to all the respondents on the expense of whom I could manage this study.

I can't help myself without expressing exclusive thanks to Kjell Harry Hansen who provided me incredible help to finish this study in the colder land of Norway, Bodø.

At last, I express my outstanding debt to my father, Adhikari Tolakanta, who ever incentivized me with diligent energy towards efforts to success, perfection and uniqueness.

Adhikari, Boniyam

LIST OF ABBREVIATIONS

ACAPS — The Assessment Capacities Projects

AID — Advocacy and Information Department

BSC — Balanced Scorecard

CSF — Critical Success Factor

EXT REL — External Relations Department

ERD — Emergency Response Department

FAD — Finance and Administration Department

F2F — Face to Face

Gen Cap — Gender Standby Capacity Project

HRD — Human Resources Department

IPD — International Programme Department

IDP's — Internally Displaced Persons

KPI — Key Performance Indicator

MCS — Management Control System

MC — Management Control

MSU — The Mediation Support Unit Project

NPOs — Non-profit Organizations

NKS — The Norwegian Women's Public Health Association

NRC — Norwegian Refugee Council

NORAD — Norwegian Agency for Development Cooperation

NORCAP — Norwegian Capacity

NMoFA   -Norwegian Ministry of Foreign Affairs

PMS   **-** Performance Measurement System

PoA   -Plan of Actions

RI   - Result Indicator

SMS   - Strategic Management Support

Unio   - The confederation of Unions for professionals, Norway

ABSTRACT

Non-profits have a difficulty in 'developing surrogate quantitative measures of organizational performance because they frequently have goals that are amorphous and offer services that are intangible' (Forbes, 1998, p. 184). In this regard, the study of exploring performance measurement system in a humanitarian organization reflects to be important and relevant. Therefore, this study is forwarded with three research questions: (1) How does the NRC measure its performance? (2) How do the employees and external stakeholders perceive NRC's performance measurement system? (3) What are the challenges NRC has been facing in measuring its performance?

These three research questions are backed by technology approach, stakeholder approach and contingency approach respectively. This study falls in qualitative research design and total 9 interviews (6 F2F and 3 telephones) were conducted for primary source of information.

This study presents with the following findings: Norwegian Refugee Council has been adopting Balanced Scorecard as its performance measurement system and it measures and reports it performance through quarterly produced Balanced Scorecard Board Report (See Appendix, 5). Similarly, the study found different perspectives between employees and external stakeholders towards its performance measurement system. Head of strategy unit and Strategy advisor perceive performance measurement system as strong planning tool to achieve organizational goal while Director of human resources, Head of information section and Finance & Administration director perceive it as good controlling, motivating, reporting and follow-up tool. However, there is different story in case of external stakeholders. Corporate strategic donor has its own criteria to measure the performance of Norwegian Refugee Council and in case of two of the individual donors, one trust to the performance of NRC while other doesn't and just quitted to donate any more. And finally, the study discovered: The Norwegian Refugee Council is struggling to develop leadership style as culture to implement result based approach in measuring its performance, facing challenges to control and measure its performance because of its rapid growth, struggling to identify right and relevant key performance indicators to document the result of its activities mainly in target-group and advocacy activities and meanwhile is in the pilot study of adopting decentralized organizational structure for improving its performance.

Keywords: Management Control System, Performance Measurement System, Balanced Scorecard, Result Based Approach.

TABLE OF CONTENTS

CHAPTER 1:- INTRODUCTION

Today measuring performance is both an essence and importance to organizations. However, in case of non-profit organizations especially, humanitarian organization there is a need of established performance measurement system because they are obliged to document their performance to wide range of stakeholders. In this regard, Cameron &Whetten,(1983) stated the difficulty of clearly defining the metrics for organizational effectiveness in non-profit organizations. According to Cavaluzzo & Ittner (2004), the difficulty of measuring qualitative outcomes, the lack of technological capability to generate timely and relevant information, weak management commitment and the lack of employee training are important factors limiting the development of performance measurement systems in the public and not-for-profit sectors. Similarly, Leeuw,(2010) expresses: experiences with developing performance measures in commercial environments show that it is particularly important to understand linkages between higher level goals and performance measurement, for example through using strategy maps in for-profit organizations or mission maps in non-profit organizations. This mission map may be used by humanitarian organization to develop an organization specific mission map for their supply chain however; performance measurement in humanitarian supply chains is in a nascent stage (Leeuw, 2010). In general, we can understand the performance measurement in non-profit organizations is still not developed as a mature system.

The research shows that most NPOs are attempting results measurement of some type, but all are struggling with developing quantitative measures to track their work's impact on their mission (Forbes 1998). Indeed, non-profits, like their private sector counterparts, have to focus their limited resources on a limited set of objectives and constituents (Kaplan, 2001). Performance measurement in a not-for-profit organization is more difficult than in a for-profit organization (Singh & Mirchandani, 2006). The primary objective of not-for-profits performance assessment is to determine how well an organization is fulfilling its mission. If such an assessment is not possible then public trust in NPOs is bound to be lost. NPOs must choose performance benchmarks appropriate to their mission and objective that can be highlighted in the annual report informing potential donors and others how they are

accomplishing their missions(Singh & Mirchandani, 2006). These statements reflect the performance measurement challenges in non-profit organizations.

The above arguments and statements reflect that performance measurement is not yet well developed system for non-profit organizations and moreover, reveals that they are facing challenges in measuring their performance. Provided, the growing importance of performance measurement system in non-profits this master thesis is an expressive case study of a Norwegian humanitarian organization, which is The Norwegian Refugee Council (hereafter, NRC). This study is the continuation of my previous project paper (Adhikari, 2011). My project paper had revealed: performance measurement tool adopted by NRC, different & interesting views among employees towards its performance measurement system and identified some of the factors that faces challenges to NRC in measuring its performance.

However, my previous study had several limitations because it was a surficial study of performance measurement system in NRC thus; I identified prospective areas for study and decided to continue the study in broad version in this Master thesis. This study primarily aims to probe into the performance measurement system of NRC, aims to gather the perceptions, strengths, weaknesses and recommendations of employees and external donors towards its performance measurement system and finally identifies the challenges NRC has been facing in measuring its performance. The analysis of this study reflects the NRC in general i.e. the head office.

NRC was established in 1946 under the name Aid to Europe, to assist refugees in Europe after World War II. It is dedicated to provide assistance, protection and durable solution to refugees and internally displaced persons (IDP's) worldwide. It is the only Norwegian humanitarian organization that specializes in international efforts aimed at this target group. NRC advocates as an independent and courageous spokesperson for refugee and IDP rights in the countries where they operate, international forums and inside Norway. The organization has main office in Oslo employing approximately 2600 National employees in projects in around 20 countries in Asia, Africa, America and Europe.

1.1 Motivation of the study

Herzlinger (1996) suggests that nonprofit organizations should disclose nonfinancial quantitative measures of the quantity and quality of services provided, but does not offer guidance about how organizations should select such measures. Similarly, Forbes states the subject of performance measurement for nonprofit organizations is extensive but generally inconclusive (Forbes, 1998). Forbes notified that nonprofit organizations lack the simple elegance of a financial measure- such as profitability or shareholder returns-used by for-profit organizations to assess their performance. Forbes also observed that nonprofits have a difficulty in 'developing surrogate quantitative measures of organizational performance because they frequently have goals that are amorphous and offer services that are intangible' (Forbes, 1998, p. 184). Kaplan and Norton (2001), who are often cited as important developers of performance indicator systems that measure multiple dimensions, apply their performance measurement model to not-for-profit organizations (NPOs) and argue that financial measures are not the relevant indicators of whether an NPO is delivering on its mission.

Researches exist on performance measurement in public, non-profit and humanitarian organizations. For e.g.   In OECD countries(OECD,1997), Development co-operation agencies(Annette,2000), United Nations Organizations,(Ortiz et.al, 2004), Public hospitals(seee.g,Pettersen,2004), Museums(see e.g. Gstraunthaler &Piber,2007), Universities (see e. g Wang, 2010), Norwegian Red Cross (Baptista,2011) and Norwegian Refugee Council(Adhikari,2011). The study conducted in OECD,(1997), Development co-operation agencies (Annette,2000) and United Nations organizations (Ortitz et. Al, 2004) show they are measuring their performance on the basis of result achievement. The result here is influence or long term impact of particular activities. Study in case of public hospitals (Pettersen,2004) is quite different, the study revealed that ¨*the standard unit cost per patient*¨, which is crucial benchmarking data, was failed to provide relevant information for decision making. In the case of museums (Gstraunthaler &Piber, 2007) the management has decided to focus on budgetary control to manage the scarce resources whereas the board focuses on the implementation of balanced scorecard to achieve its strategic aims. The study conducted in Universities by Wang, (2010) proposes a solution to performance measurement by the

differentiation of academic performance and management performance. In the case of Norwegian Red Cross, (Baptista, 2011) it has just started using balanced scorecard in two their departments and is in the process of adopting throughout the organization however, usage some financial reports too in measuring the performance. The study has revealed that this organization is managing its performance better by the adoption of balanced scorecard than the budget they had used before. Finally, in the case of Norwegian Refugee Council (Adhikari,2011) it has been adopting BSC as its performance measurement system however, is struggling in identifying right and relevant KPIs. Several literature exist on performance measurement in non-profits however, the study show non-profit organizations are still struggling : in identifying good benchmarks, effective and standard performance measurement system and faces problem in identifying and developing right and relevant KPIs to measure their performance.

There are two main reasons for me to study performance measurement system in humanitarian organization: First reason, several studies show they lack effective performance measurement system so, here is a dilemma if their reported performance are genuine? And second reason, they face many challenges in measuring their performance so, it is doubtful if non-profits can measure their actual performance? This means, they may mistakenly address some non-performed activities and miss out some performed activities. And, this in final may reflect to misleading information to the donors, government, state bodies, target group and other external stakeholders. This lack and challenges captivated me to explore performance measurement system in a humanitarian organization.

Similarly, there are two main reasons why I decided to study Norwegian Refugee Council (NRC)? The first reason, my previous project paper faced several limitations however, proposed prospective areas to study. So, I decided to continue studying NRC in this master thesis. The second and the last reason, NRC alone has a budget bigger than some Norwegian state bodies (Source: empirical finding). NRC is being funded by NMoFA, NORAD, Unio, NKS, Statoil, and several corporate and individual donors inside and outside the Norway. So, it is interesting to study if NRC is really serious to its stakeholders, especially demand-side in wisely using their donations?

  To put long story short, I identified above gap and challenges as an opportunity and decided to forward this study.

1.2 Problem Statements/Research Questions

This Master thesis is the continuation of my previous project paper (Adhikari, B., 2011). The time span of this study is total 8 months (October, 2011- May, 2012). This study entitles: *¨Exploring the performance measurement system in a humanitarian organization¨*. This is an expressive case study of the Norwegian Refugee Council. This study aims to probe into the performance measurement system of NRC, perspectives of employees & external stakeholders towards performance measurement system and finally identifies the challenges NRC has been facing in measuring its performance. To achieve the aim of this study three research questions are formulated which are briefly discussed below:

1 How does the NRC measure its Performance?

Existence of non-profit organizations relies on their credibility to donor institutions. To maintain this credibility non-profit organizations are responsible and accountable to report their performance to donors. In doing so, there is a need of effective performance measurement system for non-profit organizations to measure their performance. With this prevailing demand of certain performance measurement system this research question is developed to explore how NRC measures its performance, its performance measurement system and processes. This research question is backed by technology approach.

2 How do the employees and external stakeholders perceive NRC's performance measurement system?

The existence, operation and continuation of non-profit organizations are solely dependent on stakeholder groups. This means to stress the importance of external stakeholders, demand-side stakeholders, to NRC. NRC is supposed to address the multiple-demands, interest and expectations of these external stakeholders and it is only possible by the employees. So, it is necessary for NRC to know the feelings, perceptions and perspectives of employees and external stakeholders. Provided, the prevailing importance this research question aims to

accumulate the feelings, perspectives and perceptions of employees and external stakeholders. This research question is governed by stakeholder approach.

3 What are the challenges NRC has been facing in measuring its performance?

Non-profit organizations operate in complex & fragile environment often with broad and amorphous objectives. So, naturally non-profit organizations contemplate with several challenges in performing their activities, measuring results and reporting their performances. Non- profit organizations are struggling hard to combat with these challenges however; several contingent factors persist in the environment. Provided, this known sufferings this research question aims to probe into the challenges NRC has been facing in measuring its performance. This research question is backed by contingency approach.

1.3 Introduction to the Theoretical Approaches:

The Technology Approach:- This approach is used to answer first research question. This approach is based on the understanding that organizations do possess certain technique, mechanisms or system to measure their performance so; it creates an emphasis that performance as a technology or technique which according to Miller (1994, p.2) ¨*a way of intervening, a device for acting upon activities, individuals and objects in such a way that the world may be transformed*¨. We can understand performance measurement from technology approach as a device to address quantitative and qualitative activities, process and activities into financial and non-financial units which in final used to make decisions regarding the worth of organizations.

Provided the importance of this particular approach, is used to explore the current performance measurement system adopted by NRC. In addition, it investigates into the strategic objectives and KPIs formulated by NRC and finally, will study the challenges faced by NRC in measuring its performance.

The Stakeholder Approach: - This approach is used to tackle second research question. This approach is based on the understanding that existence, operation and continuation of non-profits depends on stakeholders which according to Freeman& Reed, (1983) identified stakeholders as the groups on whose support the corporation depends. As non-profit organizations existence is dependent on stakeholders, especially demand-side stakeholders then they need to address the wide range demands of these external stakeholders which according to Ben-Ner & Van Hoomissen, (1991) used stakeholder concepts to theorize that non-profit organization are founded and controlled primarily by ¨demand-side stakeholders¨ interested in the provision of some services for themselves as consumers and /or for the benefit, as donor or sponsors. This importance of external stakeholders to non-profit organizations emphasized to use this approach to understand the feelings, perspectives and perception of employees and external stakeholders of NRC. Moreover, this approach will help NRC to find some new way-outs to address their demands and report the performances to these wide ranges of external stakeholders.

The Contingency Approach: - This approach is used to address the third research question. This approach advocates that the design and the application of management controls are influenced by the context in which the organization operates (Chenhall, 2003). This approach helps in identifying the challenges NRC has been facing in measuring its performance because the performance of NRC are influenced by the contextual environment where it operates. Non- profit organizations usually operate in complex, amorphous and fragile environment and Chenhall,(2003) opined, the organizational effectiveness of management control depends on the best configuration of the organization's external environment, structure, technology, size, strategy and national culture. By this we can understand the performances of non-profit organizations are highly influenced by the contextual environment and this can be managed by the management's ability to configure these variables in their management control system. This importance of contingency variables has emphasized to use this approach to study the challenges NRC has been facing in measuring its performance. Moreover, this approach will aim to study the change process going on and the measures management applies to mitigate these challenges

1.4 Structure of the Thesis

The Structure of this Master thesis is a framework made of 7 chapters. The First chapter provides the introduction, motivation, research questions and brief introduction to the theoretical approaches. The Second chapter is the frame of references which provides the overall skeleton of the study. This chapter provides the description of approaches devised for the study. Third chapter is the methodology section which reveals the ontological belief, epistemological position and research design, sources of primary and secondary data, validity and reliability of the study and the ethical issues. Likewise, Chapter 4 provides the context which briefly states the history of humanitarian sector and brief information about NRC. Similarly, Chapter 5 aims to feed all the empirical findings for the study mainly collected through primary sources and supplemented through secondary sources. Importantly, Chapter 6 is the analysis section where empirical findings are compared, evaluated and judged with the relevant theories/approaches which analyses the gap between theory and practical information and comes up with interesting recommendation, suggestion or propositions. Last but not the least, Chapter 7 is provides the most valuable information regarding this study. In the first section it provides the main findings of this study which is the conclusion of the whole study, in the second section it provides contributions and implications of the study, in the third section it provides limitations of the study and in last and fourth section it provides proposition for further study.

CHAPTER 2: FRAME OF REFERENCE

The aim of this chapter is to provide the framework of this study that includes relevant theories and literature reviews for the study. First, briefly the importance and relationship of performance measurement in Management Control System will be shown and then three theoretical approaches are discussed. These three theoretical approaches are: Technology approach, Stakeholder approach and Contingency approach. Each approach corresponds to particular research question respectively. Finally, this chapter provides the summary at the end.

Performance measurement is a strategic tool to gauge the performance of any organization. In the not-for-profit literature, the concept of organizational effectiveness is often substituted for organizational performance (Forbes,1998; Murray and Tassie, 1994). Similarly, performance measurement system of a firm should be linked to its mission, as well as to its strategy for fulfilling that mission (Atkinson, Waterhouse and Wells,1997; Sawhill and Williamson,2001). In general, we may understand performance measurement as the process of screening the performance of an organization if it resources are aligned to achieve its mission statement. However, Management control system is a big concept than performance measurement. Lowe, (1971) views management control in a broader perspective.

 ' *A system of organizational information seeking and gathering, accountability and feedback designed to ensure that the enterprise adapts to changes in its substantive environment and that the work behavior of its employees is measured by reference to a set of operational sub-goals (which conform with overall objectives) so that the discrepancy between the two can be reconciled and corrected for.*'

The definition of Lowe, (1971) provides an insight that management control system is a broad set of control mechanisms designed to assist organizations to regulate themselves. So, when management control is viewed as a system in an organization then performance measurement is like a part of MCS since performance measurement is a part in an overall control system. In this regard, we can understand performance measurement as a backbone of Management Control System.

2.1 TECHNOLOGY APPROACH

This approach revolves on the ground that organizations adopt certain technologies to measure their performance. These technologies can a tool or a system in itself and are indispensible for the organizations to measure their performance. However, the adoption of technologies differs from organizations because of their nature, size, structure, strategy, objective and several other factors. Performance measurement plays an important role in identifying and tracking progress against organizational goals, identifying opportunities for improvement and comparing performance against both internal and external standards (Department of Trade and Industry, N/A, p.2). And, we believe organizations should measure their performance at least to track their success against set objectives and mission statement. The role of performance measurement is to reveal how well an organization achieves its corporate objectives (Fitzgerald, 2007).

Adopting this approach creates an emphasis on performance measurement as a technology or technique which according to Miller (1994, p.2) ¨**a way of intervening, a device for acting upon activities, individuals and objects in such a way that the world may be transformed**¨. By this we can understand performance measurement from technological approach is that it acts as a device to address quantitative and qualitative activities, process and activities into financial and non-financial units which in final used to make decisions regarding the worth of organizations. Moreover, the literature of Miller (1994) emphasized that to evaluate performance by reference to normalized returns on investments, in particular for for-profit organizations, or by benchmarking costs against those of competitors. As such the performance measurement can be used to also evaluate and compare departments or divisions in terms of where they should be, what they have achieved , and with what they should have achieved (Miller, 1994). Likewise, performance measurement may be viewed upon as a mirror or pictures that captured the 'facts' about how well its organization's doing over a particular period of time (Roberts & Scapens, 1985). Roberts and Scapens (1985) states that performance measurement is one form of control in an organization besides budgeting, accounting, and auditing that are in use these days.

2.1.1 Scholar's view on Performance Measurement:

In general, performance measurement is the process of gauging between actual result and expected result. This concept is equally important from an individual to big conglomerates operating in an environment. It helps to track performance level against set standards or results designed to achieve specific goals. Beside, this simple fact it can be understood and applied according to the need of the organizations though the fundamental concept remains unchanged. Below, we briefly discuss some definitions of performance measurement from different scholars and meanwhile present some insights over the existing understanding. Neely, Gregory and Platt's (1995) states:

¨*The process of quantifying the efficiency and effectiveness of action*¨ (p. 80).

This definition is narrowly confined to only quantitative, low cost and effectiveness of an action rather than other multi-dimensional aspects. This definition limits the horizon of understanding of performance measurement to efficiency and effectiveness. Neely et al. (1995) definition of performance measurement sounds synonymous to definition of performance measurement by department of Trade and Industry (N/A). ¨*Quantitatively tell us something important about our products, services, and the processes that produce them. They are a tool to help us understand, manage, and improve what our organizations do*'' (p.2).

The above definition of performance measurement is quantitatively limited however, it provides information to organizations in many ways like how well the organization is performing, if the organization is meeting its goals, if its customers are satisfied, if its processes are in statistical control and if and where improvements are necessary (see Department of Trade and Industry, N/A). However, this parameter of performance measurement is narrow, restricted and conservative in today's context. Today's organizations can't rely on this historical understanding of performance measurement which is just focused on economies of scale (efficiency) and effectiveness of the activities. Similarly, *NYS Project Management Guidebook's* perspective on performance measurement provides crucial information to organization though its parameters are quantitatively expressed:

¨Performance Measurement is the process of assessing the progress made (actual) towards achieving the predetermined performance goals (baseline). Measurement is managed using output measures and outcome measures¨.

Output measures are calculations of recorded activity or effort expressed quantitatively or qualitatively.

Outcome measures are an assessment of the results of a program compared to its intended purpose.

This guidebook has stressed definition of performance measurement as a process of assessing the performance against predetermined goals. Moreover, this definition gives us the insight of comparative analysis between what is achieved and what was supposed to achieve. The interesting aspect is the management of measurement is done through output and outcome measure. Likewise, Kaplan &Norton (1996), defines:

¨A comprehensive set of performance measures defined from four different measurement perspectives (financial, customer, internal, and learning and growth) that provides a framework for translating the business strategy into operational terms¨ (p. 55).

The above definition of performance measurement by Kaplan & Norton (1996) revolves on the principles and the premise of Balanced Scorecard. It incorporates four dimensions that include both financial and non-financial measures. This feature of Balanced Scorecard is the differential advantage among other performance measurement system since both profit and not-for-profit organizations can adopt it. The traditional management control systems, has been heavily criticized due to more emphasis on the financial measures (Emanuel &Otley, 1995). It was criticized that the traditional management control (financial and accounting model) is only focused on the historic nature by revealing a great detail about the company's past actions and nothing is about the future or inadaptable to today's environment (Merchant,1985; Chakravarthy, 1986; Kaplan &Norton, 1996). Therefore, BSC helps managers to focus on performance indicators while balancing financial objectives with other Non-financial dimensions regarding customers, Internal Process and Employee perspectives. This helps manager to focus both financial and non-financial aspects while achieving organizational objective.

Similarly, Otley, (1999) defines performance measurement as:

¨System that provides the information that is intended to be useful to managers in performing their jobs and to assist organizations in developing and maintaining viable patterns of behavior. Any assessment of the role of such information being provided to them¨. (1999, p. 364).

Above, definition of Otley,1999 sounds broad since he hasn't limited the concept to only measuring the performance of particular job rather he expresses it as a mechanisms to assist organizations in developing and maintaining viable patterns of behavior. This definition of Otley, 1999 widens the concept of performance measurement. Furthermore, Kerssens-Van Drongelen and Fischer's (2003) unveil performance measurement as:

¨Performance measurement and reporting takes place at two levels: (1) company as a whole, reporting to external stakeholders, (2) within the company, between managers and their subordinates. At both levels there are 3 types of actors: (a) evaluators (e.g. managers, external stakeholders), (b) evaluate (e.g. middle managers, company), (c) assessor, which is the person or institution assessing the effectiveness and efficiency of performance measurement and reporting process and its outputs (e.g. controllers, external accountant audits)¨ (2003, p. 52).

The above definition by Drongelen & Fischer's is very broad and provides the sense of accountability by reporting. They express that performance measurement and reporting takes place at two levels. The one takes place in a company as a whole and reporting takes places to external stakeholders from the whole organization and the another performance measurement is done inside the company between the managers and their subordinates. Whatsoever, at both levels there exist 3 types of actors: evaluators, evaluate and assessor. The evaluators are the managers and external stakeholders who evaluates the performance of an organization, likewise, evaluate are the middle managers and company who really act on it to achieve the target and finally assessors who are the controllers and external accountant or audits to track over the performance record. This definition of performance measurement is very broad since it incorporates different stakeholder aspects.

From above definitions we can understand that performance measurement historically was understood and interpreted only in terms of calculating quantitative figures however, these

days performance measurement is more focused to qualitative, non-financial and subjective assessments. Qualitative factors are of prime importance for effective performance measurement of an organization.

2.1.2 Performance Measurement in Non-profit Organizations:

Performance measurement systems have received much attention in recent years. Traditionally, these systems were focused on financial measures such as sales, profits or return on investment. In the 1990s both practitioners and academics began to question the relevance of using solely financial performance measurement indicators. They argued that performance measurement systems should include non-financial indicators, which are deemed to be more directly related to firm's long-term strategy, to be better indicators of managerial effort and to be less subject to manipulation (Atkinson, Waterhouse and Wells, 1997; Kaplan and Norton, 1992, 1997; Banker, Potter and Srinivasan,2000). Kaplan and Norton (2001), who are often cited as important developers of performance indicator systems that measure multiple dimensions, apply their performance measurement model to not-for-profit organizations (NPOs) and argue that financial measures are not the relevant indicators of whether an NPO is delivering on its mission. They stress that measuring performance using a multidimensional set of indicators, primarily based on non-financial indicators, is essential also in the not-for-profit sector.(Laurin & Turbide, 2009).

Not-for-profit organizations provide important services throughout the world. Since the mid-1970s, the NPO Sector in both developed and developing countries has experienced exponential growth (Singh & Merchandani, 2006). Growing number of not-for-profit organizations are competing for scarce donors, as well as pressure from donors such as governments and private clients to show that they are ¨ making a difference¨ (Kaplan, 2001; Singh & Merchandani, 2006).

Non-profit organizations lack the simple elegance of a financial measure- such as profitability or shareholder returns – used by for-profit organizations to assess their performance. Success for nonprofits should be measured by how effectively and efficiently they meet the needs of

their constituencies. Financial considerations can play an enabling or constraining role but will rarely be the primary objective. (Kaplan, 2001). The application of performance measurement in non-profit organizations serves many purposes, but not limited to discharging accountability and effective and efficient use of resources (Kendel & Knapp, 2000). So, to achieve efficiency and effectiveness, there should exist a good control mechanisms that track the performance of these Non-profit organizations. Control is inevitable in human organization as pointed out by Flamholtz (1983). Flamholtz, opines that an organization is concerned with control because of the incompatibility of goals among people and there is a need to inspire employees' effort toward achievement of organizational objectives (1983; 1996). This idea was further supported and emphasized by Lagerstrøm (2002) that it is important that non-profit organizations seek to develop effective measurement systems to monitor and control performance of the executives, managers and other line managers to safeguard their interest and benefits.

2.1.3 Key Performance Indicators:

In general, Key performance indicators can be understood as result indicators which direct the performance of the organization to its mission path through achievement of Strategic objectives. Metaphorically, it may be understood as a performance guide to direct organizational performance towards the mission statement.

KPIs are tools that are used by an organization to define, measure, monitor, and track its performance over time toward the attainment of its stated organizational goals (Pollock, 2007, p. 1). KPIs vary between the organizations because of their mission statement, objectives, organizations nature and several other factors. For example, the service industry may evaluate itself on the basis of KPIs such as annual revenues, year-to-year trends, or growth in the size of the mobile workforce, etc (Pollock, 2007).

Pollock (2007) advised the following factors to take into account while formulating the KPI's.

- Reflect, and relate directly to, the organization's goals. These are the metrics against which the organization will be driven to perform in order to measure its success over time.
- Be qualitative and quantifiable.
- Be linked directly to the measurement of the organization's success.

Moreover, Pollock (2007) stated that KPIs can be used as either internal or external promotional tools. For example, day-to-day, month-to-month, based on return, based on turnover, based on mileage and others can be measured, tracked and presented internally at strategic planning sessions, quarterly meetings, or other company events.

Similarly, Davidson, (2006) has developed some Key Performance Indicators in Humanitarian Logistics and they are: Appeal Coverage, Donation-to- Delivery Time, Financial Efficiency and Assessment Accuracy. These principles were used to develop four indicators which measure logistic performance in terms of the trade-offs of the speed, cost and accuracy. The first indicator Appeal Coverage will let know how well the organization is meeting its appeal for an operation in terms of both finding donors and delivering items/services. This is subjective assessment and not that easy to measure. The second indicator Donation-to-Delivery Time measures the time taken for an item to be delivered to the destination country after a donor has pledged to donate it. This indicator help gauge both the average and the consistency of the delivery lead times. The third indicator financial efficiency is the financial indicator to measure the transportation cost of delivering the goods to the beneficiaries. And the last indicator Assessment Accuracy identifies how much the operation's final budget changed over time from the original budget. These indicators though provide information but are quite subjective in nature and cannot be generalized to other humanitarian organizations because of their different target groups. Also, it is difficult to be sure if they are right KPI's for effective performance measurement.

2.1.4 Challenges of measuring performance in Non-profit Organizations.

Even though performance measurement has been a trend in non-profit organizations, Sheehan (1999) came to an induction that very few non-profit organizations had developed measurement system that disclose whether the organization had achieved its mission. In addition, it is difficult to find the right measure to fulfill a wide range of stakeholders' requirements (Speckbacher, 2003). Non-profit humanitarian relief organizations have typically been unable to measure the performance of their supply chains due to an inability to centrally capture data from operations (Davidson, 2006). Davidson,(2006) has developed some Key performance indicators for humanitarian logistics. For e.g. appeal coverage, donation-to-delivery time, financial efficiency and assessment accuracy. These principles were used to develop four indicators which measure logistic performance in terms of the trade-offs of the speed, cost and accuracy. These indicators though provide information but are quite subjective in nature and cannot be generalized to other humanitarian organizations because of their different target groups. Also, it is difficult to be sure if they are right KPI's for effective performance measurement (Davidson, 2006). This view of Davidson reflects the difficulty of identifying and developing right and relevant indicators for performance measurement. Moreover, in humanitarian organizations they always suffer from identifying right Key Performance Indicators to measure their performance.

In case of Humanitarian aid organizations they organize programs and projects in two major categories; relief activities (short-term interventions such as refugee support in crises) and development projects (medium and long-term actions with sustainable impacts such as the education of farmers or the construction of infrastructure (see: Husmann, 2001, p. 2). Husmann (2001) further explained that development projects can be better planned and monitored because of their longer time- horizon. But, in relief activities they are supposed to assist the disasters and catastrophe to the needy and deserving people. Particularly for relief activities it is difficult to identify the right KPIs because of their complex and contingent feature. It will be quite difficult to identify right Key Performance Indicators, either financial or non-financial to address this short term results. These indicators are result indicators that will help to track whether an organization is on the way to achieve its proposed objective.

Cavaluzzo and Ittner (2004), states that the difficulty of measuring qualitative outcomes, the lack of technological capability to generate timely and relevant information, weak management commitment and the lack of employee training are important factors limiting the development of performance measurement systems in the public and not-for-profit sectors. Regarding, KPI's in humanitarian service organization Lagerstrøm ,(2002) stresses that:

¨No numbers can be assigned in feeding the hungry or providing shelter for the homeless. The available numbers in the case, would be how many were fed or how many shelters were constructed¨ (p.3).

Similarly, Cutt (1998), advocates because of wide range of areas to address there exist variations around the general theme that organizational performance is complex and multi-dimensional, reflecting the interest of various constituents such as: funders, clients, governing bodies, management and staff. So, because of this highly heterogeneous responsibility, inclusiveness of wide humanitarian interest and accountability to multiple stakeholders there lacks a uniform performance measurement standard and right KPIs in humanitarian organizations.

2.2 Stakeholder Approach

Those who rely on economics in explanations and prescriptions of firm behavior view stakeholders as having an instrumental value, of helping a firm achieve its objective of maximization of shareholder wealth (e.g., Ansoff, as cited in Freeman [1984]). Others have rejected this reliance on economics in theorizing about the behavior of firms, instead arguing that morality must be the basis for a firm's behavior. Two versions of this argument are common. One, the utilitarian version, again views stakeholders as having instrumental value, as helping a firm achieve another objective (eg., Tuleja [1985]; Finlay [1986]). The second, the deontological version, relies on Kantian ideas to give stakeholders intrinsic value (eg., Gray & Hay [1986]; McCann & Gray [1986]; Kilpatrick [1985]). As a result of this, firms must then recognize a duty to those stakeholders, that duty to ensure that their rights as entities are not violated (Burton, B.K. & Dunn, C. P, 1996).

As we examine stakeholders besides shareholders, we see various groups being highlighted by stakeholder theorists. For example, Freeman's (1984) listing of stakeholders include such diverse constituencies as owners of various kinds, supplier firms, customer segments, employee segments, various members of the financial community, several levels and branches of government, consumer advocate groups and other activist groups, trade associations, political group, unions, and competitors. This theory is used in the context that organizations compete on many dimensions and their evaluations cannot be confined to narrow financial indicators. Simply focusing on financial performance can give misleading signals for the continuous improvement demanded by today's society. Important issues of customer satisfaction and establishing good employee relations would be missed by such a system. This challenge developed the non-financial performance measure that addresses the quality, service and flexibility issues of today's customer-oriented competitive strategies (Fitzgerald, 1991). There are several frameworks proposed to help organizations define a set of measure which reflect their objectives and assess their performance. Some of them are :-SMART pyramid (Lynch and Cross,1991), the results and determinants framework (Fitzgerald,et al., 1991), the Balanced scorecard (Kaplan and Norton ,1992) and the performance prism (Neely and Adams,2001). Kerssens-van Drongelen and Fischer's (2003, P.52) definition seems to be more inclusive for Not-for-profit Organization. They express that :-

Performance measurement and reporting takes place at two levels :(1) company as a whole, reporting to external stakeholders, (2) within the company, between managers and their subordinates. At both levels there are 3 types of actors: (a) evaluators (e.g. managers, external stakeholders), (b) evaluate (e.g. middle managers, company), (c) assessor, which is the person or institution assessing the effectiveness and efficiency of performance measurement and reporting process and its outputs (e.g. controllers, external accountant audits)¨.

Many firms have developed and run their businesses in terms highly consistent with stakeholder theory. Firms such as J&J, eBay, Google, Lincoln Electric, AES, and the companies featured in *Built to Last* and *Good to Great* (Collins 2001, Collins & Porras 1994) provide compelling examples of how managers understand the core insights of stakeholder theory and use them to create outstanding business. Stakeholder theory begins with the assumptions that values are necessarily and explicitly a part of doing business, and rejects the separation thesis. (Freeman 1994). The separation thesis begins by assuming that ethics and economics can be neatly and sharply separated. In an era when firms are relying on committed value-chain partners (e.g., employees and a whole range of suppliers in the supply

chain) to create outstanding performance and customer service, stakeholder theory seems to provide managers with more resources to find success (Freeman, Andrew & Parmer 2004).

Stakeholder theory claims that whatever the ultimate aim of the corporation or other form of business activity, managers and entrepreneurs must take into account the legitimate interests of those groups and individuals who can affect (or be affected by) their activities (Donaldson and Preston 1995, Freeman 1994). Stakeholder interests have to be joint – they must be traveling in the same direction—or else there will be exit, and a new collaboration formed (Venkataraman 2002). The best deal for all is managers try to create as much value for stakeholders as possible. There are, of course, conflicts among stakeholder interests but these conflicts must be resolved so that stakeholders do not exit the deal- or- worse- use the political process to appropriate value foe themselves or regulate the value created for others. Freeman (1984), an early proponent of stakeholder theory, contributed the idea that managers must satisfy many different constituents in effectively administering a business.

Stakeholders are of prime importance for Non-profit organizations because their existence depends on the donation from stakeholders so, they are highly obliged to their shareholders in many terms. Though, there are no regulative bodies to control these organizations performance but they are accountable to their prime stakeholders for e. g: donors, governments, media, society, host community, target people, competitors and others. Here, different stakeholders have different interest and single organization should be accountable to the multiple interests of these stakeholders so, performance measurement in non-profit organizations is really interesting. From this information, we can understand that it is necessary to understand performance measurement in case of Non-profit organizations from different stakeholder groups.

2.3 Contingency Approach:

It is the management expertise to convert the challenges into opportunities. It is essential for the management to have knowledge about the reaction of the firm to the change of the environment (Asel,2009). Firms must identify specific aspects of an accounting system which are associated with certain defined circumstances and demonstrate an appropriate matching (Otley,1980;1999). Similarly, Chenhall,(2003) opined, the organizational effectiveness of management control depends on the best configuration of the organization's external environment, structure, technology, size, strategy and national culture. Likewise, Contingency variables according to Dahlgaard-Park (2008) are:

¨*Size, scale, organizational life-cycle, technology, uncertainty, resource dependency, leadership style and organizational culture*¨(p.104).

The above contingent variables placed by Dahlgaard.Park,(2008) seems to address some of the contingent situation organizations faces. Donaldson ,(2001) defines contingency theory:

¨*Organizational effectiveness results from fitting characteristics of the organization, such as its structure, to contingencies that reflect the situation of the organization*¨ (2001,p.1).

The definition of Chenhall,(2003) and Donaldson,(2001) sounds similar in one sense that they focus to organizational effectiveness of management by managing the contingent variables that come into the operation. The contingent approach has moved away from the notion that there is one ideal way to organize that characterized early classical management theory (Bradshaw,2006). Particularly, for non-profit organizations, Bradshaw (2006) argued:

¨*Contingency model should be an alignment or fit between the board model and various internal and external contingencies if the board and organization are to operate most efficiently* ¨ (p.2).

Here, Board refers to the senior management team or the executive relations based on power/dependency relations. Meanwhile, Brudney and Murray (1997) suggest that each organization must develop its own unique model for the board, based on the organization's environment, history, set of personalities, and culture. Here, board is addressed by some contingent variables. And this argument is supported by Widmer and Houchin (2000,p.xvii):

¨*There are simply too many variables- such as size and complexity of the organization and its environment, number of stakeholders, size of the board, number of committee (if any), and*

frequency of meetings-to embrace a single model or recommend a specific structure for the work of the board. Because, each organization is different, we recommend a contingency approach to non-profit governance. The contingency approach suggests that even though all boards have the same responsibilities, the manner in which a board can most effectively organize itself and fulfill its responsibilities depends on the characteristics and values of the board and the organization¨. This argument recommends contingency approach for non-profits because the manner in which a board can effectively organize and fulfill its responsibilities depends on the characteristics and values of the board and organization rather than adopting a single or recommended model for board.

Though, there are many literatures regarding contingency theories neither can link between specified contingencies and appropriate accounting systems design (Otley,1980). And Otley,(1980) suggests management should adopt an accounting system that fits to its nature. So, from this what we can understand is it all depends.

This study will focus on three contingent variables among six proposed by Chenhall,(2003) .

2.3.1 Culture:

Culture is a practice adopted by an individual, group, society, organizations and others which is rooted as a notion . So, they are strong and intrinsic like a powerful practice which is difficult to change easily. From this general idea what we can understand is Culture may poses threat to managers in which they operate because of its inelasticity and resistance to change. The relationship between the design of MCS and national culture represents an extension of contingency-based research from its organizational foundations into more sociological concerns (Chenhall, 2003). Culture has become important in the design of MCS, over the past 20 years, as many companies have developed multi- national operations. Below, is the proposition Chenhall, (2003) has made regarding culture.

- National culture is associated with the design of MCS.

Culture by its nature is really diversified, resist, stubborn and complex so, organizations dealing with individual, group, society, nation and others, they may be challenged in any (direct or indirect) ways.

Despite, specific ethnic culture, national culture keep on changing due to education, globalization, adoption of new technology , new policy and strategy , demographic factors and others. So, culture is one of the important contingent variable that organizations and managers should keep in concern in managing performance.

2.3.2 Size:

Size refers to the volume of any organization. The size of the organization can be measured in different units for e.g. : Number of employees, turnover, market size, production volume , and others. Whatsoever, growth in size has enabled firms to improve efficiency, providing opportunities for specialization and the division of labor (Chenhall, 2003). Studies that have examined size have considered its effects together with other elements of context such as technology, product diversity and have examined an array of controls (Chenhall, 2003). Khandwalla (1972,1977) found that large firms were more diversified in product lines, employed mass production techniques, were more divisional and made greater use of sophisticated controls and environmental information gathering such as forecasting and market research. Below are some of the propositions concerning size and MCS.

- Large organizations are associated with more diversified operations, formalization of procedures and specialization of functions.
- Large organizations are associated with more divided organizational structures.
- Large size is associated with an emphasis on and participation in budgets and sophisticated controls.

2.3.3 Structure:

Organization structure refers to the hierarchical relationship between members, task groups to ensure the clear chain of command and the activities are carried out effectively and efficiently. Lawerence & Lorsch (1967) refers to structure, generically, as the way in which the organization is differentiated and integrated. The choice of structure in organizational contingency research has focused on the appropriate structure to fit the levels of uncertainty in the environment (Burns & Stalker, 1961; Lawerence & Lorsh, 1967;Galbraith, 1973), Strategy (Chandler, 1962) and the organization's technology (Galbraith, 1973; Perrow, 1970; Thompson 1967; Woodward, 1965). Generally, what we come to know is that more organic structures are suited to uncertain environments.

Despite these facts below are some of the propositions concerning organizational structure and MCS by Chenhall, (2003).

- Large organizations with sophisticated technologies and high diversity that have more decentralized structures are associated with more formal, traditional MCS (e.g. budgets, formal communications).
- Decentralization is associated with the MCS characteristics of aggregation and integration.
- Team based structures are associated with participation and comprehensive performance measures used for compensation.

2.4 Summary

 So, to forward this study ¨*Exploring the performance measurement system in a humanitarian organization*¨ the frame of reference is developed which governs within the discipline of Management Control. Performance measurement is considered as a part of management control system and three relevant theoretical approaches are incorporated to tackle the research questions respectively. The concept Performance measurement as a part of Management control gives us the insight that performance measurement is a tool to measure the performance of any organization and it is a part under MCS. To validate this idea MCS should be viewed from a package system and under this package performance measurement works as a part. Technology approach is used to reveal how NRC measures its performance? It helps us to know the technical determinants, strategic objectives and Key performance Indicators used in measuring the performance of NRC. Likewise, Stakeholder approach aims to understand how performance measurement is being understood among employees and external stakeholders in NRC? As stakeholders are most important elements for non-profit organizations, it is always important to know how they perceive and understand performance measurement system. So, with the aim to understand the perceptions of employees and external stakeholders towards performance measurement this study usage stakeholder approach. Finally, contingency approach is used to reveal the challenges Norwegian Refugee Council faces in measuring its performance. Non-profit organizations operate in fragile and complex environment where the relevancy of their KPI's keeps on changing and they face difficulty in finding right KPIs to document some of their activities in performance measurement system. So, measuring performance is always a challenge for them. Finally, to reveal the challenges NRC faces in measuring its performance, contingency approach is incorporated for this study.

CHAPTER 3: METHODOLOGY

This chapter provides the details behind the choice of Philosophical position and Research design. Further, this chapter will disclose data collection procedures, data analysis, reliability& validity of the study, ethical issues and finally provides the summary.

3.1 Discussion of Philosophical Position:

The choice of the philosophical position and research design depends upon the Ontological belief and aim of the researcher. Researchers need to be aware of their own philosophical assumptions (Easterby-Smith,2008), thus to write a research it is important to define a philosophical position. Easterby-Smith, 2008 identifies two opposing theoretical attitudes to the nature of social entities: positivism and social constructionism Positivism is a belief that social phenomena and their meanings have an existence that is not dependent on social actors. They are facts that have an independent existence. Social constructionism is a belief that social phenomena are in a constant state of change because they are totally reliant on social interactions as they take place. Even the account of researchers is subject to these interactions; therefore social knowledge can only be inter-determinate (Walliman, 2006).

I believe change is inevitable. So, I assume the study of any object should be done by close interaction, participation, communication and deeply submerging in the environment of the study. This ontological belief falls in the category of social constructionist epistemology.
There are Social constructionist is one of a group of approaches that Habermas, (1970) has referred to as interpretative methods. Habermas,(1970) believes that the life of organization depends upon the communication between peoples. The idea of social constructionism then, as developed by authors such as Berger and Luckman (1996), Watzlacwick (1984) and Shotter (1993),focus on the ways that people make sense of the world especially through sharing their experiences with others via the medium of language (cited from Smith, Thorpe &Jackson).
This study believes in participation by communicating with people, and inter-acting each other with both object and the researcher. The aim of this research is to discover how NRC

measures its organizational performance, feel and understand the perception of employees and external stakeholders towards its performance measurement and reveal the challenges NRC faces in measuring its organizational performance. Hence, to fulfill this aim of the study it needs to explore, communicate, submerge and intervene in the study process. The focus should be on what people, individually and collectively, are thinking and feeling and attention should be paid on the ways they communicate with each other, whether verbally or non-verbally (Smith, Thorpe &Jackson,2008). So, the philosophical position of this study is social constructionist.

3.2 Research Design:

Choice of Research design is based on the epistemological position of the researcher. The epistemological position of the researcher believes that inquiry into the nature of the world should be done by communicating, participating and involving in the particular process. So, this social constructionist epistemological position demands qualitative research design. Often, qualitative research design is interchangeably used with constructionist research design. This research design has several methodologies however, some of the main are:

1 Action research and cooperative inquiry.

2 Ethnography and Narrative methods.

3 Case Studies and Grounded theory (Smith, Thorpe & Jackson,2008).

This study is a particular case study of Norwegian Refugee Council. Essentially the case study looks in depth at one, or a small number of, organizations, events, or individuals, generally over time. There is a very extensive literature on the design, use and purposes of case studies. In the management field authors tend to coalesce around those who advocate single cases and those who advocate multiple cases. Advocates of single cases generally come from a constructionist epistemology; those who advocate multiple cases usually fit with either a relativist or positivist epistemology (Smith, Thorpe &Jackson ,2008).

Robert, Stake (2006) writes about qualitative case studies, and distinguishes between instrumental and expressive studies. The former involves looking at specific cases in order to develop general principles: the latter involves investigating cases because of their unique

features which may, or may not be generalizable to other contexts (cited from Smith, Thorpe &Jackson ,2008). I decided to choose NRC because of some of its unique features as a humanitarian organization and this study is an expressive case study since it investigates the single organization (NRC) in depth. Finally, this study is conducted as an expressive case study under qualitative research design.

3.3 Data Collection:

Both Primary and Secondary sources are used to collect the data in order to fulfill the objective of this research. Below, provides details regarding Primary and Secondary data.

3.3.1 Primary Data

Primary data refers to the data that is directly collected by the researcher for the purpose of the research project at hand (Riley et al.,2002). Qualitative interviews are the main source for collecting rich data in the research process. Through qualitative interviews you can understand experiences and reconstruct events in which you did not participate (Rubin &Rubin,2005). Qualitative interviewing is based on conversation, with the emphasis on researchers asking questions and listening, and respondents answering. The epistemology of the qualitative interview tends to be more constructionist than positivist (Gubrium, Holstein, 2002). The primary data for this study was gathered by more semi-structured and open ended interviews. Below, is the table that provides clear insight to the type of interviews.

Level of Structure	Type of Interviews
Highly Structured	Market research interviews (Highly planned)
Semi-structured	Open guided questions
Unstructured	Ethnography

The primary data for this study was collected through semi-structured interviews with more open guided questions. Below, is detail about the interviews.

Interviews:

Before, setting the interviews several follow-ups in emails were made with the head of strategy unit for Norwegian Refugee Council. These follow-ups managed to have two preliminary meetings before the real interviews. The first preliminary meeting was a short talk with the head of strategy unit regarding overall discussion of the nature, objective, time frame, parties involved, scope and result of this study. In the second meeting he acted as a gate-keeper to manage interviews. We sat together and selected some employees and after couple of days he provided me a list of interviewees with days and time. Semi-structured questionnaire with more open and general question were developed for interview (See Appendix 2). The structure of interview is given below in table.

Mode of Interview	Target Group	
Face to Face	Employees at NRC	
Telephone	External stakeholders	
	Corporate donor	Individual donor

Total 9 interviews(See Appendix 1) were conducted for this study where 6 were F2F interviews with employees at NRC in head office including him and 3 telephone interviews were conducted with external stakeholders where one with corporate donor and two with individual donors. One more follow-up interview was done with him to clarify some of the lacking and misunderstandings. In case of telephone interview one with corporate donor was from previous study while two interviews were recently conducted for this study.

The table in appendix 1 provides a clear insight regarding interviews. First, table provides all the details regarding respondent, position, date, time and length of interviews and also about the preliminary meetings and follow -up details. The second table provides brief details regarding external stakeholders. This was how all the primary data was collected.

3.3.2 Secondary Data

Secondary data represents data that have been collected from third party, but not collected for the purpose of research at hand (Riley et al., 2002). Secondary data include both qualitative and quantitative data, and they can be used in both descriptive and explanatory researches. Within business and management research such data are used mostly in case study and survey-type research (Saunders et al, 2003). Qualitative data is more likely to describe decisions making processes in the study organization. For many research questions and objectives the main advantage of using secondary data is the enormous saving in resource, in particular time and money (Ghauri &Gronhaug, 2002). In general it is cost-effective to use secondary data for researchers and organizations.

Secondary data can be collected from internal or external or both sources. Internal sources are sources available within the organizations, while external sources are sources located outside the organization (Craig & Douglas,2000). I have collected information from NRC's official website, Annual Reports from (2005-2010), NRC's evaluation reports, NRC's internal reports, annual publications, brochures as internal secondary sources and information from media (TV, newspaper publications and several comments and publications as secondary sources for this study.

3.4 Analyzing Data/ Data Analysis

Data analysis is defined as the interplay between raw data, the procedures used to interpret and organize the data and the emerging findings (see Wholey,Hatry,&Newcomer,2004).It aims to extract relevant information from the chunk of data that have been collected in order to present the findings that can convey and present a meaningful insight for the knowledge seekers. Marshall &Rossman,(2006, P.154) states as ¨the process of bringing order, structure and interpretation to a mass of collected data is messy, ambiguous, time-consuming, creative and fascinating. Despite this complexity, it is essential to analyze the data into relevant information for any scientific study. Marshall &Rossman,(2006) further mentions ¨qualitative data are exceedingly complex and not readily convertible into standard measurable units of objects seen and heard; they vary in level of abstraction, in frequency of occurrence, in relevance to central questions in the research.¨ Moreover, he states ¨the most fundamental operation in the analysis of qualitative data is that of discovering significant classes of things,

persons and events and the properties which characterize them and also in the qualitative studies, data collection and analysis go hand in hand to build a coherent interpretation¨ (Marshall & Rossman,2006,pp. 155-159).

Research study to be productive, right and relevant information need to be extracted from collected mass of data. Keeping in mind the importance of data analysis for a successful study, I have seriously analyzed the collected data through several steps to make it as meaningful and relevant information for my study. Below, are the steps I had used for analyzing the data.

1 In the first step all the interviews were transcribed by carefully listening to the audio records. In this first transcribe, I wrote all the interview empirical without selection and edition. i.e. I have written in copy whatever I could listen to the audio records. I did this to ensure myself having all the empirical for e. g. answers, expressions, comments, suggestions and feelings of respondents.

2 In this second and last step I started editing, selecting the right and relevant data from the note copy where I had all empirical. I cross-checked several times to ensure if something was missing and if some irrelevant still exist there. After, several cross-checks, I ensured that they are right and ready to use, I made an electronic copy for evidence and backup. By then this data become information for my study as empirical findings.

So, I had passed through above two steps to analyse my data and finally had as information and evidence for my study.

3.5 Validity and Reliability of the Study

   Validity and reliability are the important issues for scientific study. If the study lacks validity and reliability then there doesn't exist meaning of the study. Validity is concerned with the extent to which the measurement provides an accurate reflection of the concept (Johnson, Duberley,2006). Similarly, according to Riley et.al validity is about whether a measuring instrument actually measures what a researcher intends it to measure (Riley et al, 2000). Validity refers to the extent data provide a true picture of the real world (internal validity) and its generalization (external validity). Internal validity refers to the processes of the research and correctness of the conclusion while external validity refers to the extent the results can be used. So, in general we can understand validity refers to the authentic sources of information. To ensure the validity of this study all processes of interviews from beginning to the end are kept safely as good evidence. Moreover, one of the respondents acted as a gate-keeper and managed all the interviewees. After several clarification and discussion interviews were set with planned questionnaires so, this study doesn't lack the validity.

A scale is reliable to the extent to which repeated applications of the scale produce the same results given that the attitudes remain the same (Riley et al, 2000). This statement refers to the similar or like results for every repeated queries or experiment under same condition. According to Bell (2010), ¨Reliability is the extent to which a test or procedure produces similar results under constant conditions on all occasions¨. Bell (2010) states ¨if an item is unreliable, then it must also lack validity, but a reliable item is not necessarily also valid. In general reliability means consistency of information throughout the whole study. To maintain reliability for this study several cross-checks within the primary data and between primary and secondary data was done. In case of interviews, transcribing was done very seriously by taking huge time and total three times the final information was cross-checked with transcribe to protect errors, and irrelevant. The reliability of primary data was very seriously conducted and in case of secondary data the same information was cross checked among different secondary sources. For e.g published evaluation report and online evaluation report and several others.

Another strong argument regarding the reliability and validity of this study is the researcher already had conducted a small study in the same organization before this study and has good relationship with the gate-keeper since first study.

3.6 Ethical Issues

Regarding ethical issues the purpose of the study was clearly stated before the interviews and short description about the scope of the study was provided at the top of the interview guide. Interviews were conducted among departmental heads and I had asked for anonymity however, all gave consent to reveal their names. But, also to protect their privacy I decided to refer them with respondents without revealing their actual names. The respondents clearly know that this study is just for academic purposes and they are made sure that no manipulation and misuse will be done.

3.7 Summary

The aim of this study is to explore the performance measurement challenges in one of the humanitarian organization (NRC) and to fulfill the aim of this study qualitative research design was incorporated with the aim to interact, communicate and participate with the study processes. The study is designed in interpretative paradigm. This is an expressive case study focusing communication, expression and perception of the people. Semi structured questionnaires(See Appendix 2) were developed where all the interviews were started with general and open questions in the beginning and followed up with specific questions gradually with the aim to probe into relevant theme. In case of primary data total nine interviews were made with six face to face and three telephone interviews. Face to face interviews last for 45 minutes in average with rich data and telephone interviews were also able to generate relevant and substantial amount of data for the study. Secondary data are also used for the study where necessary however the primary data is dominant throughout the study. In case of validity of the study the source of authentication, relevancy and access to empirical via gate-keeper can easily defend the validity of this study. In case of reliability of the study ,several cross-checks within primary and between primary and secondary data is done to ensure the consistency of the information throughout the whole research. Finally, regarding ethical issues the objective, scope and application of the study is clearly revealed and made understood to the respondents. Moreover, consents from respondents are taken before revealing their names in the study. The transcribe copy was sent for approving to use it as an empirical. In maintaining the ethical issues respondents and gate-keeper clearly knows that this study is just for academic purpose so, misuse, manipulation and negative interpretation of this study will not be made and is kept under close scrutiny of University library.

CHAPTER 4 : CONTEXT

This chapter will provide the brief information regarding the humanitarian sector. First section will briefly present the history of humanitarian sector and especially about refugee organizations established to provide refugee services. Next section will provide brief details of Norwegian Refugee Council and last section will provide the summary.

4.1 History of the Humanitarian Sector

It is an open fact that the essence of Humanitarian emergency services started since First World War and its need become profound aftermath of WWI . In the history of humanitarian sector ¨International Committee of Red Cross¨ undoubtedly stands first to provide humanitarian assistance to the world since First World War.Because, of massive destruction of human lives and other resources, Henry Dunanat, a swiss businessman, published ¨A Memory of Solferino¨, a memoir about his time in the northern Italian battlefield of Solferino. The battle of Solferino (24 June 1859) has led to the birth of International Red Cross from the kind hearted personality ,Henry Dunant, who was inspired to assist the victims of war. This memoir inspired Dunant to establish a humanitarian organization named International Committee of the Red Cross (ICRC) in 1864. This committee was led by Jean-Henry Dunant , who would later win the first Nobel Peace Prize in 1901 for founding Red Cross . In 1863, Henri Dunant, a Swiss businessman, published ¨ A memory of Solferino¨, a memoir about his time in the Northern Italian battlefield of Solferino. Dunant, was highly inspired by the principle of neutrality, love, peace and coordination so in this book, he promoted the idea of forming neutral relief societies which helps the causalities of the war.

After the establishment of International Committee of Red Cross, the humanitarian sector began to grow larger. The success of the humanitarian aid from International Red Cross the civic society experienced the increasing number of several humanitarian organizations aimed to provide service to the needy, deserving and poor lives who are starving from basic civic needs and rights.

We can experience immense need of humanitarian assistance in many Asian countries for e.g: Indonesia, Philippines, Sri Lanka, Pakistan, Japan, Myanmar, India, Bangladesh and others and in the case of South African Countries they are starving from basic needs, rights education and fighting for ethnicity and several others. These issues unwillingly welcomes disputes, scarcity, conflict, civil war, feminine, discrimination and other inequalities which finally demands the presence of humanitarian assistance. This profound scope of humanitarian assistance has led to numerous establishment of NGO's and INGO's aimed to provide their genuine help to our deprived, conflicted , victimized, dominated and displaced human lives. However, when we come to Internally Displaced Person's and Refugees, Norwegian Refugee Council is undoubtedly one of the top organization to provide humanitarian and refugee services all over the world. It works very closely with UN and many other international agencies. Below, is a list of some active humanitarian organizations targeting their assistance to Refugee related issues.

Norwegian Refugee Council (NRC).

Refugees International (http://www.refintl.org/).

United Nations High Commissioner for Refugees (UNHCR).

Jesuit Refugee Services

The next section will provide brief introduction of Norwegian Refugee Council, present its organizational structure and some other details.

4.2 The Norwegian Refugee Council

The Norwegian Refugee council (NRC) is an independent, humanitarian non-governmental organization which provides assistance, protection and durable solutions to refugees and internally displaced persons worldwide.NRC was established in 1946 under the name Aid to Europe, to assist refugees in Europe after World War II. It cooperates closely with the UN and other organizations, around the world as well as in Norway. The majority of approximately 2600 staff members are national employees in NRC's project all around 20 countries in Africa, Asia, America and Europe.

The organization structure of Norwegian Refugee Council is presented below:-

(Source :- http://www.nrc.no/?aid=9160698)
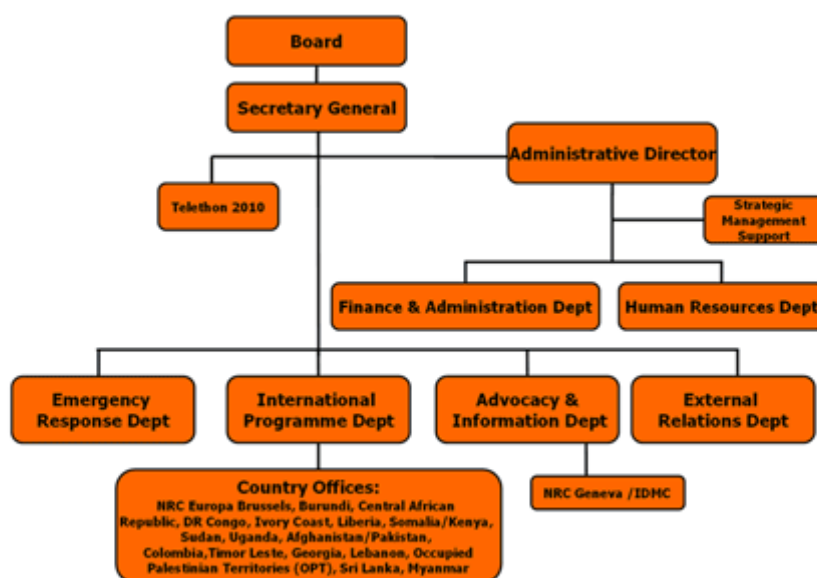
Basically, NRC promotes and protects the rights of people who have been forced to flee their countries, or their homes within their countries. It is only Norwegian Organization that

specializes in international efforts aimed at this target group.NRC provides humanitarian assistance to refugees, internally displaced persons (IDPs) and returnees (Cited: www.nrc.no).

Its program activities can be divided into five sections which are presented below:-

1 Building of Homes and Schools.

2 Distribution of food and Non-food relief items.

3 Information counseling and legal assistance.

4 Camp management

5 Education.

Moreover, in Norway they provide information and counseling on return and repatriation and also conduct seminar and trainings on the situation for refugees and IDPs. Finally, we can say NRC is an independent and courageous spokesperson for refugee and IDP rights in Norway as well in International forums.

4.3 Summary

Humanitarian Organizations started to be dominantly active in the humanitarian sector since aftermath of First World War. The establishment of International Committee of Red Cross is a milestone in the area of Humanitarian sector. After, ICRC numerous humanitarian organizations begun to provide their services. With primary focus on some core issues like: Gender Discrimination, IDP's and refugees, Child exploitation, Education, Environmental protection, Natural disasters and other contingent factors there are number of national and International non-profit organizations aimed to provide these services.

However, this organization focuses on the issue of IDP's, Handicapped and Refugees all over the World. Also, it provides advocacy on climate change and gender. Moreover, it has developed some emergency response programs to act over the emergency relief activities. For e. g: NORCAP, Thematic Rosters, ACAPs, Gen Cap, Pro Cap and MSU. Norwegian Refugee Council is a strong independent humanitarian organization aimed at the activities of Refugees, handicapped and IDPs in Norway and all over the World.

CHAPTER 5: EMPIRICAL FINDINGS

This chapter aims to feed the empirical findings (primary & secondary) for this study. Empirical findings are collected through three research questions. The first section addresses all the relevant information regarding performance measurement system of NRC. The second section reveals the perspectives and perceptions of employees and external stakeholders towards performance measurement system of NRC. And, the third section discloses the challenges NRC has been facing in measuring its performance. And, finally the last section aims to provide the empirical summary.

5.1 Performance Measurement System in NRC

This section unveils the current performance measurement system in NRC. The first sub-section is about Top Administrator's expression regarding the performance measurement system of NRC and the next sub-section is about the strategic objectives and key performance indicators that NRC usage in its performance measurement system.

5.1.1 Top Administrator's Story

The head of strategy unit directly stated: ¨ *NRC measures its performance through balanced scorecard. We have customized normal balanced scorecard and developed the one that fits our purpose*¨. He further stated the four aspects of their balanced scorecard: Employees, Internal Process, Funding and IDP's/refugees/returnees. He further added, balanced scorecard will help to develop strategic objectives in every four aspects that help them to achieve the mandate of NRC. NRC has developed five strategic objectives to direct its resources to deliver the mandate. These strategic objectives are presented below in its strategy map.

NRC Strategy Map 2012-13

Protection and durable solutions to people who have been forced to flee

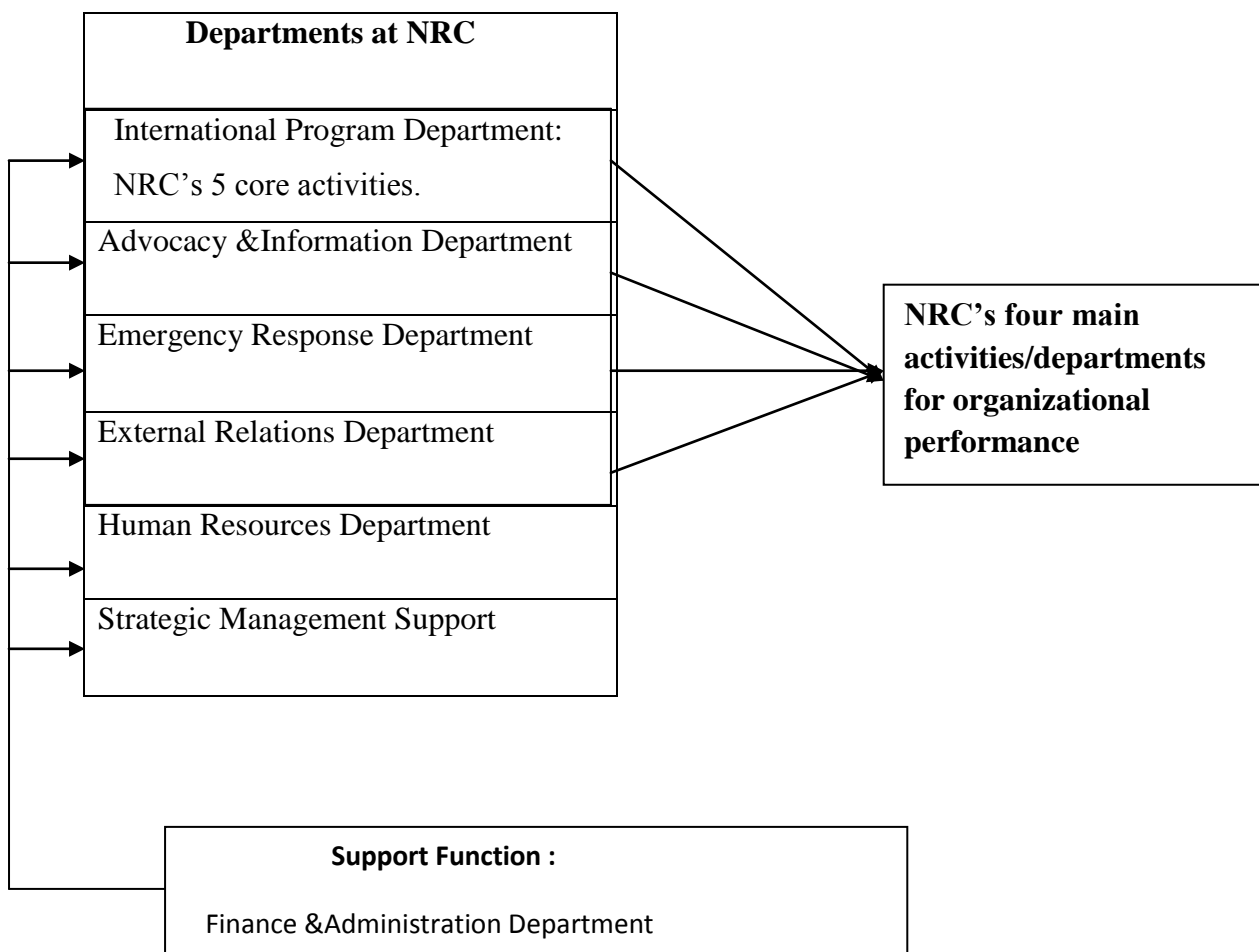|	
IDP's/ refugees/ returnees	Reach more vulnerable displaced with timely and relevant programme response / High quality emergency personnel – right place and time
Funding	Secure predictable and flexible funding
Internal processes	Secure competitiveness with regard to quality and cost efficiency
Employees	Qualified staff, at the right place and time

Values: Accountable   Inclusive   Dedicated   Innovative

Source: Empirical Findings.

¨ *Protection and durable solutions to people who have been forced to flee*¨ is the mandate of NRC as stated in the above diagram. He expressed, in every aspect/perspectives there are strategic challenges and to mitigate these challenges there are strategic objectives in each. He stressed: there are two strategic objectives on the top level objectives which focus to the target group of NRC. These very strategic objectives are the main objectives that NRC needs to achieve to deliver its mandate. However, all strategic objectives are aligned to achieve the mission statement. He pointed: To achieve these strategic objectives management group in NRC has developed plan of actions for this year for four main departments. Management unit has developed customized balanced scorecard for these departments. These departmental balanced scorecards include: strategic objectives, sub-objectives, key performance indicators and improvement initiatives for respective perspectives however, there are selected perspectives for every departments. Below, is the diagram that shows the list of departments, support function, the importance and relationship between them.

Departments at NRC
International Program Department: NRC's 5 core activities.
Advocacy &Information Department
Emergency Response Department
External Relations Department
Human Resources Department
Strategic Management Support

NRC's four main activities/departments for organizational performance

Support Function :

Finance &Administration Department

Source: Own illustration based on empirical findings

The above diagram shows all the departments within the head office along with support function at the bottom. Though, all six departments have their own significance but when it comes to organizational performance, NRC focuses on four activities related to these four departments. These four departments are separately identified above and are listed below.

1 International Program Department

2 Advocacy and Information Department

3 Emergency Responses Department

4 External Relations Department

He unveiled: The first activity is handled by International Program Department which includes 5 core activities of Council. These 5 core activities are what NRC focuses since they

are right and relevant projects to fulfill their mandate. The second activity is handled by Advocacy and Information department which aims to provide global advocacy and information to the stakeholders, government, politicians and target groups. This department performs 2 functions: the first is providing and maintaining NRC as a global advocate in the humanitarian sector and second is providing information and counseling services as a media house. The third activity is handled by Emergency Response Department which is the crucial performance sector of any humanitarian organizations beside their normal program activities. He exclaimed that beside our program activities we are one of the humanitarian chains successful in providing emergency responses. He stressed that NRC has one of the world's successful emergency roster ¨NORCAP¨ along with several thematic rosters: ACAP, GENCAP, PROCAP and MSU. NORCAP works in close alignment with UN agencies and especially with UNHCR. The main function of NORCAP is to provide the skilled staffs to the United Nations in any emergency crisis. The last and the fourth activity is handled by External Relations Department. This is like a marketing department which aims to maintain relation of Norwegian Refugee Council with various individual and private donors within Norway. The main function of this department is to make, maintain and increase the number of individual and private donors within the country which works as an internal secure fund for NRC. And, he said when we have this secure fund in substantial amount we can respond to some emergency activities without approaching to donors. This increases our access to our target group, he claimed.

He further claimed: these 4 activities are the main areas where NRC focuses while measuring the performance. Further, he added Finance and Administration department as a support function to these 4 activities for their effective and efficient operation. When all these four main activities (handled by departments) are performing in alignment to organizational strategic objectives then it sure that NRC is will deliver it mandate to the society. However, the success depends on the effective support function from Finance and Administration Department since it continuously manages funds for their operational and development activities.

He further highlighted: These four departments will monthly report to management using their departmental balanced scorecard in the internet module system of NRC. After, these departments finish reporting, he will generate a quarterly BSC Board report (See appendix 5) based on these performances and will take this report into discussion in the management group. This quarterly produced BSC Board Report is the main tool to measure organizational

performance at NRC. This report is produced in a table format designed in excel application. It has eight columns and four rows. Four rows address the four aspects of balanced scorecard (Employee & learning, Internal Processes, Funding and IDP's/refugees/returnees) and eight columns include: Perspective, Strategic Objective, Indicators/Initiatives, Target, Result, Status, Responsible and Comments (See appendix 5). The combination of these four rows and eight columns looks like a reporting sheet regarding measurement of performance while it has room for comments and feedbacks.

Finally, he stressed the BSC board report that NRC usage recently not only measure performance of NRC rather it provides status and comments over deficiencies and discrepancies. There is a list of Key performance Indicators and Initiatives to achieve the strategic objectives for four different aspects/perspectives. Meanwhile, there is target set which governs and suppose you to achieve that in order to achieve the strategic objectives. There is result for what you have actually performed and being based on results against target, status will be revealed and finally comments and feedback are provided to departments to take corrective actions for further improvement (See appendix 5). And, this process continues as a never ending loop in an organizational performance measurement system because once the level of targeted performance is achieved then there is a new level set for achievement for continuous growth.

5.1.2 Strategic objectives and Key performance indicators (KPIs)

This section aims to reveal the strategic objectives and key performance indicators used in NRC. Moreover, it aims to provide clear insight regarding these which are developed to achieve the mission statement of the council. Below, is a model that shows the mutual relationship chain between elements from top-bottom and bottom-up in performance measurement. This model is based on the discussion with the head of strategy unit.

NRC's Mission/Mandate

↕

Strategic objectives

↕

Sub-objectives/ Strategies

↕

Key Performance Indicators

↕

Improvement Initiatives/Activities
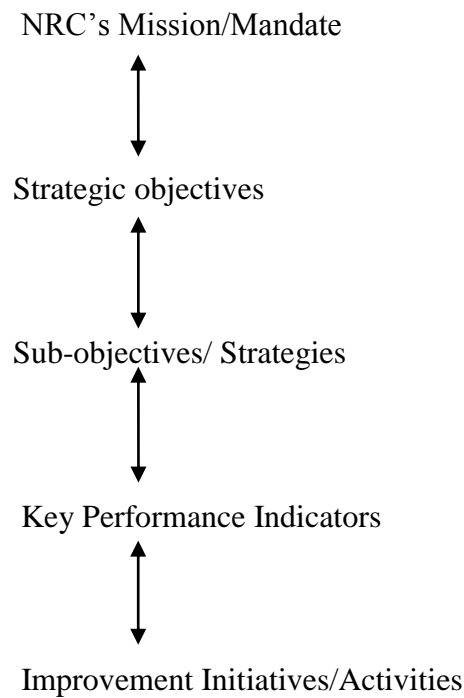
Source: Own illustration based on empirical findings

The above relationship shows, to deliver mandate or to achieve mission statement strategic objectives are developed. These strategic objectives are developed against strategic challenges. He unveiled: To achieve these strategic objectives, sub-objective/strategies are developed and to achieve these sub-objectives, key performance indicators are developed and these key performance indicators are the result indicators which ensures the achievement of sub-objectives and finally, importance initiatives are developed for any discrepancies in the performance.

He pointed: Conversely, this relationship can be viewed from bottom to top level. Improvement initiatives are developed for any discrepancies in the existing key performance indicators. Key performance indicators are developed to help achieve strategies or sub-objectives and these sub-strategies are developed to achieve strategic objectives. And, finally this strategic objectives when are achieved it is sure to deliver mandate or the mission statement. He finally stressed, this mutual relationship between these hierarchies of activities discloses the importance of strategic objectives and key performance indicators in performance measurement.

Below, are the tables that present the strategic objectives and key performance indicators of Norwegian Refugee Council in four different perspectives.

Perspective: Beneficiaries

Strategic objectives	KPIs
1 Reach more vulnerable and displaced with timely and relevant program response. 2 High quality emergency personnel- right place and time.	#of new operational areas accessed/assistance provided regularly. Response time new emergencies. % of COs with finalized Advocacy Strategies/Plans (Where PAAs). % of requests within new NORCAP prioritized areas of expertise.

Source: BSC Board Report 2012 per April 24th.

The above table shows the strategic objectives and KPIs for beneficiaries or target group. The strategic objectives for beneficiary group are to reach more vulnerable and displaced with timely and relevant program response and to have high quality emergency personnel- right place and time. These strategic objectives are sure to be achieved only when departments (IPD,AID &ERD) will work being aligned with above key performance indicators. The strategic objectives will remain same for all the three departments while they have their own customized KPIs which in turn should reflect the organizational KPI's that ensures the achievement of strategic objectives.

So, this is how beneficiaries' perspective work and below is the funding perspective.

Perspective: Funding

Strategic objectives	KPIs

Predictable and Flexible Funding	# of proposals approved by selected strategic donors.
	% increase in AID advocacy and protection funds over 2011 levels.
	# of agreements with multi-year funding for the rosters.
	Increase in large corporation sponsorships.
	Dropout rate private regular donors.

Source: BSC Board Report 2012 per April 24th.

The above table shows the strategic objective and KPIs for funding perspective. The strategic objective for this perspective is to have predictable and flexible funding. This means NRC should have a good projection of predictable and flexible funding for its program activities. To achieve this objective the departments (IPD,AID,ERD& ExtRel) should perform being aligned with above organizational key performance indicators though these departments will have their customized KPI's. Below, is the internal processes perspective.

Perspective: Internal processes.

Strategic objective	KPIs
Improved quality and cost efficiency	Indicators
	Country security plans revised.
	Security incidents reported.
	Norwegian media coverage.
	Spare capacity of deployable roster members within 5 most used areas of expertise (AoE).
	# of countries successfully connected to the centralized ICT-platform.
	# of program countries have implemented ¨Global Agresso¨.

Source: BSC Board Report 2012 per April 24th.

The above table shows the strategic objective and KPIs for internal processes perspective. The strategic objective is to improve quality and cost efficiency. This means NRC should be able to improve quality while maintaining cost efficiency of its operation. It refers to their internal business processes aimed to provide protection and durable solutions to people who have been forced to flee. This is only possible when departments (IPD,AID,ERD,FAD/ICT &SMS) in head office will perform being aligned to above mentioned KPIs. These departments and support function will have their own customized KPI's however these KPI's are developed in a way that remain aligns with organizational KPI's. Below, is the employee & learning perspective.

Perspective: Employee and Learning

Strategic objective	KPIs
Qualified staff- right place and right time	NORCAP database usage in secondment process.
	CO recruitment process completion time.
	Sick leave, HQ
	Turnover, HQ
	Average employment months international staff.

Source: BSC Board Report 2012 per April 24th.

The above table shows the strategic objective and KPIs for employee and learning perspective. The strategic objective for employee and learning perspective is to recruit and have qualified staff at right place and right time. This is only possible when (ERD & HR) departments will perform in align with above key performance indicators.

The above details reveal the strategic objectives and KPI's of NRC in its four perspectives. As my respondent, head of strategy unit, informed: these strategic objectives and KPIs are very important for humanitarian organization like NRC to track their performance measurement however, it is difficult to identify right and relevant KPIs because of the fragile, uncertainty and complexity of the environment where they operate.

5.2 Different Actors: Different Needs for Performance Measurement

This section discloses the perspectives of employees and perceptions of external stakeholders towards performance measurement system of NRC. The first sub-section unveils the employees' perspectives while second sub-section reveals the external stakeholders' perceptions.

EMPLOYEES' PERSPECTIVES:

This sub-section presents the perspectives of employees towards performance measurement system of NRC. Moreover, it aims to reveal the strengths of this system from employees perspective. Below, are the perspectives of head of strategy unit, director and departmental heads'.

5.2.1 Perspective of the Head of Strategy

The head of strategy unit, highlighted the purpose of performance measurement: *¨It is a strong planning, learning &experience and motivating tool which directs the behavior towards what is measured and what you are evaluated¨*: He further stressed: this directly points to behavior and efforts directed to achieve mission statement. He unveiled: It helps for continuous improvement since it measures, evaluates, monitors and sets new direction for the future. Finally, he emphasized: *¨If we use correctly performance measurement is really a powerful motivational tool for staffs because it defines goals, objectives, targets, and action plans to staffs and starts monitoring results of staffs.¨*

He further expressed performance measurement can be understood and implemented from two dimensions: Activity based approach and Result based approach. As he claimed: In activity based approach they make a list of activities to perform and keep on monitoring on several aspects whether they are performing well. It is more controlling and coercive from management perspective. But, in case of result based approach they set objective for the year. They disseminate these objectives to employees, delegate responsibilities and set results for them. And, at the end they measure the results and sit together to discuss the lacking, change the practices or styles and help them to learn and grow more.

He highlighted the main strength of BSC: *¨It is an ever standing tool to establish, and prioritizes the objective links to beneficiary result since* it *focuses to the strategic success areas¨*. He unveiled that before the implementation of Balanced Scorecard they had 10-12 indicators for overall organizational performance but these days they are scrutinized to 4-5 major strategic indicators. As he pointed, casual relationship, strategy map and priority of bottom level objective to reach top objective are the main strengths of balanced scorecard especially for organizations like Norwegian refugee Council.

5.2.2 Director's Viewpoint

Director of Finance & Administration pointed the purpose of performance measurement:

¨ One of the direct reasons for performance measurement should be donors are providing fund and they want to know what are we doing with this money. Accountability is the main reason why an organization like NRC should measure its performance¨. As he highlighted, if his department will be able to attract more funds and increase turnover then he thinks his department is performing well.

As he expressed, he views the strengths of performance measurement system of NRC from two ways:

1 When making Plan of Actions.

2 Control follow up system during the year.

He pointed the main use of Balanced Scorecard for him is on the second part. He claimed: *¨the main strength of BSC is to make sure you concentrate on important things and maintain your focus so; you don't do other things as they pop-up¨*. As he unveiled, after the implementation of balanced scorecard they are able to know the actual performances and laggings behind. Based on his expressions, he perceives performance measurement from perspective of financial turnover, transparency and accountability.

5.2.3 Perspectives of Departmental Heads'

Director of Human Resources highlighted the purpose of performance measurement: *¨We have mandate, goals, and strategies for what we are here. To make sure that we are working towards this and if we are moving in the right direction and to get feedback to the staffs we need to measure the performance.¨* As she expressed, the purpose of performance measurement for her is to know if they are in right direction to achieve goals and mandate of NRC. She further stressed: *¨We are delivering reliable, relevant, quality and wide access to the target group so, we have received funding even more and more diversely every year. So, to become transparent and accountable performance measurement is a need for our organization¨.* As stated by her, the purpose of performance measurement is to be transparent and accountable to donors.

She highlighted her 3 years of experience with Balanced Scorecard as:*¨ It is a very motivating tool because it in a both strategic and concrete way challenges us to put very concrete and strategic effort to what we are doing¨.* As she informed balanced scorecard helps to control, motivate and prioritize individuals on what they do.

Likewise, The Head of Information Section highlighted the purpose of performance measurement: *¨The overall performance measurement should be made to know where the organization is going and to correct the behavior of employees. We should know if we are performing well. We must be transparent to the funds from donor organizations which are supposed to be used in the right activities in right way¨.* As he stated, the purpose of performance measurement is to know if organization is accountable to donors and the society and to correct the behavior of employees towards achieving organizational goal.

He further highlighted the major strengths of current performance measurement system :*¨It is highly focused and strong planning tool which binds you on what you should do and your areas of performance¨.* As he stated, balanced scorecard keeps you centered and let you know in advance where you are. i.e. if you are heading towards your objective. He finally claimed: *¨After the implementation of BSC, NRC's strategic management system is more professional¨.*

As he expressed, being successful in advocating, counseling and providing information is performing well.

Strategy Advisor**,** the last respondent, highlighted the purpose of performance measurement: ¨It *is necessary to make sure that we are aligned across the organization that board sets the framework for the strategy and then we have the revision of the organizational strategy and then is the link among head office, country offices, departments and individuals to make sure that we are operating as an organization moving towards common goal..*¨ As stated by her the purpose of performance measurement is to make sure the strategic alignment within the whole organization, departments and country offices to achieve the common goal.

 She further stressed the strength of BSC:¨*The one thing new BSC introduced us is the link to having overall organizational strategy and the plan of actions. Before, we had a plan for not more than a year but after implementation of balanced scorecard we have longer perspectives and more overall strategy for the whole of the organization and departments and country offices*¨: She unveiled, balanced Scorecard provides the longer perspectives to management. As she claimed, the main strength of BSC is, it helps in resource planning with longer term perspectives while focuses employees to keep align to achieve organizational goal.

EXTERNAL STAKEHOLDERS' PERCEPTIONS:

This sub-section will present the perceptions of external stakeholders towards performance measurement of NRC. This study has one corporate donor and two individual donors. The two individual donors are new respondents for this study while corporate donor is from my previous study. Below, are their opinions, perceptions and understandings over performance of NRC.

5.2.4 Perception of Corporate Strategic donor

Head of media contact of corporate affairs, for Statoil highlighted: *¨We usually take care of two factors before signing the contract. The first is we examine the number of access to their specified target group however, other factors will also play roles in decision making and the second factor we provide a clear criteria of activities to be performed through logical framework approach which also reveals the goal of project. After, they agree to work on this we sign the framework of agreement for the particular project and donate them. Finally, after the completion of the project they are subject to provide the report¨.* As he stated, the first factor refers to the access to their target group (See appendix 4). He further expressed, when NRC can access more to these target groups they are perceived to be performing well. As he claimed, they usually compare between the target and result. The second factor as he mentioned refers to analyzing the performance of NRC through Logical Framework Approach. He continued, before donating to individual project they make some agreements and agree to donate on the agreement that they will deliver the goal of project. However, the performance will be evaluated after the completion of project. He pointed, based on results they will be evaluated for further continuation.

5.2.5 Perceptions of Individual donors'

One respondent, an individual donor, has been donating 165 NOK every month since last 7 years has highlighted: *¨Well, I am living alone since last several years so, I save some money from what I earn and it is not problem for me to share part of it to those handicapped and refugees who even don't have their identification. And, even most of the time children are victim of being refugees and handicapped because of their country situation and wars¨.*

He further highlighted: *¨there are many organizations who are supposed to work for these people but I am not sure if they really do? However, here in Norway it is different situation, here we trust people so I hope these organizations should be doing in right way.¨*

He finally claimed that, he trust NRC. He further pointed: *¨I believe that their performance depends on their access to refugees, handicapped and displaced people all over the world¨*.

Another respondent ,individual donor, who has also been donating 165 NOK every month since last 4-5 years claimed: *¨First thing is for a simple woman like me ,I don't have any special reason for why I donate but, what I believe is if anyone is making good money than they should give some part of it to those who has nothing at all. And, I am donating to some other organizations too for e.g.: doctors without borders so, I feel it is good to donate however, I don't have any special reason.¨* As she stated, she don't have any special reasons to donate however, believes donating is good to those who don't have anything.

She unveiled: *¨Well there are many organizations like this and they spend big amount of their fund in the administration, payroll and other operating activities. I guess some tiny drops actually reach to these people and this doesn't work at all. Though, I had been donating since last 4-5 years but now onwards, I don't want to be donor anymore¨*. As she stated, she demands some trustworthy organizations who really advocates for these peoples. And because of lack of trust to these organizations she quitted donating anymore.

5.3 Transition in Performance Measurement Style—Towards Result Based Approach

This section aims to discover some of the challenges NRC has been facing in measuring its performance. Below, in three sub-sections we present the perspectives of employees towards weaknesses and challenges of performance measurement system of NRC .

5.3.1 Perspective of the Head of Strategy :

The Head of strategy unit highlighted: *¨In case of Non-profit organization it is often conflicting and challenging objectives. It demands the conceptual understanding of the tool. It requires result based approach to performance measurement. This approach demands specific leadership style and culture in an organization and I think not only in NRC, but in the whole humanitarian sector¨.* As he stated the main challenge is to develop leadership style as a culture in NRC to implement result based approach for performance measurement. He pointed, for result based approach to be successful we must have stable workforce, stable relationship with staffs, longer-term perspective and stable strategy for time-being but, in our case the situation might change overnight so, it is really difficult to work with this situation.

Meanwhile, he claimed: *¨ I think we have some cultural challenges to use result based approach in this sector¨.* He further continued, NRC had made a study on situational leadership and found 90% of our country directors end up with controlling leadership style. As he stated, this situation is unfavorable for NRC in implementing result based approach. He further claimed: *¨The bigger you become, there is more demand of support system and performance measurement system becomes more important when you grow more and more¨.* As he stated, the need of effective performance measurement system is more demanding when the size of organizations grows bigger. Similarly, he highlighted: *¨it is surprising that NRC right now doesn't have neither centralized nor decentralized organizational structure. So, recently the discussion is made regarding the role, responsibilities and governance model of NRC¨.* As he stated, they are trying to clarify roles, responsibilities and governance model in the upcoming organizational structure and are more focusing on decentralized structure which eases the implementation of result based approach. Likewise, he claimed strategy plays important role in performance measurement and he expressed: *¨The most challenging aspect regarding to strategy and developing performance measurement is target group perspective¨.*

As he stated, it is really difficult for them to develop KPIs in target- group perspective. He illustrated an example: *¨we are one of the 50 NGO's working for same project in the same ground in the same country and at this time it is really hard to attribute the result that our work has influenced in the field¨.* As he expressed, it is always difficult to identify attribution or influence on the actual results achieved on ground when it comes to target group because our top objectives are really complex, difficult and broad to achieve. Further, he highlighted one of their main challenges is to increase their operational capability. As he expressed, environment is their main challenge in measuring the performance. He highlighted: *¨the whole situation is fragile, uncertain and this is linked to leadership¨.* As he unveiled, the fragile environment is really imposing challenges in implementing result based approach, effectively using balanced scorecard and identifying right and relevant KPIs to measure their performance.

5.3.2 Director's Point of View:

The director of Finance & Administration Highlighted: *¨We decide in the beginning of the year that these are the main priorities and say no to other things because they are not your priority but anyway things come to happen. So, we are not sure in following it. This can be the main challenge to know if we are really following it¨.* As he stated the problem is in identifying if prioritized activities are really accomplished within the time because during the year other things come up. He added, employees in his department often complain that it takes more resources in terms of time to understand it. He highlighted: *¨he has an extreme dissatisfaction towards balanced scorecard since we struggled a lot to get it working however; the return is not in the extent it should be¨.* He further pointed, both input and output must be easy because many people use it and it must be easy in a way to grasp both of this which we have not been successful to achieve.

He highlighted: *¨Country programs yearly report on BSC and CAD but they get very little feedback on it and if it continues then it only becomes as a reporting tool and not of use. The main question is: Is anyone using it? And, I don't think we are using it.* As he expresses it shows BSC is heavily used as a reporting tool rather than strategic management tool. He added, his staffs are just using BSC as a reporting tool every month to the management and BSC is just being used as an input to top-level management.

He pointed, the main challenge goes to the management's inability to communicate properly to make understandable, easy and operational. As he stated, BSC is highly used as a reporting tool than strategic management tool.

5.3.3 Viewpoints of Departmental Heads'

Director of Human Resources, highlighted: ¨*It doesn't perform everything of course. But, for the most it depends on what you pretend. BSC when is used in strategic process it challenges us in prioritizing and also to see how different objectives are linked together.*¨ She stated, when BSC is used as a performance measurement system in non-profit organizations like NRC they will never be a complete tool. She further expressed, first reason is because of the amorphous, conflicting and multi-dimensional objectives of the organization and second is the uncertain and fragile environment where we operate. She sharply pointed: ¨*One month goes very quickly to report since we have our own daily stuffs to do so, most of the time it is used as a reporting tool*¨. As she stated, there is a lot reporting job to do in balanced scorecard. She highlighted: ¨*it is up to our mind and culture to adopt and make it more familiar*¨. She further added, there are some people here who are against of it and it is really a bad attitude. Based on her expression we can understand culture and attitude of staffs will affect the functioning and success of specific measurement system. She unveiled, they are growing bigger and everything is almost doubled in terms of activities, projects, employees, donations, donors and overall stakeholders. As she stated, they are facing challenges, conflict and problem in measuring their performance through balanced scorecard because as she revealed it is unable to provide whole picture of the organization.

Another respondent, the head of Information Section, highlighted: ¨*Though, we are experiencing good planning after implementation of BSC however, it is sometimes too broad. It overshadows individual and departmental performances because of lack of right indicators to document them.*¨ As he stated, BSC is sometimes too broad and it lacks in prioritizing and identifying right indicators to document performances and activities of his department. He highlighted, most of the employees still do not really understand balanced scorecard in depth. He pointed management should make it quite easy and communicate to all the employees about its principle, function, scope, objective and usage. As he stated, it should be presented in simple and easy form to employees that will be appealing to use rather than distracting. He highlighted: ¨*Because of various cultural practices, academic background, experience,*

attitude and brought-up it is quite difficult to implement BSC in fullest extent¨. As he expressed, there are some people who are really resistant to BSC. He also unveiled, because of their own lot to dos' they lack time to focus on BSC and they often are using BSC as reporting tool to senior management.

The last respondent, strategy advisor, highlighted: *¨We are not good enough at finding relevant indicators, make understandable to all people in the same way. Before, we had all four aspects of BSC to all departments but after lot struggle we were successful to find out focused aspects this year. We have focused on 1or 2 aspects this year. We are struggling a bit in the best use of it. We are struggling for right indicators.* As she stated, the weaknesses of balanced Scorecard is in finding relevant indicators and having simple setup for easy operation in an organization. She pointed, main problem lies in the management's inability to make it understandable, easy and captivating to use by all people in the organization. Further probing into the conversation she highlighted: *¨The main challenge can be how frequent we should report*? She pointedly expressed: her department quarterly reports to the management and even monthly to some new projects. As she said, it is just being used as a reporting tool.

She unveiled with stress: *¨the most interesting fact is sometimes these indicators become irrelevant for use¨*. As she stated, non-profit organizations like NRC should frequently check the relevancy of their key performance indicators since they operate in fragile and uncertain environment. She pointedly expressed: *¨We are that kind of organization where we have reluctance to everything that is new¨*. As she stated, they have many staffs from social science background which may be one main reason for resistance. She further revealed: attitude, culture, brought -up and practices are some factors to affect employees' behavior. As she expressed we can understand attitude, culture, brought-up, practice and educational background affects the perception and performance towards any system.

5.4 Empirical Summary

Norwegian Refugee council is an independent humanitarian organization headquartered in Oslo with the objective to provide assistance and solution to people who have been forced to flee. It operates in 20 different countries with 5 core activities targeted to its target group.

This study revealed NRC has been adopting balanced scorecard as its performance measurement system however, it has customized to fit its purpose (See appendix 3). It has developed total five strategic objectives where two are for its top level perspective which refers to its target group perspectives. Each strategic objective has their respective Key performance Indicators. These strategic objective and KPIs are disseminated through plan of actions to four main departments which handles its four main activities of NRC (Program activities, emergency response, advocacy and external relations). These main departments are supposed to work in align with these strategic objectives to ensure to achieve the organizational goal. These departments will monthly report their progress to the management unit in NRC. Then finally, management unit will measure the performance of NRC by quarterly producing a BSC Board report (See appendix 5) based on these reporting. This BSC Board report will be taken for discussion in the management group. Then the management unit will provide comments and suggestions based on their performance to the respective perspectives and departments (See Appendix 5).

Furthermore, this study comes up with some interesting facts regarding perception of performance measurement among employees and external stakeholders. Head of strategy unit perceives performance measurement from whole organizational perspectives. He perceives performing well is to deliver the mandate of NRC being aligned with organizational goal. The director's perspective is quite different to performance measurement. He perceives if NRC is able to accumulate, attract or retain donors then these activities are considered to be performing well. His perspective is inclined from his departmental perspective. In case of departmental heads' there is a different story. Human resource director perceives that developing competent and effective staffs is the good performance or the performance of NRC is only possible when they have competent and effective staffs so, her understanding towards performance measurement is also backed by her departmental perspective. Director of advocacy and information also has the understandings from departmental perspective. He thinks advocacy and counseling are the prime activities for NRC and performing well in these

sectors contributes good performance. However, the strategy advisor has different opinion regarding performance measurement. She stressed, performance is only good when all resources are aligned from lower level to top the levels to achieve common goal of NRC. She focused that strategic alignment is necessary to achieve the overall performance. And, we can understand that her understanding of performance measurement is guided through strategic perspective.

In case of external stakeholders, the corporate donor views performance of NRC on the basis of two criteria : first, on the NRC's access to its target group and second on its ability to deliver the agreed activities on particular project. So, on the basis of first criteria if the number of NRC's access to it target group increases then Statoil perceives it is performing well and in second if the ability to fulfill the agreed activities increases as per contract then Statoil perceives NRC is performing well. However, in case of individual donors, story is different. One of the individual donors trusts NRC and he doesn't care much how NRC is doing with these funds while another individual donor recently quitted her contribution to NRC because of lack of trust. The former has a strong desire of continuity while the latter, because of lack of trust she didn't want to continue anymore.

Finally, the head of strategy pointed out: leadership style, complexity, strategy, fragile & complex situation, lack of right and relevant KPI's are the main factors NRC has been facing in its performance measurement system. Director views the existing performance measurement system as an over reporting tool and experiences challenges in identifying focused, relevant, right and concise KPIs'. Similarly, all three departmental heads highlighted that current performance measurement system is highly used as a reporting tool rather than strategic management system. Strategy advisor had stressed: organizational culture, attitude and techno-fog poses threat in existing performance measurement system. Head of advocacy and information had stressed, current performance measurement system often can't address/document result of some of the activities which often shadows the individual or departmental performance. In general, broad objectives, numbers of KPIs', irrelevant KPIs', fragile environment, lack of leadership style, management's inability to communicate and make understand are some of the factors that NRC is struggling with in its current performance measurement system.

CHAPTER 6: ANALYSIS

This chapter aims to analyze the empirical findings with reference to theoretical frameworks. The empirical findings extracted from the three research questions will be analyzed with reference to three theoretical apparatus: technology approach, stakeholder approach and contingency approach respectively.

Technology approach is used to probe into the technical determinants NRC usage to measure its performance. It refers to specific system NRC usage in measuring its performance. Stakeholder approach reflects the importance of perception, feelings and expectations of different actors of NRC. This approach aims to show the importance of perceptions of these stakeholders to NRC for its overall performance. Finally, contingency approach is used to deal with the challenges NRC has been facing in measuring its performance. So, with the application of contingency approach we probe into some challenges NRC faces in measuring its performance.

6.1 Application of Technology Approach

Norwegian Refugee Council has been adopting balanced scorecard (See appendix 3) as its performance measurement system. This balanced scorecard possesses 5 different strategic objectives to deliver the mandate to the society. And, it measures its performance through quarterly produced BSC Board report (See Appendix 5) by management unit. As empirical shows, this balanced scorecard resembles quite close to the technology expressed by Miller, (1994). Miller's, (1994) stated ¨ *a way of intervening, a device for acting upon activities, individuals and objects in such a way that the world may be transformed*¨. This, stressful definition of Miller, emphasizes that technology is kind of device that directs activities, individuals and objects in a way that can transform the world. When making close to literature, in case of NRC, this special technology will direct the individual ,departments, organizational resources, program activities, strategies and the whole organization in such a way that can deliver the promised mandate to the society.
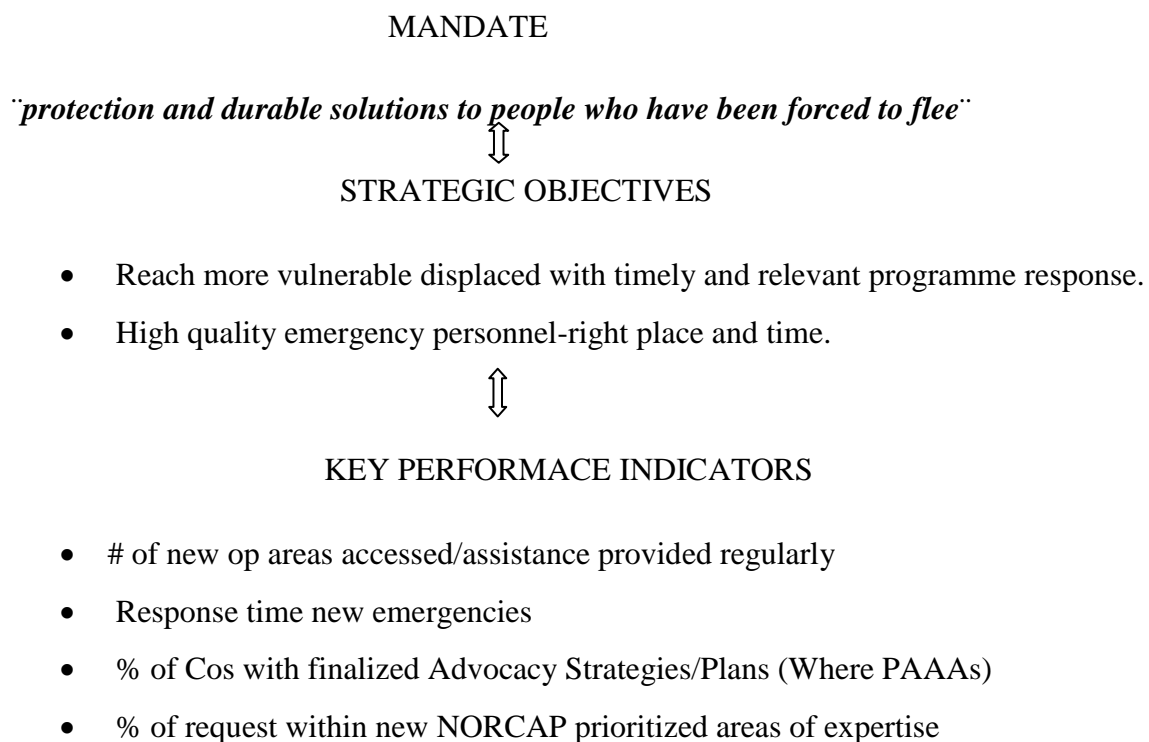
This quarterly produced BSC Board report(See Appendix 5) is like an excel sheet that shows the performance of NRC and it reveals these sections: perspectives, strategic objectives,

KPI's/ Improvement initiatives, Target, Result, Status , Responsible departments and Comments for further improvement. This reflecting aspect of this particular technology seems quite closer to the idea of (Robert& Scapens, 1985). (Robert &Scapens, 1985) viewed upon as a mirror or pictures that captured the 'facts' about how well its organization's doing over a particular period of time. In case of NRC when these aspects are viewed together they act as a mirror since this report provides a quick glance of performance. Moreover, there are four clear-cut perspectives and for every perspective strategic objectives are developed against the strategic challenge. Separate key performance indicators are developed to achieve these objectives. Target is set for the year to achieve. At every quarter departments with their results and status for specific objectives will be revealed. Moreover, comments are provided for these departments for further improvements. These elements in the BSC board report can be understood in a way Robert and Scapens (1985) states that performance measurement is one form of control in an organization besides budgeting, accounting and auditing that are in use these days. In case of NRC the result and status section in BSC board report clearly states the level of organizational performance measurement and it acts like a control tool since it reveals the gap and provides improvement initiatives and comments for corrective action. This BSC board report when looked quite close from literature can be resembled to a particular technology proposed by (Miller, 1994).

Literature suggests organizations after adopting certain technology will find easy to measure their performance which provides quick glance over their progress against target levels. However, the empirical findings from NRC don't match with this. NRC has been adopting balanced scorecard as its technology but it has been facing many challenges in measuring its performances. Employees at NRC find it difficult to understand, operate and there exist resistance (techno-fog) over it. NRC still doubts if its performance are right and genuine even after the implementation of balanced scorecard. So, here is a severe contrast between the theory and practical evidence and this study can advocate only after the adoption of certain technology organizations can't easily measure their performances rather there exist several limitations for easy operation of it.

6.1.1 Strategic objectives and Key Performance Indicators

Non-profit organizations will develop the strategic objectives being aligned with common goal to deliver mandate. And, to achieve these strategic objectives they develop certain key performance indicators. These key performance indicators are the result indicators to track the performance of non-profits if they are aligned to strategic objectives. Below, is the relationship between mandate, strategic objectives and key performance indicators of NRC for their target level perspective.

MANDATE

¨protection and durable solutions to people who have been forced to flee¨

⇕

STRATEGIC OBJECTIVES

- Reach more vulnerable displaced with timely and relevant programme response.
- High quality emergency personnel-right place and time.

⇕

KEY PERFORMACE INDICATORS

- # of new op areas accessed/assistance provided regularly
- Response time new emergencies
- % of Cos with finalized Advocacy Strategies/Plans (Where PAAAs)
- % of request within new NORCAP prioritized areas of expertise

The above chain shows the relationship between mandate, strategic objectives and KPI's. NRC has developed four KPIs to achieve its two strategic objectives and these two strategic objectives are aligned to deliver the mandate of NRC. The alignment of these KPIs, strategic objectives and mandate of NRC will resemble the literature of Pollock, (2007).KPIs are tools that are used by an organization to define, measure, monitor, and track its performance over time towards the attainment of its stated organizational goals(Pollock, 2007,p.1). For e.g. the service industry may evaluate itself on the basis of KPIs such as annual revenues, year-to-year trends, or growth in the size of the mobile workforce, etc (Pollock,2007). KPIs are important factors for attaining the organizational goal however; they should be relevant to the nature of organization.

There exist several literatures on key performance indicators of non-profits organizations(Kopczynski &Lombardo,1999, Pollock,2007,Davidson,2006,Flamholtz, 1983 and others) and literatures stresses KPIs will help to track organization to achieve their goal however, non-profits are still struggling in identifying right and relevant KPI's and often they struggle to identifying KPI in some of their activities. As empirical findings suggest, NRC struggles in identifying right and relevant KPIs and often face difficulties in identifying KPIs to document the results of their activities in their performance measurement system. So, here exist a gap between literature and practical findings. Though, literatures suggest identification of KPIs will help organizations to achieve their goal but in practice many non-profit and humanitarian organizations are not experiencing so because there is problem to identify right and relevant KPIs that can meet the particular needs of organization.

This gap between the literature and the practice can be compared with Davidson, (2006). Davidson, (2006) has developed some key performance indicators in humanitarian logistics however, are subjective in nature and cannot be generalized to other humanitarian organizations. This study shows even the KPI's of one humanitarian logistics are not suitable to another humanitarian logistics because of their different target groups. This diversity in KPIs will always pose challenge for non-profits to measure and benchmark their performance with each others.

6.1.2 Challenges of measuring performance in Non-profit Organizations:

As empirical findings show, NRC has been struggling to identify right and relevant KPI for its target level perspectives. This fact resembles quite close to Lagerstrøm,(2002):*¨No numbers can be assigned in feeding the hungry or providing shelter for the homeless. The available numbers in the case ,would be how many were fed or how many shelters were constructed¨* (p.3). Literature Lagerstørm, (2002) suggest it is not possible to measure performance by assigning any quantitative figures to the service provided to target groups and the same problem is faced by NRC in measuring its performance in target-level perspectives. Similarly, as my respondents informed the main problem in NRC lies in the management's inability to communicate their current performance measurement system in easy and understandable way to its employees. This evidence of NRC when is made close to literature it resembles to Cavaluzzo and Ittner ,(2004): *¨the difficulty of measuring qualitative outcomes, the lack of technological capability to generate timely and relevant information, weak management*

commitment and the lack of employee training are important factors limiting the development of performance measurement system in the public and not-for-profit sectors¨. The literature advocates the performance measurement system of non-profits are limited by the weak management commitment, lack of technological capability, employee training and several factors and this situation matches with the findings in NRC's performance measurement system. Likewise, as empirical reflects NRC often faces difficulty in identifying and developing KPIs that can document the result of their activities in their performance measurement system. This challenge and problem of NRC tallies close to Davidson,(2006): *¨Non-profit humanitarian relief organizations have typically been unable to measure the performance of their supply chains due to inability to centrally capture data from operation¨*. The literature suggest humanitarian organizations often have problem to document the results of their influences in particular field and the same problem is faced by NRC in its advocacy and target group activities. NRC has been facing problem in identifying right KPIs to document the result of these activities in their performance measurement system because of which NRC is missing some performance to report in its PMS.

There exist several literatures Cutt,(1998), Speckbacher,(2003), Davidson,(2006), Cavaluzzo & Ittner ,(2004), Lagerstørm, (2002) and others that have studied challenges in measuring performances of non-profit organizations. This shows the challenges identified by literatures and the practical challenges faced by NRC are similar to many extents however, there is a gap in literatures that suggest how to face or mitigate with these challenges. Below, is the perceptions of employees regarding the challenges and weaknesses of current performance measurement system in NRC and most of the metaphors resembles quite close to the literatures.

Challenges NRC has been facing in measuring its performance.

EMPLOYEES	CHALLENGES/WEAKNESSES METAPHORS!!!!!
Head of Strategy unit	¨ *difficult to develop right KPIs for target level perspective ¨.* ¨*mostly used as a reporting tool to management¨.*
Director of human resources	¨*it doesn't include everything. it is like a rigid tool¨.* ¨*over-reporting tool¨*
F&A director	¨*Takes more resources in terms of time and understanding over it¨.* ¨*Heavily used just as a reporting tool¨.*
Head of information section	¨*Overshadows individual and departmental performances because of lack of indicators to document in it¨.* ¨*Used as a reporting tool rather than strategic measurement tool¨.*
Strategy advisor	¨*challenges to find right KPI's¨.* ¨*How frequent we should report????¨*

6.2 Application of Stakeholder Approach

The existence of NRC completely depends on the willingness of donors to donate which resembles quite close to the literature of Freeman & Reed (1983): identified stakeholders as the groups on whose support the corporation depends. Similarly, the demand side stakeholders for NRC are its corporate and individual donors. For e.g. NORAD, NMoFA, SIDA, CIDA, DFID, STATOIL, UN agencies and several corporate and individual donors. These demand side stakeholders primarily controls the existence of NRC. When making close to literature my empirical resembles quite close to literature Ben-Ner & Van Hoomissen, (1991): existence of non-profits are controlled by demand-side stakeholders. In case of NRC its existence, operation and continuation depends on its demand-side stakeholders which are pointed above. Here the empirical

findings and the literature (Freeman & Reed, 1983, Ben-Ner & Van Hoomissen, 1991, Fitzgerald,et al., 1991, Freeman , 1984, Fischer's 2003, P.52 and others) agrees that stakeholders are constituent to non-profit organizations and while studying performance measurement system of non-profits it is necessary to address the stakeholders.

6.2.1 EMPLOYEES' PERSPECTIVES!!!!!!!!!!!!!!

Below, are my respondents' feelings towards purpose of performance measurement.

Employees	Comments
Finance &Administration director	*¨ One of the direct reasons for performance measurement should be donors are providing fund and they want to know what we are doing with this money¨.*
Director of Human resources	*¨ to become transparent and accountable performance measurement is a need for our organization¨.*
Head of Information section	*¨. We must be transparent to the funds from donor organizations which are supposed to be used in the right activities in right way¨.*

As my respondents informed, they view the performance measurement as to know if activities are being done in the right they are supposed to be .When making close to literature it tallies quite close to Neely, Gregory and Platt's (1995): *¨The process of quantifying the efficiency and effectiveness of action¨* (p.80). As empirical shows they measure performance to show their donors, they are doing well and are right in their activities. Here, the literature and empirical resembles quite close that measuring performance is to quantify the efficiency and effectiveness of action which is confined to quantitative performance of an action.

Similarly, below are my respondents' feelings towards performance measurement:

Employees	Comments
Head of Strategy Unit	¨It is a strong planning, learning &experience and motivating tool which directs the behavior towards what is measured and what you are evaluated¨.
Director of Human Resources	We have mandate, goals, and strategies for what we are here. To make sure that we are working towards this and if we are moving in the right direction¨.
Head of Information Section	¨The overall performance measurement should be made to know where the organization is going and to correct the behavior of employees¨.

Source: Empirical Findings

As my respondents informed, performance measurement system is a strong planning, learning and motivating tool direct the behavior of employees towards achieving the organizational goal to deliver the mandate to the society. When making close to literature it resembles quite close to Otley, (1999):¨*System that provides the information that is intended to be useful to managers in performing their jobs and to assist organization in developing and maintaining viable patterns of behavior. Any assessment of the role of such information being provided to them¨. (1999,p.364).* Here, the literature, Otley, (1999) and the empirical findings towards purpose of performance measurement reflect similar that both views performance measurement as system that provides information to managers to assist organization in developing behaviors that aims to achieve organizational goals.

Likewise, one of my respondents, strategy advisor, informed: ¨*It is necessary to make sure that we are aligned across the organization that board sets the framework for the strategy and we revise the organizational strategy and then we link if organization is moving towards common goal¨.* When making close to literature it resembles quite close to Kaplan &Norton (1996):¨*A comprehensive set of performance measures defined from four different measurement perspectives (financial, customer, internal, and learning and growth) that*

provides a framework for translating the business strategy into operational terms¨. As respondent informed, she views performance measurement as a system that sets strategy to achieve goal and in similar way, Kaplan& Norton, (1996) clearly advocates balanced scorecard as a performance measurement system that provides framework for translating business strategy into operational terms to achieve organizational goal.

Below, is the brief presentation of perceptions towards performance measurement system:

What is performance measurement system to whom???????

EMPLOYEES	PERCEPTIONS
Head of strategy unit	*¨strong planning tool to establish and prioritize the objective links to beneficiary result¨.*
Director of Human resources	*¨very good controlling and motivating tool¨.*
F & A. Director	*¨sound reporting and follow-up tool¨.*
Head of Information section	*¨highly focused, professional and strong binding tool¨.*
Strategy Advisor	*¨tool that designs longer term perspectives which directs to achieve common goal¨.*

6.2.2 EXTERNAL STAKEHOLDERS' PERCEPTIONS!!!!!!!!!!!!!!

 Below, are the perceptions of external donors towards performance of NRC:

What is performance to whom?????????????????

EXTERNAL STAKEHOLDERS	PERCEPTIONS
Statoil (Corporate Donor)	*¨number of increased access to their target group¨* *¨degree of fulfillment of activities as stated in the signed contract¨*
Individual Donor	*¨I trust however, I guess increasing access to refugees and handicapped people should be good measure to know their performance¨*
Ex-individual Donor	*¨I guess some few drops reach to these people and this doesn't work at all. Because of lack of trust to them I just quitted myself from the list¨.*

As my empirical findings suggest, there are different perceptions of external stakeholders.

As one of my respondent, head of media relations for Statoil, informed they perceive increased access to target group and ability to work upon their agreement is performing well. When making close to literature it resembles quite close to Venkataraman, (2002): Stakeholder interests have to be joint – they must be traveling in the same direction—or else there will be exit, and a new collaboration formed. In case of NRC it is travelling in the direction as its stakeholder directs. For e.g. NRC agrees to work in the terms and conditions as Statoil demands. Here, the literature, Venkataraman, (2002) and empirical findings fits quite close.

Similarly, one of the individual donor, informed, he actually trust to NRC rather than checking its performance through any measures however, he believes the ability to address the refugees as one the good indicator of performance. However, another individual donor,

has different perspective, she informed, she doesn't believe these organizations at all and had just stopped donating to NRC because of lack of trust. Here, these two donors have different perceptions towards performance measurement of NRC. One completely trust and another doesn't.

6.3Application of Contingency Approach

My empirical evidences show the reflection to some of the elements of contingency variables proposed by Chenhall,(2003). However, some elements are heavily addressed and some are slightly and it is because of the degree of influence of the particular contingency variables. Below, are the contingency variables used for the study.

6.3.1 Culture:

Below, are the main comments of my respondents regarding culture:

Employees	Comments
Head of strategy unit	*¨we have some cultural challenges to implement result based approach as a performance measurement system in NRC. This approach demands specific leadership style as a culture in an organization¨.*
Head of human resources	*¨it is up to our mind, attitude and culture to adopt and make things more familiar¨.*

Head of information section	*¨because of various cultural practices, academic background, experiences, attitude and brought-up it is quite difficult to implement BSC in fullest extent¨.*
Strategy advisor	*¨there are some other factors for e.g. attitude, culture, brought-up and practices that affect to the employees behavior and it is always like this¨*

Source: Empirical Findings

As my respondents informed, culture is a decisive element in performance measurement system of NRC. The comments of the respondents resembles quite close to Chenhall, (2003): *¨Culture by its nature is really diversified, resist, stubborn, and complex so, organizations dealing with individual, group, society, nation and others, they may be challenged in any (direct or indirect) ways. Culture has become important in the design of MCS, over the past 20 years, as many companies have developed multi-national operations¨*. In case of NRC the employees experiences academic background, attitude, practices and brought-up will affect his/her behavior and this elements are imposing challenges to existing performance measurement system of NRC because they are deeply rooted and become stubborn in NRC.

As one of my respondents informed because of lack of leadership style NRC is facing problem in implementing result based approach in their performance measurement system. This practical problem of NRC agrees to Chenhall, (2003) that culture has become important in the design of MCS. NRC has its own management control system and culture is one of the important elements in its design since it directly and indirectly affects its performance measurement system. The literature and the empirical findings of NRC match to many extent.

6.3.2 Size

Below, are the important comments of my respondents in Size:

Employees	Comments
Head of strategy unit	¨*the bigger you become, there is more demand of sophisticated performance measurement system*¨.
Director of human resources	¨ *It is not possible to see the whole picture how is going now so, we are experiencing challenges, conflicts and competition with current performance measurement system*¨
Head of information section	¨ *we are doubled and really big in everything and today effective performance measurement system is a need to NRC*¨.

Source: Empirical Findings

As my empirical findings suggest NRC is experiencing challenges in measuring its performance because of its growing size in recent years. In recent years NRC has experienced tremendous growth in size in terms of donors, funds, target group, program activities and external stakeholders. Because of this NRC now demands more sophisticated measurement system. These empirical findings tallies quite close to Chenhall, (2003): ¨*Large size is associated with an emphasis on and participation in budgets and sophisticated controls*¨. The literature Chenhall, (2003) suggests large size is associated with sophisticated controls and in case of NRC the existing performance measurement system is unable to address the demands of wide stakeholder groups so, NRC is struggling to make the existing performance measurement system more scientific, result oriented and sophisticated. Though, literature Chenhall, (2003) suggests to have sophisticated control to NRC because of growing size however, it doesn't suggest what types of control are sophisticated.

6.3.3 Structure

One of my respondent, Head of strategy unit, stated: ¨ *it is surprising that in case of NRC we still don't have neither centralized nor decentralized organizational structure. We are in between two chairs and recently the discussion is being made regarding the role, responsibilities and governance model in the upcoming organizational structure and we are more focusing on decentralized decision making structure* because *it eases the implementation of result based approach*¨. As my respondent informed NRC is in pilot study of adopting decentralized structure because of its growing size and to ease the implementation of result based approach. When making these empirical close to literature it resembles quite close to Chenhall, (2003) regarding size and culture:

¨*Large organizations are associated with more divided organizational structures*¨.

¨*Decentralization is associated with the MCS characteristics of aggregation and integration*¨. Here, size and structure are interlinked in the understanding that large organizations demands divided organizational structure and this divided organizational structure is associated with the MCS characteristics of aggregation and integration. As empirical suggest because of growing size NRC is in the pilot study of implementing decentralized organizational structure and this decentralized structure will help NRC to implement result based approach in its performance measurement system. Here, the suggestion of literature and empirical information of NRC fits each other.

CHAPTER 7: CONCLUSION

This chapter is designed in four sections. The first section will disclose the main findings of the study, second section will reveal the contributions and implications of the study, third section will provide some limitations of the study and finally the fourth section will propose a way-forward for the further study.

7.1 Main Findings of the Study:

In response to my first research question:¨**How does the NRC measure its performance**?¨ the study suggest: NRC has been adopting balanced scorecard as its performance measurement system however, it has customized to fit its purpose (See appendix 3). It has developed total five strategic objectives where two are for its top level perspective which refers to its target group perspectives. Each strategic objective has their respective Key performance Indicators. These strategic objective and KPIs are disseminated through plan of actions to four main departments which handles its four main activities of NRC (Program activities, emergency response, advocacy and external relations). These main departments are supposed to work in align with these strategic objectives to ensure to achieve the organizational goal. These departments will monthly report their progress to the management unit in NRC. Then finally, management unit will measure the performance of NRC by quarterly producing a BSC Board report (See appendix 5) based on these reporting. This BSC Board report will be taken for discussion in the management group. Then the management unit will provide comments and suggestions based on their performance to the respective perspectives and departments (See Appendix 5).

In response to my second research question: ¨**How do the employees and external stakeholders perceive NRC's performance measurement system**¨? The study highlights:

What is performance measurement system to whom???????

EMPLOYEES	PERCEPTIONS
Head of strategy unit	¨*strong planning tool to establish and prioritize the objective links to beneficiary result*¨.

Director of Human resources	¨*very good controlling and motivating tool*¨.
F & A. Director	¨*sound reporting and follow-up tool*¨.
Head of Information section	¨*highly focused, professional and strong binding tool*¨.
Strategy Advisor	¨*tool that designs longer term perspectives which directs to achieve common goal*¨.

Source: Empirical Findings

As empirical suggest: Head of strategy unit and strategy advisor perceive performance measurement system as strong planning tool to design longer term perspective to achieve common goal while director of human resources, head of information section and F&A director perceive it as good controlling, motivating reporting and follow-up tool.

Similarly, this study shows different perceptions among external stakeholders. Study highlights:

What is performance to whom?????????????????

EXTERNAL STAKEHOLDERS	PERCEPTIONS
Statoil (Corporate Donor)	¨*number of increased access to their target group*¨ ¨*degree of fulfillment of activities as stated in the signed contract*¨
Individual Donor	¨*I trust them usually however, I guess increasing access to refugees and handicapped people should be good measure to know their performance*¨
Ex-individual Donor	¨*because of lack of trust to them I just quitted myself from the list*¨

Source : Empirical Findings

As empirical suggest, Corporate donor, Statoil, perceives performance measurement of NRC on the basis of two criteria. First, If NRC is good enough in accessing the number of target groups and second if NRC becomes able to perform according to frame of agreement then Statoil, perceives NRC is performing well and vice-versa. And, in case of individual donors there is a different story one of the individual donor trust to NRC and is continuing his membership while another doesn't trust and just stopped donating any more.

In response to my third research question: ¨**What are the challenges NRC has been facing in measuring its performance**¨? The study highlights:

- NRC is lacking leadership style as culture in implementing result based approach to its performance measurement.
- NRC is losing control to its overall performance measurement because of its rapid growth.
- NRC is struggling with pilot study in implementing decentralized and regional structure. Because of lack of clear-cut structure there is no effective governance system which results in challenges to measure performance.
- Challenges in identifying and developing right and relevant KPIs because of fragile and uncertain environment. Because of this NRC is not sure if it is delivering right performance to society.
- Challenges in identifying KPIs that can document result of the influence in some advocacy and target group activities. Because of this some results are missed to measure in the system.

Based on above findings, it can be summarized as: NRC has been adopting balanced scorecard (BSC) as its performance measurement system. There are different perspectives and perceptions between employees and external stakeholders towards its performance measurement system and finally, it has been facing challenges because of rapid growth in size, lack of clear-cut organizational structure, lack of leadership style (culture) and problems in identifying right and relevant KPIs.

7.2 Contributions and Implications of the study

This section consist 2 sub-sections. The first sub-section refers to the contribution made by the study to the literature and the second sub-section refers to the practical implication of the study to different parties.

7.2.1 Theoretical Contribution of the study

I believe my research has its theoretical contributions to management control in different ways. First, the study is based on the ground that performance measurement is a part of management control system and second I have used three theoretical approaches for studying *¨Exploring performance measurement system in a humanitarian organization¨*. I have used these three theoretical approaches of management control to analyse three research questions respectively though two approaches (technology and stakeholder) are too some extent overlapping in answering the first and second research questions. The three theoretical approaches are: technology approach (Miller,1994; Robert& Scapens,1985) stakeholder approach(Freeman, 1984; Fischer's 2003) and contingency approach(Chenhall,2003). Though, I have listed few references above however, during the study many literatures are reviewed and applied for this study. So, I believe I have contributed my effort to management control literature while increasing the scope and importance of this particular study. Moreover, the utility of these three approaches are increased in accomplishing this kind of study. I want to stress this study is one of the most topical themes nowadays to both theoreticians and practitioners. I believe this study has contributed to the scope of these particular approaches and to the literature of management control.

7.2.2 Practical Implications of the Study

I identified and stated the practical implications of my research to three different sectors.

Implications to NRC Itself:

As empirical suggest, NRC is in the process of change in its current performance measurement system. For e.g. NRC is struggling to develop leadership style as a culture to implement Result Based approach in its current performance measurement system (BSC). And, it is recently in the pilot study of implementing decentralized and regional structure. Fortunately, my study is on the time of its change process and meanwhile the results and propositions of my study are based on latest findings in NRC and on the literature reviews of other non-profit organizations. So, the result of my study can be used by NRC in its decision making process.

Implications to Employees and External Stakeholders:

Employees: As empirical suggest the perspectives of employees towards performance measurement system of NRC is backed by narrow and departmental perspectives so, the result of this study will help to increase their knowledge regarding scope and importance of performance measurement and will make them more directed and focused on their roles to the ongoing change process and finally, will increase the sense of ownership to achieve the common goal of NRC.

External Stakeholders: In this study external stakeholders are only focused to external donors. This study will help them to know different requirements as per donors and the challenges NRC faces in measuring its performance. So, this study will help external donors to benchmark and develop their own criteria with reference to other donor institutions before donating NRC .

Implications to Society and State bodies involved in NRC's activities:

Some of the Society and state bodies involved in NRC's activities are : NMoFA, NORAD, Unio, NKS and others. They donate substantial amount to NRC and the source of this money comes from the taxpayers who are for e.g. me myself and all other employed people who are in tax bracket. So, these state bodies should be really responsible to make wise decision while disbursement of funds to these humanitarian organizations. The result of my study may help them to increase the effectiveness of their decision making in fund disbursement to NRC because results of my study will increase their existing level of information regarding NRC and helps to make comparative analysis with other non-profit organizations on several aspects. For e.g. level of performance, target group, contextual environment, contingent factors, scope of operation, partnership with external stakeholders and others which will directly and indirectly assist these state bodies in making better decisions.

7.3 Limitations of the study

First, I would like to notify this study is the continuation of my previous study (Adhikari, 2011). I decided to continue this study because my past study faced several limitations however; this study is also not free from several limitations.

The main limitation of this study is because of the time constraints to both the researcher and external stakeholders the study could manage to address only external donors. And, within donors one of the respondents is from my past study who is the corporate strategic donor to NRC. So, I could manage to interview only 2 new donors for this study as stakeholders. Moreover, these donors are from inside Norway. Because, of the inability to address other stakeholders except donors my research questions and approaches are overlapping each other to some extent.

In terms of employees, I could manage to take response only from departmental heads. And this study of performance measurement system in NRC refers to only head office which is in Oslo. So, this study doesn't refer to the performance measurement of departments, country and project-level of NRC.

7.4 Propositions for further research

In the next study the researcher can address different stakeholders other than donors for e.g. government, state bodies, media, donor institutions, development organizations, general public, competitor, interest group and others. Moreover, if possible it would be good to address stakeholders outside from Norway. In the next study it would be interesting to address employees other than departmental heads because the study can come up with interesting and amazing facts. The next researcher can increase the horizon of study by addressing the performance measurement system of NRC at departmental, country and project level. The study would be really interesting if the next researcher would make a comparative study of performance measurement system of NRC with other humanitarian organizations. Moreover, this comparative study can be accomplished in two ways: One with humanitarian organization with similar target group and another with different target group.

If all these limitations will be addressed, the next study would theoretically contribute to the literature of management control by increasing the level and horizon of understanding regarding PMS of humanitarian organizations. And, importantly it provides some practical implications to NRC itself, employees &external stakeholders of NRC and government& state bodies of Norway.

REFERENCES:

Adhikari, B. (2011). *Performance measurement in humanitarian organization:* Project paper, Bodø Graduate School of business, Bodø, Norway.

Ansoff , I. 1965. *Corporate Strategy.* New York: McGraw Hill, Inc.

Anthony, R.N. (1965). *Planning and control systems: Framework for analysis.* Boston: Graduate School of Business Administration Harvard University.

Anthony, R., & Govindarajan , V. (2004). *Management control systems ,* Irwin (Chapter 2, pp.51-92).

Anthony ,R .,&Young, D. (1999). Management control in nonprofit organizations. Boston : Irwin McGraw-Hill.

Asel ,a .J.(2009).Risk management and management control-the impact of the financial crisis on the use of management control systems. *EDAMBA Summer Academy* 2009.

Atkinson, A.A., J.H. Waterhouse and R.B. Wells. 1997. ¨A Stakeholder Approach to strategic performance measurement.¨ *Sloan Management Review,* Vol. 38, no 3, p. 25-37.

Balanced Scorecard Institute (2011) . *A strategy management group company.* Retrieved from http://www.balancedscorecard.org.

Banker, R., G. Potter and D. Srinivasan. 2000. ¨An Empirical Investigation of an Incentive Plan That Includes Nonfinancial performance measures.¨ *Accounting Review,* Vol. 75, no 1, p. 67-92.

Baptista, Aida Silva Pinto. (2011). *Performance measurement in humanitarian aid organization:* Master thesis, Bodø graduate school of business, Bodø, Norway.

Beamon, M.B., & Balcik ,B. (2008). Performance measurement in humanitarian relief chains. *International Journal for Public Sector,* 21 (1), 4-25.

Bell J. (2010) ¨Doing Your research Project: A guide for first-time researchers in education, health and social science¨¨ (5th eds.), Open University Press.

Ben-Ner, A., & Van Hoomissen, T. (1991). Nonprofits in the mixed economy: A demand and supply analysis. *Annals of Public and Cooperative Economics, 62, 519-550.*

Binnendjik, A. (2000). *Result based management in the development co-operation agencies: A review of experience*: Draft report presented to WP-EV meeting.

Bradshaw, P.B. (1998). Nonprofit governance models: problems and prospect. *ARNOVA Conference Seattle Washington,1-32.*

Bradshaw, P.B. (2006). *Way-outs for non-profit organizations:* challenges and prospective.

Brudney;J.L.,&Murray,V. (1997). Improving nonprofit boards: What works and what doesn't. *Nonprofit World. Madison,* 15(3). 11-17.

Burns, T., & Stalker, G. (1961). *The management of innovation.* London: Tavistock.

Burton , B. K. & Dunn , C. P. (1996). *Stakeholder Interests and Community Groups: A new View.* International Association for Business and Society Annual Meetings, 1996.

Burton, B.K., and Dunn, C.P. 1993. *The application of Code's epistemic and moral models to management theory*. Proceedings of the International Association for Business and Society: 384-389.

Burton, B.K., and Dunn, C.P. 1996. *Feminist ethics as moral grounding for stakeholder theory.* Forthcoming in Business Ethics Quarterly, 6:2.

Cavaluzzo, K.S., and C.D.Ittner.2004. ''Implementing Performance Measurement Innovations: Evidence from Government.'' *Accounting,Organizations and Society,* Vol.29, p.243-267.6

Chenhall, R.H. (2003). Management control systems design within its organizational context: findings from contingency-based research and directions for the future. *Accounting, Organizations and Society* 28, 127-168.

Chenhall ,R.H.&Chapman,C.S (2006). Theorizing and testing fit in contingency research on management control systems. *Methodological Issues in Accounting Research – Theories,methods and issues,* ed . Z.Hoque, 35-54.

Chandler, A. D. (1962). *Strategy and structure—chapters in the history of American industrial enterprise.* Cambridge: MIT Press.

Cutt , J. (1998). Performance measurement in non-profit organizations: Integration and focus within comprehensiveness. *Asian Journal of Public Administration,* 20 (1), 3-29.

Cameron, K., &Whetten, D.(Eds),(1983). Organizational effectiveness: A comparison of multiple models. New York: Academic press.

Chakravarthy, B. S. (1986). Measuring strategic performance. *Strategic Management Journal,* 7, 437-458.

Collins, J. C. 2001. *Good to Great.* HarperCollins, New York.

Collins, J.C., J. I . Porras. 1994. *Built to Last.* HarperCollins, New York.

Criag, C.S. & Douglas, S.P. (2006) *International Marketing Research,* John Wiley and Sons Ltd, London.

Dahlgaard-Park,S.M.(2008). Reviewing the European excellence model from a management control view. *The TQM journal* 20(2): 98-119.

Department of Trade and Industry , (N/A). Performance measurement.

www.dti.gov.uk/quality/performance, February 2011.

Dillon. J., &McCormack. M. (Undated). *¨Project management guidebook¨* : Release 2.

Donson, J., and White, J. 1995. *Toward the feminine firm*. Business Ethics Quarterly**,** 5: 463-478.

Dunn, C. 1990. The stakeholder approach as ethical theory: A critical review. Paper presented at the annual meeting of the Academy of Management.

Donaldson, T. 1982. *Corporations & morality***.** Englewood Cliffs, NJ: Prentice Hall.

Donaldson, L. The Contingency Theory of Organizations. Thousand Oaks, CA: Sage Publications, 2001.

Donaldson, T., L., Preston. 1995. The stakeholder theory of the corporation – Concepts, evidence, and implications. *Acad. Management Rev. **20*** (1) 65-91.

Davidson, A. L. : Key performance indicators in humanitarian logistics, Institution. Cambridge, Master of Engineering in Logistics (2006).

Easterby-Smith, M., Thorpe, R., & Jackson, R.P. (2008). *Management research* (3ʳᵈ ed.). London : Sage Publications Ltd.

Emmanuel, C., &Otley,D. (1995). *Readings in Accounting for Management Control,* Chapman and Hall.

Finlay, J. Richard . 1986. Ethics and accountability: The rising power of stakeholder capitalism. Business Quarterly 51(1): 56-63.

Fitzgerald, L. (2007). *Performance measurement* (3ʳᵈ Ed.) Hopper, T., Northcott, D., Scapens, R. (2007). Issues in Management Accounting. Edinburgh: Pearson Education.

Flamholtz, G.E. (1983). Accounting, budgeting and control systems in their organizational context: Theoretical perspectives. *Accounting, Organizations and Society,* 8 (2/3), 153-169.

Freeman, R., Wicks, A., & Parmar, B. 2004. Stakeholder theory and ¨ the Corporate Objective revisited¨. *Organization Science* Vol. 15, No. 3, May-June, pp. 364-369.

Freeman, R. E. 1994. The politics of stakeholder theory. *Bus. Ethics Quart.* 4(4) 409-421.

Freeman , R. E. (1984). *Strategic management: A stakeholder approach.* Marshfield, MA : Pitman Publishing.

Freeman, R. E., & Reed , D. L. (1983). Stockholders and stakeholders: A new perspective on corporate governance . *California Management Review, 3.*

Forbes, D. P. ¨Measuring the Unmeasurable: Empirical Studies of Nonprofit Organization Effectiveness from 1977 to 1997.¨ *Nonprofit and Voluntary Sector Quarterly,* 1998, 27 (2),183-202.

Galbraith, J. (1973). *Designing complex organizations.* USA : Addison Wesley Publishing Company.

Gray, Barbara and Hay, Tina M. 1986. Political limits to inter-organizational consensus and change. The Journal of Applied behavioral Science 22(2):95-112.

Gstraunthaler, T., & Piber, M. (2007). Performance measurement and accounting: Museums in Austria. *Museum Management and Curatorship*, 22 (4), 361-375.

Habermas, J. (1970) 'Knowledge and interest', in D. Emmett and A. Macintyre (eds), *Sociological theory and philosophical analysis.* London: Macmillan.

Herzlinger, R. E. ¨Can Public Trust in Nonprofits and Governments Be Restored ?¨ *Harvard Business Review,* Mar.-Apr. 1993, pp. 97-107.

Hofstede, G. (1978). The property of management control philosophy. *The Academy of Management Review ,* 3(3), 450-461.

Hopper, Trevor & Northcott, Deryl & Scapens, Robert (2007). Issues in Management Accounting (3rd Ed.), p.223.

Husemann, S. (2001). *Information exchange platform for humanitarian development projects.* Retrieved from http://www.stefan.huesemann.com

Johnson,P., Duberley, J. (2000) *Understanding management research.*

Kaplan, R.S. (2001). Strategic performance measurement and management in nonprofit organizations. *Nonprofit Management & Leadership,* 11 (3), 353-370.

Kaplan, R.S., & Norton, D.P. (1992). The balanced scorecard- measures that drive performance. *Harvard Business Review,* Jan.-Feb. (1992), 71-79.

Kaplan, R.S., and D.P. Norton. 1996. ¨Why does Business Need a Balanced Scorecard?¨ *Cost Management,* Vol. 11, no 3, p.5-10.

Kaplan, R.S., and D.P. Norton.2001. ¨Transforming the Balanced Scorecard from Performance measurement to Strategic Management: Part I.¨ *Accounting Horizons,* Vol. 15, p. 87-104.

Kaplan, R. S. ¨Strategic performance Measurement and Management in Nonprofit Organizations.¨ *Nonprofit management &leadership,* 11(3), Spring 2001.

Kerssens-van Drongelen, I., & Fisscher, O. (2003). *Ethical dilemmas in performance measurement. Journal of Business Ethics, 45, 51-63.*

Kendall ,J., & Knapp, M. (2000). Measuring the performance of Voluntary Organizations. *Public Management* 2(1), 105-132.

Khandwalla, P. (1977). *Design of Organizations.* New York: Harcourt Brace Jovanovich.

Khandwalla, P. (1972). The effects of different types of competition on the use of management controls. *Journal of Accounting Research, Autumn,* 275-285.

Kilpatrick ,John A. 1985. Corporate response to social pressures: A typology. Journal of Business Ethics 4(6): 444-493.

Lagerstrøm, M. (2002). *Performance measurement and management control systems profit-oriented corporations versus non-profit organizations,* Master Dissertation. Retrieved from www.fek.lu.se/supp/supp_download.asp? EB_iid…EF15-462A

Laurin, C. & Turbide, J (2009). Performance Measurement in the Arts Sector: The case of the performing Arts. *International Journal of arts management, Winter 2009.*

Lawrence, P., & Lorsch , J . (1967). *Organization and environment.* Homewood, Ill: Irwin.

Leeuw, S. (2010). Towards a reference mission map for performance measurement in humanitarian supply chains. *International Federation for Information Processing 2010.*

Lowe, E. A. and J.M. Mclnnes (1971). 'Control in Socio-Economic Organizations: A Rationale for the Design of Management Control Systems (Section I)', *Journal of Management Studies,* pp. 213-227.

Malmi,T., & Brown ,D.A.(2008). Management control systems as a package-opportunities, challenges and research directions. *Management Accounting Research,* 19; 287-300.

Marshall, C. & Rossman, G.B. (2006) *Designing Qualitative Research (4th eds.),* Sage Publications, Thousands Oaks, London, New Delhi.

McCann, Joseph E. and Gray, Barbara. 1986. Power and collaboration in human service domains. The International journal of Sociology and Social Policy 6(3): 58-67.

Merchant, K.A. (1985). *Control in Business Organizations,* MA, Harvard Graduate School of Business.

Merchant, K.A., &Otley ,D.T. (2007). *A review of the literature on control and accountability. Handbook of Management Accounting Research,*(Ed.) C.S. Chapman , A.G. Hopwood, and M.D. Shields, 785-804,Amsterdam: Elsevier Press.

Miller, P. (1994). Accounting as social and institutional practice :an introduction: Hopwood, A.G.& Miller P. (Eds). *Accounting as social and institutional practice.* Cambridge, University of Cambridge.

Murray,V., and B. Tassie. 1994. ¨Evaluating the Effectiveness of Nonprofit Organizations.¨ *In The Jossey-Bass Handbook of Nonprofit Organizations.¨ In the Jossey-Boss Handbook of Nonprofit Leadership and Management*, R.D. Herman, ed. (p.303-324). San Francisco: Jossey-Bass.

Neely, A (1999). The performance measurement revolution : why now and what next? *International Journal of Operations &Production Management,* 19 (2), 205-228.

Neely, A.D., Gregory, M.J. and Platts,K. (1995), ¨Performance measurement system design: A literature review and research agenda. *International Journal of Operations & Production Management,* 15(4),80-116.

Neely, A (1999). The performance measurement revolution: why now and what next? *International Journal of Operations & Production Management,* 19 (2), 205-228.

Neely, A., Adams, C. & Crowe, P. (2001), *The performance prism in practice,* Measuring Business Excellence, Vol. 5, No. 2, pp. 6-12.

Nørreklit, H., & Mitchell,F. (2007). ¨The Balanced Scorecard¨, in : T. Hopper, D.Northcoff and R.Scapens, eds, *Issues in Management Accounting,* (Harlow, Prentice Hall and Financial Times), 269-296.

OECD, (1997). *Result based management in OECD countries:* An overview of Key concepts, definitions and Issues.

Ortiz, E., &et.al. (2004). *Implementation of result-based management in the united nations organizations:* Series on managing for results in the United Nations System.

Otley, D.T. (1980). The contingency Theory of Management Accounting :Achievement and Prognosis. *Accounting Organizations& Society,* 5(4), 413-428. Printed in Berry, AJ. Et al (eds). (1998) *Management control theory,* Ashgate-Dartmouth Publs.

Otley , D.T. (1999). The contingency theory of Management Accounting : Achievement and Prognosis. *Accounting Organizations & Society,* 5(4),413-428. Printed in Berry, AJ. Et al (eds). (1998) *Management control theory,* Ashgate-Dartmouth Publs.

Otley,D.T. (1999). Performance management : a framework for management control systems research. *Management Accounting Research ,* 10 (4), 363-382.

Otley, D.T., Broadbent, J.M., &Berry,A.J., (1995).Research in management control: An overview of its development. *British Journal of Management* 6, S31-S34.

Performance Measurement and Evaluation(N/A) Retrieved from http://www.gao.gov.

Perrow, C. (1970). *Organizational analysis : a sociological view.* California: Wadsworth Publishing Company.

Petterson,I.J. (2004).Performance management and measurement – concepts for better management control in public hospitals? A study of the hospital sector in Norway. Kari Nyland, SINTEF Unimed Health Services Research. 7465 Trondheim, Norway. An earlier version of the paper was presented to the *European Accounting Association's 27th Annual Congress, Prague, Czech Republic.*

Pollock, K. W. (2007). *Using key performance indicators (KPIs) to measure andtrack the success of your services operation.* Retrieved from http://www.s4growth.com/publications/Articles/28.cfm

Riley, M, Wood, C.R., & Clark, M. (2002) *Researching and Writing Dissertations in Business and Management, London:* Thomson Learning.

Roberts ,J.& Scapens, R. (1985). Accounting systems and systems of accountability: Understanding accounting practices in their organizational contexts. *Accounting, Organizations and Society,* 10 (4), 443-456.

Robert, S. (2006). *Qualitative Research:* Studying how things work.

Rubin, H.J., Rubin, I.S. (2005) *Qualitative interviewing*: the art of hearing data 2nd edition.

Saunders , M., Lewis, P. and Thornhill, A. (2006) *Research Methods for Business Students,* 4th edn. Harlow: Pearson Education.

Sawhill, J., and D. Williamson. 2001. ¨Measuring What Matters in Nonprofits.¨ *Mckinsey Quarterly, no. 2, p.98-107.*

Scott, W. Richard (2001). *Institutions and Organizations*. 2d ed. Thousand Oaks, CA: Sage.

Sheehan, R. (1999). Mission accomplishment as philanthropic organization effectiveness: Key findings from the excellence in philanthropy project. *Nonprofit and voluntary sector quarterly, 25,* 110-123.

Shotter, J. (1993) *Conversational Realities.* London: Sage.

Sinclair, A (1995). The chameleon of accountability : Forms and discourses. *Accounting Organizations and Society,* 20 (2/3), 219-237.

Singh, J.A.C.& Mirchandani, P. (2006). Performance measurement for not-for-profit organizations. *The Chartered Accountants,* 1754-1758.

Sousa, C. M. P. (2004). Export performance measurement : An evaluation of the empirical research in the literature. *Academy of Marketing Science Review, 200(4), 1-23.*

Speckbacher, G. (2003). The Economics of performance management in nonprofit organizations. *Nonprofit Management & Leadership,* 13(3), 264-281.

Thompson, J. D. (1967). *Organizations in action. New York:* McGraw Hill.

Tuleja, Tad. 1986. Broadening the base. Modern office technology 31(8): 14-22.

Van der Stede, W. A. (2000). The relationship between two consequences of budgetary controls: budgetary slack creation and managerial short-term orientation. *Accounting, Organizations and Society, 25 (6),* 609-622.

Venkatraman, N., & Ramanujam , V. (1987). Measurement of business economic performance : an examination of method convergence. *Journal of Management, 13,* 109-122.

Venkataraman, S. 2002. Stakeholder value equilibrium and the entrepreneurial process. R. E-Freeman, S. Venkataraman, eds. *The Ruffin Series No. 3 : Ethics and Entrepreneurship.* Philosophy Documentation Center, Charlottesville, VA, 45-57.

Widmer, C., & Houchin,S. (2000). *The art of trusteeship: The nonprofits board member's guide to effective governance.* San Franciso, CA: Jossey-Bass.

Woodward, J. (1965). *Industrial organization: theory and practice.* London : Oxford University Press.

Yin, R.K. (2009). *Case study research: Design and methods* (4th ed.). Thousand Oaks, CA: Sage.

The Norwegian Refugee Council. *This is NRC.* Retrieved from http://www.nrc.no/?aid=9160690

The Norwegian Refugee Council. *Partners and Donors* Retrieved from http://www.nrc.no/?aid=9175746

The Norwegian Refugee Council. *The Organizational Chart* Retrieved from

http://www.nrc.no/?aid=9160698

The Norwegian Refugee Council (2006-2010). *Annual Report.* Retrieved from http://www.nrc.no

www.ourcommunity.com.au/management/view_help_sheet.do?articleid=736

www.businessballs.com/dtiresources/performance_measurement_management.pdf

www.dti.gov.uk/quality/performance page 1 of 7

Appendix 1

Preliminary meetings and Interview Details:

Date (yy/mm/dd)	Name	Position	Purpose	Time	Duration
2012/03/23	Rønning, Ronny	Head of strategy unit	Short talk about Thesis	13:00 PM	26 minutes
2012/04/ 16	Rønning, Ronny	Head of strategy unit	Discussion for Interviews	10:00 AM	32 minutes
2012/04/20	Rønning, Ronny	Head of strategy unit	First Interview	10-11 AM	1 hour
2012/05/03	Rønning Ronny	Head of strategy unit	Follow-up Interview	14-14:48 PM	48 minutes
2012/04/20	Kvassheim, Elisabeth	Head of human resources	Interview	11-11:45 AM	45 minutes
2012/04/23	Bjorn Falck Pedersen	Finance &administration director	Interview	14-14:55 PM	55 minutes
2012/04/23	Eirik, Christophersen	Head of information section	Interview	15:10-15:55 PM	45 minutes
2012/04/24	Storm, Jannicke	Strategy advisor	Interview	14-14:48 PM	48 minutes

External stakeholders telephone interview details:

Date	Sector	Name	Position/description	Duration
2011/11/25	Corporate	Jannik, Linbæk	Head of media relations	20 minutes
2012/05/03	Individual	Kjell Harry Hansen	Language Teacher	17 minutes
2012/05/04	Individual	Heike Zeitlmann	Orthopedic surgeon	19 minutes

INTERVIEW GUIDE:

Introduction: This study is a compulsory requirement for Master Student at University of Nordland , specializing in the discipline of Management Control . This study concentrates on performance measurement, the core element of Management Control, in Humanitarian Organization.

In general, Performance measurement is the strategic tool to track the progress against target ambition or goals. It is a strategic control mechanism to provide guideline to organizations on their Input-Process-Output loop if is functioning on the way it should. Concisely, performance measurement is of greater importance to humanitarian organization because of their broad mission statement to society, accountability to donor institutions and responsibility to several stakeholder groups. This study sounds captivating and interesting to both theoreticians and practitioners and especially for top-level executives of Non-profit Organizations.

The purpose of this study is to reveal the performance measurement system adopted by this organization, its strengths, weaknesses and future challenges it faces in adopting result based approach to management. We remain dominant within the sphere of Non-profit organizations basically, humanitarian organizations. I decided to forward ¨***Exploring organizational performance measurement challenges in NRC***¨ as a problem statement to conduct this study. Below, are the interview questions developed for this study.

(A) HOW DOES THE NORWEGIAN REFUGEE COUNCIL (NRC) MEASURES ITS ORGANIZATIONAL- PERFORMANCE?

1) **What is the purpose of performance measurement in an organization like NRC?**

2) **How does the NRC measure its organizational performance today?**

3) **What kind of performance measurement tools are NRC currently using?**

4) **In your opinion, what are the most important strengths of the current performance measurement system in NRC?**

(B) WHAT CHALLENGES NRC FACES IN MEASURING ITS ORGANIZATIONAL PERFORMANCE?

5) **What are the most important challenges and weaknesses of the current performance measurement system in NRC?**

6) **How could the current performance measurement system in NRC be improved (3 most important factors)?**

Appendix 3

NRC Strategy Map 2012-13
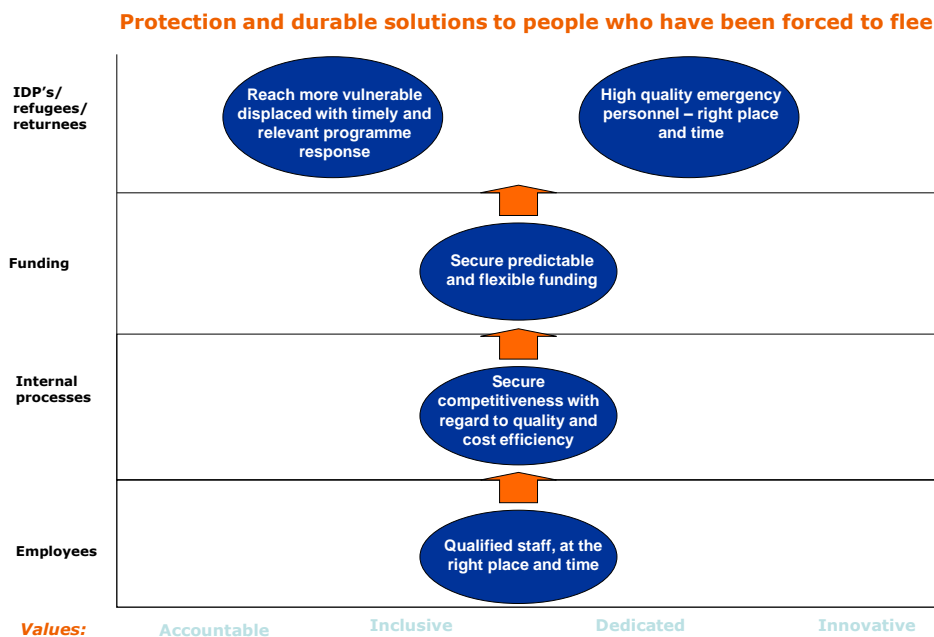
BSC Board Report 2011 per July 2011

Persp	Objective	Indicators/Initiatives	Target	Result	
B	**Increased Access**	**Indicators:**			
		Total programme volume (ex. admin)	MNOK 750		IPD
		Total secondments volume (ex. admin)	MNOK 140		ERD
		# of new larger emergencies/displacement sit. responded to	3 new/5 ex		IPD
		# of policies/positions dev/changed following NRC/IDMC advocacy	2xUN/2xGovt		AID
		Initiatives:			
		Review and adjust NRC's core activties	December		IPD
F	**Predictable and Flexible Funding**	**Indicators:**			
		# of new Framework & multi-year agreements signed	2		IPD
		# of proposals approved by selected donors (EuropeAid, USAID, BPRM, Dfid, Gulf)	16		IPD
		Funding for special deployments outside NORCAP budget	MNOK 15		ERD
		Net income non-earmarked funds	MNOK 26		ExtRel
		Initiatives:			
		Renegotiate and expand the NORCAP agreement	December		ERD
		Arrange Artistgalla 2011	December		ExtRel
IP	**Improved Quality and Cost Efficiency**	**Indicators:**			
		CO security management compliance accord. to predefined criteria	70 %		IPD
		Norwegian media coverage	20 mill/month		AID
		NCd used for 100% of secondments processes (NORCAP/Thematic)	June/Nov		ERD
		# of regular paying private donors	Avg 7800		ExtRel
		Initiatives:			
		Dev a holistic roster dev approach incl recruitment, training and deployment	June		ERD
		Implement Quality and Cost Efficiency Improvement Project	August		SMS
		Implementation of new ICT strategy for Program Countries	December		FAD/ICT
E/L	**Strengthened Leadership Competency**	**Indicators:**			
		# of national staff recruited to management positions (PC upward)	12		IPD
		# of CD talents identified and approved, incl. individual PoAs developed	5		HR
		Initiatives:			
		Implementation of the National Management Training Programme	December		HR

BSC Board Report 2012 per April 24th

Persp	Objective	Indicators/Initiatives	Target	Result	Status	Resp	Comments
B	Reach more vulnerable displaced / High quality emergency personnel	**Indicators:**					
		# of new op areas accessed / assistance provided regularly	5			IPD	
		Response time new emergencies	72 hrs/1 week			IPD	
		% of COs with finalised Advocacy Strategies/Plans (where PAAs)	80 %			AID	
		% of requests within new NORCAP prioritised areas of expertise	80 %			ERD	
F	Predictable and Flexible Funding	**Indicators:**					
		# of proposals approved by selected strategic donors	EC: 4, USAID: 3, PRM: 4, Dfid 2				
		% increase in AID advocacy and protection funds over 2011 levels	20 %			AID	
		# of agreements with multi-year funding for the rosters	3			ERD	
		Increase in large corporation sponsorships	2			ExtRel	
		Dropout rate private regular donors	5 %			ExtRel	
IP	Improved Quality and Cost Efficiency	**Indicators:**					
		Country Security plans revised	100%/Q2			IPD	
		Security incidents reported					
		Norwegian media coverage	20 mill/month			AID	
		Spare capacity of deployable roster members within 5 most used areas of expertise (AoE)	30 per AoE				
		# of countries successfully connected to the centralised ICT-platform	15			FAD/ICT	
		# of program countries have implemented "Global Agresso"	1/July, 5/Dec			FAD/FIN	
		Initiatives:					
		Implementation of Organisation Pilot – Horn of Africa	December			IPD	
		Implementation of Roles and Responsibility Project	December			FAD/SMS	
		Improve HO logistic capacity with local training, control and evaluation visits	December			FAD/SUP	
E/L	Qualified Staff - Right Place and Time	**Indicators:**					
		NORCAP Database usage in secondment process	100 %			ERD	
		CO recruitment process completion time	90% / 60 days			HR	
		Sickleave, HQ	4 %			HR	
		Turnover, HQ	10 %			HR	
		Average employment months international staff	5			HR	
		Initiatives:					
		Global organizational and staff survey - action plan developed	December			HR	
		Project Leadership	December			HR	
		Project Staff Retention	December			HR	