The enabling and coercive impact of non-financial performance measures on executive intrinsic motivation and self-determination

THE ENABLING AND COERCIVE IMPACT OF NON-FINANCIAL PERFORMANCE MEASURES ON EXECUTIVE INTRINSIC MOTIVATION AND SELF-DETERMINATION

Beverly Colaco

School of Business

University of NSW, Canberra

A thesis submitted in fulfilment of the requirements for the degree of

Doctor of Philosophy

December 2021

Thesis Dissertation Sheet

Thesis/Dissertation Sheet

Surname/Family Name	:Colaco
Given Name/s	:Beverly
Abbreviation for degree as give in the University calendar	:PhD
Faculty	:Business
School	:Canberra
Thesis Title	: The Enabling and Coercive Impact of Non-financial performance measures on executive intrinsic motivation and self-determination

Abstract 350 words maximum:

Recent stakeholder pressure on company directors to balance trade-offs between short-term financial performance and long-term value creation (FCT Global, 2016, p.3) has prompted increased focus on long term non-financial performance measures (NFPMs) as an important component of management control systems (MCS). Of particular interest is the need to think beyond the immediate demands of corporate shareholders to satisfy the requirements of a broader set of stakeholders, including customers, employees and the communities in which organisations operate. Specifically, companies are increasingly required to demonstrate that they serve a "social purpose" (Fink, 2018).

This study expands on the current management accounting literature to explore how the enabling and coercive design characteristics of NFPMs (Adler & Borys, 1996), along with contextual factors, impact the motivation of individual executives to pursue the long-term interests of the organisation. Understanding an executive's perception of the design features of NFPMs relating to corporate social responsibility (CSR) provides insights into the contexts and conditions under which measures encourage long-term focus on a range of stakeholders rather than short-term financial decision-making. How the personal effects of such management accounting practices translate into organisational outcomes has not been previously tested (Hall, 2016; Wong-On-Wong et al., 2010). In response Hall (2016) suggested that Psychology theories may help to explain how MCS practices (for example, performance measures and incentive schemes) combine with other contextual factors to influence an individual's psychological processes, including motivation and behaviours.

In their research relating to enabling and coercive bureaucracies, Adler & Borys (1996) claimed that the conventional view of MCS is based on a flawed understanding of motivation as being either intrinsically or extrinsically derived. Responding to their call to understand MCS effectiveness an appreciation of motivation as a spectrum rather than a dichotomy (Ryan and Connell, 1989), this study provides evidence that executives may be intrinsically motivated by extrinsic factors (Deci et al., 1999), given the right context. By understanding how a cross section of executives perceive NFPMs, this study provides insights into specific psychological mechanisms that explain how management accounting practices impact satisfaction of basic psychological needs and motivation.

Originality Statement

ORIGINALITY STATEMENT

'I hereby declare that this submission is my own work and to the best of my knowledge it contains no materials previously published or written by another person, or substantial proportions of material which have been accepted for the award of any other degree or diploma at UNSW or any other educational institution, except where due acknowledgement is made in the thesis. Any contribution made to the research by others, with whom I have worked at UNSW or elsewhere, is explicitly acknowledged in the thesis. I also declare that the intellectual content of this thesis is the product of my own work, except to the extent that assistance from others in the project's design and conception or in style, presentation and linguistic expression is acknowledged.'

Signed   ………………………………………….................

Date   11 Mar 2022
………………………………….................

Copyright and Authenticity Statements

Inclusion of Publication Statement

INCLUSION OF PUBLICATIONS STATEMENT

UNSW is supportive of candidates publishing their research results during their candidature as detailed in the UNSW Thesis Examination Procedure.

Publications can be used in their thesis in lieu of a Chapter if:
- The candidate contributed greater than 50% of the content in the publication and is the "primary author", ie. the candidate was responsible primarily for the planning, execution and preparation of the work for publication
- The candidate has approval to include the publication in their thesis in lieu of a Chapter from their supervisor and Postgraduate Coordinator.
- The publication is not subject to any obligations or contractual agreements with a third party that would constrain its inclusion in the thesis

Please indicate whether this thesis contains published material or not:

☒ This thesis contains no publications, either published or submitted for publication
(if this box is checked, you may delete all the material on page 2)

☐ Some of the work described in this thesis has been published and it has been documented in the relevant Chapters with acknowledgement
(if this box is checked, you may delete all the material on page 2)

☐ This thesis has publications (either published or submitted for publication) incorporated into it in lieu of a chapter and the details are presented below

CANDIDATE'S DECLARATION

I declare that:
- I have complied with the UNSW Thesis Examination Procedure
- where I have used a publication in lieu of a Chapter, the listed publication(s) below meet(s) the requirements to be included in the thesis.

Candidate's Name	Signature	Date (dd/mm/yy)
Beverly Colaco		11/03/22

Acknowledgements

"In my mind, I haven't done any work yet. I've just made a case for why my point of view is valid." – Virgil Abloh

Firstly, my sincerest thank you and appreciation to my Supervisors, Associate Professor Jim Rooney, Associate Professor Sharron O'Neill and Doctor Natasha Loi. Thank you for sharing in my enthusiasm for this topic and your valued feedback. I look forward to working with you all in the future. A special thank you to Associate Professor Jim Rooney for your unwavering support over the past four and half years, which have been nothing short of turbulent. You certainly got more than you bargained for when you took me on. Secondly, this thesis would not be possible if it were not for all the executives who so graciously gave up their time to be interviewed. Thank you for so honestly and candidly sharing your experiences and insights.

To my brother Danzel, Uncle Abilio, 'the Godparents', and my family and friends both near and far, thank you for being there to share in my grief and joy and reminding me that I am never alone. To my little ray of sunshine, my daughter Eliza, I hope that my achievements encourage you to wholeheartedly pursue your dreams with confidence and determination. You are my greatest achievement, the love of my life. To Lena, Louri and all the caregivers and educators of this world, I offer my gratitude and respect for your kindness and compassion.

To Arnald and Celina Colaco, we certainly won the parent lottery with you two, I could not have wished for more loving and supportive parents. Your hard work and sacrifices have enabled me to pursue my dreams, and for that I will forever be grateful. Finally, this thesis is dedicated to my Dad, you were there at the beginning of this journey and how I wish you were there to see its end. Thank you for always believing in me even when I didn't believe in myself. You are, and always will be my greatest inspiration.

Table of Contents

List of Tables

List of Figures

List of Acronyms

BPN	Basic psychological needs
BPNT	Basic psychological needs theory
CBA	Commonwealth Bank of Australia
CEO	Chief executive
CFO	Chief financial officer
CIO	Chief information officer
COO	Chief operating officer
CSP	Corporate social performance
CSR	Corporate social responsibility
IT	Information technology
MCS	Management control systems
NFP	Not-for-profit
NFPM/NFPMs	Non–financial performance measure(s)
PFP	Pay-for-performance
PMS/s	Performance measurement system(s)
SDT	Self-determination theory
WHS	Work, health and safety

Abstract

Recent stakeholder pressure on company directors to balance trade-offs between short-term financial performance and long-term value creation (Barton, Bailey, & Zoffer, 2016) has driven increased focus on non-financial performance measures (NFPMs) as important components of management control systems (MCS). Satisfying the requirements of a broader set of stakeholders, including employees, customers and the communities in which organisations operate, requires attention to performance issues beyond the immediate demands of corporate shareholders. Specifically, companies are increasingly required to demonstrate that they serve a "social purpose" (Fink, 2018). NFPMs assist in this process. But how NFPMS are measured is a particular challenge, with critics arguing that they are too subjective and prone to bias or manipulation (Luft, 2009).

This study draws from the discipline of psychology to extend the current management accounting literature on NFPMs. The research explores how the enabling and coercive design characteristics of NFPMs (Adler & Borys, 1996), along with contextual factors, impact the motivation of individual executives to pursue an organisation's long-term interests. Examining executives' perceptions of the design features of NFPMs of corporate social responsibility (CSR) provides insights into the contexts and conditions under which NFPMs motivate stakeholders' long-term focus, in contrast to the short-term financial decision making associated with shareholders. Hall (2016) suggests that psychology theories may explain how MCS practices (e.g., performance measures and incentive schemes) combine with other contextual factors to influence an individual's motivation and behaviours. Yet, until now, how an individual's adoption of management accounting practices translates into organisational outcomes has been untested (Hall, 2016; Wong-On-Wong, Guo, & Lui, 2010).

This qualitative, interpretative study seeks to understand how executives perceive the design features of NFPMs related to CSR. An interpretivist approach is suited to this study's aim and therefore semi-structured interviews are undertaken with 20 executives and non-executive board members experienced in a range of industries and sectors in Australia.

In research relating to enabling and coercive bureaucracies, Adler and Borys (1996) claim that the conventional view of MCS is based on a flawed understanding of motivation as being either intrinsically or extrinsically derived. Therefore, any type of formalisation, such as the imposition of performance measures, ultimately relies on extrinsic motivation. Responding to

Adler and Borys' (1996) claim that understanding MCS effectiveness requires an appreciation of motivation as a spectrum rather than a dichotomy (Ryan & Connell, 1989), this study provides further evidence that executives may be intrinsically motivated by extrinsic factors (Deci, Koestner, & Ryan, 1999), given the right context.

Specifically, this thesis finds that when assessing the perceptions of executives with regards to the four design features of a management control as defined by Adler and Borys (1996), namely, global transparency, internal transparency, repair and flexibility, six common themes emerge. These themes (personal values; genuine; leadership; recognition; effectiveness of actions; and belonging) provide a structure for assessing an individual's perceptions of enabling and coercive design features of a control, thereby providing an understanding of how a NFPM designed to be enabling or coercive may be perceived otherwise. In particular, the role of personal experience and social values is highlighted, as well as the perceived informational value of such measures in addressing complex CSR goals. The study extends the literature by adopting self-determination theory to explain why an executive's perceptions of the NFPM are critical to labelling a control as enabling or coercive. It finds that an executive's perceptions correspond to whether an individual's basic psychological need for autonomy, competency and relatedness is met or otherwise, which predictably relates to different forms of motivation (Gagné et al., 2015). The findings of the study have implications for organisations endeavouring to implement NFPMs with respect to CSR in a way that enables executives to embrace the complexity and challenges involved. The six themes outlined in this thesis provide tangible guidance when designing and implementing NFPMs more generally, as well specifically relating to CSR, which extends to the recruitment, training and development of executives.

Chapter 1: Introduction

1.1 Background and Context

In his 2018 annual letter to Chief Executive Officers (CEOs), Larry Fink, Chairman and CEO of the biggest asset managers in the world, BlackRock, stated in no uncertain terms, that "to prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society". Put simply, BlackRock was demanding that now, more than ever, the companies in which it invests must demonstrate that they serve a "social purpose" by clearly articulating a strategy for long-term growth. Fink wrote that long-term value creation requires companies to understand the broader structural trends impacting society, from rising automation to climate change (Fink, 2018). But, most importantly, they must be able to clearly articulate how their strategic decisions can, and will, have a positive long-term organisational, as well as societal, impact (Fink, 2018). Larry Fink followed up this advice in his 2021 letter to CEOs, where he claimed that, in 2020, those "purposeful companies" with better environmental, social and governance (ESG) profiles, outperformed their peers (Fink, 2021).

However, focusing on a long-term perspective poses challenges for executives, particularly CEOs. For example, in public companies, stock prices provide a continuous assessment of short-term performance, increasing pressure on management to always 'look good' (Holmstrom & Tirole, 1989). Hence, concerns over reputation and consequently a firm's ability to borrow and attract shareholders often leads to a focus on meeting short-term targets, choosing conservatism at the expense of risk taking and innovation, which require tolerances for failure (Holmstrom & Tirole, 1989). Paradoxically, empirical evidence also suggests that "short termism" and associated short-term incentives can lead to executives taking excessive risks in order to meet short-term targets at the expense of the long-term sustainability of their organisation, with one example being the collapse of Lehman Brothers (Valukas, 2010, p. 162). With such immediate pressures to perform, it is not surprising to find executives losing sight of the 'big picture'. Fink argues that organisations and executives put themselves in a vulnerable position as they are unable to clearly articulate their long-term strategy, which inevitably results in investors focusing on short-term results (Fink, 2018).

To add to the pressure placed on executives, corporate performance has come under increased scrutiny in recent decades, with executives at the centre of much debate, particularly

about the seemingly obscure link between executive pay and corporate performance (Erturk, Froud, Johal, & Williams, 2005). This is not surprising, given that executive remuneration within listed companies has increased dramatically in recent decades, despite slow growth in financial results and company share prices (Erturk et al., 2005). For example, from 1978 to 2020, CEO compensation (inflation adjusted) for corporations listed on US stock exchanges increased by 1,322.2%, more than double stock market growth (Mishel & Kandra, 2021). This rise in CEO compensation is put into perspective when compared to a much lower 18% wage growth for the average worker in the same period (Mishel & Kandra, 2021) . Interestingly, CEO wage growth during the early stages of the COVID-19 pandemic (2019–2020) was 18.9% in one year, whilst typical worker compensation rose by just 3.9% (Mishel & Kandra, 2021) . Similarly in Australia, analysis conducted by the Australian Shareholders' Association revealed that, in 2019, some of Australia's most prominent CEOs earned more than 100 times the wage of the average worker. Most notably, in 2019, the CEO of CSL[1] earned 380 times the average Australian worker (Ziffer, 2021). Hence the general perception is that executives operate in their own interests and to the detriment of stakeholders, including shareholders, employees and the community at large. Given this perceived misalignment between pay and company performance, executive incentives within large corporations continue to be scrutinised, requiring company directors to balance trade-offs between market driven short-term accountability to deliver on quarterly results, and long-term value creation that is focused on sustainable growth (Barton, Bailey, & Zoffer, 2016). The question remains as to whether executives are justifiably criticised, or the victims of poorly designed compensation and incentive structures that coerce undesirable behaviour as a result of the inherent limitations of extrinsic rewards?

Which leads to the role of the board. One of the key tasks of corporate boards is to develop an appropriate performance management and incentive structure that demonstrates a satisfactory link between pay and long- and short-term corporate performance (Erturk et al., 2005). As a result, boards have attempted to use various mechanisms to motivate a long-term focus, including deferred compensation and the increasing focus on non-financial performance measures (NFPMs), with varying degrees of success. Here the focus is on the implementation of

---

[1] CSL was founded in Australia and is a leading global biotech company that develops and delivers innovative biotherapies and influenza vaccines. CSL are the Australian manufacturers of the AstraZeneca COVID-19 vaccine, Vaxzevria (refer to https://www.csl.com/our-company).

NFPMs as part of executive incentive plans as a means for driving the social purpose as well as the long-term financial sustainability of corporations. The reason being, that whilst NFPMs (such as targets relating to environmental sustainability, customer satisfaction, employee engagement) are claimed to be lead indictors of long-term financial performance (Banker, Potter, & Srinivasan, 2000), the findings in relation to the effectiveness of NFPMs has been mixed (Banker et al., 2000; Luft, 2009), with critics raising a number of concerns in relation to the development and implementation of NFPMs.

If executives have similar concerns in relation to the effectiveness of NFPMs, whether consciously or as a result of ongoing criticism, it is unclear how the enforcement of these seemingly conflicting measures impact the motivation of executives. In particular, executives often perceive themselves to be caught in a trade-off between pursuing hard to measure long-term objectives (including those designed to encourage corporate social responsibility (CSR)) with easily defined and measured short-term targets such as achieving quarterly financial performance metrics (Holmstrom & Tirole, 1989; Wu & Pagell, 2011). The conflict appears to be that the immediacy of short-term targets have the power to dominate executive attention. For example, a global survey of over 1,000 C-level executives[2] and board members conducted by the Milken Institute (Koller, Manyika, & Ramaswamy, 2017) found that 87% of executives felt pressured to demonstrate strong financial performance within two years or less. The interest here was whether the inclusion of NFPMs in executive incentive plans empower executives to think beyond immediate pressures for short-term financial performance to pursue long-term corporate objectives. Alternatively, do NFPMs in fact create a sense of bureaucracy that leads to dissatisfaction and demotivation (Adler & Borys, 1996), as executives strive to achieve seemingly conflicting short- and long-term results.

1.2 Research Problem

Given this context, one avenue worthy of further exploration is to investigate the persistent focus on the design of performance measurement systems. Specifically, the selection of particular measures without adequate consideration of managers' attitudes towards and perceptions of the

---

[2] C-suite, or C-level, is a term used to describe a corporation's most important senior executives, who generally tend to be the chief executive officer (CEO), chief financial officer (CFO), chief operations officer (COO), and chief information officer (CIO) (https://www.investopedia.com/terms/c/c-suite.asp)

design characteristics of such indicators (Jordan & Messner, 2012). The interest here is how executives' perceptions impact the effectiveness of performance measures (in particular NFPMs) in achieving their intended purpose. Also, whether executives are inadvertently coerced into focusing on achievement of an outcome (that is, the achievement of a performance target) without adequate consideration of the underlying strategic or CSR objective, and the process for implementing sustainable change within the organisation. Research suggests that the way in which performance management systems (PMSs) and resultant performance measures are developed and used has important motivational influences for executives (Franco-Santos, Lucianetti, & Bourne, 2012). However, organisational studies have not explicitly attempted to understand how an individual's psychological processes are impacted by management accounting practices, such as performance measures, when they are combined with other contextual factors, such as market pressures (Hall, 2016). Acknowledging the increasing adoption of NFPMs (Banker et al., 2000), this study examines how issues raised in relation to the design features of NFPMs may impact the perceptions and motivations of executives, and ultimately their effectiveness in achieving the desired long-term results.

Firstly, in an attempt to encourage a focus on long-term value creation by increasing the emphasis on long-term NFPMs, corporations such as the Commonwealth Bank of Australia (CBA), Australia's largest bank, have come under scrutiny from investors and shareholders who claim such measures are "soft" (Kenny, 2017). Here, investors argue that the inclusion of measures relating to diversity and inclusion, sustainability and culture is too subjective and lacks transparency and therefore cannot be reliably linked to corporate performance (Kenny, 2017). Critics argue that corporations do not provide a transparent rationale to explain the relevance of the NFPMs selected. Therefore, they do not guide performance but rather provide a subjective means for the board to sanction punishment for deviations (Adler & Borys, 1996). In this thesis, how an executive's sense of autonomy and confidence in the board is compromised is examined in detail. Factors such as poor consideration or communication of context, which may influence the effective design and implementation of measures, will be considered.

Secondly, the above example highlights the unique challenges faced by corporations, who as potential problem solvers in a capitalist society, are expected to play a leading role in effectively addressing social problems if they are to survive (Fitch, 1976). However, as is the case with CBA, corporate social performance (CSP) measures introduce unique challenges as

corporations are called upon to be agents for social change. This often results in management, as well as shareholder, discomfort as managers bear the burden of responsibility for achieving both corporate financial and moral objectives, causing tension between competing responsibilities to stakeholders other than shareholders (Kudłak & Low, 2015). In this case, a lack of global transparency in relation to how CSP measures align with the organisation's strategy may result in the measures being coercive in nature as there is no clear criteria for how the measures are selected and how and when performance will be assessed (Adler & Borys, 1996). Furthermore, an executive's personal views of CSR may play an important role in driving exemplary social performance (McGuire, Dow, & Argheyd, 2003). In this respect, we investigate how an executive's sense of autonomy and competency may be compromised. Of particular relevance is how an executive's own beliefs in relation to CSR, and their assessment of their own capability, as well as that of the organisation to achieve the performance targets, impacts the effectiveness of those measures.

Furthermore, the long-term nature of NFPMs creates complexity in relation to timeframes for achievement of such measures, particularly in the case of CSR targets, where benefits may not be realised for well beyond 20 years (Wu & Pagell, 2011). In fact, some argue that corporations are inherently unsuited to dealing with long to medium-term issues due to their inability to balance short- and long-term objectives (Wright & Nyberg, 2017). Because of the long-term horizon of CSR measures, if they are designed in a way that makes them highly prescriptive and inflexible, they may be perceived as coercive by executives, particularly if board approval is required in the case of deviations from defined strategic plans (Adler & Borys, 1996). Therefore, the motivational impact on executives is explored in this study in cases where managers did not believe that they had the flexibility to explore alternate options or discuss the contextual relevance of measures over time, or repair measures deemed inappropriate or ineffective. Here, the research explores whether the effectiveness of the NFPMs and importantly the underlying intention behind the measures may be compromised due to an executive's inability or unwillingness to account for contextual changes over time.

Finally, the apparent lack of perceived causality between non-financial measures and financial outcomes may also have an impact on an individual's commitment to achieving long-term organisational outcomes at the expense of short-term financial metrics (Webb, 2004). For example, formal systems may be designed so that any deviations in short-term outcomes are seen

as an indication of non-performance (Adler & Borys, 1996), resulting in an adverse reaction from the board and shareholders. The interest here is whether the prospect of such adverse responses deters an executive from prioritising the long-term interests of the organisation at the expense of unfavourable short-term outcomes.

1.3 Justification for the Research

The examples above serve to demonstrate how inadequate or incomplete performance measures and complex responses from employees (or agents) can create challenges for organisations trying to motivate their employees to act in the best interests of the organisation (Holmstrom & Milgrom, 1991). Therefore, this study aims to expand on the current management accounting literature by attempting to understand how the design characteristics and contextual factors relating to NFPMs impacts an executive's motivation to pursue the long-term interests of the organisation. Understanding an executive's perception of the design features of NFPMs can provide insights into the contexts and conditions under which measures encourage social responsibility and long-term focus, as opposed to stifling motivation and generating short-sightedness and dissatisfaction. Consistent with this perspective, Hall (2016) suggests that psychology theory may help to explain how management accounting practices (for example, incentive schemes and performance measures), combine with other contextual factors to influence an individual's psychological processes including motivation and organisational behaviours. Hence, by applying psychology theory to understand how an executive's perception of the complex role of NFPMs affects motivation and subsequently decision making, this thesis expands on prior research into the enabling versus coercive formalisation of controls. Specifically, it provides insight into how an executive's perceptions influence the effectiveness of NFPMs in achieving long-term organisational outcomes.

The study also aims to extend the literature by applying theories of motivation to the investigation of executives' motivation to explain the extent to which a work context (specifically performance measures) either satisfies or inhibits an executive's basic psychological needs (BPNs) (Gagné & Deci, 2005) and consequent decision making. The study has potential implications for practitioners in that the insights from this research will enable organisations to make more informed decisions in relation to executive performance and incentive structures that enable executives to balance the trade-off between conflicting financial and non-financial goals

and, consequently, short- and long-term priorities. The study's findings suggest that focus may be better placed on motivating executives to achieve long-term performance outcomes through greater prioritisation of the organisation's 'social purpose' by not just selecting but implementing appropriate measures that align the executive's intrinsic needs with the organisation's long-term strategy.

1.4 Research Focus and Contribution

This thesis brings together two distinct areas of scholarship – management accounting and psychology – to understand how an executive's perception of the design features of NFPMs influences their motivation to pursue the long-term outcomes of an organisation's CSR goals. This will be achieved by using the Adler and Borys (1996) framework of enabling and coercive bureaucracies to understand *how* an executive's perception of the design features of a NFPM impacts their desire or ability to achieve those measures. Self-determination theory (SDT) will be employed to illustrate *why* an executive's perceptions of the NFPM are critical to their response to the control as enabling or coercive. That is because they correspond to the satisfaction or thwarting of an individual's BPN for autonomy, competency and relatedness, which are predictably related to different forms of motivation (Gagné et al., 2015). Executives from a broad range of industries, organisational categories and levels of experience were recruited to uncover rich insights into individual perceptions of a heterogeneous cohort and consideration of industry nuances in the application of performance measures.

1.5 Structure of the Thesis and Chapter Outline

This thesis is divided into ten chapters. Chapter Two provides the theoretical framework for this thesis. The role of executive performance measures is discussed, followed by an overview of the framework for enabling and coercive control. Next the rationale for assessing motivation using a SDT framework is provided. Finally, the application of SDT in the context of performance measures and executive decision making is discussed. Chapter Three outlines the research methods and approach for this study, including a justification for adopting a qualitative, interpretative approach. An overview of the 20 participants' roles, organisational categories and industry experience is provided. Finally, the data analysis process is outlined and interpreted in

the context of the relationship between the design features defined by Adler and Borys (1996) and satisfaction of the three BPNs and levels of motivation defined by SDT. In Chapters Four, Five, Six and Seven, rich narratives gained from the semi-structured interviews are used to discuss the four design features (global transparency, internal transparency, flexibility and repair) in the context of how executives perceive NFPMs beyond their physical characteristics as defined by Adler and Borys (1996). Chapter Eight address the first aim of this study, which is to expand on the current accounting literature by attempting to understand an executive's perception of the design features of NFPMs in order to provide insights into the contexts and conditions under which measures encourage social responsibility and long-term focus, as opposed to stifling executive efforts by encouraging short-sightedness and dissatisfaction. Chapter Nine address the second aim of the study to further develop motivation theory specifically by applying SDT to executives, which may help to explain the extent to which a work context (specifically NFPMs) either satisfies or constrains executives' BPNs and motivation (Gagné & Deci, 2005), and consequently influences decision making and attitudinal outcomes. Chapter Ten concludes by outlining the theoretical and practical contributions and implications of this study, followed by the limitations and opportunities for further research.

Chapter Two: Literature Review

Whilst significant research has been conducted in relation to performance measures and motivation respectively, there is limited research in relation to how performance measures impact individual motivation, specifically that of an organisational executive. To understand the theoretical and practical implications of this lacuna, the following review analyses these topics using the framework for enabling and coercive control. This review starts with a discussion of the role of executive performance measures as a means of bureaucratic control. It also identifies potential challenges specifically associated with implementing NFPMs, particularly those relating to CSR. An overview of the framework for enabling and coercive control is then provided, including a discussion of the role of perceptions, attitudes and motivation. Next the rationale for assessing motivation using SDT is offered. Finally, the application of SDT in the context of performance measures and executive decision making is discussed.

2.1 Executive Performance Measures

2.1.1 Measuring Executive Performance

PMSs enable organisations to monitor achievement of strategic objectives through the implementation of financial and non-financial performance measures in a way that influences how leaders and staff think and act (Franco-Santos et al., 2012). For example, (Melnyk, Bititci, Platts, Tobias, & Andersen, 2014) state that contemporary PMSs are generally used to assess organisational performance, but can also be used to assess managerial performance that may or may not be linked to monetary performance. For this reason, PMSs have become a critical and relied upon tool within organisations (Melnyk et al., 2014), as they not only provide an assessment of firm performance, but for motivational purposes are linked to monetary rewards (Franco-Santos et al., 2012). However, if not effectively implemented, they may adversely affect performance due to performance evaluation uncertainty (Luft, Shields, & Thomas, 2016), and anticipated motivational and behavioural changes not being realised (Melnyk et al., 2014). This is perhaps because particular measures are appropriate under certain conditions, or for a certain decision type, but not for others (Luft, 2009). For example, measures developed for informational purposes (i.e., assessing firm performance) may not necessarily be adequate for motivational purposes (i.e., determining monetary rewards) (Franco-Santos et al., 2012).

Furthermore, the accounting literature suggests that the very process of measuring performance affects performance as the process of reflecting on performance influences corresponding behaviour (Pavlov & Bourne, 2011).

For this reason, it is critical that organisations select a set of measures that enable executives to execute their organisation's strategic objectives, as strategy may signal intent, although it is the performance measures that influence behaviour (Melnyk et al., 2014). Therefore, as executives lead the implementation of an organisation's strategy, the measures used to assess executive performance become increasingly important for organisations that take a top-down approach to measuring performance, as these measures become the key means for reflecting the strategic objectives and aspirations of the organisation (Jordan & Messner, 2012). However, the features of the measures selected, and the process for designing and implementing those measures, can result in varying attitudinal outcomes (Adler & Borys, 1996). For example, Malina and Selto (2001) claim that for a set of measures to be viewed as an effective management control device, they must be directly linked to strategy, causally linked to organisational outcomes, and effectively communicated as being accurate, objective and verifiable. Furthermore, although not explicitly tested, they state that, to promote positive motivation, achievement of measures must be challenging yet attainable and directly related to meaningful rewards. However, Decoene and Bruggeman (2006) claim that rewards will not create positive motivation to enhance performance unless corporate objectives are strategically aligned, and executives are involved in the design and implementation of performance measures. This is perhaps because involvement in developing metrics improves managers' views of the quality of measures (Groen, Wouters, & Wilderom, 2017). Furthermore, a highly accurate, objective and verifiable measure (for example, number of new patents) may not necessarily be the best predictor or motivator (of organisational innovation or individual creativity) (Luft, 2009). Therefore it is not surprising that organisations are often challenged to develop an appropriate set of measures to assess executive performance, in part due to the limited knowledge of how individual characteristics such as motivation affect the effectiveness of performance measurement systems (Franco-Santos et al., 2012).

One of the major challenges faced by organisations has been developing a set of measures that encourage executives to prioritise long-term value creation over the achievement of short-term gains (Holmstrom & Tirole, 1989; Wu & Pagell, 2011). The tension here rests on

the immediacy of short-term targets having a coercive influence on executive attention. To illustrate, a global survey of over 1,000 C-level executives and board members conducted by Koller et al. (2017), found that 87% of executives felt pressured to demonstrate strong financial performance within two years or less. As a result, executives may not appropriately consider the long-term implications of their decisions.

In contrast, achievement of NFPMs can have a longer horizon and benefits that are not obvious in the short term (Banker et al., 2000). For example, Gan, Park and Suh (2020) find that the equity-based component of CEO bonus contracts are more effective in aligning managerial effort with long-term firm value when they include NFPMs. Further, in some cases, non-financial measures may even detract from the achievement of short-term financial outcomes, for example, in cases where an organisation is committed to implementing 'green' technology although the investment may not pay off for decades (Wu & Pagnell, 2011; Wright & Nyberg, 2017). As evidence suggests, whilst short-term CSR activities do not yield good stock performance, there is evidence to suggest positive effects of CSR on long-term stock performance (Shirasu & Kawakita, 2020). Perhaps it is the inability of organisations to articulate their long-term strategy that results in investors focusing on short-term measures (Fink, 2018). Hence, executives are stuck in a reactionary cycle of satisfying the market with short-term gains at the expense of time invested in long-term strategising.

Whilst, NFPMs are said to be lead indicators of long-term financial performance (Banker et al., 2000), the ambiguous definition of long-term performance also creates complexity in relation to timeframes for achievement of strategic objectives. For instance, by accounting standards, a timeframe greater than 12 months is considered long term (Grinyer, Russell, & Collison, 1998). Alternatively, capital markets may consider long-term performance to be anything up to 20 years (Athanasakou & Hussainey, 2014). Finally, in the case of CSR targets, benefits may not be realised for decades (Wu & Pagnell, 2011). By contrast, executive long-term incentive plans generally have a vesting period of three to five years (Pepper, Gore, & Crossman, 2013). For executives in the public sector, federal elections in Australia take place within three years, whilst state elections occur every four years. Whilst senior executives in the public sector are generally considered 'career public servants', over the years, politically aligned views have contributed to their appointment, pointing to a degree of politicisation with respect to senior public sector appointments (Podger, 2007). These varying definitions or timeframes for

articulating the numerous interpretations of long-term performance can create uncertainty for executives, who may question whether the target performance is within their responsibility and control or even the technical validity of such measures. This is particularly relevant in today's dynamic and volatile environment where firms are expected to continuously reassess their long-term strategy and performance measures to keep abreast of changes within the political and economic landscape in which they operate (Melnyk et al., 2014).

As a consequence, if organisational objectives and the environmental context are constantly changing, rather than providing valuable information to executives to facilitate decision making, NFPMs may be perceived as constraining management decision making (Melnyk et al., 2014) due to over reliance and a lack of responsiveness to emerging contexts (Okwir, Nudurupati, Ginieis, & Angelis, 2018). This may explain why Luft et al. (2016) find that reliance on profit as a single indicator of performance, rather than profit plus one additional measure such as a NFPM, can result in fewer coordination failures in decision making, as well as less negative surprises in performance evaluations. Whilst these findings are based on experimental evidence, it does suggest that the use of NFPMs in a dynamic environment has the potential to create uncertainty and thereby reduced long-term organisational performance.

Given the complexity in defining what is meant by long-term performance and the potentially volatile environment in which firms operate, the path to long-term sustainable performance is not always linear or transparent. Therefore, it may be argued that achievement of intermediate goals can result in prioritisation of more achievable but suboptimal performance targets at the expense of more elusive long-term goals such as CSR. Pepper et al. (2013) suggest that long-term incentive plans are not efficient or effective in meeting their objectives because of the way in which executives frame choices, assess the probability of achievement and perceive value. They find that the value perceived by an executive is less than the cost accounted for by the company. These findings raise questions about the effectiveness of long-term incentives in motivating long-term thinking, assumed necessary if organisations are to achieve their long-term objectives. Hence the focus of this study is on long and short-term NFPMs and the achievement of long-term goals, objectives and strategies relating to CSR, where results or achievements may not be evident in the short term (Wu & Pagnell, 2011; Shirasu & Kawakita, 2020). The next sections review the literature relating to NFPMs, including research specifically related to measuring CSR performance.

2.1.2 Non-financial Performance Measures

In order to provide a more complete set of measures that encompass both long and short-term outcomes, there has been an increased demand from interested stakeholders to incorporate non-financial measures to either supplement or replace financial accounting information (Luft, 2009). This is because NFPMs, such as customer satisfaction, employee engagement and product quality, are lead indicators of financial performance (Banker et al., 2000). However, critics argue that there is inadequate empirical evidence to validate that the inclusion of non-financial targets as part of an incentive plan affects financial performance. In particular, the forward-looking properties of such measures are likely to vary and therefore the level of insight provided by them may also vary (Banker et al., 2000; O'Connell & O'Sullivan, 2014).

A particular challenge with respect to NFPMs relates to the way in which they are measured, with critics arguing that NFPMs are too subjective and prone to bias (Luft, 2009), which can create performance evaluation uncertainty (Luft et al., 2016). Specifically, the ability to accurately measure non-financial performance has been a source of contention as outcomes may be prone to judgement bias or manipulation (Luft, 2009). This leads to a perception of unfairness or subjectivity in terms of PMSs more generally (Franco-Santos et al., 2012), as individuals appear to be more influenced by objective measures over subjective measures when making performance evaluations (Dai, Kuang, & Tang, 2018). However, if we consider that NFPMs are commonly assessed in terms of a change in the measure or by comparison to a benchmark, the effects of bias are significantly reduced (Luft, 2009). Furthermore, it may be argued that what are perceived to be more objective financial measures are equally prone to such bias or manipulation, particularly when short-term focused accounting measures are used in setting where the effect takes place over a longer time horizon (Chenhall & Moers, 2015). Furthermore evidence suggests that objective and subjective measures are equally accurate and reliable (Dai et al., 2018).

Also, the way in which combinations of financial and non-financial measures are weighted can impact their effectiveness (Luft, 2009). However, an appropriate combination of financial and non-financial measures can significantly reduce the risk of individual measurement errors (Luft, 2009), as managers are not always opportunistic but will rather make choices according to their beliefs with respect to goal alignment and goal uncertainty (Franco-Santos & Otley, 2018). As a result, when assessing strategic risks, senior management appears to favour

29

qualitative information that provides an understanding of complexities not revealed by precise quantitative information (Stoel, Ballou, & Heitger, 2017). Interestingly, NFMs linked to financial performance appear to have a positive effect on investor decision making only when company financial performance is favourable (Dong & Wong-On-Wing, 2021). The interest here is to examine how an individual's perception of such measurement challenges impacts their motivation to achieve not just the performance targets but also works towards achieving the broader organisational objectives.

Whilst NFPMs are intended to encourage executives to consider broader organisational objectives, the implementation of NFPMs has had mixed results (Banker et al., 2000; Luft, 2009; Luft et al., 2016). On one hand, non-financial measures are less constrained by time horizons, accounting standards and regulations. In particular, they can be individualised to suit particular circumstances and provide greater insight, as they focus more on the cause rather than the outcome of managerial actions (Lau, 2011). For example, a study conducted by Webb (2004) demonstrates that non-financial measures have an incremental impact on financial goal commitment above incentive systems as they provide relevant information to managers that contributes to the achievement of financial goals. Therefore, the use of NFPMs can be particularly useful in generating a positive psychological experience and indirectly improving performance by countering role ambiguity and supporting psychological empowerment (Marginson, McAulay, Roush, & van Zijl, 2014). That being said, an executive's individual experience with using financial and non-financial measures is another important consideration. Roberts, Neumann, and Cauvin (2017) find that managers who are inexperienced in using NFPMs tend to rely on financial measures, whilst the opposite is true for more experienced managers who place greater reliance on NFPMs. However, as demonstrated, an individual's psychological experience may be influenced by a number of factors, and therefore exploration of psychology-based explanations may be as important or even more relevant than economic-based explanations (Ittner, Larcker, & Meyer, 2003). These factors are discussed in greater detail in the context of corporate social responsibility below.

2.1.3 Measuring Corporate Social Responsibility

Studies particularly relating to CSR have endeavoured to understand how such short- and long-term decisions are prioritised in the face of uncertain outcomes and competing strategic priorities

(Wu & Pagell, 2011). However, despite being key decision makers, executives' individual impact has not been studied. For example, executives may be forced to make decisions relating to environmental strategies with limited scientific information or understanding of the problems and potential consequences faced (Wu & Pagell, 2011). For this reason, Webb (2014) suggests that companies focus on their core competencies when prioritising CSR activities. In those circumstances, unless incentive plans are designed appropriately, executives may be motivated to single-mindedly pursue achievement of the performance target itself rather than see the measure or set of measures as merely a representation of the underlying strategic construct (Choi, Hecht, & Tayler, 2012).

This issue is particularly relevant when it comes to CSR, where defining goals and devising appropriate performance measures have unique challenges. Firstly, what is CSR? Whilst there appears to be broad acknowledgement that the increasing power of corporations has placed them in a prime position to serve as agents for social change (Kudłak & Low, 2015), the specific responsibility of corporations in affecting change still appears open to interpretation. At one end of the spectrum, CSR is defined by Fitch (1976) as the serious attempt by corporations to solve social problems caused wholly or in part by them. This definition suggests that it is part of a corporation's mandate to take an active role in solving society's problems. There is also a suggestion that society's problems are caused by the corporation, meaning it has an obligation or a responsibility to act. On the other end of the spectrum is a broader definition provided by Carroll (1979), which attempts to provide a definition of CSR that encompasses organisations' various responsibilities or obligations within society, which are economic, legal, ethical and discretionary in nature. These definitions are not intended to define the level of responsibility an organisation has or should have, but rather provide a classification scheme for the categories of social responsibilities that exist within current society (Carroll, 1979). Broadly, these categories relate to the responsibility of organisations to produce goods and services for society that fall within society's legal and ethical framework (Carroll, 1979). Carroll (1979) provides a rather vague definition of discretionary responsibilities, being those responsibilities that are left to the organisation's judgement or choice.

For the purpose of this study, Carroll's definition will be employed as it best encompasses the range of responses by organisations to CSR issues. This definition acknowledges the basic idea of CSR as the interweaving of business and society that creates societal expectations of

appropriate business behaviour and outcomes (Wood, 1991). This aligns with the assumption that organisations are best served by developing CSR strategies of mutual interest to their owners and investors, as well as broader stakeholders who are either directly or indirectly impacted by their actions, such as employees, customers and the communities in which they operate. This definition also aligns with BlackRock's assertion that companies must be able to demonstrate how their strategic decisions can, and will, have a positive long-term organisational, as well as societal impact (Fink, 2018). The interest here is how well aligned is the organisation's interpretation of its CSR obligations as contained within its strategic objectives with that of the executive's perceptions of their responsibilities and obligations, and therefore their motivation to pursue achievement of the associated performance targets.

These definitional considerations, along with the temporal concerns relating to CSR discussed above, have important implications as large multinational corporations are increasingly called upon to contribute to the resolution of long-term societal, environmental and economic issues where national governments cannot adequately respond (Kudłak & Low, 2015). Wright and Nyberg (2017) argue that corporations are essentially ill-equipped to address long- to medium-term issues. In their study of five Australian companies, they find a temporal disconnect in companies' attempts to balance strategies aimed at addressing long-term issues such as climate change with short-term business models focused on profit maximisation. This is because achievement of such targets and resulting performance measures may require significant financial resources and time commitment from executives, requiring them to withstand immediate pressures to meet short-term financial targets in order to contribute to resolving potentially global environmental and socio-economic issues outside their direct control (Bair & Palpacuer, 2015). As a result, management have come under increased pressure to address the sustainability challenges imposed by society, whilst simultaneously ensuring their own well-being (Schaltegger & Hörisch, 2017).

Therefore, an ever increasing challenge for organisations is to enable executives to balance the trade-off between their own interests with those of the organisation and society at large. In this respect, McGuire et al. (2003), find that salary and incentives do not have a significant relationship with strong social performance; in fact, high levels of salary and long-term incentives have a positive association with weak social performance. They find that managerial beliefs and discretion play a more important role in driving exemplary social

performance than constraints and incentives provided by corporate governance. For this reason, Hemingway and Maclagan (2004) state that it is managers not organisations that are agents for social change. If this is the case, the effectiveness of corporate governance mechanisms, specifically performance measures associated with incentives, are brought into question, as executives appear to be swayed by their personal biases, values and inclinations (Chin, Hambrick, & Treviño, 2013). But perhaps the issue is not why NFPMs are needed, but rather how to design and implement them. The ambiguity of corporate responsibility measures gives managers considerable leverage to follow their personal convictions, acknowledging the importance of a manager's personal values and engagement. Hence, the motivational impact of incentives and therefore performance measures that both align to managerial beliefs, as well as those that oppose those beliefs, are particularly important when considering the enabling versus coercive perceptions relating to CSR measures.

2.1.4 The Effectiveness of NFPMs relating to Corporate Social Responsibility

The literature discussed above raise questions with respect to the design features of non-financial performance measures as they appear to be contingent on a number of factors that shape an executive's perception of the measures, and therefore their motivation and subsequent decision making. Thus, it may not be the specific NFPMs selected by an organisation, but also an executive's perceptions of the design and implementation of such measures, that is a key determinant of how they are used and therefore their effectiveness. This is particularly relevant in the case of NFPMs relating to CSR objectives, where individual interpretation may result in potentially divisive perceptions in the face of competing organisational and personal priorities. As a result, NFPMs that are intended to be informational and enable individual performance may be considered coercive and elicit a negative motivational and behavioural response. Therefore, this thesis examines the distinction between enabling and coercive control systems as a foundation to understanding how and why controls such as NFPMs, which are designed and implemented to enable performance, become coercive in nature. The framework of enabling and coercive formalisation developed by Adler and Borys (1996) has been chosen as it continues to be used in contemporary management accounting research and has proven to be robust in several domains and organisational contexts. For example, Englund and Gerdin (2015) use the framework to conduct an ethnographic study relating to how middle managers within a

33

subsidiary of a large multinational use performance measures in terms of the mobilisation of their experience and knowledge, as well as factors that contribute to the development of an enabling PMS. Liew (2019) assesses how information technology can enable management control systems designed to support product development within a vertically integrated company, while Cuganesan and Free (2021) investigate how members of a police force unit perceived and attached enabling or coercive meaning to management control systems within a complex organisational setting over a period of time. In another context, Kristensen (2021) finds evidence that the increased enabling use of standard variable costing can increase performance and decrease goal incongruence within two manufacturing organisations. The next section provides a detailed overview of the framework.

2.2 Enabling and Coercive Control

2.2.1 Overview of Framework

Adler and Borys (1996) proposed a framework to demonstrate how bureaucracy adopts forms of workflow formalisation (namely, documented procedures) to enable better performance on tasks. Alternatively, in striving to achieve better results, formalisation can coercively result in alienation and dissatisfaction among employees based on the objective characteristics of the control system. The potential psychological impact of formal control systems was implied by Adler and Borys (1996) in their framework of enabling versus coercive bureaucracies. In particular, they identified the attitudinal outcome of controls based on the *type* and *degree* of formalisation embedded within a control system. They argued that the conventional view of bureaucracy only focused on the *degree* of formalisation, without considering that the *type* of formalisation can impact the extent of bureaucracies. The *degree* of formalisation was characterised as high or low based on factors such as organisational structure, routineness of tasks and extent of rules in place, as well as the level of enforcement of the controls within the organisation (Adler & Borys, 1996).

As a result, Adler and Borys (1996) proposed two generic *types* of formalisation that may result in very different attitudinal outcomes based on whether formalisation is designed to enable/encourage employees to master tasks or coerce/force them. They suggested that the features of an enabling versus coercive formalisation can be distinguished by assessing the level

of flexibility, internal and global transparency and ease with which users can repair breakdowns in the process or control. Flexibility refers to the mechanisms with which employees can depart from the prescribed standard (Adler & Borys, 1996, p. 74). Internal transparency highlights the extent of information on the inner workings of an organisational process or control (Adler & Borys, 1996, p. 72). Global transparency, on the other hand, refers to a user's access to the broader context surrounding the process or control (p. 73). Finally, repair relates to the degree to which users are able to rectify errors or deviations from the standard (Adler & Borys, 1996, p. 70). Furthermore, Adler and Borys (1996) affirmed that the enabling versus coercive nature of a control system will be impacted by the way in which the controls are designed and used. For example, the level of user involvement in the design process has the potential to enhance the enabling characteristics of the control system, as does the flexibility by which the system is implemented (Adler & Borys, 1996). On this basis, Adler and Borys (1996) reasoned that a system designed and implemented with enabling features would result in a positive attitudinal outcome. This is opposed to a coercive system design, which results in negative attitudinal outcomes regardless of the degree of formalisation. However, they did acknowledge that a control "designed with an enabling intent and embodying enabling features can be implemented coercively" (Adler & Borys, 1996, p. 76).

Furthermore, the design features and resulting attitudinal outcome are considered to be static. In other words, the framework did not consider the dynamic nature of systems that can change over time as actors interact with the environment (Jordan & Messner, 2012). In this context, attitudinal outcomes appear to be an objective and static outcome of the specific features of a control system, as the characteristics of formalisation presented by the framework focus on the objective features of the relevant control systems. This view is supported by Adler and Borys (1996, p. 85), who acknowledged that the framework focuses on the objective characteristic of an organisational form. Consequently, individual differences are not considered in how these characteristics may be perceived. Therefore, whilst Adler and Borys' (1996) framework focuses on the design, implementation and features of control systems, it does not attempt to interpret employee motivations and attitudes (Adler & Borys, 1996; Jordan & Messner, 2012). However, Adler and Borys (1996) did allude to how perceptions of, for example, involvement in the design of controls and the alignment between the individuals' and organisation's goals influence an individual's perception of those measures. This thesis explores the relevance of interpreting

35

employee perceptions and assessing attitudes and motivation when evaluating a control system. This aspect of the research is discussed next.

2.2.2 Psychology and the role of perceptions

Adler and Borys (1996) intended to "develop a useful theory of how employees distinguish good from bad rules" (Adler & Borys, 1996, p. 66). In doing so they developed a comprehensive framework for classifying enabling and coercive forms of bureaucracy, providing a basis for understanding individual's reactions to control systems (Jordan & Messner, 2012). Using the framework, good and bad rules can be evaluated based on their objective features. The characterisation of 'good' and 'bad' does imply a level of subjectivity, as individuals' perceptions differ, as do their resulting attitudes. Furthermore, design features are premised on the idea that controls work with, rather than replace, the intelligence and experience of individuals (Chapman & Kihn, 2009). Consequently, the framework treats individual attitudes – either positive or negative – as an outcome of both the features of the control system and the resulting individual behaviour.

At this point it is important to refer to the psychology literature to understand what is meant by 'attitude' and its relationship with behaviour. Attitude can be defined as "an overall evaluation of an object that is based on cognitive, affective and behavioural information" (Maio & Haddock, 2014, p. 4). Therefore, attitudes can be *based on* beliefs, feelings and behaviour but they can also *influence* these beliefs, feelings and behaviours (Haddock, 2012, p. 173). Investigating whether attitudes can predict behaviour, studies have shown that an individual's behaviour does not necessarily correspond with their attitude (Haddock, 2012, p. 191). Ajzen and Fishbein (1977) argue that an attitude is most effective in predicting behaviour when the elements of both attributes correspond in terms of four dimensions: the behaviour being performed; the target of the behaviour; the context in which the behaviour is performed; and the timeframe in which the behaviour is performed. Applying this idea to NFPMs, this study suggests that there is a low correspondence between action taken to achieve the measure and the target outcome. It is further argued that there is generally a longer timeframe between the actions taken to achieve the goal or measure and achievement of the desired result. In that time, there may be a number of contextual changes, which can change an individual's attitude. For example, in their study of senior managers' attitudes to climate change, Wright and Nyberg (2017) find

36

that the managers embraced the topic but due to the long-term and complex nature of the challenge, their organisations failed to maintain a coherent approach as more immediate problems and opportunities take priority (Wright & Nyberg, 2017, p. 1656). Furthermore Sheldon and Krieger (2014) tested the widely held phenomenon that people do not follow through with action in support of their beliefs. For these reasons, attitude is not considered to be a particularly good predictor of behaviour when it comes to CSR challenges such as climate change.

However, Adler and Borys (1996) refer to attitudes as an "impact of formalisation" (Adler & Borys, 1996, p. 61) or in the context of "attitudinal effects of formalisation" (Adler & Borys, 1996, p. 62). On this basis, it is assumed that they are referring to attitudes 'based on' behaviours as an impact, or attitudinal effect of formalisation. Here Adler and Borys (1996) may be inferring that, consistent with self-perception theory (Bem, 1972), attitudes are shaped in the belief in having performed a behaviour (Haddock, 2012, p. 173). As depicted in Figure 2.1, much of the subsequent research relating to MCS has focused on the design and implementation of controls (Jordan & Messner, 2012), where the attitudinal outcomes ('Outcome') are an assumed consequence of these objective features ('Management Controls').

Figure 2.1. Depiction of the enabling and coercive framework
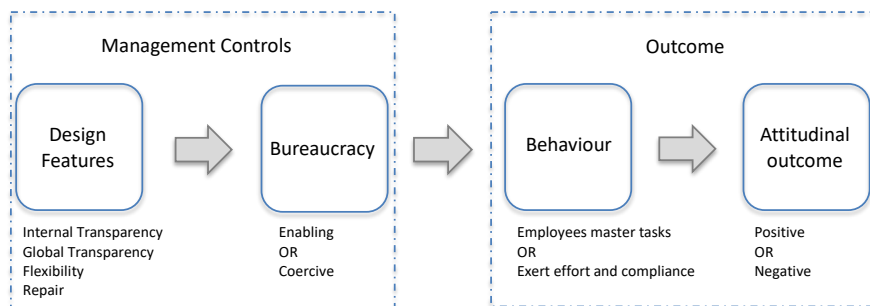
A study by Wouters and Wilderom (2008) attempts to assess individual attitudes to performance measures, finding that employees had a positive attitude to performance measures on the basis that: firstly, participants expected their attitude towards performance measures to improve over time; and secondly, qualitative data indicated that middle managers expressed the desire for more performance measures. The study's attempts to quantify attitudes towards performance measures are based on participants' behavioural responses. It identifies employees'

attitudes but not how these attitudes are formed. Therefore, the interest here is not the attitude inferred by the behaviour, but rather the internal psychological processes that gives rise to the behaviour. These relationships are summarised in Figure 2.2.

Figure 2.2. Enabling and coercive framework including consideration of internal psychological processes.
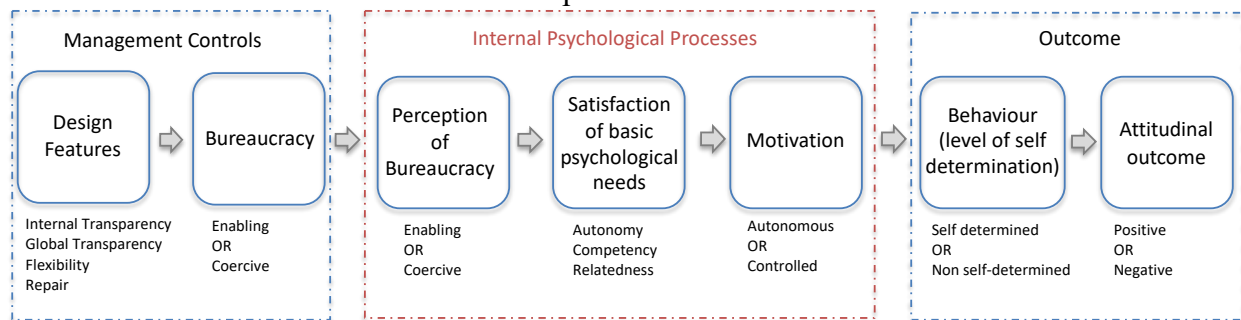
In this respect, recent research has used psychology theories to explain how management accounting practices influence individual psychological states that result in differences in behavioural outcomes (Hall, 2016). By understanding the psychological effect of management accounting practices, we are better able to understand the conditions under which they result in effective or ineffective outcomes. However, whilst studies make reference to individual mental processes, "they typically do not provide empirical evidence to support the existence of these processes" (Hall, 2016, p. 66).

Applying psychology theories related to motivation can help to understand an individual's mental processes and the resulting behavioural and attitudinal outcomes in response to control design. Motivation was specifically discussed by Adler and Borys (1996) in the justification of their framework. For example, they state that the framework rebuts the contingency theorists' conventional view of formalisation of controls according to which motivation is perceived as a dichotomy, with extrinsic motivation at one end of the scale and intrinsic motivation at the other. As a consequence, the bureaucratic nature of all organisations is essentially coercive as MCS require employees to surrender at least some autonomy in order to comply with the organisation's requirements (Adler & Borys, 1996). Using this logic, Adler and Borys (1996) imply that formalisations such as performance measures and associated incentives can only ever elicit extrinsic motivation, which is considered detrimental to encouraging innovative or novel thinking (Adler & Borys, 1996). This perspective has been widely researched

as academics and practitioners grapple with the apparent conflict between encouraging creativity and enforcing control (Adler & Chen, 2011) and prioritising efficiency whilst maintaining flexibility (Adler, Goldoftas, & Levine, 1999; Ahrens & Chapman, 2004).

To address this apparent conflict, Adler and Borys (1996) suggested that motivation could be viewed on a spectrum based on the degree to which an individual internalises the values of the control systems enforced by an organisation. This concept is synonymous with SDT, which refers to internalisation as the extent to which an individual adopts the value or regulations required to enact a behaviour (Ryan & Deci, 2000). The more internalised the values or regulation, the greater the intrinsic motivation experienced. To illustrate, whilst executives may be extrinsically rewarded (be that financially or otherwise) for achieving performance targets, they may still experience motivation that is more intrinsic or internalised in nature if their personal goals align with that of the organisation (Adler & Borys, 1996). In this case, the executive may feel a greater sense of autonomy when making strategic decisions rather than simply feeling compelled to conform to organisational requirements. This view is supported by SDT, which states that under certain conditions extrinsic rewards can enhance intrinsic motivation (Deci, Koestner, & Ryan, 1999). Hence SDT provides a useful lens to understand the conditions under which NFPMs affect intrinsic motivation due to their enabling or coercive characteristics, and conversely to what extent intrinsic motivations affect perceptions of NFPMs. Next, we provide further justification for using motivation, specifically SDT, as the basis for understanding individual perceptions in this context.

2.3 Executive Motivation

Several theories exist for explaining motivation, including goal-setting theory, expectancy theory, attribution theory and SDT (Birnberg, Luft, & Shields, 2006; Gagné & Deci, 2005). For the purpose of this study, SDT will form the basis for assessing motivation. In recent decades, SDT has been used extensively to study workplace motivation and management (Deci, Olafsen, & Ryan, 2017). Specifically, it has been widely used in the accounting literature. As found by a systematic review conducted by Wibbeke and Lachmann (2020), during the period 2015 to 2019 nine studies utilised SDT as the framework for investigating management accounting and control phenomena. They suggest that SDT is particularly relevant for investigating the effects of employee participation in performance management system design.

Therefore, SDT appears to be a suitable and widely accepted theory for explaining motivation in this context. To illustrate, Groen et al. (2017) developed a survey based on SDT to assess how the different ways performance measures are used implicitly impacts how an individual's BPNs are met. Wong-On-Wing, Guo, and Lui (2010) drew more explicitly on SDT to develop a measure of motivation to assess why people engage in budgetary processes. This measure was used by Lau and Roopnarain (2014) to assess whether financial and non-financial measures motivate employees to participate in target setting. These studies, amongst others, demonstrate how an understanding of psychological processes, specifically motivation based on SDT, can provide valuable insights into the conditions under which management accounting practices can vary in their effectiveness.

To provide a detailed justification for the adoption of a SDT framework for this thesis, the following sections begin by providing an overview of SDT and the relevance of understanding motivation more generally in a workplace context. Critique of the use of SDT to study work motivation is discussed next, including a brief discussion of some alternative theories for assessing motivation. Finally, justification for the application of SDT with respect to management accounting practices, and specifically to assess the enabling versus coercive features of NFPMs, is provided.

2.3.1 Motivation and Self-determination Theory

"Motivation concerns energy, direction, persistence and equifinality – all aspects of activation and intention" (Ryan & Deci, 2000, p. 69). Motivation is highly valued because it is what mobilises individual's to act (Ryan & Deci, 2000). One theory used to explain human motivation that focuses on inherent psychological needs and innate growth tendencies, and importantly, the external conditions that fosters these processes, is SDT (Ryan & Deci, 2000). This needs-based theory suggests that an individual's social environment, such as a workplace, can either facilitate and enable growth through satisfaction of these needs, or forestall and fragment an individual's inner experiences (Deci & Ryan, 2002). The concept of needs provides the essential criterion for understanding what is essential to life, the absence of which results in the deterioration of growth and integrity (Deci & Ryan, 2002). A mini-theory within SDT is basic psychological needs theory (BPNT), which suggests that humans have three BPNs, being the need for autonomy, competency and relatedness (Ryan & Deci, 2017). Autonomy is the opportunity to act from genuine interest and congruent values (Deci & Ryan, 2002, p. 8). Competence is the feeling of confidence in one's

ability in a social context, demonstrated through effective interaction with one's environment (Deci & Ryan, 2002, p. 7). Finally, the need for relatedness is evident when an individual feels connected and integral to others (Deci & Ryan, 2002, p. 7). The theory acknowledges that individuals may have many motives that do not fit the criterion of a BPN. However, these motives are considered to be a distraction from the attainment of basic needs (Deci & Ryan, 2002).

The extent to which an individual's BPNs are met influences their level of motivation (Gagné et al., 2015), suggesting that competence, relatedness and autonomy are critical to facilitating optimal behavioural functioning, as well as social development and psychological well-being (Ryan & Deci, 2000; Tremblay, Blanchard, Taylor, Pelletier, & Villeneuve, 2009). Specifically, satisfaction of BPNs is positively related to autonomous motivation, whilst controlled motivation is unrelated to need satisfaction (Gagné et al., 2015). As such, SDT highlights that motivation can be viewed as a continuum that defines the level of self-determination experienced by the individual when engaging in an activity (Gagné & Deci, 2005). As depicted in Figure 2.3, the continuum starts with amotivation, which represents a total lack of self-determination, then moves to four types of extrinsic motivation, being external motivation, introjected motivation, identified motivation, then integrated motivation (Gagné & Deci, 2005). Finally, intrinsic motivation, which is the most internalised and integrated, and therefore the most autonomous and self-determined motivation (Gagné & Deci, 2005).

Figure 2.3 Motivation continuum
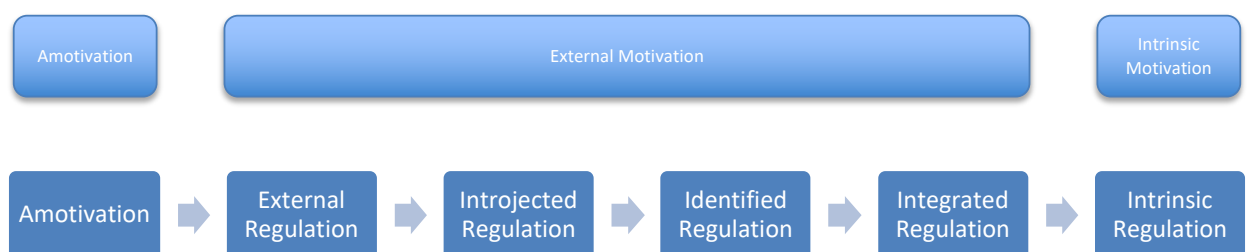
Where an individual finds themselves on this continuum will depend on the extent to which they have internalised and integrated the requested behaviour (Ryan & Deci, 2000). Internalisation refers to the extent to which an individual embraces an external value or regulation, whilst integration is the extent to which adherence to the external regulation emanates from the individual, so that the value aligns with the individual's sense of self (Deci & Ryan, 2002; Ryan & Deci, 2000). Hence the more integrated a value or regulation, the more self-determined and

autonomous the resulting behaviour (Gagné & Deci, 2005). As such identified regulation, integrated regulation and intrinsic regulation are considered to be progressively more autonomous forms of motivation, whereas introjected regulation, external regulation and amotivation are considered to be progressively more controlled forms of motivation (Gagné & Deci, 2005). However, integrated motivation is rarely examined, as research has failed to demonstrate that it accounts for any additional variance in outcomes not accounted for by identified or intrinsic motivation (Van den Broeck, Ferris, Chang, & Rosen, 2016). A clear theoretical distinction between identified, intrinsic and integrated regulation points to a potential flaw in measurement instruments for motivation, with the items used to measure integrated regulation deemed "questionable in terms of their face value" (Gagné et al., 2015). Figure 2.4 illustrates the relationship between the satisfaction of the BPNs, the motivation they elicit and the resulting level of self-determination to engage in an activity.

Figure 2.4. Self-determination continuum

Over a lengthy time period, SDT has investigated the link between motivation and performance in organisations, demonstrating that performance is affected by the type of motivation an individual experiences for their job activities (Deci et al., 2017). When applying SDT to a workplace context is it important to recognise that intrinsic motivation is not the only

form of self-determined motivation (Deci & Ryan, 1985), as the level of self-determination is influenced by the extent to which an individual internalises and integrates an external regulation (Ryan & Deci, 2000) such as the management controls embedded within an organisation. The way an individual responds to requests from an external source (such as the workplace) will depend on how much they value and accept the importance of the requested behaviour for their self-selected goals (Gagné & Deci, 2005; Ryan & Deci, 2000). Therefore, it is evident that an individual may be motivated to act because they value the activity at hand or because of some strong external coercion to comply with the external value or regulation (Ryan & Deci, 2000). The focus of SDT is to determine the type of motivation that is exhibited at any given time (Ryan & Deci, 2000), which is useful for predicting optimal functioning and therefore behaviour (Deci et al., 2017; Tremblay et al., 2009).

Research has demonstrated that being intrinsically motivated, and therefore self-determined, has a number of benefits, including enhanced performance and well-being in the workplace, as activities are undertaken for spontaneous satisfaction and challenge seeking rather than external reward resulting in highly self-determined behaviour (Deci et al., 1999). Alternatively, low levels of self-determination may elicit passive behaviour, where an individual may only act if probed by their environment (Pelletier & Tuson, 1995). Furthermore, providing an autonomy supportive or need supportive context is believed to result in greater satisfaction of an individual's need for autonomy, competency and relatedness (Deci et al., 2017). Consequently, there are obvious benefits to building an intrinsically motivated workforce – it is believed to be a strategic asset and competitive advantage to any organisation (Tremblay et al., 2009). Therefore, understanding how factors within an organisation, such as management accounting practices, enhance motivation, versus those that forestall it, may provide valuable insight into why practices such as the implementation of NFPMs do not always achieve their intended outcomes.

In this context it is important to discuss the role of external rewards in workplace settings, such as motivating performance via performance measures. The way in which rewards are designed and delivered will impact their controlling versus informational value, as rewards that are considered to be controlling tend to decrease an individual's sense of autonomy, whilst rewards providing informational value are said to be competency enhancing (Deci et al., 2017). Therefore, understanding how the controlling and informational features of performance

measures are perceived can facilitate the successful design and implementation of appropriate measures. This can prove to be a complex task as a meta-analysis examining the effects of extrinsic rewards on intrinsic motivation found that the controlling aspects of rewards offsets their informational value to significantly decrease intrinsic motivation (Deci et al., 1999). This leads to one of the major criticisms of SDT, being whether intrinsic motivation can even exist in a workplace setting. This issue and the relevance of SDT in the current context are discussed next.

2.3.2 Addressing the criticisms relating to applying SDT to the workplace context

One of the major criticisms of SDT in a work context is the claim that the mere fact that individuals are paid to work means that they cannot be intrinsically motivated (Deci et al., 2017; Ryan & Deci, 2000). This is because both tangible and intangible rewards and structures evident in the workplace such as deadlines, directives, imposed goals and performance evaluations all have the potential to undermine an individual's control or self-determination and therefore intrinsic motivation (Ryan & Deci, 2000). However, as mentioned above, intrinsic motivation is not the only form of autonomous motivation. In general, autonomous motivation has been found to be positively related to satisfaction of the BPNs for autonomy, competency and relatedness, as well as outcomes such as performance, personal initiative and effort, based on the extent to which it is internalised and integrated into an individual's sense of self (Gagné et al., 2015, p. 191). In fact, studies have demonstrated that performance is more highly correlated with identified motivation than intrinsic motivation (Gagné & Deci, 2005; Gagné et al., 2015). These findings align with the underlying premise of SDT, which is not so much concerned with what causes intrinsic motivation, which is said to be an inborn tendency, but with the conditions under which it is sustained or enhanced rather than diminished (Ryan & Deci, 2000). Therefore, in order to enhance intrinsic motivation, an individual must satisfy their need for autonomy and competence so as to express self-determined behaviour (Ryan & Deci, 2000).The interest here is understanding the subconscious psychological processes that gives rise to enhanced competency, autonomy and relatedness, which, in turn, specifically influences how the features of NFPMs are perceived and used.

As a consequence, we contend that SDT is the most appropriate motivational theory to apply in this context, as SDT not only tries to understand goal directed behaviour but,

importantly, it attempts to understand the needs that give rise to such goal pursuits (Deci & Ryan, 2000). In this way, SDT examines both the conscious and subconscious processes that give rise to actions and behaviours (Latham, 2012). This approach is in contrast to other motivational theories, such as goal-setting theory, expectancy theory and equity theory, which ignore subconscious processes that are said to be too far removed from the situation or action of interest (Latham, 2012). Consequently, these theories assume that individuals focus on conscious goals and make rational decisions (Gagné & Deci, 2005). However there is growing evidence that conscious and subconscious goals are not necessarily correlated (Latham, 2012, p. 22), with increasing acceptance that both unconscious and conscious motives are important to determining actions and behaviours (Veenstra, 2020). Therefore, based on the above critique, this study adopts SDT as the most appropriate motivational theory for understanding the conscious and subconscious processes that influence an executive's perception of the enabling versus coercive characteristics of NFPMs. Next a detailed rationale for the application of SDT is provided.

2.3.3 SDT and NFPMs

This study explores how the self-determination and therefore intrinsic motivation of executives is influenced by their perception of the design characteristics of the NFPMs used to assess their performance, and therefore how they, as key decision makers, influence the achievement of organisational outcomes. This study uses SDT to understand the extent to which perceptions in relation to the design features of NFPMs impacts the satisfaction of an executive's BPN for autonomy, competency and relatedness and how this in turn results in autonomous or controlled motivation.

SDT recognises that individuals are innately intrinsically motivation as they seek to fulfil their BPNs such as autonomy, or recognition of their competence within a social context such as a workplace; therefore an employee's interests and the interests of an organisation do not necessarily differ (Groen et al., 2017). This is because these basic needs are relational, and therefore SDT is concerned with the "extent to which individuals are able to satisfy the needs within social environments" (Gagné & Deci, 2005, p. 337). In the context of performance measures, achievement of performance targets can provide employees with feedback in relation to their competence, through the receipt of monetary and non-monetary compensation and rewards (Groen et al., 2017). Furthermore, an employee's need for relatedness as well as

45

recognition of competence may be satisfied or threatened through the use of performance measures as part of the performance evaluation process (Groen et al., 2017). In relation to NFPMs relating to CSR, an executive's personal beliefs relating to CSR play an important role in driving exemplary social performance (McGuire et al., 2003). In this respect, an executive's sense of autonomy, competency and relatedness may be compromised, where their own beliefs about CSR are not aligned to the broader views of the organisation and its stakeholders. Here managers' personal values rather than commercial imperatives could be a key driver of CSR decision making as they use managerial discretion when deciding on the adoption and implementation of CSR initiatives (Hemingway & Maclagan, 2004). An executive's ability to act autonomously is particularly relevant given that the vagueness of CSR measures provides opportunity for managers to follow their personal convictions (Ditlev-Simonsen & Midttun, 2011). Hence the personal views and motivations of executives are relevant to how organisations prioritise objectives, as profitability is increasingly viewed as a minimum requirement of organisations, which are expected to serve a broad range of stakeholders, such as employees, customers and the wider community (Deci et al., 2017).

Executive motivation in the current study is considered in the context of the element of pay-for-performance (PFP) that senior executives in the private sector are likely to have as part of their remuneration package. This is relevant to motivation as, in general, PFP tends to result in controlled over autonomous motivation, meaning employees tend to exert less effort when working towards achieving the desired outcome (Deci et al., 2017, p. 35). Therefore, the way that NFPMs included in executive PFP packages are used may diminish intrinsic motivation to achieve outcomes that the executive may have otherwise intuitively pursued. Where a distinction is made between the quality and quantity of performance the implications for performance may be significant. A meta-analysis conducted by Cerasoli, Nicklin, and Ford (2014) found that extrinsic rewards were a better predictor of performance quantity and intrinsic motivation was a better predictor or performance quality. Hence, the ability of SDT to differentiate between algorithmic and heuristic performance (Gagné & Deci, 2005) is relevant to this context as the interest here is in the quality of heuristic decision making and an executive's desire to engage in it.

The basic needs for autonomy, competency and relatedness discussed above are believed to be innate requirements rather than acquired (Deci & Ryan, 2002; Gagné et al., 2015). Every

policy or practice implemented within an organisation is likely to either support or impede satisfaction of an individual's BPNs (Deci et al., 2017, p. 38). Therefore, how satisfaction of the BPNs for autonomy, competency and relatedness result in autonomous versus controlled motivation will form the basis for this study's attempt to understand the enabling and coercive influence of NFPMs. In doing so, the study aims to provide insights into the conditions under which intrinsic motivation is sustained or enhanced rather than diminished.

2.4 The Application of SDT to Understand the Enabling Versus Coercive Nature of NFPMs
Perera, Harrison, and Poole (1997) found that increased motivation may be a result of a greater sense of alignment between an organisation's strategy and NFPMs. They demonstrate that the use of NFPMs may have motivational benefits through the enhanced ability of managers to make more informed decisions that translate to financial performance outcomes. Their findings suggest the focus should not just be on the design of participatory systems, such as strategic planning and performance measures, but also on understanding and managing the psychological effects of these systems on managers (De Baerdemaeker & Bruggeman, 2015). Whilst NFPMs may enhance a manager's sense of competency, the mechanisms for how such management accounting practices impact motivation using psychology theory has not been explicitly tested in previous studies (Hall, 2016; Wong-On-Wing et al., 2010). This may be due to a failure to appropriately define motivation as either a psychological or social construct. Differentiation among the alternate forms of motivation as defined by SDT (Wong-On-Wing et al., 2010) has not been the focus of this stream of research explicitly (for example, Franco-Santos et al., 2012; Malina & Selto, 2001; Marginson, McAulay, Roush & van Ziil, 2014; Perera et al., 1997; Webb, 2004). Rather, these studies focus on the behavioural or organisational consequence of such practices. This thesis extends this literature by using the enabling and coercive control framework to challenge the conventional dichotomisation of motivation as intrinsic and extrinsic motivation (Adler & Borys, 1996), and to assess the contextual factors that influence the perception of executives in relation to organisational controls as enabling or coercive. Therefore, the current study aims to assess a potential link between executives' perception of the design features of NFPMs (focusing on those measures relating to CSP) and the impact on their motivation. This requires investigation of the self-determination that is achieved through the fulfilment of the BPNs defined by SDT (autonomy, competency and relatedness). The potential

perceptions in relation to the design features of NFPMs and how they impact an individual's psychological needs and motivation are discussed next.

2.4.1 Controlling vs informational value of NFPMs

As discussed above, a feature of SDT is the distinction made between autonomous versus controlled motivation (Gagné & Deci, 2005). Autonomous motivation (intrinsic motivation being an example) is when an individual acts with interest and is therefore wholly of their own volition, whereas controlled motivation involves a degree of coercion or external contingencies that prompt behaviour (Gagné & Deci, 2005). This distinction is relevant when assessing the impact of extrinsic rewards on motivation. To illustrate, a meta-analysis of 128 studies conducted by Deci et al. (1999) found that extrinsic rewards can have a substantially negative effect on intrinsic motivation even when they are provided as positive indicators of performance. This effect was influenced by how the reward was experienced. If the recipient perceived that their behaviour was being 'controlled', this resulted in a reduced level of autonomy and therefore intrinsic motivation (Deci et al. 1999). Furthermore, internal pressures placed on and by an individual, for example to achieve such measures, can result in a focus on appearance and credit rather than the satisfaction of valuing one's work and that of the organisation's goals (Rigby & Ryan, 2018). If, however, the recipient feels that the reward provides 'informational' benefits, it may serve to enhance their autonomy and therefore increase intrinsic motivation (Deci et al. 1999).

Related evidence is provided by Wong-On-Wing et al. (2010), who find that the key determinant relating to how intrinsically motivated managers are to participate in a budgeting process is the perceived level of 'autonomy' versus 'control' experienced in the process. The study found that an individual can simultaneously experience autonomous and controlled motivation. For example, the individual may experience autonomous motivation if they believe participating in the budgeting process will achieve a higher goal (Wong-On-Wing et al., 2010). They may simultaneously experience controlled motivation if they also think that the budgeting process is a means for management to extract information from participants (Wong-On-Wing et al., 2010). Likewise, in the case of non-financial performance measures, the informational value of such measures may impact an individual's psychological need for autonomy and relatedness with the organisation's board, and consequently intrinsic motivation. For example, if the

underlying basis for the measure has not been transparently communicated, executives may perceive the measures as a means for the board to sanction punishment for non-compliance, rather than a means for guiding performance and providing internal transparency (Adler & Borys, 1996). This in turn may have an impact on executives' perceived level of autonomy to make decisions in the best interests of the organisation, as well as how executives interact with the board.

The informational versus controlling nature of NFPMs may also be influenced by how closely aligned the measures are to the underlying strategic construct, and therefore its global transparency. A study conducted by Choi et al. (2012) found that managers sometimes lost sight of the fact that a performance measure was a representation of a strategic construct not the strategy itself. They claimed that such situations were more prevalent when a single measure, as opposed to multiple measures of a strategic construct, was used to assess performance. Therefore, the alignment of the performance measures to the underlying strategy may influence an executive's perception of the informational versus controlling role of the NFPM. For example, an executive may perceive a measure (such as, percentage of women in leadership positions) as an inadequate measure of the level of gender diversity within an organisation due to a multitude of extraneous factors impacting the organisation achieving its diversity and inclusiveness targets. In fact, they may perceive the performance measure as controlling in nature as the measure provides limited flexibility and therefore compromises their autonomy to follow an appropriate course of action (Adler & Borys, 1996).

Conversely, if a set of measures provides valuable information in relation to achievement of a strategic objective, including where outcomes may be deviating from the strategic intent, executives may perceive the NFPMs as having informational value. For example, organisations that successfully manage workplace diversity are said to have employees who are more committed, more satisfied and better performing, which can positively impact the organisation's financial performance (Patrick & Kumar, 2012). In this case, measures may be perceived as instrumental to executive decision making, thus enhancing their autonomy and competency. Therefore, if executives are provided with a wide range of contextual information in relation to how the measure relates to achievement of the organisation's overarching strategy, the measures may be perceived as enabling performance, as they provide global transparency (Adler & Borys, 1996). In this respect, participation in the design and development of performance measures may

enhance the validity and acceptance of measures (Wouters & Wilderom, 2008). Furthermore, Grasser, Majerczyk, Staehle, and Yang (2021) find that involvement in the design of feedback systems, such as performance management systems, may enhance cooperation amongst employees. Whilst not specifically tested, this may be through satisfaction of the need for relatedness.

Finally, the sometimes temporal ambiguity created by NFPMs may impact the informational value of such long-term measures, as delayed, uncertain or ambiguous rewards may not have the necessary motivational impact (Malina & Selto, 2001). Such uncertainty may impact executives' perception of their competency if they believe that their ability to control the desired long-term outcome is compromised. Wright and Nyberg (2017) find that, whilst managers may be emotionally and morally invested in the consequences of climate change, they feel the need to remain pragmatic in light of the consequences of failing to meet immediate market demands such as short-term profitability. Whilst not specifically tested, this example illustrates how executives' need for autonomy and competency may be compromised as they attempt to balance competing organisational priorities. However, the impact of such uncertainty on executives' motivation has not been previously studied. To illustrate the importance of this gap, current insights on specific links between financial and non-financial performance measures and the resulting impact on executive performance and motivation is discussed next.

2.4.2 Contribution of NFPMs to achievement of financial measures

In his research involving managers from nine organisations across a range of industries in Canada, Webb (2004) found that for managers to be committed to achieving strategic goals, there must be a strong link between financial and non-financial measures, and managers must believe that they have the ability to achieve the non-financial goals, again potentially satisfying their need for competency and also autonomy. This is relevant perhaps where resources need to be redirected towards the achievement of long-term non-financial measures at the expense of short-term financial measures. In this respect, managers may assess the usefulness of such measures based on their forward looking properties (O'Connell & O'Sullivan, 2014), in order to enable the reallocation of resources and alteration of plans in order to achieve the desired short and long-term financial outcomes (Adler & Borys, 1996). However, if an executive does not believe that they will be around to see the long-term implications of their decisions, they may choose to focus

on the achievement of short-term financial measures at the expense of long-term performance (Brüggen, Krishnan, & Sedatole, 2011). Therefore, it is important to recognise that performance measures are context and purpose specific, requiring alignment between measures used for informational versus motivational purposes (Franco-Santos et al., 2012). As an example, a field study conducted by Banker et al. (2000) found that the inclusion of non-financial customer satisfaction measures provided managers with the necessary means to influence financial measures over which they had less control. In this way, the organisation was able to align measures designed for informational purposes (non-financial measures used to assess firm performance) with those designed for motivational purposes (financial measures used to determine monetary rewards) (Franco-Santos et al., 2012).

Whilst, in general, the relationship between CSP and financial performance is reasonably well established (Wood, 2010), the focus on short-term financial performance persists. Whilst studies have demonstrated a positive relationship between CEO ability and a firm's CSP performance (García-Sánchez & Martínez-Ferrero, 2019; Yuan, Tian, Lu, & Yu, 2019), these studies do not assess the differences in CEOs' motivations. However, Yuan et al., (2019) did suggest that more able CEOs had fewer career concerns and were therefore willing to undertake long-term investments that led to better CSR performance. Furthermore, they found that CEO performance was weakened by high CSR emphasis in the external environment. As a result, these findings suggest that a CEO's pursuit of short-term financial performance over long-term CSR performance may be related to the thwarting of their need for competency and autonomy respectively.

Whilst several studies noted above do not specifically relate to executives, the application of SDT in this context may contribute to a greater alignment of measures that enhance the self determination of executives, thus contributing to improved individual and organisational performance. For example, the alignment of measures may provide an opportunity for greater self-direction and fulfilment of the need for autonomy (Deci & Ryan, 1985). A specific example is relevant when it comes to measuring innovation (which is often necessary to achieve CSP). Whilst financial measures have been considered insufficient and potentially ineffective on their own, when combined with non-financial measures they can be useful in encouraging and evaluating innovative effort (Chenhall & Moers, 2015). Hence the need for competency may also be satisfied as the manager is able to demonstrate control over more tangible financial outcomes

(Deci & Ryan, 1985). This may be achieved through early detection of deviations from the long-term plan, which can either be rectified or even signal opportunities for improvement (Adler & Borys, 1996).

2.4.3 Contribution of NFPMs to enhancing role clarity

Marginson et al. (2014) found that non-financial performance measures can be particularly useful in generating a positive psychological experience and indirectly improving performance by counteracting role ambiguity and supporting psychological empowerment. Furthermore, Chenhall and Moers (2015) suggest that formal controls can assist in motivating innovative behaviour by providing some structure or parameters within which to operate. This is rapidly becoming an important issue for Australian industry, which finds itself operating in an increasingly global economy and therefore embedded in an environment characterised by uncertainty and dynamic market and technical changes (Koberg, Detienne, & Heppard, 2003). Therefore, organisations are increasingly required to provide executives with the mandate and flexibility to respond effectively, particularly in relation to CSR issues. However, when individuals embark on new activities such as those relating to sustainability, they are likely to feel an initial sense of incompetence as they move away from easy or routine behaviours to learn new skills and routines (Kasser, 2009). Furthermore, research also suggests that executives' own beliefs and discretion play a more important role in driving exemplary social performance than constraints and incentives (McGuire et al., 2003). Hence the need for a wide range of contextual information or global transparency to guide their efforts, as well as to provide them with internal transparency with respect to their specific area of responsibility (Adler & Borys, 1996).

These studies emphasise the importance of creating an environment for continual challenge and debate, as personal involvement is identified as important for understanding the relevance of the goal. However, they do not examine the psychological role of formal controls or specifically performance measures in the context of SDT. They do, however, provide some useful cues in relation to how performance measures may impact an individual's motivational need for autonomy, competency and relatedness.

2.5 Conclusion

The types of measures adopted in a workplace may enhance or stifle executives' intrinsic motivation and consequently long-term financial performance. Hence, this review highlights a significant gap in current research relating to the enabling versus coercive impact of NFPMs on the intrinsic motivation of executives as a moderator of executive focus and decision making. Furthermore, it highlights the limited research in terms of executive's motivation more broadly. The current study attempts to contribute to addressing these gaps.

Chapter Three: Research Methods and Approach

3.1 Introduction

This is a qualitative, interpretative study that involves understanding how executives perceive the design features of non-financial performance measures related to CSR and, in turn, how these perceptions impact the satisfaction or frustration of their BPNs and motivation. The study used semi-structured interviews and questionnaires collected from 20 executives and non-executive board members who are working in or have worked in Australia.

3.2 Justification of the Methodology

The main aim of this study is to further develop Adler and Borys' (1996) framework of enabling and coercive bureaucracies by bringing the theory "into contact with empirical reality, thus exposing strengths and weaknesses and modifying and even refuting (it)" (Vaivio, 2008, p.78). In doing so, I hope to identify and address the practical problems relating to how management accounting is used within organisations (Vaivio, 2008). Hence, I have attempted to highlight some of the shortcomings of what Vaivio (2008) described as the 'consultancy' view of management accounting. This view can be defined as the inclination of consultants and organisations to assume idealised conditions where 'new' management accounting technologies are implemented and the benefits seamlessly realised. My years of consulting experience have taught me that the reality is very different from this one-size fits all approach. Rather, management accounting is a complex interaction between "social, political, cultural, institutional, economic and operational contexts" (Tucker, 2020, p. 225). Consequently, management accounting changes progress slowly and produce many unintended consequences (Vaivo, 2008). This is particularly so in the case of executives who have a high degree of autonomy to implement such technologies as they see fit. In doing so, they have the ability to draw on their own experiences, capitalise on their key competencies, but also exercise their values and beliefs in a way that perhaps other employees cannot. Understanding how management controls such as NFPMs relating to executives are designed and implemented requires the critical examination of these perceptions and consequences and their subjective impact on the individual. The challenge for this study is to connect the empirical observations to the accounting and psychology theories that motivate this research (Lillis, 2008).

Whilst the positivist quantitative mode has dominated management accounting research, qualitative traditions date back to the early 1900s and have been a major contributor to the accounting field (Parker, 2012). Interpretivism is the alternative to the positivist epistemological position that respects the view that differences between people and objects requires an understanding of the subjective meaning of social action (Bryman & Bell, 2015, p. 29). For this reason, interpretive research is well suited to understanding complex and multifaceted social processes (Bhattacherjee, 2012), such as the relationships and dynamics between executives, their superiors, the board, and external stakeholders, including customers and the community in which they operate. Interpretive research is also appropriate for studying context specific processes (Bhattacherjee, 2012). Hence an interpretivist approach appears to be suitable for this study, as the aim is to understand how executives perceive management controls, namely NFPMs relating to CSR within their organisational context.

The personal and organisational context that shapes an executive's perceptions of NFPMs and CSR is of particular relevance to this study as one of its intended practical contributions is to define how organisations may better develop and implement performance measures that enable the achievement of their long-term CSR goals and strategies. A qualitative study is most suitable for this purpose as it acknowledges that management accounting is a context bound phenomenon, where organisational agents may interpret and reinterpret management accounting, creating subjective meaning within a given situation (Vaivio, 2008). Whilst it is acknowledged that heavy reliance on contextualised inferences inhibits the replicability and generalisability of findings (Bhattacherjee, 2012), here the interest is not just in 'how' executives perceive NFPMs, but importantly, 'why'. Understanding why NFPMs may be perceived differently by different executives provides an important contextual understanding of social behaviour. Therefore, seeking explanation for contextual variables is necessary even if that limits the generalisability of inferences (Bhattacherjee, 2012). Hence this study accepts that accounting is a reconstruction of organisational reality rather than a reflection of a pre-existing reality (Parker, 2012).

Therefore, an interpretivist approach allows for a degree of flexibility with respect to data collection. Loosely structured interview questions permit the researcher to immerse themselves in the social setting constructed by the participant and let the participant rather than the researcher take the lead. At the same time, this approach allows the researcher to create a narrower emphasis by formulating specific research questions from the data collected (Bryman

& Bell, 2015, p. 408). The interpretive approach allows the researcher to find meaning and insights that are not accessible through merely measuring or observing participants from a distance (Lukka & Modell, 2010). The researcher is then able to draw on psychology theory to extract meaning from participants' accounts of their experience with respect to NFPMs relating to CSR.

Qualitative research in psychology is "a thriving, rich and diverse field" (Gough & Lyons, 2016, p.234), however the subjectivity of such research remains stigmatised (Gough & Lyons, 2016) in what is a dominantly positivist field. However, it is a desire to capture the subjective feeling of a participant's experience, as well as the recurring patterns of experience amongst participants (Willig, 2013), that is of interest in this study. The intention is that by identifying patterns that appear to be context bound (Levitt, Motulsky, Wertz, Morrow, & Ponterotto, 2017), more meaningful assertions may be made with respect to why certain NFPMs are considered enabling under specific conditions by particular individuals, whilst being considered coercive under different circumstances. Hence the aim of qualitative research is to "interpret what people have said in order to explain why they may have said it" (Willig, 2013, p.12).

Specifically, qualitative research using SDT appears to be gaining prominence, with a number of studies published in recent years (e.g., Hancox, Quested, Ntoumanis, & Thøgersen-Ntoumani, 2018; Nshimiyimana & Cartledge, 2020); Salikhova, Lynch, & Salikhova, 2021; White et al., 2020). The value of using qualitative data is highlighted in a systematic review of 34 studies examining the qualitative elements of SDT tenets within the context of the physical education of students conducted by White et al. (2020). They claim that without the insights of qualitative data on needs satisfaction with respect to motivation, and as well as how social conditions promote needs satisfaction, the results would have been less informative in terms of practical significance. White et al. (2020) explain that this is because qualitative studies provide more specific details of student experiences than could be offered by quantitative research. Therefore, their aim, as with this study, was to capture subjective feelings rather than construe causal relationships in the absence of preconceived variables.

3.3 The Approach to Using Psychology Theory in the Study of Management Controls

Adler and Borys' (1996) framework of enabling and coercive bureaucracies was developed using an interpretative research approach. The framework draws on research relating to the design of equipment technology that identifies two types of formalisation, being enabling and coercive. The framework attempts to explain how this typology can be used to interpret other workplace bureaucracies, including organisational hierarchies and staff functions (Adler & Borys, 1996). The framework recognises that the two functions of bureaucracies – enabling and coercive – have competing psychological characteristics, where enabling formalisations encourage motivation based on identification and coercive formalisations incite a more introjected or external motivation. Hence, whilst the framework alludes to the role of psychological processes, these processes in the context of enabling and coercive bureaucracies have not been examined.

Adler and Borys (1996) also introduce the distinction between extrinsic and intrinsic motivation, specifically the link between enabling formalisations and integrated motivation, in contrast to the connection between coercive formalisations and introjected motivation. These references allude to a means of explaining human motivation depicted within SDT. However, no specific reference is made to the theory, and subsequent research exploring the enabling and coercive dichotomy does not specifically explore the role of motivation in influencing the design features of such controls. Hence the purpose of this research is to explore the role of motivation using SDT to explain how executives perceive the enabling and coercive design features of NFPMs.

The proposed approach of using psychology theories to better understand management accounting practices is supported by Hall (2016), who states that psychology theories are well placed to understand how management accounting practices influence an individual's mental state. Furthermore, by using a qualitative approach the study is better able to explore how management accounting practices, in this case performance measures, fit within the wider organisational environment (Hall, 2016). The rich narratives gained from the semi-structured interviews go beyond analytical narratives that simply describe the features of performance measures. This enables an understanding of how executives perceives those measures and how those perceptions influence behaviours and outcomes. Hence the use of a positivist psychology theory for conducting interpretive research has been beneficial to better understanding

management accounting processes, but also provides richer data to support the claims made by SDT.

3.4 Research Design

3.3.1 Participant selection

Current and former executives and board members from one or more of the following entities were recruited to participate in the study: public company listed on the Australian Stock Exchange; privately owned company; not-for-profit organisations[3]; and government entities. For the purpose of this study, executives were defined as chief executive officers (CEO) and up to three levels below CEO. The study aimed to capture the views of a cross section of executives from a broad range of industries, organisational categories and levels of experience. Coverage of a range of industries and organisational categories allowed for generalisability of findings within the Australian context and consideration of industry nuances in the application of performance measures. A range of executive experience captured the views of current, former and potentially aspiring CEOs (those currently three levels below CEO), whose perception of the role of NFPMs are likely to vary. Twenty executives were recruited for this study. Executives were predominantly individuals known to the researchers or those suggested by existing participants. Effort was made to interview individuals who had experiences in the same organisations as existing participants as this provided richer insights into participants' perceptions of performance measures and the organisational context more broadly. It also allowed for a level of neutrality and analytical objectivity (Parker, 2012) in the exploration of the interview data as participants provided their own opinions and versions of the same event or circumstances. However, in order to maintain anonymity and confidentiality, the views and opinions of participants were not disclosed to other participants. Tables 3.1 and 3.2 outline how the participants were classified.

---

[3] The Australian Taxation Office defines a NFP organisation as one that provide services to the community and does not operate to make a profit for its members (or shareholders, if applicable).

Table 3.1. Participant roles and organisational categories

Participant	Role					Organisational Category			
	Non-Exec Board	Chief Exec Officer	C-Suite (excl. CEO)	General Manager	Senior Mgmt	Public Company	Private Company	Not for Profit	Gvt Entity
ID	NED	CS	CS	GM	SM				
1 CS-1			**			*			*
2 GM-1				**		*			*
3 GM-2				*				*	
4 NED-1	*	*	*				*	*	
5 SM-1					*	*			*
6 NED-2	*			**			*	*	*
7 SM-2					*	*			
8 CS-2			*		*	*			*
9 CS-3		*		*	*		*		
10 GM-3				*	**	*	*		
11 NED-3	*		*				*		
12 GM-4				*	*	*	*		
13 SM-3					**	*			
14 CS-4			*				*		*
15 CS-5		*					*		
16 NED-4	*		*				*		*
17 SM-4					*	*	*		
18 CS-6		*		*				*	
19 SM-5					*		*		*
20 GM-5				*				*	*

Note: The asterisks depict the roles discussed by the participants during the interviews, recognising that this may not be a complete depiction of their work history. The asterisks are colour coded to indicate instances where participants worked within the same organisation.

Table 3.2. Participant industry experience

Participant	Industry							
	Health	Professional Services	Government	Energy	Education	Retail	Finance	Other
1 CS-1					*	*		
2 GM-1			*	*		*	*	
3 GM-2	*							
4 NED-1	*							
5 SM-1					*			*
6 NED-2		*		*				*
7 SM-2		*						
8 CS-2		*	*					
9 CS-3		*						
10 GM-3		*				*		
11 NED-3		*						*
12 GM-4							*	*
13 SM-3				*		*		
14 CS-4		*	*					
15 CS-5							*	
16 NED-4		*			*			*
17 SM-4		*						*
18 CS-6	*		*					
19 SM-5	*	*	*					
20 GM-5		*	*					

3.3.2 Conduct of Interviews

The interviews were conducted between November 2018 and July 2020 and were approximately one hour in length. The focus of the interviews was on assessing participant's perceptions of the

role of various NFPMs used in their performance evaluation or that had been used in the past. The purpose of the interviews was to:

1. determine what participants considered to be the design characteristics of a good, bad and ideal NFPM relating to CSR;
2. assess the participants' views on non-financial versus financial measures more broadly, including differing and competing motivations to pursue such measures;
3. explore the participants' views on CSR issues and how these perspectives may impact their motivation to pursue such corporate objectives and NFPMs;
4. identify the activities associated with monitoring and reporting on progress against measures and the individual's perception of these activities;
5. understand which individual considerations, as well as internal and external stakeholder considerations, drive management focus and attention in terms of prioritisation of performance measures and consequently organisational objectives;
6. identify perceived barriers to achievement of targets, such as competing or conflicting measures, competing stakeholder priorities and demands, and organisational constraints including resourcing and workplace culture.

Of the 20 participants, 17 were interviewed twice, with interviews taking place approximately two weeks apart. The remaining three participants were interviewed once. The intention was to interview the remaining three participants after initial analysis of the existing interview data. This was to facilitate focused or in-depth discussion in relation to particular areas of interest, or potential gaps identified from the initial interviews. However, as a result of the rich insights gained from the existing interview data, it was deemed unnecessary to proceed with the remaining three interviews. The first interview employed a combination of narrative elicitation and Repertory Grid Interviewing techniques (Fransella, Bell, & Bannister, 2004). The Repertory Grid has been successfully applied to a wide variety of contexts where exploration of individuals' specific patterns of understanding is required. A key strength of this approach is that, unlike many psychometric or survey-based tools, Repertory Grid mitigates gaming by respondents in order to produce a message they would like researchers to hear.

The narrative elicitation typically included the following line of questions: can you give me an example of what you would consider to be a good NFPM; can you give me an example of

what you would consider to be a bad NFPM; and can you give me an example of what you would consider to be an ideal NFPM. The narratives elicited from the first interview were then used to identify bipolar constructs used to describe the design features of NFPMs. Whilst these questions formed the basis of the interviews, variations in questioning arose to focus on particular areas listed above as guided by the executive. For example, an executive may have placed great emphasis on their personal values as a motivator or barrier to achieving defined performance measures. Therefore, this theme was explored in greater detail during the interview. In this way, whilst not leading the discussion, the researcher was able to gain richer insights into the executive's particular thought processes.

A pilot study was conducted with six participants between November 2018 and March 2019 to test the methodology and make the appropriate modifications as required. As a consequence, modifications were made to the second interview. The second interview was used to clarify the researcher's interpretation of the constructs with the participant. The constructs were then provided to the participant to rate using a 7-point Likert scale. The questionnaires were documented in Microsoft Word and sent to the participants via email. The second interview also served as a means to delve further into some of the themes discussed in the first interview, therefore providing richer context and insight into the participants' experiences and perceptions.

A minor change was made to the interview protocol for the second interview following the pilot study. The researcher no longer required the participant to clarify the interpretation of constructs derived from the first interview, as in the pilot study it was rare for participants to request clarification of constructs derived using the Repertory Grid technique, and any clarifications requested were only minor in nature. Instead, the constructs were developed and the questionnaire was sent to the participant within 14 days of the first interview, to be completed prior to the second interview. This approach allowed the researcher to discuss the results with the participant in the second interview and seek clarification and make further inquiries with respect to responses. The results of the survey were only used for the purpose of facilitating discussion in the second interview, and therefore are not explicitly referred to or reported in this thesis. As a consequence, the Repertory Grid technique for data analysis was not utilised. Whilst 17 of the 20 participants were interviewed twice in order to clarify the researcher's understanding and interpretation of what was discussed in the first interview, there is still a chance of misrepresentation, as is inherent with qualitative research.

3.3.3 Analysis and interpretation

All interviews were audio recorded and transcribed by the researcher, and manually checked to ensure accuracy. As a consequence of the global COVID-19 pandemic, five interviews from March 2020 to July 2020 were conducted via the video conferencing facility, Zoom. Transcripts were then loaded into NVivo in order to conduct data analysis and coding. Data was coded by paragraph based on the following themes.

1. The management control design features described by Adler and Borys (1996), being, global transparency, internal transparency, repair and flexibility.
2. The three BPNs defined by self-determination theory, being, autonomy, competency and relatedness.
3. The six levels of motivation defined by SDT, being, amotivation, external regulation, introjection regulation, identified regulation, integrated regulation and intrinsic motivation.

This coding structure guided the researcher to interpret how each of the design features influenced the satisfaction and/or frustration of the three BPNs and six categories of motivation. The results are provided in Tables 3.3 and 3.4.

Table 3.3. Design features and basic psychological needs

	Flexibility	Global Transparency	Internal Transparency	Repair	Total
Autonomy	67	161	72	71	371 (31%)
Competency	63	144	133	79	419 (35%)
Relatedness	67	143	104	87	401 (34%)
	197 (17%)	448 (38%)	309 (26%)	237 (20%)	1,191

Table 3.4. Design features and levels of motivation

	Flexibility	Global Transparency	Internal Transparency	Repair	Total
Amotivation	0	2	1	0	3 (1%)
External Regulation	22	46	42	24	134 (32%)
Introjected Regulation	12	31	18	11	72 (17%)
Identified Regulation	18	35	33	16	102 (24%)
Integrated Regulation	15	59	13	15	102 (24%)
Intrinsic Motivation	1	6	0	1	8 (2%)
Total	68 (16%)	179 (43%)	107 (25%)	67 (16%)	421

This analysis was used to structure findings and discussion chapters. However, in doing so it was important to consider the context of the discussion in order to appreciate the similarities and nuances between the design features. Furthermore, it was context that enabled the assessment of the satisfaction of the BPNs and motivation. Efforts were made to take an objective approach to coding the data. However, to take a rigid, prescriptive approach to data analysis would have detracted from the substance and meaning behind the dialogue.

3.3.4 Research ethics

Approval to conduct this research was obtained from the Human Research Ethics Committee (HREC) on 31 October 2018 (HR180832). Participants were sent an invitation to participate in the research and a participant information sheet via email prior to the interview. Hard copies were provided to participants and informed consent obtained prior to commencement of the interviews.

Chapter Four: Findings Global Transparency

4.1 Introduction

In the next four chapters, the four design features of management control mechanisms, namely global transparency, flexibility, internal transparency and repair, are discussed in the context of how executives perceive NFPMs beyond their physical characteristics, as defined by Adler and Borys (1996). The aim here is to understand how executives' perception of the design features of NFPMs as either enabling or coercive subsequently impact their psychological processes and subsequent behaviours.

4.1.1 Perceptions of the design features

Based on coding analysis of executive interviews described in Chapter Four, the researcher was able to identify how executives perceived the design features of NFPMs beyond the physical characteristics of those measures. Furthermore, an executive's perception of the measures was also influenced by their awareness, understanding and opinions of the related goals, strategies and objectives that served as a precursor to the measure. The analysis below assesses each design characteristic in turn, starting with global transparency. The following chapters discuss the remaining design features, internal transparency, repair and flexibility, in that order. It is important to consider each design feature separately as each has the potential to uniquely impact the effectiveness of the NFPM as a management control. It is only once the design features are considered individually that the enabling and coercive characteristics of NFPMs can be constructively evaluated in the discussion chapters.

The following analysis suggests that seven discrete factors influenced an executive's perception of the design features of global transparency. These factors are listed in Table 4.1 and discussed in the following sections.

.

Table 4.1. Factors influencing global transparency

Factors influencing global transparency	Description
Alignment of personal and organisational values	The extent to which executives personally appreciated and valued organisational strategies and goals relating to CSR impacted their desire to achieve those objectives.
External pressure to implement NFPMs	The extent to which executives felt that they personally, or their organisations collectively, were being pressured to address CSR related issues by forces outside of their organisations.
Confidence to pursue long-term CSR goals	Executives' confidence that what was expected of them, and the actions they initiated, would achieve the desired long-term result, influenced their appreciation of the CSR objectives and measures.
Leadership competency	The quality of guidance and support provided by more senior leaders within organisations and its impact on executives' confidence particularly in terms of a clear perspective of the broader aspirations of the organisation.
Personal contribution	Recognition that executives' efforts were valued and making a significant contribution to achieving organisational outcomes.
Duty to stakeholders	Executives' connection to broader stakeholders and their perceived responsibility to those stakeholders influenced how committed they were to pursuing CSR objectives and measures.
Relationship with immediate supervisor	The level of trust and support provided by an immediate supervisor, be that a more senior executive or the board of directors, impacted the value that executives assigned to the measure and their own efforts to achieve the underlying goal.

4.2 Alignment of Personal and Organisational Values

Adler and Borys (1996, p. 72) define global transparency as the "intelligibility of employees of the broader system". In this context, whilst an understanding of what the organisation was trying to achieve was important, an intrinsic appreciation and valuing of those goals appeared to enhance an executive's understanding of the organisation's objectives. Hence it was the alignment of values that provided the necessary contextual information to pursue the measures,

by turning what may have been perceived as a superficial goal into a meaningful objective. This was evident in a number of the interviews, as highlighted below.

GM-4 was a general manager who has spent his career in the financial services sector. GM-4 was drawn to working for a particular organisation due to an alignment of values and a sense of belief in the organisation's intentions. For example, he attributed his loyalty to a particular employer as being strongly influenced by what he perceived as their genuine desire to serve a social purpose, as he explained:

> *So they had a very specific program around all of these things (CSR) and I think a big part of why I enjoyed working there ... corporate went to extreme lengths to develop a set of values and initiatives, it was actually called 'for the greater good' and that was the purpose of it was for the greater good of the community ... and not necessarily to drive sales activities for the business. (GM-4)*

Here GM-4 expressed an alignment of values that was critical to his understanding and appreciation of the broader systems and processes within the organisation, and importantly the rationale for pursuing goals beyond financial gains. He went on to describe specific initiatives relating to gender and cultural diversity that helped to enact those values, that *"were just natural and part and parcel of being an employee at that company"* (GM-4). In such cases, it was a perceived genuine commitment that had filtered down from the top of the organisation into the regions. For example, in Australia, *"there was so many various working groups that were volunteer-based and oriented around diversity in the workplace and promoting the right equality around different minority groups for example to really encourage gender diversity"* (GM-4). It was this message that shaped the context in which employees, including executives, were enabled to understand where their role and responsibilities fitted in the organisation as a whole.

One executive interviewed acknowledged that his organisation did not have a clearly defined strategy or values that could be specifically aligned with CSR objectives. CS-2 is a COO at a small professional services firm established over 10 years ago. He founded the firm with another colleague, leaving a large professional services firm where he was a senior manager. Whilst he had a personal interest in the organisation doing work that *"had a far greater impact on socio-economic disadvantage"* (CS-2), he emphasised the importance of the leadership team agreeing on a set of values that would then form the basis of the CSR objectives and measures:

in the absence of really recording what it is that we really believe in, that does make it hard to have those kinds of conversations as well, because you haven't got the framework in place ... But until we set our cultural values around some of that stuff ... We probably shouldn't do it (develop NFPMs relating to CSR), because it's me pushing something that I believe is important. (CS-2)

Without clear agreement and articulation of the organisation's values to provide the necessary setting to devise CSR objectives, defining a set of performance measures relating to CSR would be meaningless. He felt that he was simply pursuing personally important CSR initiatives that did not necessarily relate to the organisation's overarching purpose and objectives:

That's why we do CSR stuff but we don't encapsulate it, we don't put it together as a package, we do it as individuals ... Why are we doing that? Because it kind of feels like the right thing to do, or because it is driven by individuals who actually believe in it; that it's a really important thing to do. But coherently what does that mean for (Org), I wouldn't have a clue. (CS-2)

Here CS-2 is suggesting that, unless given the opportunity to freely endorse the CSR objectives and measures, he and his executive team lack an appreciation of how those tasks and activities fit within the organisation's wider goals, given his belief that, *"in companies, CSR is mostly done for PR purposes"* (CS-2). This view was shared by GM-5, an executive in the public sector who said:

if the person driving it or championing these things, if they're values or beliefs don't really align to what you (the organisation) are trying to do, then I'm sure at some stage people will realise this is more either a strategic positioning or marketing sort of focus rather than actual belief in those things. (GM-5)

He believed that an executive's understanding and appreciation of an organisation's objectives seemed to be strongly influenced by the extent to which they believed that the organisation, but particularly the person driving such initiatives, had genuine intentions for CSR goals and measures. Therefore, the success of such measures appears to relate to whether an executive believes that the measures are internally valued versus externally driven.

However, the internal valuing of CSR objectives and measures can be challenging, as some executives believe that it is certain personal characteristics that mean particular individuals are more committed to achieving NFPMs. For example, when discussing employee engagement and well-being related measures, SM-2, a senior manager who has spent her career spanning almost 20 years at a large professional services firm, believed that certain individual attributes lend themselves to pursuing goals in this area, over and above financial goals prioritised by the organisation:

They see the consequence of not rolling out these initiatives and I think these people also naturally are 'people, people', they are obviously very caring, so they, yes they see the importance of delivery and so-forth (financial measures), but they also recognise that if our team members are not mentally or physically able to work, then the job is not going to get done. So, I think they see how important it is to have our people taken care of. (SM-2)

For executives like SM-2 there appeared to be a conscious valuing of the importance of employee well-being measures in achieving organisational results, not as a means to an end but because they embraced the underlying value of that behaviour:

I think what's important is that you need to build the capability of the team, build the morale of the team. And because we are a people and services organisation, I have to make them see that without our people we won't necessarily be able to achieve the business (objectives). So I think, yeah, but I do struggle with that sometimes. (SM-2)

As a consequence, executives like SM-2 had a better appreciation of how the achievement of the non-financial and financial measures fit within their role because the behaviours associated with the non-financial measures aligned with what they believe to be personally important. Part of the reason for valuing such measures was they had been used by the organisation for many years, compared to for example, sustainability measures. According to SM-2, *"that (engagement) survey is actually something that is conducted every year. But the results of that, we as management get held accountable too"*. So, whilst she could see the relationship between employee engagement and financial performance, the challenge for her was convincing the rest

of the organisation of the importance of such measures to the achievement of financial objectives, which required an alignment of values.

In the same way, a number of executives interviewed were seeking an alignment of their personal values with their choice of employment within particular industries, that is, the not-for-profit (NFP) sector, the public sector, and the health sector. Executives interviewed highlighted that individuals in those sectors appear to have an innate desire to make a contribution to a specific cause, or society more broadly. See examples in Table 4.2, which suggest that individual's choice to work in a particular organisation, field or industry can be linked to their personal values and goals.

.

Table 4.2. Sector specific motivations

Quote number	Interviewee	Quote
4.2.1	GM-5	*I think the kind of person or people that gravitate towards those sectors (NFP and public sector) are generally more caring and so it was very clearly more about you know, giving as much as possible and trying to stretch that money as much as possible.*
4.2.2	NED-1	*Well, I've been in the health industry now since 2002. So, it certainly attracts the people, generally that have a strong commitment to making a difference in what they do.*
4.2.3	NED-4	*you know a lot of people in the public sector have got a lot of pride in what they do and who they work for and the contribution that they make, even though I think they are poorly paid.*

Both GM-5 and NED-1 started their careers in the corporate sector but moved to the public sector and NFP sector respectively due to their desire to make a meaningful contribution to society within their chosen fields. For both, their personal values provided them with broader contextual information to understand how their role fitted within the wider organisation. For example, GM-5 recently spent a year working for an NGO in a developing nation. He observed that it was a deeply entrenched valuing and caring for others that enabled him and those within that organisation to efficiently utilise the scarce funding they received to fulfil the organisation's objectives. These sentiments were echoed by NED-1, who said, *"I went from (corporate organisation) to hospitals but you just felt it ... it's the I'm going to make a difference"*.

NED-4 had similar views. After spending much of his career as a partner in a large professional services firm, he now sits on a number of boards and audit committees within publicly listed corporates, to public sector organisations and NFPs. He observed the differing mindsets of those who work in the corporate sector compared to those in the public sector. Whilst he viewed the public sector executives as individuals who took pride in their work and the contribution they made to the organisation (see quote 4.2.3 in Table 4.2), his opinion of a particular corporate sector organisation was the opposite, where the primary focus of executives was to achieve the metrics to receive their financial bonus:

> *You know, say 60% of his measurement was financial, and then 25% was around safety and environmental measurement which they try and manage and manipulate through not reporting, through trying to change the classification for measuring some of those things. (NED-4-2)*

These contrasting examples demonstrate that a broad understanding of the organisation's objectives is insufficient if the executive does not value the related goals and measures. In particular, a detailed understanding of the organisations systems and processes may increase the risk of manipulation of results if executives do not truly value the underlying CSR objectives.

Age also appeared to influence an executive's personal values and, as a result, their seeking of a greater alignment between those values and their work. Some executives suggested that age and experience made them more socially conscious and therefore increased their desire to pursue CSR goals and measures, as shown in Table 4.3.

Table 4.3. Perceptions influenced by age and experience

Quote number	Interviewee	Quote
4.3.1	CS-3	*I've got a lot more of a social conscience in my late forties than I had in my thirties or early forties. But you start to have more time on your hands and you start to feel you can.*
4.3.2	NED-1	*For me it is semi-retirement, I'm not here for a career, this is about again, it's about making a difference, but I'm not competing with anyone, competing for positions, jockeying for positions.*
4.3.3	SM-1	*I've got to a point, from a career point of view, from an age point of view, from an experience point of view, where I feel like I have got the capacity and the opportunity to do work in ways that is more connected to personal values and purpose and to pursue that more than perhaps I would have had the opportunity to do when I was at a different stage of my career… I would say legitimately it's a factor of having arrived at a point in my career through capability, experience and the opportunities that I have and created that I spend more time thinking about how do I give back, create legacy, the things at a particular stage become more prevalent.*

As seen in the above quotes, age and experience provided personal context within which these executives considered their values and how their work aligned with those individual values. CS-3 is the CEO of a small professional services firm (in which CS-2, introduced above, is the COO). CS-3 has spent her career in the professional services sector and was previously a partner in a large firm. With an established career and teenage children, she felt that she was at a stage in her life where she could start actively contributing to social issues. Also, with her recent appointment to the position of CEO, she felt that it was the opportune time to consider the firm's CSR strategy. For NED-1, age and experience meant that he was no longer driven by career progression, but rather making a valuable contribution to the health sector. The same could be said for SM-1 who moved from the corporate sector to the public sector in order to utilise his experience to make a positive contribution to the organisation and the communities it serves. Hence age and experience appears to enable executives the capability and capacity, but also the opportunity, to understand the broader systems and processes within their organisation and how CSR strategies and measures may fit within the organisation's objectives.

4.3 External Pressure to Implement NFPMs

Turning now to externally driven CSR measures, some interviewee suggested that governments play an important role in assisting organisations to define the focus of their CSR efforts, as this General Manager in the government sector suggested:

> *if governments are smart about it they would look at what they're struggling with and sort of try to get the rest of industry to try and focus on those things rather than leaving it entirely up to those organisations to decide what they do in that CSR space. (GM-5-1)*

Such a suggestion maybe be useful when the leadership teams within an organisation, such as the organisation discussed above, are attempting to determine where to focus their efforts. However, whilst governments can play an important role in helping organisations decide where they may make a meaningful contribution, this guidance is not always well received. Our interviews revealed that the alignment of CSR goals to individual or even organisational values appeared particularly problematic where CSR goals and measures were imposed through legislation rather than derived by the organisation and its leadership team, as shown in Table 4.4.

The quotes in Table 4.4 highlight that when CSR strategies and targets were imposed or enforced by governments executives felt pressured to adopt them regardless of their personal beliefs. This may result in some resistance to enacting those changes. However, this resistance may be due to confusion about how external requirements align with the organisation's goals and objectives. For example, the Finland example mentioned by GM-5 suggests the intentions of the organisations' executives may be half-hearted, as the initiative appeared to be solely driven by an external requirement. GM-5 believed that a way to avoid such situations is for organisations to *"be very clear about why, and what you are measuring and the reporting mechanism that sort of feeds into that."* He suggested that such clarity of intent may avoid 'rigidity' in how externally enforced measures are read and interpreted. Although GM-5 appears to be assuming that the legislation in this example aligned at least to some extent with the personal beliefs of the executives and boards in Finland.

Table 4.4. CSR measures driven by external demands

Quote number	Interviewee	Quote
4.4.1	GM-5	*So, these (externally imposed) measures to get up, also depends on what that leader is and sort of the individual's beliefs as well. So, if they align then obviously they don't feel forced, so they can really identify with and probably up start happens a lot more quickly and efficiently, but I'm sure if they don't necessarily align with you leadership style or beliefs, then you know people may feel forced to do it, especially on the legislative side, or really don't have a lot of say once it's been decided.*
4.4.2	GM-5	*I can't remember how old this is, but I believe it was in Finland somewhere, so that measure of the percentage, or having a female board member. I think a couple of years into that legislation or whatever this Finnish government passed they went in and had a look and I think they found that it was the one charismatic woman that was on something like 200 boards. So that's an example of where sort of the measure and the ultimate objective of what it's trying to achieve doesn't quite align.*
4.4.3	SM-4	*I think you will get more rapid change if it comes from the organisation as opposed to legislation. I think governments are behind on that and I also think, I think the winners in the marketplace will be those that are taking the steps or demonstrating that they are taking the steps ahead of other companies to manage this and showing off and show casing what they are doing. Not to win shareholder value but just because it is the right thing to do as an organisation.*
4.4.5	GM-3	*There were certain external standards and so on that the organisation signed up to. Um, so there were certainly efforts made to do the right thing ... But varying levels to the extent of which I think within, within the business operations, the extent to which people were true believers was patchy, I think it's fair to say.*

As SM-4 and GM-3 suggest above, even if organisations had clearly articulated the externally derived imperative to implement such measures, the actions they implemented may not have been as effective had they been derived internally. In these cases, rather than being enabling, external requirements resulted in measures being viewed as coercive, even in the case mentioned by GM-3 above, where it was well understood by executives at the time that this major Australian retailer had freely signed up to the voluntary standard. However, it may be argued that the reason it signed-up to the external standard was due to social or industry pressure, and therefore it was not freely endorsed by executives.

The social pressure to engage in CSR activities and have measures in place is especially felt within the banking sector in Australia, which has been under constant scrutiny and the subject of a Royal Commission[4]. However, initiatives implemented to address concerns relating to unconscionable conduct in this sector sometimes fall short of improving the reputation of the big banks as they do not appear genuine, not even to their employees. A C-Suite executive and non-executive director[5] (NED) in the NFP sector mentioned an initiative introduced by one of the big banks in Australia to encourage innovation within not-for-profit organisations:

> *I talked to my (large bank) friends and said, do you have measures that say how many not-for -profits you've engaged so it improves your, you know, you performed against this impression by the royal commission that all you are about is money. So it was just tokenistic and staff feel that. (NED-1)*

Hence, when executives feel that the organisation is simply responding to external pressure, the initiatives and measures begin to lose credibility, which in turn impacts executive's actions to achieve the targets set by the organisation. In such cases, being provided with the contextual information to understand how their role fits into the whole may not necessarily enable optimal performance. This raises questions in terms of the effectiveness of external pressure to change the way an industry has been operating for decades. To illustrate, the CEO of the same bank made a speech several years ago in which she stated that she expected her executive team to be able to articulate their organisational strategy and expectations from a 'culture point of view' as she said, "*I'd expect them to articulate these five things" (NED-3-2).* However, when the executive interviewed asked the bank's executives present at this event, *"They fumbled and stumbled and what have you. So they didn't know. So this is, you know, this is [CEO], she might have thought that she had explained to everyone, and she had them all on board, but they didn't have a clue."* (NED-3). So, whilst the intention of the Royal Commission's aim may have been

---

[4] The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was established on 14 December 2017 with the Hon Kenneth Hayne AC QC appointed as the Royal Commissioner. The Commissioner submitted his final report to the Governor-General on 1 February 2019. The final report was tabled in the Australian Parliament on 4 February 2019 (https://www.royalcommission.gov.au/banking). The Royal Commission is sometimes referred to as the Banking Royal Commission and the Hayne Royal Commission.

[5] These Directors serve as independent members of the Board of organisation and do not hold an executive (management) position.

to encourage accountability, the external pressure to say and do the 'right things' may not always prove effective, as this general manager in the financial sector mused:

> But I do think it's important to get strong buy-in internally first and foremost, otherwise if it's all for external market and focus then maybe it's a little bit superficial if you like and it's almost like doing and saying things when you don't necessarily believe it and live it, whereas if you comes the other way round I think it's much more genuine. (GM-4)

Therefore, unless executives personally value and, importantly, freely endorse those expectations, visibility of the organisation's intentions to satisfy external pressures may prove coercive.

Executives also acknowledged that there was a greater expectation coming from the younger generations (those aged in their 20s) for organisations to have a greater social conscience:

> I certainly hear that conversation in the context of millennials as a group for example, they are starting with passion and purpose … their passion and connection to values and purpose and it was really the higher order objective. (SM-1)

The passion and purpose to pursue social causes felt by millennials resonated with SM-1 and provided him with the additional impetus to pursue his own passion for contributing to society through his work and the CSR objectives of his organisation, being an educational institution (Org4). On the other hand, whilst CS-3 acknowledged that she has more of a social conscience now than when she was younger (Table 4.3, quote 4.3.1), she also admits that she feels a pressure to cater to the demands of a younger generation:

> I think for us and I'm trying to understand the younger generation because it (CSR) is obviously important to them, and I think that's what's driving it. So, for me I think looking at the young people coming through, it's very clear that they have much stronger social conscience than probably people born in the 60's and 70's. So, people born in the 80's, 90's, 2000's definitely are lot more. So, I think it's a bit of a push and pull. I think people like me, leaders, of my age are probably thinking we need to deal with it because there is an expectation from younger people to deal with it. (CS-3-1)

Therefore, meeting the expectations of a younger generation was a key driver for her in implementing CSR strategies and measures. Global transparency, therefore, appears to be more than simply being provided with a broad range of contextual information in relation to CSR objectives and measures. It is also about the extent to which executives appreciate the external pressures to consider the relevance of such measures and the confidence to pursue the corresponding CSR goals within their organisation.

4.4 Confidence to Pursue Long-term CSR Goals

Whilst it is important to understand the strategies, objectives and measures related to CSR initiatives, an executive's confidence in implementing actions to achieve the measure also influenced their perception of the measure. As the CEO of a small professional services firm who was in the process of developing such strategies and measures explained:

> *So, I think employers are really clear about the responsibilities when it comes to working conditions ... so I think executives understand that sort of thing and go, I totally have to look after people, I have an ethical responsibility to do that. But I think they are not as clear about some of that other, particularly the environmental stuff around the, you know it's all just a bit, it's not been around for as long. (CS-3)*

Whilst she appreciated the importance of CSR initiatives and measures, she was still unsure about how to implement such measures in the context of her firm. Here she suggested that perhaps it is because the expectations around issues such as sustainability are not as clear as the expectations around employee health and safety. This perhaps results in a lack of visibility and therefore confidence in achieving the aspired long-term societal, as well as organisational, outcomes.

The need for visibility of the long-term aspirations of the organisation is further emphasised by a senior manager in the public health sector, who explained that being clear about the long-term aspirations of an organisation enables executives to convey a logical rationalisation as to why certain indicators are important:

> *If someone would sit down and go 'what are we trying to achieve, ok, how are we doing that, ok right, we're doing all of these things, how do all of our activities fit into this, like*

this objective, or this objective', so you start to align your activities to objectives, then you can start to kind of roll up your indicators and present them in a story. If you don't have a story for your organisation to start with, how can you have indicators for your organisation? (SM-5-1)

Here SM-5 suggests that by providing a clear outline of what the organisation is trying to achieve and how they will achieve it, executives can develop a sense of confidence in what is expected of them, and how the actions they initiate will result in the organisation achieving the desired long-term outcomes. Furthermore, a logical 'story' provides executives with the confidence that their understanding of the rationale behind the measures is valued as they become part of the story.

The importance of providing context was highlighted by a general manager in the energy sector. NED-2 spent the early part of his career working for a large professional services organisation where he became a partner before moving into a governance role in the energy sector. A lack of context with respect to gender diversity measures in his current role left him questioning the value of diversity in the workplace, as he explained:

Best person for the job. Doesn't mean you can't focus on having more people, more women in the workforce, you should. But you don't really want to be measured on that. It's a bit like the quota thing for boards. If the government said every board must have 50-60% women, it should be best person for the job shouldn't it. (NED-2)

The above example may indicate a lack of appreciation of the nexus between the short-term goal of prioritising the recruitment of senior females and the long-term aspiration of greater gender diversity at senior levels of the organisation. Whilst he suggested that he was not opposed to greater diversity, he felt that *"sometimes the business is going through the motions a bit and not fully understanding why we're here" (NED-2).* In particular, this executive suggested that such policies created a division within the organisation between those who benefit from such policies and those who do not. As he stated:

You don't want it to drive the wrong outcome so it's a bit like female and males in the workforce thing and directors and female directors and the whole discussion around setting quotas and that sort of thing. Everyone has a view about that, any female I've ever worked with has said that they are happy for that to be part of what we talk about but

79

they don't really want to get a job just because they are female. They want to get it on their merits but they don't want to get disadvantaged either. (NED-2)

This view was shared by a female executive in the energy sector who said:

Like there is also the flip side, women who think I only got it because I'm a woman and not because there's merit. And I think that's problematic, and I think ostracising men particularly white men for thinking that they fit none of the diversity categories so therefore (it) is probably not helpful either. Um but I think, I think it has its place for a period of time. (GM-1)

Whilst both executives demonstrated an understanding of why such measures were in place, they both appeared to question their ability to meet expectations relating to gender diversity whilst still encouraging what they would consider to be a fair process that did not alienate either, or both, men and women. Therefore, there appeared to be a conflict between appreciating the purpose behind such measures and being able to implement actions that would achieve the desired long-term social outcome. Perhaps whilst these executives understood the purpose of the measures in terms of the end goal, they did not really have a deeper understanding of why the goal was necessary.

In contrast, executives in the NFP and government sectors indicated a greater comprehension of the broader aspirations of the organisation, which served to create a sense of purpose to achieve the desired long-term social outcomes. Where executives demonstrated a greater appreciation of the long-term objectives and goals of the organisation, they in turn had a greater understanding for how short-term measures and goals contributed to broader longer-term social outcomes. This was partly due to a more evidence-based approach to designing measures that enhanced the executive's confidence that their actions were producing the desired result, as described by this GM in the NFP sector:

For us it's not about compliance, it's about showing improvement from where you were at before … So, I guess another way to look at it too, is if you've got evidence, so what we've got to do is evidence-based work. If you've got evidence that certain interventions lead to better outcomes in the longer term, then you focus on the intervention. So, we are

> *not creating the evidence for that, we know that that's a step towards getting to the longer-term outcome or goal. (GM-2)*

GM-2 has spent her career in the NFP health sector. As evident from the above, her considerable experience in the sector supported her desire to improve community health outcomes. With the appropriate evidence on hand, she felt that those long-term outcomes would be achieved.

Her views were echoed by another GM in her organisation, who is also a NED on a number of NFP boards. He believed that the health sector more generally is placing greater emphasis on outcome measures where it previously relied on output measures, as he explained:

> *I think the debate is what are robust outcome measures that one can attribute to the organisation that's being measured, because it's unfair as well to claim that we drove this (outcome) when there are so many variables related to it. So that's still the … still not as rigorously set up but at least the principle is there. They're not after output measures anymore. They are not about how many times did GM-2's team visit the GPs (General Practitioners). It's more about the GPs which they visited, the health of their patients relative to the area, how is that improved. (NED-1)*

Here he acknowledges that measuring the outcome of an initiative may not always be the most accurate or precise measure, as the complexity of such outcomes (such as population health) means that a multitude of factors contribute to an outcome and these are not always easily attributable, however, *"more and more studies are being done to look at what would be good measures of outcomes"* (NED-1). Therefore, an evidence-based focus on desired outcomes can enable executives to appreciate the relevance of their role and how they fit into achieving the organisation's goals and objectives. There is a greater appreciation for the contribution they make. In this case, NED-1 believes that the focus on primary health outcomes has been made necessary due to the "*the unsustainability of funding of hospitals … but they (governments) are realising that primary health care is best chance of reducing or exacerbating health diseases long term*". As discussed in section 4.2, he attributes the success of this approach to the type of individuals that work in the health industry, those who are "*more akin to wanting to make a difference*" (NED-1) and therefore more invested in achieving long-term outcomes.

This approach can be contrasted to the for-profit sector. CS-1 discussed a previous organisation where there were fewer measures in place and therefore clearer messaging of the organisation's priorities. He contrasted this to his current organisation where the focus on outputs sometimes lead to implementing too many measures as the organisation tries to account for the range of variables that might contribute to the outcome, as this C-Suite Executive described:

> *too many (measures) and it becomes confusing … and we are working very hard here, [at Org1] to get clear prioritisation. To answer your question, I think too many is not good, I think just too many and not prioritised is even worse. Because I call it context switching, you just can't do it all or do it at such a thin layer it's not effective. (CS-1)*

As the head of the information technology[6] function at this educational institution, CS-1 was left feeling overwhelmed by what appeared to be conflicting and competing priorities and started to lose sight of the true aspirations of the organisation. For example, replacing old legacy systems to enhance operational efficiencies and access, protecting the organisation from cyber-security threats, whilst addressing environmental and social responsibilities, all demanded executive attention. As he explained, "*there isn't conversations with the broader leadership team about how we are going to achieve these goals as a group*". In this case, the NFPMs caused this executive to question his own capability and capacity to achieve the underlying strategy/ies and measures as he was left feeling perplexed by the organisation's expectations.

One of the explanations for a focus on outputs rather than outcomes and therefore a lack of clear prioritisation was provided by this senior manager who has spent his career in the corporate sector. He suggested that a short-term focus adopted by large corporations inhibits junior executives from considering the long-term outcomes of their decisions. Instead, their focus is on short-term outputs:

> *I don't think there is any long-term thinking, I think it's about the short term, it really is 12 month thinking. Even if we don't think it's achievable within 12 months but that's the timeframe. It's not forward looking, it's not this is where we want to be in three years, it's*

---

[6] Information Technology refers to the division or department within an organisation responsible for the provision of "technology involving the development, maintenance, and use of computer systems, software, and networks for the processing and distribution of data" (https://www.merriam-webster.com/dictionary/information%20technology)

> *this is what we want to achieve in 12 months and that it. It's not a step change to get us to the three years let's get us to here in 12 months, it really is just set this and see what happens. (SM-3)*

SM-3 suggested that as the long-term goal was not visible, he could only assume it did not exist. By taking this 'see what happens' approach it executives question the purpose of their actions, which are measured on the completion of specific activities or outputs within a 12-month period rather than a meaningful long-term outcome.

However, the value of NFPMs to achieve a meaningful long-term outcome was questioned by NED-4. He suggested that a capable management team may get side-tracked by enforced NFPMs in cases where they are already focused on those issues. As he said:

> *They are also focused on health and safety, um, appropriate governance, because if they get any of that wrong it effects the bottom line and they won't win work, and by putting the other metrics (NFPMs) back on them, I think it would take their focus away from the core business. (NED-4)*

This Director was concerned a transparency focus on non-financial performance may cause confusion and result in executives making short-sighted decisions in order to satisfy what may be perceived as arbitrary demands from the organisation. Therefore, he suggested that it is the role of the board to monitor non-financial performance while the executive team focus on financial metrics. He went on to say, *"my concern was they were going to take their eye off the ball and not deliver on all the good work they've been winning. And I think, so I think, just by having metrics, other metrics, non-financial, may divert them"* (NED-4). Again, this points to the executives in a corporate setting focusing on short-term outputs rather than the achievement of long-term objectives when it comes to the use of NFPMs, as they are not required to see the implications of their actions on the long-term objectives of the organisation.

NEDs (including NED-4 above) still supported the notion of having a range of measures in place for the benefit of the board. They claimed that if NFPMs are used appropriately and in conjunction with other information, they can provide board members with much needed data to confidently execute their roles, even in cases where they may feel overwhelmed by the volume of information:

You need to have the people right, you need to have to customers right, you need to have the community right. And so it's having those different measures, it's for me it's the people survey, it's our health stats, it's going to visit sites, to visit communities, just walk the streets, talk to the people who are from the community, how's things … You'd have to use them, it's everything. I always see my role, of boards, it's like a bricklayer … I basically I get all the different bricks and build a wall from the data of information I'm given. I say, alright, I got that information, over there I saw that over there, this there, this potential here is where I need to focus. (NED-4)

The role (of NEDs) isn't just to ask questions. You've got to look at the information, you've got to ask the questions to test to that the company and management are on the right track, but if you don't understand something you've got an obligation to you know, to understand what it's about. (NED-3)

Hence it would appear that these NEDs see the value in the asymmetry of information when it comes to the use of NFPMs. Whilst they see them as valuable to fulfilling their role, they also see them as a potential distraction for executives. As NED-4 stated, he believes it is the role of the board to piece together a cohesive picture of the organisation's performance. NED-3 also suggests that it is the role of the board to understand the overarching context and assess the outcomes of NFP on the overall organisational performance.

Therefore, in relation to CSR related objectives, the complexity of those strategies may have necessitated a broad range of measures, as there are *"so many touch points"* (SM-4), resulting in the executives feeling that they were not getting the required feedback with respect to the effectiveness of their, or the organisation's actions. In some cases, this is due to too many measures in place, whilst in others they are not provided with sufficient context to appropriately utilise the measures. This may result in a loss of confidence in themselves, but also a loss of confidence in the leadership or board who enforce the measures. This issue is discussed next.

4.5 Leadership Competency

Perceived leadership competency and specifically the quality of guidance provided by more senior leaders within an organisation appeared to impact executives' perceptions of their own

competency to enact the actions required of them. This perception influenced executives' confidence to achieve NF targets, such as employee safety and well-being, particularly in relation to having a clear perspective of how such targets related to the broader aspirations of the organisation. CS-1 spent much of his career at one large, listed company, in which he worked under three different CEOs in his role as head of information technology. He described the CEO as a "*constrained thinker*" who would say, "*deliver this thing, but didn't really think about it in context*" (CS-1). One of CS-1's main concerns was that this CEO did not consider, or perhaps did not care about, the long-term or broader implications of his decisions. He believed that the consequence of this approach was divisional leaders who were unable to fulfil their roles as they did not have the necessary visibility of the broader organisational objectives:

> *I think some of them (executives) did not understand where their piece fitted into the eco system and I'm going way out on a limb here but I think some of the senior leaders of the business did not really understand their businesses well … So in the absence of really good leadership, people became very myopic, just deliver my widget and didn't care that the overall numbers were not working out because they were measured on a little widget. (CS-1)*

What was perceived as incompetent leadership resulted in executives not having a clear understanding of the broader organisation and their place within it, as this CEO did not provide them with a clear view of what they were working towards. Rather the CEO chose to adopt an approach that was *"very defined and very prescriptive"* (CS-1) in terms of short-term outcomes. According to CS-1, this appeared to compromise the executive team's confidence in achieving what was expected of them. The result was a narrow focus on achieving the performance measures), whilst losing sight of the actual contribution (or lack of) they were making to the broader organisation.

One of the suggested reasons for the lack of guidance provided by more senior executives was their inability to consider the long-term impact of their decisions, resulting in a short-term focus. SM-3, a senior manager in the energy sector, suggested that one of the reasons for junior executive's short-sightedness was the rapid change within organisations that inhibit them from having a long-term perspective:

there has been so much change in the three and half years that I've been here that, we tried doing a three year plan when I first got here with my previous manager and it was all good but within 3 months it was all out the window because there was another restructure and another re-org, and there has been 3 since then for me there is no point doing a three year plan ... you're wasting your time. (SM-3)

Here the competence of senior leaders to articulate a long-term perspective is called into question. Whilst senior leaders may have a long-term perspective, it did not appear to be transparent to the junior executives working for them. As SM-3 stated, "*perhaps at the board level there is that plan*" (SM-3). This lack of transparency about the organisation's long-term plans brought on by frequent restructures appeared to subsequently impact this junior executive's confidence to pursue long-term goals. This was perhaps due to a lack of engagement at the senior level, which he interpreted as either inadequate long-term planning or the inability of senior management to articulate their plan.

Whilst SM-2 was discussing organisational planning more generally, his comments shed light on why CSR objectives are often perceived as short term in nature despite tackling long-term issues. Hence, another reason for the short-term focus cited by these executives was the reactive approach taken by some organisations, particularly in terms of CSR initiatives, which can be perceived as a lack of interest in the underlying cause:

Organisations I think tend to jump on the band wagon of the current flavour of the month or year or whatever it is and miss the bigger picture of what you are trying to achieve. (GM-5)

There will be a select few that genuinely believe that there is a problem or have got strong leaders in place that want to do something about it. That's the majority will be doing it because the market is telling them to do it. (SM-4)

Here it appears that the reason some organisations, and therefore executives, engage in CSR initiatives is to avoid the potential scrutiny of not doing so. A lack of interest in the underlying cause may also be perceived as an inability to understand the purpose or rationale behind the initiatives and measures. Therefore, this C-Suite executive in the public sector suggested that the

success of such initiatives and the achievement of the associated measures can be attributable to how interested or invested a senior executive is in the underlying cause:

> *I think it comes down to a you know, how engaged senior management are, what kind of CEO or leader and their passions as well, so if you can clearly see someone's got a passion or a drive for a certain area, then I think during their tenure you see those areas develop a bit more, and then you know, it changes. (GM-5)*

Here GM-5 is suggesting that, in his experience, it is the ability of the organisation's leaders to provide genuine guidance and the necessary contextual information that gives more junior executives the confidence that their actions will achieve meaningful consequences when it comes to furthering an organisation's overall objectives. Hence organisational leaders demonstrating a clear commitment to the link between an organisation's social responsibilities and their long-term aspirations appeared necessary to initiating genuine change.

The influence of a leader in initiating genuine change was evident in the case of a CEO of a large Australian retailer who believed that the health and safety of employees and customers should be a priority if an organisation is to achieve its long-term objectives. GM-1, who was a general manager at this organisation, recalls how the CEO created an environment that made safety and well-being a priority:

> *But it's more around the culture that makes it more successful and the focus on it, than the actual measurement because if you only talk about the measurement of a safety issue it's not personalised. So it didn't happen to me, it hasn't happened in my area so you know.* (GM-1)

The approach of this CEO was therefore to provide the necessary contextual information in a way that made the measure personally important to every individual within the organisation. He did this by making the consequence of not taking the safety and well-being measures relatable, to the extent that GM-1 considered it "*something that aligned to my value set*" (GM-1). But, importantly, he made the actions to achieve the measure appear achievable, as GM-1 described:

> *If you've ever done a store walk with a store manager you will notice that they pick up lettuce leaves and everything else because they've got public liability measures metrics*

and workers comp metric as well, and if you've done enough of them as I have because I did investor relations you start to do it myself. I did it on the weekend and I haven't worked there for seven years. (GM-1)

In this case it was the simple act of picking up trip hazards that not just enabled the organisation to achieve some key safety metrics, but importantly protecting employees and customers from coming into harm's way.

The importance of leadership competence and quality guidance from senior leaders was shared by non-executive directors. NED-4 suggested that for NFPMs to be effective and instrumental in affecting change, the right leadership team needs to be in place:

For me it's that first line of defence (management), if you don't have that first line of defence right then you can have your measurements and your risk management, doesn't work if you don't have the right people … you've got to have the right leadership, the right people there and if that happens then the rest just flows, but if you don't have that then you're in rocky territory. (NED-4)

Here NED-4 is suggesting that an understanding and appreciation of the measures in place is strongly influenced by the confidence in the competence of the leadership team to deliver on those measures. Hence relationships between and within the leadership team have the ability to influence an executive's understanding and appreciation of the measures in place. This is discussed next.

4.6 Personal Contribution

Adler and Borys (1996) state that global transparency requires that a "worker's understanding of the entire process is considered a valuable resource" (p. 73), but it was apparent from the interviews that executives must themselves feel that they are making a valuable contribution that is acknowledged and appreciated by others. Hence, the use of performance measures may serve to recognise the level of understanding, whilst in other cases they may prove to be a disincentive, and again, in other cases, may prove unnecessary. The examples below demonstrate that recognition can come in many forms, be that formal or informal.

CS-1, a C-suite executive, who spent much of his career in the retail sector, provided an example relating to staff engagement measures in an environment where the organisation was experiencing significant change as a result of increasing competition and falling margins. In such a challenging environment, where job losses were imminent, the use of such measures may not have provided executives and employees with the appropriate recognition of their efforts, however in this case the employee engagement measure proved effective:

> *At (Org1), achieving positive staff engagement was very important it wasn't kind of lip service and it was measured. So, there was staff surveys. What I would say though is that um it was also understood that the changes we were going through would impact how the staff felt about their role and the role of the organisation. But it wasn't those changes were not a get out of jail card. And by that I mean, my manager (COO) at (Org1) never said to me 'oh don't worry we are going through outsourcing you know don't worry if the scores go down'. (CS-1)*

The approach adopted by the organisation provided executives and consequently staff with a clear context and recognition of the challenges they faced. This recognition enabled them to feel that they were part of the changes taking place and that their contribution was perceived as significant. In this way, this executive felt very much invested in the strategy and the importance of the performance measures relating to employee engagement, as he valued the importance of maintaining an employee's well-being both within and outside the organisation. Here, the staff engagement measure served to facilitate this process by enabling him and the other executives to think differently about how they managed the changes within the organisation as it became personally important to ensure that staff were prioritised. As he said:

> *So not that we would ever not have kept the staff engaged in the process, but I guess it gave us added impetus to make sure the change process, although people may not have liked the change at least they can say that there was open dialogue, the timelines were clear, the settlements were fair. (CS-1)*

This approach appeared successful as it not only aligned with this executive's own ideals (i.e., to keep staff engaged) but it also enabled executives and staff to stay focused on the end goal to turn the business around, to the point that *"IT (Information Technology division) actually got*

excited about being close to the stores" (CS-1) and helping them deliver their strategy. This was because open and transparent communication provided executives and staff with a sense of security in terms of where the organisation was headed, as well as their role within the organisation. Here the executive, and consequently his team, felt part of the organisation's success. Therefore he rose to the task of leading his team through those challenging times where he may have easily felt disfranchised by the demands to achieve what he deemed a seemingly unrealistic engagement target requiring engagement scores to improve by around 30%. In this case, it was not just the executive's understanding that employee engagement played an important role in the organisation's performance. Rather, it was that he felt that through prioritising employee engagement he was contributing to the organisation's success, and that contribution was valued.

In contrast, as described in Table 4.5, two senior managers who worked for a large professional services firm had a different view of employee engagement scores as a NFPM. For them, even when they did feel a connection with employees and recognised the importance of employee engagement to the organisation's performance, they did not necessarily commit to prioritising employee well-being and engagement initiatives because they did not feel that their efforts would be appropriately recognised and rewarded.

Both executives felt that whilst employee engagement targets were used to assess their performance, they were not considered an equal priority to financial measures, such as sales targets. As SM-4 speculated when explaining how performance is assessed, *"my suspicion is that the person who is bringing in the money will get rated higher than the person who is developing the team"* (SM-4). Hence SM-4 implies that there may be some trade-off between achieving the short-term financial targets and the long-term non-financial targets that are more difficult to connect to the organisation's success. In such situations it would appear that an executive's appreciation of the employee engagement measure is not valued, and may prove to be a disincentive to implementing initiatives targeting employee engagement and well-being. This is particularly the case for those who SM-2 previously described as 'people, people' (see section 4.2), who may have intuitively focused on those areas but would reconsider their efforts if they are not recognised and appreciated. Hence, the value of having formal measures in place is debatable.

Table 4.5. Recognition and reward for achieving NFPMs

Quote number	Interviewee	Quote
4.5.1	SM-2	*So, interestingly, given in this time and this climate (COVID19), it's actually quite apparent. I mean on the one hand, it's even more imperative to care about the well-being of the team and to make sure that we're rolling out those initiatives … It's hard to balance because, we're not necessarily measured when it comes to our performance development on the people initiatives. Yeah, we get recognised for contributing, but not all the managers will I guess, be recognised for their efforts. So, if they had to choose between achieving their sales and utilisation and supporting or driving the well-being initiatives, certainly priority is execution, delivery, utilisation.*
4.5.2	SM-4	*If you had been really focussed on building the team and making sure the culture is right and everything like that, well that's nice, well done, but you haven't achieved your sales target, so no, you are not getting rewarded for that. So, then it drives your behaviour …. whatever I do in everything else is not really going to help me personally. So that's how I feel the metrics drive, because they don't get equally recognised across the board … And I honestly don't think that there are strong enough consequences on the non-financial measures for people to make the effort.*

To demonstrate, in the public sector organisation in which CS-4 was employed, employee engagement was not a formal performance measure. However, executives made the decision to prioritise its importance as they believed that it was integral to the organisation's success. As this general manager explained:

It's frustrating, but we are probably arrogant enough to know that we are right and we are on the right track, if you want to do things to measure staff engagement and offer health supports to people we are going to do that, because we know it is important and it might not be as valued by others above us as it is by us but we know that it is, but we know that we are doing the right thing. (CS-4)

This example implies that if executives are to feel they are making a valuable contribution, perhaps appreciation does not need to come from "others above" but rather the stakeholders who are benefiting from the executive's efforts. In this case the appreciation of employees was not even direct but more instinctive. As she went on to say, *"if you know in your gut that something is valuable and going to work, I think you should proceed with it, but it probably can be a bit*

myopic to think that it's not important, it's not valued at the top, it may just not be getting the priority because they've got other priorities or other pressures" (CS-4). Furthermore, she felt that whilst the board, which did not deal with the more operational, 'people issues' on a daily basis, may not have considered these issues as a priority; she did not receive any indication that employee engagement and well-being was not important to them. Therefore, a feeling of belonging and being integral to an organisation and its purpose does not necessarily need to come from direct endorsement from 'above' but rather the confidence that employees are acting in the best interests of the organisation. Hence an executive's perceived responsibility to a broader set of stakeholders is discussed next.

4.7 Duty to Stakeholders

How executives construe their responsibility to stakeholders both within and external to the organisation appeared to influence their determination to pursue NFPMs relating to CSR. Hence executives' appreciation of the organisation's CSR objectives was influenced by their perception of who their key stakeholders were; their presumed responsibility to those stakeholders; and whether they believed their actions and the collective actions of organisation achieved the desired outcome with respect to those stakeholders. Based on the interviews conducted, executives' views in terms of balancing organisations' profit motives with their social responsibility varied, as the examples in Table 4.6 demonstrate.

Table 4.6. Responsibility to stakeholders

Quote Number	Interviewee	Quote
4.6.1	SM-3	*It's about making money, ultimately … The way society is today, if you are hurting the environment, people are going to make it very difficult for you to run your business, so you do need to be mindful of things like that. You do need to be mindful of your social impact.*
4.6.2	GM-3	*So, it depends really on where you lie on this debate of to whom do you owe a duty and if your view is commercial organisations, shareholders' interests are paramount then you know, I still don't think that releases ethically from, it doesn't then give you license to do harm, but it is a narrower view to whose interests are you serving.*
4.6.3	GM-4	*It is from a position of being altruistic is the one side of it, but on the other side it's worth acknowledging that we do know that it can be beneficial for the group (organisation) to align itself with the ultimate clients and customers that we work with and partner with as well. That if you got that sort of share of heart and share of mind then it is a much more productive partnership and relationship.*
4.6.4	GM-4	*I think we're in a position of responsibility where we owe it to society to do something. It also gives an opportunity for individuals to feel part of something bigger than themselves, that we don't just work for an employer that is just thinking about the bottom line and the finances at all cost. We are all people, individual's part of something bigger in a bigger world out there.*
4.6.5	CS-2	*We live in a world, and it's a connected world and it's an Australian society that we should be contributing back to.*

For some, such as SM-3, CSR initiatives and measures are necessary to satisfy an external demand as there is an expectation that organisations at least consider the social impact of their operations. For others, as GM-3 explains, even if an executive believes that they owe a primary responsibility to shareholders, that does not relinquish them from an ethical obligation to other stakeholders. In contrast, GM-4 believed that working with stakeholders such as customers can be mutually beneficial as it creates a sense of connection between the organisation and its customers that acknowledges not just common goals but also common values. Hence, he recognises the underlying value of having CSR measures that ultimately benefit both the organisation and its stakeholders. For example, section 4.2 outlines GM-4's discussion of one of

the reasons he enjoyed working for a previous employer, which was that he perceived their CSR initiatives as genuine and aligned with his personal values. As a consequence, he initiated a CSR program and measures within his current investment management organisation. One aspect of this program related to the firm's investment strategy:

> *So the types of companies we invest in, or don't invest in. The engagement we've had in those companies that we've taken a position in, actually challenged them on their own behaviours. So a very topical issue is around modern slavery …. So actively challenging them on type of work that they've done to ensure that does not happen when maybe they have many factories or suppliers in an emerging market. That sort of stuff, so that flows through in the investment activity. (GM-4)*

The firm had gone to great lengths to develop investment mandates that aim to minimise harm to vulnerable individuals, communities and environments, which went beyond the minimum expectations of investment managers. In doing so, it created an alliance with the clients based on their common values and beliefs that not only served a social purpose but are also predicted to contribute to long-term economic gain through encouraging investment in socially responsible industries and organisations. Regardless, GM-4, as well CS-2, believed that as organisations and individuals alike, we are all part of one society to which we owe a responsibility. For them, it would appear that having CSR objectives and measures in place was aligned to their broader values and motivations outside of the workplace.

For many executives interviewed, the desire to pursue CSR initiatives and the associated measures were personally motivated. For them, it was about a sense of responsibility and the need to feel engaged with the organisation and its stakeholders regardless of whether they were specifically measured on those outcomes. However, for CSR initiatives and measures, the approach taken by organisations was inevitably actively or passively influenced by a range of stakeholders, and therefore how an executive interpreted the demands of such stakeholders influenced how they perceived such measures.

As an example, GM-3 spent much of his career working in the retail industry before moving to the professional services sector. Here he reflected on his experience working for a large retailer where the end customer, suppliers and consumer lobby groups played a highly influential role in shaping organisations policies. However, in relation to actually meeting those

stakeholder's expectations, the effectiveness of the organisation's actions depended on how genuinely the relevant executive valued the needs of those various groups. As this General Manager explained:

> *It's got to be defined, it's got to be believed, it's got to be acted on. And if all those things happen then you can create economic good for shareholders while also doing the right thing by other stakeholders. But again, it does require holding up a mirror and being far dinkum in what you are doing and why you're doing it and how you're doing it. (GM-3)*

In this case, the influence of stakeholders on the organisation's goals and objectives was very much imposed, and it was this context that influenced how an executive perceived the organisation's response in terms of CSR initiatives and measures. However, an executive's perception was not just influenced by how an organisation defined those responsibilities, but also how sincere it was in relation to serving the needs of those stakeholders. In the case of executives interviewed, that desire to serve and the context it provided were provoked by varying experiences.

For one executive, the educational institution where he worked had broad goals relating to both encouraging greater diversity and inclusion, as well as providing greater support to their customer (in this case students). However, whilst this senior manager was not specifically measured on those outcomes, he felt compelled to get involved in initiatives that encouraged diversity and inclusion. As he described:

> *… and then it's also connected to, for me my deeper sense of value and purpose and the opportunity I have given the role and the work that I do to create different outcomes you know for students, and I think it's ultimately those, and these are the ways in which it's hard to measure and capture, but those are the things that in my case connect me into other parts of the [organisation] more broadly. (SM-1)*

For this executive, getting involved in initiatives such as diversity and inclusiveness initiatives was not just an understanding and appreciation of the broader goals of the organisation, but also the personal satisfaction that he was making a meaningful difference to the lives of students. Therefore, he was personally driven to pursue the goals regardless of whether they were part of his performance assessment. For him, his efforts were aligned to his personal values and sense of purpose. The above statement also prompts the question of the value of having such NFPMs in

95

place and whether having them in place enhances or detracts from the achievement of such goals. This executive's response to that question was *"For me it would be a validation that, you know, that my executive and the broader leadership team recognised and accepted the importance of that initiative"* (SM-1). It is possible that the lack of recognition may result in reduced commitment to the organisation, as the executive's contribution is not appropriately recognised and valued. However, in the case of this executive, he confidently stated that he would continue to pursue the initiative regardless, as he valued diversity and inclusiveness and felt an obligation to serve the beneficiaries of the strategy.

Within the health and social services sector, the duty to stakeholders, particularly an executive's connection to the beneficiaries of the organisation's work, appeared to derive from more personal interests. NED-1, who is an executive and NED in the health and NFP sector, made this observation in relation to the health sector:

> *There are many theories about the health industry, but one common theme that I find to be of some validity is that you have a vested interest as well. Whether it's a family member, particularly in the mental health space, more so now. Maybe it's unknown to you, but you're drawn to helping because it like you're helping someone close to you, someone you know. (NED-1)*

This 'vested interest' in achieving a tangible difference to those in need of their services provided NED-1 with the context that enabled executives and staff in the health sector to feel they make a valuable contribution. He went on to say, "*it's probably the most common statement by staff is that they want to see that what they do actually impacts*" (NED-1). This view was shared by the CEO of a NFP organisation in the health sector who felt that making a meaningful difference to health outcomes in the communities his organisation served was the main driver for people working in the health sector:

> *You don't necessarily get the same amount of money that you could in the corporate world, but we sort of have that element of you're making a difference, we really appreciate what you do and as a team you're delivering excellence and you can sort of see that. They're the sort of motivators, non-financial that helps working in a NFP. (CS-6)*

For this NED in the NFP disability sector, the desire to make a difference to the lives of those living with a disability was inspired by a brother with a disability. His personal experience provided him with the perspective to equally prioritise financial performance and non-financial indicators of performance such as reputation and service quality provided to clients. As he explained:

> *While I'm concerned about financial risk and there's good reason for that. I'm particularly concerned, maybe more so about our reputation and the level of care that is given. I've got the other side of it as well. My brother is also disabled so I get it from both sides. (NED-2)*

For NED-2, an appreciation of the broader context, in particular the needs of the clients of this NFP organisation, is influenced by a sense of responsibility to these stakeholders. Whilst he believed that financial performance was critical to the ongoing viability of the organisation and disability sector in general to provide much need services to individuals with a disability, his personal connection to the clients of these services enabled him to equally focus on the quality of services delivered.

4.8 Relationship with Supervisor

The interaction between executives and their supervisors provided executives with a perspective of how their supervisors viewed organisational objectives. An alignment of views created a sense that their contribution was valued. To illustrate, CS-1, who was a chief technology officer at a large UK based retail organisation, discussed at length the impact that his relationship with the CEO and CFO had on his experience working for the retailer where he was employed in the midst of a major corporate restructure. Here he describes a situation where during a store visit with the CEO, they were interrupted by a customer in need of assistance:

> *This lady saying I need some beers for my brother in law's birthday, and I'll just go to (CEO), (CEO) excuse me, and off we'd go to find the beers ... (CEO) goes awesome, loved it ... because I think his view was that good employees who feel positive about the organisation and connected to the organisation have a better interaction with the customer ... (they) actually are thinking about the customer in everything they do. (CS-1)*

An alignment of values in terms of the importance of customer service to the achievement of organisational outcomes made CS-1 feel that his contribution was valued amongst the leadership team. In particular, it gave credence to non-financial performance metrics focused on customer satisfaction because it was these shared values that provided him with the confidence that the organisation took such metrics seriously. As he explained:

> *The cultural approach was a different one it was, CS-1 we trust you but you better bloody make it deliver or sorry we'll fire you and they did that routinely. But that wasn't what ... I wasn't operating in fear thing. I actually really like (CEO) and (CFO) and believed in the strategy and I loved being out with the customers. And ok if I really failed I wouldn't have a job but it wasn't a fear thing it was a genuine desire to contribute to where the place wanted to go. (CS-1)*

It seemed that the strength of this relationship was facilitated by an inherent interest in serving the needs of the customer but also an implicit appreciation of the importance of customer service and therefore the related measures to the achievement of the organisation's broader objectives. This resulted in CS-1 feeling that he was making a valuable contribution, that was both supported and recognised by the CEO and CFO. For CS-1, feeling that his contribution mattered in terms of achieving the organisation's objectives was important, as this was the philosophy that he adopted when working with his own team, as discussed in section 4.6 where CS-1 explained the importance of employee engagement measures and ensuring that his team felt part of the change process. For him it was important that *"staff could see how their work directly contributed to the stores, and customers and the turnaround"* (CS-1) in a way that made them feel that they were a valued member of the team.

CS-1 also compared his relationship with two other CEOs at an organisation where he was in the role of CIO. It was these differing relationships that influenced how valued he felt in terms of contributing to the organisation's objectives. He explained how these opposing relationships impacted his understanding of the organisation's objectives and measures, but also the relationship between members of the leadership team. Here he compared the different approaches of the two CEOs within this large Australian retailer:

> *... [CEO2] said you will deliver this thing but didn't really think about it in context... 'in the more informal [CEO1] era where you had greater camaraderie between the leadership team ... You know I would talk to the head of supermarket [G] and say [G] we need help doing this, that, and the other thing so we can do this. You know it was less formal, but we got the outcomes. Whereas as [CEO2] tried to be very defined and very prescriptive. (CS-1)*

It was a more informal relationship with CEO1 that provided CS-1 and other executives at this organisation with visibility of the organisation's goals and objectives, to the extent that they could work cohesively as a team to achieve the set measures. It was this camaraderie that provided them the context to understand more fully how their own tasks fitted into the whole. CS-1 suggests that this was perhaps because CEO1 created an environment in which executives felt supported to work together to make decisions that were in the best interests of the organisation. This not only contributed to their mutual success but also enabled them to feel integral to each other's achievements.

This scenario was contrasted with the preceding CEO (CEO2), who was very prescriptive in defining expectations and performance measures. As a consequence, the leadership team took a very narrow approach to fulfilling those expectations as opposed to working as a team. This was discussed in section 4.5, "*so in the absence of really good leadership, people became very myopic, just deliver my widget" (CS-1)* as executives struggled to understand how the expectations on them fit within the organisation's broader plans. This executive in the investment sector tried to explain such behaviour by observing, *"Everybody is fearful of the boss because of their behaviours, and people start changing their behaviour to avoid that"* (CS-5). In CEO-2's case, as executives did not feel that they were an integral part of the organisation's plan, they interpreted their NFPMs in their narrowest form. As CS-1 highlighted, *"people did not look out for the team they looked out for themselves, and success was delivering my widget it really wasn't about delivering an overall outcome for the business"* (CS-1). Implementing NFPMs related to CSR becomes increasingly challenging in such an environment where executives do not understand the broader context or their role in achieving the organisation's objectives, nor do they feel that they are in a position to discuss such concerns with their supervisor who may be taking a micro view to achieving the organisation's goals.

4.9 Conclusion

An executive's perception of global transparency suggests that the intelligibility of the broader systems associated with NFPMs relating to CSR may be influenced by a number of factors both internal and external to the organisation. An alignment of values between the individual and the organisation, as well as the extent to which they feel pressured by forces outside of the organisation, can influence the extent to which they experience their behaviour to be self-endorsed versus compelled or seduced by outside forces (Ryan & Deci, 2017). Furthermore, an executive's appreciation of the long-term nature of the CSR goals and measures, as well as their confidence in more senior leaders within the organisation, influenced their own confidence that their efforts would affect the desired outcomes (Deci & Ryan, 2002). Finally, personal recognition of the contribution they were making from their supervisors and peers, as well as a sense that that they were having a positive impact on the relevant stakeholders, provided the necessary context that enabled a sense of belonging and significance to others (Ryan & Deci, 2017). All these factors contribute to whether the executive felt enabled to act spontaneously and with natural interest to achieve the NFPMs, or whether they were coerced to initiate actions that did not align with their personal values.

Chapter Five: Findings Internal Transparency

5.1 Introduction

The following analysis suggests that certain factors influenced an executive's perception of the design features of internal transparency. These factors are listed in Table 5.1 and discussed in the following sub-sections

Table 5.1. Factors influencing internal transparency

Factors influencing internal transparency	Description
Understanding of inner-functioning of systems/ processes	How well the measures assisted executives to understand their business unit and the role they played in achieving the organisations' objectives.
Supporting systems and processes	Whether executives believed that their organisations had sufficient systems and processes in place to support the implementation of the measures.
Imposed measures	The extent to which measures were imposed on executives and the degree to which they believed the measures were relevant to their area of responsibility.
Personal ownership	The extent to which executives endorsed the measures and took personal responsibility for their achievement within their domain of responsibility.
Confidence in how the measure is assessed	Confidence that the measures in place would be reliably assessed and provide a true and fair indication of performance.
Connection to the wider organisation	How well the measures support executives to interact with other areas of their organisations in a way that makes them feel that their contribution is valued.

5.2 Understanding of Inner-functioning of System/Process

How well executives understand the inner functioning of the business unit for which they are responsible, and the role that they play in achieving organisational objectives, can influence their perception of the NFPMs in place. CS-1 reflected on the role of performance measures at a large retailer in which he was previously employed in a C-Suite role. At this organisation, he was under the impression that his peers did not understand the informational value of the performance measures in relation to interpreting how their business units contributed to achieving the organisation's objectives. Lacking a sufficiently detailed understanding of the internal functioning of the organisation and the performance measures, executives *"became very myopic, just deliver my widget"* (CS-1) as they lacked the confidence to think broadly about the measures and the implication of their actions, as he explained:

> *I think some of them did not understand where their piece fitted into the eco-system and I'm going way out on a limb here but I think some of the senior leaders of the business did not really understand their businesses well. (CS-1)*

Furthermore, CS-1 suggested that the incumbent CEOs *"opaque leadership style"* (CS-1) created an *"isolating culture where people rather than teamwork fought against each other"* (CS-1), as executives focused on achieving their personal performance targets without an understanding or concern for the long-term implication of their actions, as the organisation appeared to only value achievement of short-term results. These factors created a situation where executives did not have the confidence to seek guidance or clarification, to the extent that CS-1 felt that "*a lack of trust and lack of clarity from him absolutely effected (my) performance and the performance of the function"*. Furthermore, executives did not feel that their actions were valued by the organisation and therefore their focus turned to delivering their 'widget'.

Another general manager in the energy sector, NED-2, discussed the importance of ensuring that executives identify with the underlying rationale for the measures in the context of fulfilling their responsibilities to their employees. He used the example of employee safety measures, which are often overlooked by corporate executives who do not feel that they are in a position to influence such measures, as he said:

*Everyone should have some level of safety in their KPIs in their non-financial. But it
shouldn't be the same for me as it is for somebody in the field ... It's far more relevant to
them to have a high percentage of safety and to get them focused on that and to get them
measured that way. (NED-2)*

Whilst he claimed that perhaps employees in the field have a greater responsibility for ensuring
the safety of employees due to their closer proximity to potential safety risks, he acknowledged
the importance of executives understanding their responsibility for safety and therefore the
meaning provided by the measures:

*But having those conversations all the time at that senior level and manager level with
the people in the field exposed to the risk you know that has to be deliberate and you
want people to be measured doing that. You want them to show that they actually
understand what the risk is and that they care about the people working for them and
making sure people get home. It's fundamental to their job and it's right that they should
be measured on incidents if they occur. (NED-2)*

This example demonstrates that, beyond providing a rationale for the measure, if executives can
identify with the justification for the measure in a way that enables them to fulfil their role, the
associated behaviours become part of their identity in a way that corresponds to their feeling of
concern and responsibility for their employees. This is perhaps because the measure prompted
them to take tangible steps to influence an outcome in a way that made them feel efficacious and
valued by the organisation.

Accordingly, in order to build confidence amongst executives, some organisations chose
to take a more process driven approach to the development of NFPM, as opposed to an outcome
driven approach (as discussed in section 4.4), which related to the confidence to pursue long-
term goals. In addition to providing a valuable context with respect to the long-term goals of the
organisation, output or process driven measures also provided executives with meaningful
insights into the internal functioning of the process they were attempting to improve, as this
general manager in the NFP health sector explained:

*For me a process driven outcome is more if you want to make sure that, if you are doing
something new and you want to make sure that the way you've done it is working, then*

103

you are measuring the process itself, how well did we do this, as opposed to did we achieve what we set out to achieve ... you would want to have a measure of whether what you did differently actually was better than what you had done before. (GM-2)

The insights provided by such measures enabled her to build confidence to achieve the outcomes expected. This was achieved by iteratively providing feedback that enabled the development of skills and capabilities required and valued by the organisation. For example, when discussing patient experience as an outcome measure she explained, *"the experience itself is an outcome, but what you'd want to know is what did we do that lead to that experience, hence that is why you would want to have some process type measures to be complementary"* (GM-2). This process-driven approach to developing and implementing performance measures, whilst appearing granular, provided her the opportunity to understand the mechanisms required to achieve the outcome.

In this respect, the NFP sector appears to be better attuned to dealing with the complexity of systemic societal issues as NFPMs provide visibility into the inner workings of a process without overwhelming executives with unnecessary information. For example, GM-2 explained how the choice of measures can build an executive's confidence in their ability to influence the complex outcomes that are influenced by numerous variables:

This is the whole dilemma in health, do you measure what you can control which are processes or what you want is outcome related stuff, but because health is so complex as opposed to complicated how do you, we get measured on something that we don't necessarily have complete influence over. For example, preventable hospitalisations. There are a whole heap of things that are in the system. So what they try and look at is what is your ability, what structures to do you have in place to influence some of that stuff. (GM-2)

The measures in this case provided executives with the detail to develop a greater appreciation of how they contribute to achieving the overall outcome, and therefore they were more focused on the specific mechanisms that contributed to achieving the outcome rather than simply attempting to superficially achieve the set targets.

Another C-Suite executive in the government sector suggested that the long-term nature of CSR measures does give executives the visibility to see how their actions influence the desired result. Instead, he suggested that breaking down such long-term goals into shorter term goals may improve the informational value of such measures:

> *Rather than we want to be here in 5 years' time can be hopefully if it's a good measure should be able to be chunked down into what does that translate into annual terms or the terms or tenure of senior exec's so that then that can link back to their own immediate everyday performance, rather than so far into the future. (GM-5)*

By breaking down goals into shorter measures that appear potentially irrelevant and unachievable, they become informative in terms of providing executives with timely feedback in relation to their performance. As he went on to say:

> *I think it comes down to human behaviour and if there are no consequences then some people might still feel passionate about it and do it, then there are other who won't prioritise that because it doesn't immediately impact them or their career or their performance. (GM-5)*

Hence regular feedback provides executives with the confidence that their actions are valued as they are achieving the desired result.

For many organisations, employee engagement surveys have become a routine exercise that produces volumes of unintelligible information that does not always provide them with the necessary insights to fulfil their role relating to people management. As an example, GM-1 was a general manager at a large corporate in the financial sector where employee engagement was measured on a bi-annual basis. As she explains, this did not provide executives with the opportunity to understand the level of engagement within their team or meaningfully address the findings of the survey:

> *I think improving engagement is a longer-term project. So, we are talking about a six month interval. You've basically got, less than six months to get them up before the survey comes up again … but you haven't got the score until 2 months into the process. You've only got basically 4 months left to get the score up and basically what's going to*

get the score up: so, if people are going to wear what they want to wear to work, fine, if

that's really going to improve it. (GM-1)

Whilst the intention of the employee survey results was to provide useful information, executives were measured on the results and therefore felt that they needed to do whatever was required to improve the score in a short space of time. Without the time to properly analyse the data and implement appropriate initiatives, executives treated the employee engagement measure as a means for organisations to sanction punishment for deviations from the target. As in this organisation, *"there was some kind of thought that write 5 to stay alive was the mantra"* (GM-1), meaning that if general managers did not score a perfect 5 engagement rating from their teams, their jobs would be threatened. Furthermore, whilst regular assessment was intended to provide timely data to assess performance against historical standards, the intent appeared to get lost due to the frequency of measurement, as executives no longer focused on the informational value of the data.

5.3 Supporting Systems and Processes

Whether an organisation has the appropriate systems and processes in place to support the implementation of NFPMs can impact executives perceptions of those measures. For example, a number of participants discussed measures imposed by government requirements necessitating businesses to make onerous changes to current systems and processes in order to comply. The nature of these changes left these executives questioning whether their organisation could meet those requirements and, importantly, the value of generating volumes of information as a consequence of the enforced measures. Hence the appropriateness of systems and processes to support the implementation of the measures is discussed in this section.

In particular, executives in the financial services sector described the intense regulatory scrutiny that required them to implement systems and processes to enable reporting on the imposed measures. Whilst they appreciated that the primary aim of the measures is to assess compliance with regulatory requirements, the measures are also intended to provide informative and insightful data for the organisation through the implementation of the associated compliance processes. However, this CEO of a funds management firm, who has spent his career in the financial services sector, believes that measures and information requirements of regulatory

bodies can result in executives losing confidence in their internal systems and processes, leaving them questioning the validity of the information provided. Here he discusses the competing requirements of three different regulators:

> *[Regulator 1] says something is going wrong, then you say, I need to make this sort of IT change, that sort of IT change, but actually I've got this IT team working on this because [Regulator 2] has asked for that, and we are doing this for [Regulator 3] so we'll do that next week or next month or next year and it drags on and then eventually it all blows up in our face. (CS-5)*

Whilst the measures enforced by the regulatory authorities are intended to provide organisations and regulators with valuable insights into the inner workings of their organisation, executives can become overburdened by these demands as they struggle to interpret the value of generating volumes of information when compared to the effort involved in producing accurate and reliable data. He discussed the requirements of one particular regulator:

> *we obviously have [Regulator 1] requirements here, and they are onerous and you know we've changed, we've just outsourced a whole lot of stuff and we've got, there's some short challenges with [Regulator 1] because we're running different systems. And ours is a small organisation, so now we are having to cover on this manual basis for a while until we tweak the systems (CS-5)*

This can leave executives feeling overburdened and questioning their capability to meet the related requirements. As CS-5 states, his is "*a small organisation*", so when it comes to managing similar requirements in larger organisations *"in a bank with 5 million customers or something … I just think, their big organisations and they're just hard to manage"*.

The need to develop specific systems and processes to monitor performance with respect to CSR initiatives also appears to impact executives' perceptions of the effectiveness of the initiatives and associated measures in place. GM-4, a general manager at a financial services firm that appears to have successfully implemented a range of CSR initiatives, talked at length about the processes in place to track their performance, including the development of a software portal:

So how do we monitor then the success of the global output. So, what our group has done is they've created a specific software portal that we all use to record our activities and report on that. On an annual basis they calibrate and bring that all together. Aggregate that up and create a formal written report about what it is the group has been active in the past year. (GM-4)

In this case it was the aggregated information provided by the system rather than the measures themselves that provided executives and staff with the confidence that they were progressing towards achieving their CSR goals. However, it is important to recognise that without the appropriate systems and processes in place, measuring the success of CSR initiatives can become a superficial exercise.

Issues relating to inadequate systems and processes also arise as a result of new or emerging legislation and regulations. An example is the *Modern Slavery Act 2018* (Cth), which introduced compulsory reporting requirements for large Australian companies. The legislation requires that organisations submit a modern slavery statement to the Minister of Home Affairs, with the first statement due as early as December 2020. It also requires that reporting entities outline how they are managing the risks associated with modern slavery practices within their organisation and supply chain. In order to comply, organisations must implement appropriate processes, as well as measures to monitor their compliance. However, the cumbersome systems and process changes may leave some executives questioning the organisation's commitment to making the appropriate changes. This, in turn, leads to a lack of confidence in the credibility of the statements made and measures implemented to comply with the legislation. For example, SM-4 is a senior manager in the professional services sector, who worked with a large corporation in the construction sector. Whilst this organisation was progressing in terms of preparing its statement, she questioned the validity of such statements:

it's the how, I'm questioning. Beautiful statements, lovely things, shiny things going to the market, what's the substance behind that and what are the actual activities you've done to change that process and people and you know, and what systems do you have in place to even measure that. (SM-4)

Here she questioned the ability of the organisation to actual meet the requirements of the legislation, beyond simply making the mandatory statement. In particular, she was concerned about the lack of visibility of supplier activities due to inadequate monitoring processes:

> *you've got to get your in-house processes right to be able to independently measure the performance of your suppliers in accordance with the laws and regulations. (SM-4)*

Without adequate systems and processes in place, executives have limited visibility of their supply chain and are consequently left questioning their ability to genuinely comply with the legislation and associated measures.

Similar issues are faced in the public service, particularly in the health sector where NFPMs relating to population health outcomes are enforced on government funded agencies. Here GM-2 explained that the measures enforced by government departments highlighted data integrity issues resulting from inadequate systems and processes to capture patient data at the general practitioner level. As a result, this agency's ability to accurately measure the success of their population health initiatives was compromised. However, the enforced measures did provide insights into data integrity issues, which in this case were treated as an opportunity to address some of the system and process issues by implementing measures to improve data quality, as GM-2 explained:

> *How do we lift the quality of primary care based on the quality driven data approach? So, our targets would be things like the number of practices that provide us with their data, and now we are at 50%. So, when we started it was probably 20%. So, step one is giving them the capability to give us their data and to be able to share it with us. Then we were saying, how many of those practices were actively using their data for purposes of quality improvement activities. (GM-2)*

In this case, rather than focusing on the inadequacies of the systems and processes, this executive and her organisation treated it as an opportunity to improve their data quality by introducing more process driven measures that acted as precursors to achieving the population health measures. In doing so, the imposed measures provided executives at this agency with visibility of how their programs were implemented but also provided them the opportunity to enhance their own capabilities and feel a sense of achievement for their efforts.

5.4 Imposed Measures

The extent to which measures are imposed on executives and the degree to which they believe the measures are relevant to their area of responsibility can influence how they perceive the informational value of the measure. This relates to measures applied across organisations with limited consideration of divisional or regional differences. How the measures are implemented and how achievable they are within executives' domain of responsibility is also a consideration. As an example, two executives in the energy sector discussed how gender diversity measures implemented within their divisions did not consider the relevance of the measures to their area of responsibility, but instead imposed procedural complexities into processes they believed to be operating effectively. NED-2, a general manager in the energy sector, discussed how an organisation-wide gender diversity measure left him questioning his own judgement and the intentions of the organisation, as he claimed:

> *I think sometimes both financial and non-financial metrics are set when the actual individual being measured can't really influence that metric. (NED-2)*

Specifically, he explained that he did not understand the rationale behind imposing certain procedural requirements relating to the measure that he believed could have adverse implications for his team:

> *You also want to make sure that doesn't go too far. If I had just as good credentials and I was a male and I lost the job because I was a male, that kind of backfires a bit. So, introducing a KPI around diversity that forces the recruitment of females over a more balanced recruitment process, I wouldn't support that. (NED-2)*

The reason for his ambivalence was that, as the head of a support function (such as governance, legal, finance and human resource management), he believed such functions had what he considered to be adequate female representation: *"we don't have an issue in that respect because that's the nature of the workforce we recruit is naturally going to be um diverse"* (NED-2). Here NED-2 was unclear about what needed to change in the recruitment process that he considered to be 'balanced', as he believed that by implementing such measures the fairness of the recruitment

110

practices he adopted was not recognised. As a result, he felt compelled to comply with a policy and measures that he felt were not relevant to him, and also potentially unnecessarily marginalised men.

This view may be justified as support functions generally have a balance of male and female recruits (NED-2, GM-1), so enforcing such measures in these areas may be considered unnecessary. He did recognise that a focus on the recruitment of women in other operational areas of the business was necessary, as he acknowledged that:

> *we appreciate that there is a bit of an imbalance, appreciate that opportunities for women in fields where you typically don't see them there is opportunity there and there is a demand as well. (NED-2)*

GM-1, who also works in a support function in the energy sector, had a similar view to NED-2. Whilst she agreed with the underlying premise relating to gender diversity, particularly within the energy sector, she did not agree with the imposition of the measure on her area of responsibility, being the finance function. This was because she too felt that the recruitment practices she adopted were 'fair' and that the enforcement of metrics relating to gender diversity may lead to undesirable results. She provided the example of her previous employer who *"put the females in the jobs (in the finance function) that were less sexy to get the quota (gender diversity target)" (GM-1).* She further elaborated by stating:

> *They would appoint someone who would arguably not be the best fit for the organisation or best fit for that particular role, and as a result they don't do that well, which makes it really difficult because they don't have the respect that they really need to get the role done. (GM-1)*

In such cases gender diversity measures are perceived as hurdles to be circumvented, rather than providing important data on the organisation's intention to move towards a more gender diverse workforce. Furthermore, she believed that such decisions, and therefore the measure itself, undermined the intention of the measures to increase female representation at senior levels. In these cases, the measures rendered women unsuitable for such roles. Here, executives such as NED-2 and GM-1 did not feel that they were able to make decisions that they freely endorsed.

In order to assist executives to understand the relevance of CSR measures such as those relating to diversity, some organisations attempted to help executives and staff appreciate the benefits of diversity to their areas of responsibility. For example, GM-4, an executive at an asset management firm, explained how initiatives within the firm to encourage diverse recruitment opportunities has led to executives considering candidates who may not necessarily be the most experienced. He provided the example of an initiative where the firm had speakers from *"refugee groups to really show case the plight of refugees … trying to find their roots and re-establish themselves in another country and another culture and the way that we support some of that is to offer work opportunities for those refugees"* (GM-4). He went on to explain that the purpose of such initiatives was to:

> *break down the biases that would otherwise apply to recruitment process, say for example somebody from Syria applied for a role here today it would be easy to see how they would be disadvantaged relative to an Australian candidate that has had relevant job experience etc. So almost then carving out some opportunities for candidates from those backgrounds to have a chance to become a productive member of society here where they have obviously gone through a very traumatic time.* (GM-4)

In such cases, diversity measures are not just seen as hurdles to circumvent but as providing opportunities to encourage a more diverse workforce and the benefits it provides. Furthermore, diversity measures create an opportunity to take actions that may a significant and positive impact on others. For this executive and his organisation, it was not just about simply achieving a diversity target, but rather encouraging what he termed "*diversity of thought*", which required looking beyond the technical skills and experience of a candidate, to expanding the diversity of skills within his team, as he explained:

> *Whereas if you look at the team make up and realise what we really need is somebody with the technical skill but they also need to have really good interpersonal skills … So, applying that then to the general recruitment process, from our perspective diversity of thought is the most important thing, not just diversity by race or gender or background. It's that diversity of thought and therefore that allows you to, what might otherwise be perceived as positive discrimination at times help you to get the right person from a team*

perspective, as opposed to the best person on paper for the isolated individual role. (GM-4)

This approach to recruitment is particularly important in the financial sector which has *"a strongly embedded history of white male dominance"* (GM-4). As a result, the industry has *"this stereotypical connotation to it that it's a male dominated thing. You know you have to have a certain type of dominating personality to even play in that space"* (GM-4). By introducing gender diversity measures he believes the organisation is working towards breaking down those barriers and preconceived ideas which can have direct benefits for the performance of his team, as he explained:

> *... and whilst gender is not necessarily the key or only indicator of, oh you are going to get diversity of thought, it is a pretty meaningful one, purely because males and females are wired differently, and they think differently and in the financial world it exhibits itself through their risk appetite.* (GM-4)

He went on to say that men tend to be more likely to take risks, whilst women appear more 'conservative', a trait that is traditionally not valued in such environments. However, he explained that *"you need a combination of the two, you can't just have one or the other. But that's just to give you an example of why diversification of gender can have a really good impact of diversity of thought in the team"* (GM-4). Hence, in this case, diversity measures enabled this executive to think more broadly about how his team has traditionally functioned and attempt to break down barriers that have perhaps constrained his team's performance in the past by encouraging diversity in terms of character traits.

The above example demonstrates that, for some executives, such measures may provide a framework or opportunity for executives to change how they think about their role or function. As this executive in the public sector suggested:

> *I think that's where the benefit of having a (diversity) target comes in. You could actually have something to strive towards. At the moment, we put out statements ... But if you've got something fixed it might be easier to improve behaviour. (CS-4)*

Hence, whilst some measures may not appear immediately relevant to executives in terms of their area of responsibility, such targets may provide them with an opportunity to think differently about how they carry out their role. A good example of this relates to diversity, as well as employee safety measures as discussed in section 5.2. Whilst executives may not immediately believe that such measures are relevant to their area of responsibility, such targets may provide them with insights into the inner workings of the organisation and present opportunities for improving their own division's performance.

5.5 Personal Ownership

The extent to which a measure provides an executive with visibility into the inner workings of their function or area of responsibility may be influenced by the extent to which executives endorse the measure and takes personal responsibility for its achievement. Whilst data relating to measures might provide meaningful information, the meaningfulness elicited from the data appears to be impacted by the extent to which executives feel that they are acting in accordance with their own values and interests. For example, for gender diversity measures as discussed in section 5.4, executives such as GM-1 did not necessarily appear to embrace the imposition of a gender diversity measure, as she said:

> *I don't personally believe in employing a female because of a metric so I wouldn't do that but that may influence others to do that which may actually end up with a wrong result. (GM-1)*

However, she did appreciate the value of greater diversity in the workplace and, as a result, she took it upon herself to implement changes that she believed addressed the underlying purpose behind the measures. For her it was about coaching young women to confidently pursue more senior positions, as she explained:

> *I would try to work with my female, more junior people in my team to get them to the point where they are ready, as opposed to appointing them when they're not ready. So that would be around coaching them around different things they potentially don't get coached on and one of them is you don't have to be the same as the men. You just need to*

find your own way to have presence and your own way to stand out and your own way to
be different. (GM-1)

For GM-1, the measure of the proportion of women in senior positions in itself did not provide her with meaningful information in relation to benefits of diversity in the workplace, which are arguably intangible. However, since she personally valued the contribution of women in the workplace, she was able to take it upon herself to implement steps that worked towards achieving greater diversity rather than arbitrarily appointing women to senior positions for the purpose of achieving the target set by the measure.

Similar issues arise with the implementation of employee engagement measures that are often organisational wide measures. Whilst such measures provide divisional specific information, the extent to which executives take personal ownership for the results often influences how effective they are as a measure. The problem with such measures is that they do not necessarily point to obvious issues within a division, as this CEO pointed out:

a bad staff engagement number from the money laundering department (i.e., a
department where money laundering has been detected) is not going to say (there is an
issue in this department), sorry it might be with the benefit of hindsight a warning signal
that actually you know something was wrong there. (CS-5)

Therefore, for some executives, an employee engagement measure is seen as a means to sanction apparent poor performance with no tangible evidence of wrongdoing. For example, NED-2 stated that in one organisation where he spent much of his career, the engagement survey results were, *"used as a stick to beat you with, they can be manipulated. I've seen that happen where people have been easily victimised, pressured as a result of a poor engagement survey"* (NED-2). Hence, in order to provide meaningful feedback, it is often the support of the organisation that encourages executives to take the initiative to influence the effectiveness of the measures.

NED-2 provided the example of one executive at that organisation who instigated a process of initiating regular conversations with his team in order to understand and address the underlying issues impacting his team's engagement. Here he described his approach:

Understanding what the questions in the survey was going to be and six months, three
months, one month out from survey is you're just constantly talking to your people about

those questions … what it did and consequently that got a very good engagement score. One of the best in the firm at the time. Even though you might go, it was just set up that way… The fact that they are having the conversation, ignoring the survey. They were having the conversation and finding out things about their employees that they didn't know, and things could be done to fix it. (NED-2)

By taking personal ownership for the outcome of the engagement survey, this executive was able to take tangible steps to improve his employees engagement.

For SM-2 there was a recognition within her firm that the information provided through employee engagement numbers could provide meaningful and relevant information, if divisional management took the opportunity to understand the numbers:

So one of the things that's come out in the last results, you know we've had the survey results for a number of years, but in the last four years it's really drilling down to the root cause, like why is this happening … I think it's also that realisation of how important it is, you know in terms of the well-being of our team. (SM-2)

Whilst such surveys have been undertaken for a number of years, it was the valuing of employee well-being that prompted executives to use the information provided by the surveys to understand how their division functioned, as she explained:

The results come out and we see it done well in other areas, we have spoken to other team members and sort of said, look, perhaps what's your secret, and how can we leverage it. Because more often than not, most of us can do the same thing and get great results, but it's just. I think doing that comparison is good, it gives us insight into the team structures in terms of the team needs and it prompts us to really engage across businesses. (SM-2)

As a result, rather than the engagement survey being used as a metric to judge employees' performance it was seen as a valuable resource to identify opportunities to improve employee engagement within their teams.

5.6 Confidence in How the Measure is Assessed

Confidence that the measures in place can be reliably assessed and provide a true and fair indication of performance is particularly important when it comes to NFPMs. Actions initiated, and the outcomes achieved, are often subject to interpretation and therefore difficult to measure. This was particularly the case for measures that were largely subjective and assume an understanding of the inner functioning of the organisation. Such measures also required a mechanism for providing reliable feedback and reporting. An example discussed by two executives related to staff and executives being assessed on whether they demonstrated the values of the organisation. SM-5 discussed his experience at a large professional services firm early in his career that was particularly notable, as the organisation was able to demonstrate the importance of their stated values and provide regular reporting to enable staff and executives to monitor their progress:

> *They basically had these values, and they were memorable and then they would actually do performance reporting on those values as well. But some of these were like: have a go; open; and authentic… So they were quite broad but then you would actually have to provide some performance report against each of those from your work. (SM-5-1)*

Whilst measuring whether an individual demonstrates certain values can be subjective, SM-5 felt measuring performance against the values made these intangible traits meaningful, as he explained:

> *Measuring your performance against them sort of brought them to reality and made you reflect on whether you are actually being that type of person … I guess the reason it was good was that it wasn't just a number it was meaningful. (SM-5-1)*

Here SM-5 discussed two important aspects of the measure relating to values. Firstly, it involved an element of self-reflection, or self-appraisal, which encouraged him to consider whether he was meeting not only the expectations of the organisation, but also his own expectations of himself. Secondly, the measure had meaning because it was not simply an objective number, but rather he believed it provided valuable insights into his own performance. As a consequence, he believed that his performance was fairly assessed.

117

A similar approach was followed by a NFP that owned and operated a number of hospitals throughout Australia, where NED-1 was the CEO of one of the facilities. He described how a measure assessing how executives live the values relating to health and serving the needs of the community, were implemented by the board:

> *I've had the opportunity to work in organisations where living the values was actually measured by the board and the trustee ... It was assessed, to what extent did the CEO allow that (the values) to live and breathe within the organisation. To me it was pulpable, you could visit (the hospitals), visitors could feel, I felt it on the first day I joined. I couldn't explain it, it was there. It was a smell, but you can't quite describe it. (NED-1)*

Whilst the means for assessing the CEO's contribution to delivering the values may be perceived as largely subjective and potentially elusive, the process for assessing his performance was visible to him. Importantly, he understood and believed in the measure. Furthermore, he had confidence that the board and trustees appreciated the complexities of the organisation and were capable of making an appropriate assessment of his performance. Therefore, when receiving feedback, he felt supported by the organisation.

In particular, it appeared that the level of support provided by the board to executives impacted how they received the feedback provided to them. In one case, the relationship between the executives and the board of directors was impacted by the board's apparent lack of appreciation of the broader context when monitoring the measures in place. In this case, executives did not feel that their contribution was valued, as indicated by GM-2, a general manager in the NFP health sector. She discussed providing the board with the organisation's engagement survey results, which were a key NFPM:

> *We'll go to the board and we'll provide them with the results of that survey and they'll focus on the negative aspect of that. The 1% that answered negatively, as opposed to, yay you just got the best result in the country ... you don't feel supported ... I think sometimes the trust isn't there. (GM-2)*

This response had the effect of impacting how valued GM-2 felt in terms of the contribution she was making in achieving the organisation's objectives. Furthermore, she was left questioning the

rationale for the measure, as she perceived that the board was using the measure as an opportunity to criticise the management team.

In another example, the CEO of the same organisation as GM-2 explained that whilst the board agreed on 15 NFPMs, they did not appear to appreciate that those measures were one of many measures imposed by a range of funding bodies:

> *... but it sort of underplays the fact that there's lots of wheels juggling and spinning to make that .... So, in a sense it sort of basically saying, just do your work really well. But in their minds, it's just 15 indicators, aren't they generous. But actually, there are 215. (CS-6)*

In these cases, a sense of resentment arose on the part of the executives as a consequence of a lack of recognition by the board of their efforts, turning what may have intended to be enabling NFPMs into a somewhat coercive management control. In this case CS-6 did not feel that the board appreciated the complexity of achieving better health outcomes for the community as it focused on 15 high level indicators.

Hence, the ability of the board to achieve internal transparency appeared to be impacted by its relationship with the executive team and in particular the CEO. The experiences of three different board members in Table 5.2 highlights that a secure relationship between the board and the CEO was critical to equipping both parties with valuable feedback, whilst ensuring that neither party was overloaded with unnecessary information:

Table 5.2. Director perspective

Quote number	Interviewee	Quote
5.2.1	NED-2	*You wonder if you are getting information you should be getting. So you try and set up the structures on those committees (board sub-committees) so that the right information comes through. That process was hampered for a number of years by the CEO. Almost pushing back on providing the information. Treating the board with a little bit of contempt. You know, I run the business … I'll tell you what you need to know.*
5.2.2	NED-4	*I'll each quarter have coffee down at Barangaroo, it's not coffee, it's breakfast. So, we just talk, me and another Director and the MD and he just tells us what going on, people issues with Freda or Charlie, are they doing well, or whatever. We know the people, and this is where we don't have a soft metric, we talk about the people and culture and issues, so it works there because I've got the trust with this guy.*
5.2.3	NED-3	*If there are things that management do not understand, or Directors you know basically sidetrack them or confuse them, there's got to be that feedback loop. If there's not… there might be a breakdown in the relationship (between the CEO and Chair) there in sharing those sorts of things*

Here, over and above the actual measures in place, a secure relationship between the board and executives appeared to be important to equipping them, in particular the CEO, with the right level of information to enable them to understand the organisation's inner functioning. Furthermore, it was this relationship that influenced executives' understanding of the issues that were important to the board and the rationale for requesting certain data. It was a cooperative relationship that worked towards avoiding the situation described by GM-2 and CS-6, where executives did not have confidence that the board understood the rationale for the measures in place or they suspected that directors did not understand the information presented to them.

Therefore, it would appear that internal transparency within an organisation extends to executives having a trusting and supportive relationship with the board, in which they trust that their performance is being fairly assessed and their achievements acknowledged. Hence a critical element of internal transparency with respect to NFPMs may be the ability of executives, the board and employees alike to have a consistent understanding of the rationale for the measures. This appeared to enable boards to feel that they have visibility of the organisation's internal functioning,

and for executives to feel that they are receiving appropriate feedback and, importantly, that their contributions are acknowledged and valued.

5.7 Connection with the Wider Organisation

How effectively performance measures support executives to interact with other areas of the organisation appears to influence their perception of the measure. Specifically, the extent to which these measures enable executives to monitor their own progress towards achieving organisational outcomes is important. For example, as part of a strategy to improve customer experience at a large retailer in the UK, all executives including CS-1, the head of the information technology (IT) division, were assessed against a metric relating to improving the customer experience. Whilst support functions such as IT are not traditionally customer facing divisions, this measure required IT executive and staff to work within the organisation's retail outlets in order to understand how the implementation a new customer self-checkout system impacted the customer experience:

> *They got to spend, whether they liked it or not, time in the stores. I could see their relationship with our core business (retail outlets) fundamentally change, as something that was out there, it becomes very different. (CS-1)*

As a consequence of the measure, IT executives and staff were provided with a clear rationale and greater visibility of the contribution that their work made to achieving organisational outcomes. This allowed them to feel that their contribution not only impacted the customer but also their peers in the operations part of the business:

> *That self-checkout supervisor knew me and would call me and say this thing whatever it was isn't working correctly and here's the way the customer experiences it…and I'd go up to Carlyle and I'd put on my badge be the self-checkout supervisor. (CS-1)*

CS-1's personal interaction with the retail outlets gave the measures meaning as it enabled him to understand the role that IT played in enhancing a customer's experience. As he explained, "*my experience is that people like to see a connection between their job and the aspiration of the organisation*" (CS-1).

121

Executives' appreciation of the aspirations of their peers also influences how they rationalise the measures used to assess their own performance. In the following example, one of the measures used to assess SM-3's performance relates to employee security, which was a performance measure shared with another colleague. This meant that both executives had to achieve the same target within their domain of responsibility if they were to receive their performance bonus. Whilst SM-3 acknowledged that he was financially driven to achieve the measure, his main motivation came from not wanting to let his colleague down:

> *The team go together (physical security and cyber security). So, he wants to achieve it, he's doing this, you know we are tailoring pieces of work around achieving it. So um, that's my motivation as well is to be a team player and I don't want to let my peer down, and also if you can get more money because you are achieving your KPIs and performance measures, then you are going to do it. (SM-3)*

Here, rationalising the effort involved in achieving the measure was associated with this executive's relationship with his peers, and his desire to be acknowledged as a 'team player' by contributing to their success. In this case his rationale for pursing the measure did not come from the organisation, but rather his personal values.

The desire to contribute to a collective success was also highlighted by GM-4, who discussed the measures associated with the CSR initiatives implemented by his firm. The measures in place allowed the various regions within this financial services firm to demonstrate how they were working towards achieving the organisation's objectives. For example, the Australian office staff were able to share with their Japanese colleagues how they address issues relating to diversity, as he explained:

> *So, for example, when it comes to disabilities, LGBT in the workplace that is the type of subject that has not been widely approached in Japan in the past. So, through our interactions back to head office they've learnt a lot about what society is like in Australia and how we deal with those sensitive topics and why it isn't necessarily a big deal to ensure that there's equality around those topics and initiatives either, because it is just something people embrace and support and used to very quickly. So it just helps to breakdown the resistance to change. (GM-4)*

At this firm, the measures were treated as an opportunity for different parts of the firm to share their experiences so that challenges that may be faced by parts of the firm are not seen as hurdles to be circumvented, but rather opportunities to be navigated with the support of their peers. Hence, in this case, the measures revealed the inner workings of the various divisions within the firm through the sharing of experiences.

The above example can be contrasted to an organisation in which NED-4 was a board member. The reporting of measures at this organisation provided each executive with an understanding of how their division operated, but did not provide the executives as a collective team a view of how the organisation as a whole functioned, as he explained:

> *I think the businesses are all in different spots, very different. So, they operate independently, then maybe once a month the executive come together as an executive (team) for the total business. But I think they are just saying this is my problem, so there is no bringing it all together. (NED-4-1)*

Whilst providing executives with a detailed understanding of their business units, the measures and reporting at this organisation did not provide a holistic view of the organisation's performance and, therefore did not serve to build a connection between executives. This resulted in what this executive described as a *"dysfunctional leadership team"* (NED-4). Hence, it is questionable whether the measures in place at this organisation provided executives with an understanding of the inner functioning of the organisation, or whether the monthly reporting process was just a hurdle to be circumvented.

5.8 Conclusion

Executives' perception of internal transparency appears to be influenced by how effectively the measures facilitate their understanding of their area of responsibility. The extent to which the measure facilitates their understanding is influenced by a number of factors, including the support provided by the organisation to effectively implement the measures. Furthermore, whether executives feel that the measures have been imposed, and the degree to which they are able to take personal ownership for achieving the measures, also appears to influence how the measures are perceived. Finally, their perception is influenced by the extent to which the measure

facilitates their relationship with the wider organisation, including the degree to which they believe that their performance will be fairly judged.

Chapter Six: Findings Repair

6.1 Introduction

The following analysis suggests that certain factors influenced executives' perceptions of the design features of repair. These factors are listed in Table 6.1 and discussed in the sub-sections below.

Table 6.1. Influencing perceptions relating to repair

Factors influencing repair	Description
Level of engagement	Executives' involvement in the initial design and implementation of their organisations' strategy and associated NFPMs. Specifically, the extent to which their views and concerns are heard, and issues relating to the measure are addressed.
How deviations are treated	When organisations implement NFPMs there are often targets set against those measures that are to be achieved in order to meet performance expectations of the organisation. The way in which organisations respond to deviations from performance targets and expectations can influence executives' perceptions of that target.
Completeness of information	Executives' perceptions in relation to whether they have access to relevant information in order to understand and assess a measure's effectiveness. Furthermore, access to relevant information also appears to influence whether they feel that they have the capability to suggest changes in relation to the measure.
Shared understanding	The extent to which executives believe that there is a common understanding amongst the executive team of the purpose or meaning behind the measures and that this common meaning is reflective of the desired behaviours demonstrated within the organisation.
Feeling of being valued	The feeling that executives' views and contribution were valued influenced their perception of the measures and their confidence to voice their perspectives, particularly when they did not believe the measures were achieving their desired intent.

6.2 Level of Engagement

Executives' involvement in the initial design and implementation of organisational strategy and associated NFPMs appears to influence their perception of the measures used to assess their performance. Specifically, the extent to which their views and concerns are heard, and whether issues relating to the measure are addressed. For example, CS-1 compared three organisations in which he worked that took different approaches to agreeing on the performance measures for assessing executive performance. In all the organisations the CEOs created the appearance that they had worked collaboratively with the executive team to agree on the measures and targets for achieving the organisation's strategic goals. However, the key difference between the organisations is that in the first example below, executives were involved in the development of the strategy and strategic goals, whilst in the later examples a lack of engagement in the strategy development and implementation phase led to a perception that the agreed measures were somewhat prescribed as opposed to agreed.

In the first organisation, CS-1 was involved in the development of the organisation's strategy and therefore he could see how his performance contributed to the organisation's performance and the agreed NFPMs were a fair assessment of that performance. This was because the CEO and CFO went to great lengths to ensure that executives understood the organisation's strategy and that they felt that they were contributing to its achievement:

> *Chief Executive, CFO … would take the leadership team through the company strategy then each of the divisions be they buying and marketing, or logistics or food manufacturing would have to respond with their strategy to support it. And then IT (Information Technology) would come in and go ok to deliver that, that, and that these are the pieces of work and we'd sign off that's it. (CS-1)*

This approach meant that executives did not feel that the strategy or associated measures were imposed on them, but rather they were part of the process:

> *I was part of building the goals and I think the other thing that was very, very important at (OrgA) was that we were rigorous, like really rigorous in terms of prioritisation of the work and it wasn't just IT in a vacuum prioritising. (CS-1)*

126

Here, the executive's ability to work cooperatively, through what he described as a 'rigorous' process to agree on a set of measures, allowed him to feel that his actions were self-endorsed rather than imposed on him.

This experience was contrasted to his current organisation where there was limited consultation in terms of the strategy. As he explained, there *"isn't conversations with the broader leadership team about how are we going to achieve these goals as a group"* (CS-1). As a result, he felt a sense of frustration even though he was free to develop and implement organisational initiatives and measures to achieve the strategy. This was because he believed that the strategy was not completely transparent, and therefore his understanding of the broader strategy was not valued as the flow of information appeared to be one-sided. A lack of consultation resulted in a less cohesive understanding among the leadership team of what was required of them. This impacted CS-1's desire to pursue the organisation's objectives, as he explained:

> *In simple terms it just reduces that drive to deliver on, it just doesn't seem as important here [OrgB]. I think that's one of the missing links for me, that cohesion of the leadership group of understanding and being behind the strategic development. (CS-1)*

This meant that when designing and agreeing on the measures for assessing his performance, CS-1 did not feel that he was acting with genuine interest but rather conforming to what he could ascertain were the expectations of the organisation.

In the third organisation, a large retailer, again CS-1 perceived a lack of genuine engagement in the strategy development process. At this organisation, the strategy and associated measures were developed by external consultants with minimal consultation with the executive team, as he described:

> *Measures that come down from on high with little room to kind of own as in negotiate, be a part of, and take ownership of them, don't work for me. If you are given a measure by someone who really doesn't understand the function um and what it takes to achieve. So, I've had measures that are just irrational, clearly drawn up by people who have zero functional knowledge ... So, if you start to get people who are giving you measures that a clearly just they have no idea, and they are really round and not measurable and don't want to have an engaged conversation with you about. (CS-1)*

In this case, whilst executives were consulted through the strategy development stage, which included devising the appropriate measures, CS-1 felt that the consultants engaged did not have the prerequisite knowledge to meaningfully engage with executives. Furthermore, CS-1 did not perceive the consultants' interactions to be genuine in attempting to understand his concerns. Therefore, he did not feel that he was freely endorsing the measures that were ultimately agreed upon.

Hence it would appear that for complex strategic initiatives, superficial involvement in strategy development or merely providing executives the freedom to develop their own performance measures was inadequate if executives were to embrace the intention of the strategy. Here an inability to relate to the goal or vision of the organisation, or executives feeling that they were not genuinely part of building their organisations' mission and objectives, appeared to result in the performance measures feeling enforced rather than mutually agreed.

6.3 How Deviations Are Treated

When organisations implement NFPMs there are often targets set against those measures, which must be achieved in order to meet the performance expectations of the organisation. However, there are times when targets are not achieved, prompting an organisational response. The way in which organisations respond to deviations from performance expectations can influence executives' perceptions of that target.

When discussing CSR, one area of corporate responsibility that was consistently mentioned in the interviews was an employer's obligation to their employees, which is assessed using an employee engagement measure. As already noted in previous chapters, executives raised numerous concerns relating to the effectiveness of this measure in assessing employee satisfaction and well-being. Despite a reluctance to address these concerns, employee engagement is a measure that is widely used across a range of organisations. One of the problems with employee engagement measures is that they often obscure complex issues that are difficult to address. How organisations deal with these issues appears to influence executives' perceptions of the measure. Below are examples of two organisations where the engagement scores impacted executives' performance assessment, resulting in executives adopting varying approaches to achieving the targets set by the organisations. The approach to achieving the target appeared to be influenced by executives' perceptions of how variations to the target were treated.

In the first organisation, as described by GM-2, general managers were ranked according to the engagement score for their team, which impacted their remuneration and performance bonuses. This resulted in executives focusing on improving their score rather than addressing potential issues that were causing poor employee engagement, as GM-2 explained:

> *So there were some GMs that were really good at making sure their engagement scores were unreal even if their team was miserable. So they'd put on this lavish morning tea, spend an hour talking to them about how much they've achieved this year, then send them off to fill out the engagement survey straight away. (GM-12)*

To GM-1, the approach taken by the other general managers was to covertly inflate their engagement scores rather than addressing the underlying causes for poor engagement, as "*everyone knew that the focus was on increasing engagement scores. So, it changes your mind set when you go in to fill it in*" (GM-1). This resulted in GM-1 adopting a similar approach to managing her team's work satisfaction and well-being, as she explained, *"I didn't think I've got to improve engagement, (I thought) I've got to get my score up"* (GM-1). Therefore GM-1 formed the view that this organisation did not have any intention of addressing the underlying issues causing poor engagement. Furthermore, the measure did not provide a true indication of actual performance as deviations were treated as a problem that needed to be covered up rather than an opportunity for improvement. Consequently, at this organisation, there was a failure to validate whether the measure was indeed measuring the intended performance.

This approach contrasted with that described by SM-2 at her organisation, where after many years of conducting the engagement survey, executives realised that it was important to understand why employee engagement was steadily declining year on year. At this organisation, greater scrutiny was welcomed as it created an opportunity for the different levels of the executive team to work together and identify opportunities for improvement, as SM-2 explained:

> *There is that level of scrutiny you know at senior management and also across teams where we're not seen as performing well, so that motivates us to obviously improve, or to, improve the scores but also, you know, fundamentally to understand why it's happened. (SM-2)*

In this case, executives appear to be acting with genuine interest in employee welfare as there was a conscious valuing of the goal to improve engagement that had a shared meaning, as their actions were valued by their organisation. There was also an acknowledgement that the measure on its own was not a reliable indicator of performance, as understanding the results required further investigation. This included recognition that there were other indicators of poor employee satisfaction and well-being that engagement survey was not necessarily identifying:

> *we've recognised as well, not through the GPS (Global Performance Survey) but through our teams, team members with sort of mental, mental and physical health issues. And as a result of that there's really been a big push to address those issues. (SM-2)*

For SM-2 this was an admission by the organisation that there were underlying issues that needed to be addressed. This gave her some assurance that her interests, and the interests of the organisation, were aligned. As she said, "*I think within [Org] there is so much happening at the moment. A lot more than before. So we are getting there, I don't think we are necessarily as effective but I think it's the start*" (SM-2).

6.4 Completeness of Information

Executives' perceptions of their access to the information required to understand and assess the effectiveness of a NFPM can influence their perceptions of the measures. Furthermore, access to relevant information also appears to influence whether they feel that they have the capability to suggest changes in relation to the measure. These two aspects are discussed below.

As a starting point, an understanding of how a measure originated and evolved can give executives the confidence to appropriately implement the measure and avoid misunderstanding in relation to how it should be implemented, as GM-5 explained:

> *Having some commentary around, you know, what that measure means and the variation of what you're hoping to achieve. I guess clearly defining what the measure is and what you're hoping to achieve out of those measures would probably be useful, and revisiting that reasonably regularly. (GM-5)*

Here, this executive believed that access to current and relevant information in relation to the purpose of the measures would allow him to determine whether the measures were achieving the

desired intent. He suggested that through a process of periodic review, executives would create a sense of clarity in terms of the organisation's goals and build confidence that the actions initiated by executives were having the desired outcome.

CS-2 had a similar perspective. As the COO at his organisation, he believed that before defining organisational CSR goals and measures the organisation first needed a well-defined business strategy linked to its corporate values. Only then can the organisation initiate a two-way conversation in relation to its CSR goals and ambitions:

> *We have a long way to go because we don't have a locked down business strategy. If we don't have a locked down business strategy that ties into a locked down set of values. So, it's writing it, recording it, discussing it and going yep we are going to be part of that and if people don't like that as a collective, then maybe this is not the place for you. But you kind of got to get to that point, and then you've got to start having conversations. (CS-2)*

CS-2 believed that a defined strategy would create an environment where executives and staff believed that they had the ability to work cooperatively to develop CSR initiatives because they collectively understood and embraced organisational strategy. CS-2 believed that this was important, admitting that his organisation was "*not great on CSR because we are not great at articulating it properly*" (CS-2). Lack of a clear strategy in this organisation meant that CSR initiatives were separate activities initiated by individuals within the firm rather than the firm itself. This meant that executives lacked visibility of how the firm was meeting its CSR obligations, as it was evident that it did not have a defined CSR program in place. Therefore, it would be inappropriate to implement measures relating to CSR.

As GM-5 stated, by clearly defining what an organisation is planning to achieve, executives have a foundation on which to assess their performance. They can also determine where and when changes need to be made as they move along what he described as a maturity curve:

> *I think a lot of these things move along a maturity curve. I'm thinking all of these measures and the processes behind those measures, I guess trying to pick you know a couple of manageable measures that make sense, that is right for the organisation at that time. I think all of those things combine to make the measure, is adding value and*

> *continues to provide the outcomes that was originally intended it's all kind of linked I*
> *think.* (GM-5)

Treating the development and achievement of measures as an iterative process that allows the building of skills and understanding perhaps provides executives the confidence that measures in place are achievable and that any deviations from the plan are an opportunity for further analysis and learning rather than a cause for alarm.

A similar view was put forward by NED-2, who is on the board of a NFP. He suggested that by providing executives the opportunity to trial measures and determine if they are able to achieve the desired outcome, executives would not perceive them to be enforced or imposed by the board:

> *Maybe it's a type of, these are the things we are thinking about, we'll trial them, we won't*
> *necessarily measure you against them and see how we go with it and then if it works, or if*
> *it doesn't, we'll tweak it and put it into practice into a formal KPI. It might be an*
> *alternative as well. That way the individual doesn't feel pressured to deliver but head in*
> *the direction to a time when it could be formalised. (NED-2)*

Hence NED-2 suggested that there may be a greater willingness to adopt the measures if both parties had the opportunity to gather relevant information to assess the effectiveness of the measures and work collaboratively to determine what the measures should be. He felt that this approach would provide executives with the understanding that whilst they, as well as the board may not initially have all the information to assess the validity of the measure, its development is a work in progress, in an environment where executives' views are valued and any misunderstandings could be resolved.

In relation to boards, NEDs also re-iterated the importance of ensuring that they had access to appropriate information when determining the effectiveness of measures in place. This included assessing the completeness of information they were provided and having the confidence to request further information, as NED-2 explained:

> *Well, I think in the first instance you want to understand what information you need,*
> *whether that's probably before you get to the KPI stage and once you are getting the*
> *information that you want. Then you put a peg in the sand and go well we now*

> *understand what's going on, we are now going to set a realistic target to manage that either at its current level or drive it down. (NED-2)*

This perspective was shared by NED-3, who discussed the importance of communication to ensuring that the board had the required information to provide advice and make decisions. However, he explained that some boards are of the view that directors should not get involved in management and that they should spend some time understanding the business before they express their views:

> *Some directors, some chairman have got the view that they don't want directors engaging to much with the management as its seen as difficult. It's more running the business, the organisation is the CEO and chairman working together and the directors not coming at cross purposes with where they're going. But as a director, some of the iconic directors in Australia, old school sort of directors who are put up on a pedestal, they're view is a new board member comes on and they sit there and listen and absorb and they don't express a view until they are really up to speed a couple of years down the track. My view in this day and age, is complete and utter rubbish and that's you've got to make a contribution from day one. (NED-3)*

As a result of this perspective, NED-3 felt that some directors and inevitably executives may not feel confident to express their view if they are made to feel that their opinions are not sufficiently informed. These perspectives are relevant when it comes to implementing NFPMs relating to CSR, which are not as well established compared to other performance measures. Whilst communication of misunderstandings is important, directors and executives may not feel that they have the necessary expertise or experience to share their views if they feel that the board has the 'old school' mentality described above. This results in measures that are not particularly effective continuing to be relied upon and executives resorting to workarounds to achieve the measures that have been imposed on them rather than discussing their concerns with the board, as discussed in section 6.3.

The other issue relating to the short-term nature of some NFPMs from a performance management perspective is that executives are often assessed on an annual or bi-annual basis, whilst they are attempting to tackle long-term issues that may not be resolved for a much longer

time period, as explained in section 6.3 with respect to employee engagement measures. As a result, NFPMs may not be an adequate reflection of the progress made towards achieving organisations' CSR objectives. This can leave executives feeling that those responsible for enforcing such measures do not understand the context in which they are operating. To illustrate, GM-2 provided the example of primary health measures imposed on her organisation by its major funding body, the federal government:

> *In primary care, it takes a long time to show results. You are trying to change their behaviour and then to measure clinical outcomes and whether there are differences in HPO1C status, or cholesterol, or blood pressure or, the amount of exercise they do. That's huge. So how do you, in a short time frame, other than look at process measures explain to a department (Department of Health), who's election cycle is every three years, that really what we are investing in, you're not going to see outcomes, it's a longer-term game. (GM-2)*

Where measures are not reflective of the effort involved in achieving the desired outcome, as in this context of improving the long-term health of the population, executives like GM-2 are left feeling that their actions taken to achieve their goals are not adequately acknowledged by their key stakeholder, in this case, the government funding body. Consequently, they believe that their efforts are not sufficiently acknowledged. In this case, whilst GM-2 identified that monitoring performance is necessary, she did not believe that the assigned NFPMs were adequate as they were not an accurate reflection of the progress made. As she said, "*Sadly if that is the only thing we get measured on, I don't think that shows it well enough*". (GM-2)

6.5 Shared Understanding

Executives perceptions of the measures appeared to be influenced by the extent to which they believe that there is a common understanding amongst the executive team of the purpose or meaning behind the measures. Their perceptions are also impacted by the extent to which this common meaning is reflected in the behaviours demonstrated within the organisation. It is this common understanding that helped shape how executives perceived their relationship with their peers as they worked towards achieving the targets set.

For GM-5, a CFO in the government sector, even financial measures have inherent challenges. For him, this manifested in how to help executives understand the meaning behind the numbers, particularly how to interpret lead indicators of performance and the informational value they provide. He believed this was particularly the case when executives came from different professional backgrounds and had their own preferences and biases in terms of how they understood performance, which appeared to prioritise lag indicators of performance, as he explained:

> *I think the biggest challenge for CFOs is to get execs or CEOs on board with looking at sort of the financial stuff and some of the early warning measures because I think depending on where CEOs have come from, if they come from the operations they're still interested in the operations and tend to miss some of those early warning signs and performance measures. So, it's more a suggestion and sort of influencing how management think, but again it does come down to type of organisation, where they are in the maturity curve, the skills and understanding of the CEO and the board, so all of those things. (GM-5)*

The above statement suggests that in GM-5's experience, executives did not always see the value of indicators that provided early warning signs of performance as they placed greater reliance on indicators of past or actual performance that aligned with their personal experience. This resulted in a narrower view of performance and influenced executives' ability to build a shared understanding of the informational value of such measures, particularly NFPMs that are lead indicators of performance. A lack of mutual respect for other executives' backgrounds and experience, and an openness to hearing different perspectives, appeared to result in such measures not being effectively utilised.

Executives' lack of confidence in their peers can also impact their perceptions of the effectiveness of NFPMs, particularly measures that are subjective in nature. SM-5 suggested that perhaps this is why many organisations choose more objective, process driven measures that are easy to quantify and not open to interpretation. However, he explained that such measures do not provide meaningful feedback unless they are accompanied by a subjective assessment:

The quantitative measures are meaningless right, because we actually need to know about the process, and the number of events is just not great. So, you actually have, your measure should be more around how are we doing, perhaps, but that becomes subjective. So if you go objective, it's how many events have you done, but if it's subjective it more of a statement of ok, how are we tracking against our objectives and goals. But because of a culture of not being honest in your reflection of performance, you can't have that. So you go for those meaningless, just output based process driven numbers. (SM-5)

Here, SM-5 suggested that for two-way communication to be effective, executives must believe that their peers are being honest in their assessment of their performance. For this to happen there needs to be a prerequisite understanding of the organisation's intentions and the rationale behind the measure beyond simply being a binary assessment of performance. It seems that only then can executives feel that the performance measures provide an accurate reflection of performance.

SM-4 elaborated on these concerns relating to a reliance on quantitative measures where there were no corresponding qualitative measures in place to determine if the intention of the measures were achieved through executives demonstrating the desired behaviours required by the organisation:

They're meeting their targets and they are getting rewarded, but it doesn't mean that they are doing it the right way. You've got to have other metrics to monitor whether or not people are conducting themselves in an appropriate manner. (SM-4)

Again, when the focus is on meeting the performance targets, not how the measures are achieved, this can result in not only a lack of confidence in peers but also in the measures themselves, as they are not seen as an accurate reflection of performance. For this reason, CS-2 believed that it was important to operationalise behaviours through performance measures:

At the end of the day, you have to operationalise behaviours you know, because otherwise people will always behave as they always have themselves and their own motivations and drivers. Somehow, we need to work out a way to operationalise those ourselves. To say, this is what they mean, you know, this is what we expect of you and this is what we expect of ourselves, this is what we expect of each other. (CS-2)

136

Hence, without measuring behavioural expectations, CS-2 did not believe that it was possible to develop and implement a CSR policy that aligned to the organisations code of conduct and values. Part of the reason for this was that he believed that more qualitative measures for CSR allowed organisations to clearly articulate their expectations even if those measures are subjective, as he noted, *"it's really subjective right, that's why you have to operationalise what that means"* (CS-2).

A shared understanding between the board and executives is also critical if they are to work cooperatively to devise and agree on a set of measures. In the situations below, these NEDs describe the board lacking confidence in the executive and as a result becoming more involved in the development of measures:

> *So, ideally, they (the executive) should be developing it, and saying here you go, yep, you say that looks fine. I know one organisation they pretty well do that and we just tinker. One organisation we (the board) are basically driving (the process), we say what about this, what about that. They come up with stuff and we say that's crap. So, it's having that trust, the competence. (NED-4)*

> *How do I know that I'm getting everything? Is management filtering stuff or do they have a different view than we do. So, it's not until you start getting the information that you start asking questions, and that annoys the hell out of management because they have to go back and rework stuff, but tough. (NED-2)*

In these situations, the boards did not believe that the executives had the capability to agree on a set of appropriate measures or provide relevant, timely information. Here there appeared to be less two-way communication and consequently deviations were seen as suspect. As a result, this approach can further negatively impact the relationship between the board and the executive team, as this CEO reflected on her dealings with her board:

> *So that's a challenge, and sometime the lens or the focus [of the board] doesn't necessarily reflect the business and that's the difficulty ... I had to learn how to negotiate better to make sure that the targets that are being set reflect real impact, not just individual's interests or unrealistic view of the world where everyone is happy ... So it's my responsibility as well to make sure that I'm negotiating the targets. (CS-6)*

The approach taken by the board impacted CS-6's relationship with the directors as she felt that she had to work harder to have her views and perspective heard in circumstance where she believed that the board's expectations were idealistic or impractical. For this reason, another NED believed it is important for boards to build a relationship with the CEO, so they feel comfortable raising potential issues in order to implement appropriate measures:

> *it's all about building a relationship with the CEO. If the CEO sees that you are actually adding value to the conversations, and you're there as a sounding board and a bit of a ... You should be dialoguing on a continuous basis, just so you are in tune of what is happening. But that is indicative of the relationship that you've got to build with the CEO. If you don't have a relationship and you operate in that way, the CEO goes, oh I don't want to raise this issue or that issue because there might be consequences so, you're not getting to the heart of the issue. (NED-3)*

Therefore, for the board and the CEO (as well as the executive team) to work cooperatively to agree on a set of measures, requires a relationship where two-way communication is facilitated by a rapport developed over time. Without such a relationship it appears unlikely that executives will openly share their perspective as they may suspect that the board are ignorant of the real conditions under which they are operating.

6.6 Feeling of Being Valued

The feeling that their views and contribution were valued appeared to influence executives' perception of the measures, and their confidence to voice their perspectives, particularly when they did not believe the measures were achieving their desired intent. CS-6, the CEO at a NFP in the health sector, felt that the board's focus on improving performance year-on-year by stretching the targets resulted in them losing sight of what the organisation set out to achieve, so that they were unaware of the real conditions under which the organisation was operating. As she explained:

> *and they will sort of stretch the targets, but actually we just keep delivering them, so now we are saying, let's not just, not keep playing that game, let's move to where we want to be, focused and not just keep trying to do more and more. (CS-6)*

For CS-6, at times it felt like a personal attack on her, *"so they keep upping (the targets) thinking that we'll get her this time"* (CS-6). She did not believe that the process of agreeing the measures was always cooperative, as she felt that her contribution was measured in terms of a target to be meet. Furthermore, she felt that, in some respects, the board was trying to find fault in her performance, and deviations were viewed with suspicion. But they also had the effect of building her confidence as she was able to achieve the targets.

Whilst unrealistic targets may fracture the relationship between an executive and the board, they can also have the effect of inspiring executives to think more broadly about what is achievable, as GM-2 explained:

> *I think there is obviously room to improve and in a perfect world it would all come bottom up and be informed by what actually happens on the ground. But in a sense too, this makes you, it can stretch you to go, well it might not be that realistic, but it makes you explore what's possible, you wouldn't have otherwise thought to think outside the square or to go looking for that, you know it stretches you a little bit, so you don't just go, well that's not possible, or we've always done it this way. At least it makes you try. If you're, the good thing is if you're able to show that we gave it a go and this is what we found, that's a learning in itself and that informs the next iteration and hopefully it does start to line up a bit better down the track. (GM-2)*

In this case, whilst GM-2 felt that the board did not completely understand the environment in which the organisation operated, she still felt that the measures in place provided an opportunity to pursue potentially more challenging goals. Furthermore, she felt that with time there would be greater alignment between the expectations of the board and the executive. In this way, the measures enhanced her personal values, as they challenged her to consider the limits of her own capability/abilities and that of the organisation. Hence a feeling of being valued was also achieved under circumstances where an executive felt that their abilities were being tested.

In another example, CS-1's CEO proposed what he initially believed to be unrealistic targets. However, a relationship built on mutual respect meant that CS-1 and his CEO were able to work cooperatively to find common ground. Here he explained the negotiation process to agree on an appropriate employee engagement target during a time of turbulent change for the organisation:

But it's just a negotiation about um trying to calculate the numeric impact of those staff and we did some rough calculations and came I just worked through the logic of the revised calculation with [CEO] and said look if I could get to this would you be happy and [CEO] said no, but we talked some more, and he gave a bit of ground but not much. (CS-1)

In this case there did not appear to be any resentment on the part of CS-1 towards his CEO as he was encouraged to put forward his perspective, even though his preferences were not entirely supported. In what may be perceived as a one-way discussion, he still felt a sense of confidence, believing that his views were valued.

The importance of executives' views being heard and their concerns recognised was highlighted by the interviewees. Even if the response was a commitment to take action sometime in the future, executives' feelings of self-worth were enhanced. When their concerns were listened to and valued, they felt that they were part of the organisation and decision-making process, as these executives explained:

The other thing that [Org1] did that was good was they talked about now, soon and later so they gave people, everyone's got this wish list of stuff they want to do and they would say don't worry we are going to do it now, soon, later. It's not like we are ignoring your wish-list but this is all we can do this year" (CS-1)

If you are looking at what are the five key non-financial measures we should implement, if we have a working group or you know, get ideas from your workforce if that's the way you want to do it you might end up with 10 suggestions, so picking the 5 you want and being transparent about why you are moving forward with that 5 (GM-5)

In these examples, even when the suggested strategies and measures were not prioritised, they were still left with the feeling that their opinions mattered in the eyes of the organisation, as GM-5 explained:

People want to be part of the process and be heard rather than anything else. Then once a decision has been made the key is to sort of go back and have some communication and

> *explain why we may be moving forward with a certain position and why some of the other*
> *options might not have been taken. (GM-5)*

Hence, two-way communication is more than just repairing misunderstandings, it is about allowing others to feel that they are part of the process and that their opinions are valued.

6.7 Conclusion

Executives' perceptions of the design feature of repair appeared to be influenced by their level of engagement in the design of the measures and the extent to which their views were acknowledged. How deviations were treated when performance targets were not met also influenced their perception of the measures. These factors were influenced by executives' access to relevant information, which allowed them to voice their concerns and put forward suggestions with respect to the effectiveness of the measures. It provided them with confidence that those within the organisation – their superiors, peers, or the board – shared a common understanding of the rationale for the measure. Finally, having their views heard allowed executives to feel that their contribution within the organisation was valued.

Chapter Seven: Findings Flexibility

7.1 Introduction

The following analysis suggests that certain factors influenced executives' perceptions of the design features of global transparency. These factors are listed in Table 7.1 and discussed in the following sub-sections.

Table 7.1. Influencing perceptions relating to flexibility

Factors influencing flexibility	Description
Relative importance of competing priorities	Organisations' perceived prioritisation of financial goals at the expense of non-financial goals appeared to influence executives' prioritisation of the NFPMs.
Freedom to interpret the measures	Executives' understanding and, importantly, appreciation of the underlying strategy and reason for the measure appeared to influence how they considered the measure.
Mutual appreciation of the goal	The extent to which executives had the discretion to implement appropriate initiatives, particularly relevant with respect to NFPMs where the results and outcomes were often subjective and open to interpretation.
Ability to achieve the measure	The extent to which NFPMs attempted to guide performance rather than prescriptively dictate initiatives and actions resulting in insufficient guidance in terms of fulfilling the intention of the measure.
Sense of support	Whilst NFPMs may be designed to support executives' intelligence, the extent to which the support provided was felt in a way that provided executives with a sense of confidence and efficacy in their actions.

7.2 Relative Importance of Competing Priorities

Organisations' perceived prioritisation of financial goals at the expense of non-financial goals appeared to influence executives' prioritisation of the NFPMs. Several executives believed that, not only were financial measures prioritised, but their efforts to achieve non-financial goals went unrecognised due to a persistent focus on achieving financial targets. A representative sample from interviews with executives is provided in Table 7.2.

Table 7.2. Prioritisation of financial measures

Quote number	Interviewee	Quote
7.1.1	NED-1	*The key driver was how much impact you made on the net profit of the organisation. It was profit ...my measure was based on how much I improved the bottom-line of the organisation. It was clear cut.*
7.1.2	CS-1	*.. um is my boss giving us time to do this (CSR initiatives) against other priorities, um probably not ... has it got the same weighting as some of the other financially let's call it financially based things ... probably not.*
7.1.3	SM-3	*No matter how much evidence we have, they'll say, thanks for that but no ... because it's driven by shareholder return. Because it comes at a cost. It's not budgeted, or if it was budgeted, we don't want to spend the budget because we want to come under because we want to achieve our financial measures both to ourselves and for our shareholders and the board.*
7.1.4	SM-2	*Everything, every meeting we go to with management it's about people related issues, or what are we doing to address this. But it's not an easy fix, I don't think it's an easy fix because we are so driven by the financial measures, there's so much competition, there's so much work.*
7.1.5	SM-4	*But if you haven't met your individual sales (it effects your overall performance), so why bother. I don't want to work my weekends and kill myself, with no confidence that I am going to get rewarded at the end of it.*

In the examples in Table 7.2, whilst the organisations claimed that they treated all the measures equally, it was apparent to these executives that it was not the case. As a consequence, the decisions they made in terms of where to prioritise their efforts, and the efforts of their teams, were focused on achieving financial targets at the expense of non-financial goals. This left these executives feeling conflicted as their desire to achieve the non-financial goals, such as employee engagement in the case of SM-2, or enhancements in the safety and security precautions within SM-3's organisation, were not supported by their organisations, which instead focused on achieving financial metrics. For example, SM-4 felt that putting in extra effort to achieve non-financial goals was not appreciated if she did not first achieve her financial targets which required considerable effort in themselves.

In some cases, even when executives had the flexibility to freely interpret broader CSR strategies and develop their own measures to achieve these strategies, their freedom to pursue them was compromised by competing priorities advocated by the organisation. As this C-Suite executive explained:

> *Look at a personal level I really wanted to establish both the graduate program and the Indigenous program so but it's just the reality of available time, it wasn't sufficient to do everything we wanted to do in a year. The fact that they were deprioritised I guess ... is evidence that it wasn't the highest priority (for the organisation). (CS-1)*

In this case, the flexibility to develop his own initiatives, which was intended to encourage independence, ultimately resulted in a level of frustration as the organisation's priorities took precedence over the executive's self-endorsed initiative. Therefore, rather than investing time and effort in an initiative that he genuinely believed to be in the interest of the organisation, he was left feeling that his efforts were wasted.

Such challenges resulted in some executives questioning to whom they owe a responsibility, and therefore where should their priorities lie, as GM-3 explained:

> *Well, it's not wrong to act in your own self-interest right. In fact that's the duty of, in most, well in any organisation you need to act in the best interest of that organisation right, but it's the point to which it's, typically you owe duties to the owners of the organisation but also to those that you serve which may be communities, it may be shareholders it may be customers and there may be other constituents if you like, but I think the issue becomes, if you are acting in the interests of one only and in doing so you do harm to or act to the determinant of another group, you prioritise the interests of your own organisation of the interests of other. (GM-3)*

GM-3 believed that, whilst an executive may choose to prioritise shareholder wealth, this should not be at the expense of other stakeholders, such as customers, communities or employees, as he said, *"it doesn't then give you licence to do harm"* (GM-3).

These concerns were shared by other executives, who spoke specifically about the focus on financial measures that resulted in undesirable behaviour contrary to the NFPMs related to CSR and ethical conduct. Executives considered 'high performers' because they exceeded their

financial targets were not penalised for breaching ethical or behavioural standards, as explained in Table 7.3.

Table 7.3. Selective complacency regarding ethical and moral behaviour

Quote number	Interviewee	Quote
7.3.1	GM-3	*I certainly remember within accounting and law, sales and revenue trumps. The ability to win work business trumps behaviours and often most people do the right thing, model the right behaviours, but there are exceptions. Those exceptions, if they are high financial performers. I've certainly seen instances where they are not held to account where those behaviours.*
7.3.2	NED-3	*A good example of that is say in a professional services firm you get partners who, they're the winning partners. They are selling business, doing a lot of work and contributing financially in a very positive way to the organisation, and often you know people know that they are behaving badly but people don't want to upset them, and they don't.*
7.3.3	CS-3	*Lots of partners who would be untouchable because of their revenue. But their behaviours and their values would be just so disconnected with the organisation, but no-one would touch them because of how much they billed. But I definitely think that's changing now. I mean I had a partner at [Org] that used to open the door and like throw a report across the room and try and hit people in the back of the head with it and nobody would. He became an Asia Pac leader, and he was a very high biller.*

The issue for these executives was that the organisation appeared to be taking a discretionary approach when assessing performance by placing greater importance on financial measures in the case of certain executives, whilst professing the importance of ethical or responsible behaviour. As GM-3 suggested, *"There is often a greater weighting on the financial ... no one will say it, but all things are equal but some things are more equal than others"* (GM-3). NED-4 suggested this was the result of a short-sightedness on the part of organisations that did not consider the long-term implications of such conduct, for example, *"you may be losing people because they don't want to work in that sort of environment, but the organisation ignores that and says that person in contributing not the 10 people who left"* (NED-4). As a result, he

explained that organisations would have to deal with the increased burden of high staff turnover without addressing its underlying cause.

In addition, CS-3 suggested that in relation to measures related to acting appropriately in accordance with the organisation's values, the subjective nature of such measures meant that in cases where there was no legal or regulatory breach, there was no tangible imperative to enforce the measures, particularly if there was a financial cost to the organisation. She explained: *"there's no legislative imperative but we've got this value, the question then is how far will we put ourselves out to defend that value if it's really going to hit us in the pocket"* (CS-3).

7.3 Freedom to Interpret to Measure

Whilst it is important for NFPMs to support executives' intelligence, their understanding and, importantly, appreciation of the underlying strategy and reason for the measure appeared to influence how they considered the measure. This was particularly relevant where executives had the opportunity to freely interpret the measure and determine how it might be achieved. For example, in the case of measures to improve gender diversity at the executive level, one general manager explained:

> *it's not remunerated this way. It's just a rule or a policy. So, there is nothing that says you can't run a process that doesn't have 50–50 (male and female candidates) or whatever. The implication is theoretically you can't proceed [with the recruitment process] until you've got it. (GM-1)*

In this case it may be assumed that since the measure did not impact the executive's remuneration it would not be implemented as intended or prioritised in the same way as other remunerated measures. However, in this case, it provided the executive with the opportunity to instil her own values and beliefs when considering how the gender diversity goals could be achieved, as she said:

> *Well, it's not making me appoint females over men if that's what you are asking, but the, I think it potentially it is still addressing the, it's still making me mentor females to get them to the point where they can … So that would be around coaching them around different*

146

things they potentially don't coached on and one of them is you don't have to be the same as the men. (GM-1)

Therefore, she still perceived value in having the measure in place. Even if she was not prescriptively working towards 'hitting the target' it did allow her to consider the intention behind the measure and how it could be achieved in a meaningful way.

Freedom to interpret measures in line with executives' values and beliefs appears particularly important for CSR measures, as one executive suggested, *"they require a different type of thinking and investment, and you know programs that build out and take time to mature and develop"* (SM-1). This suggests that executives may also require a certain conviction to pursue the goals in a meaningful way. As this senior manager explained:

You should have to demonstrate how your, how in the work that you're doing on a day-to-day basis, how you are meaningfully contributing in those (CSR) spaces. Because you get, you can have a goal at a higher level which might be about delivering a particular project outcome and if you'd thought about that differently you could deliver the project outcome with sustainability, with accessibility, with other related outcomes. But if you've thought about it holistically you could still do those things. (SM-1)

Here the executive appears to identify with the value and meaning of the goal in a way that has enabled him to pursue the achievement of the desired outcomes. To illustrate, a broad goal relating to environmental sustainability, which required a level of interpretation, provided SM-1 with the ability to design specific initiatives and measures. However, the success of the strategy and the associated measures was dependent on the executive's interest in developing appropriate initiatives to address the sustainability issues relevant to the organisation. For SM-1 this involved an initiative to recycle old assets at the end of their lifecycle:

In our case, one of the interpretations given is, given the work that we do, can we connect into other programs that are happening in [the organisation] and so working across some peers we're able to work with a partner to the [organisation] who now collects assets at the end of their lifecycle, recycles them, takes the waste products out of the desktops and things, they get converted into a raw material that's used in one of our micro-factories .. So, there's nothing about that specific initiative that was articulated in a goal or measure

147

other than we want to look at areas in which we want to improve broad sustainability, environmental sustainability for instance. (SM-1)

In the above example, whilst there was a level of latitude in how the strategies were implemented and measured, it was the executive's own belief in the strategy that was the incentive to think broadly about how it might be achieved. Since SM-1 was free to determine how the strategy could be achieved and measured, his specific views of CSR policies become relevant. As a senior manager in the education sector, he saw the value in investing in environmental sustainability issues as this was important to current and prospective students:

Those areas become differentiators for the organisation .. within our cohorts of students in the [organisation] are very passionate about those kinds of programs and initiatives. So I do think that it needs sustained focus. (SM-1)

Without an underlying belief in the role of CSR as part of his organisation' strategies, SM-1 may have felt compelled to implement initiatives and measures as a means to comply with the organisation's requirements. Hence, the freedom to freely interpret the CSR measures required underlying valuing of the intention of the measure and associated strategy.

A similar approach was also used in a NFP organisation where executives and staff worked collaboratively to conduct their own analysis and develop the NFPMs based on the high-level direction provided by the board:

So obviously we have a process with the board who set the high-level direction. And we say, well the executive, the bridge between the vision the board sets and the operational side of things. So, we consult with our team and go ok, this is where we want to head, how do you think it is possible to do it. And what do you think, so we really try and do it from the ground up, what do you think you should be measured by, what's realistic to measure. (GM-2)

In this case, the guidance provided by the board supported executives to develop measures that they believed were appropriate. This approach allowed executives to feel that their views mattered in the eyes of the board. As an example, the board and executive agreed on a goal of achieving 100% awareness of the government initiative to encourage greater access to patient

data amongst health professionals through the electronic health records system known as MyHealth Records. Given the latitude to explore this issue, the executives determined that one of the factors limiting access to MyHealth Records was the slow adoption by private practitioners. As a result, they were able to realign the measures to better address the underlying issue:

> *So, we said, well let's go and explore, we don't understand the workflows in specialist land the same way we do with general practice. We understand general practice really well. So, we need the resources to explore what happens in the private hospital system and how they work with specialists and what happens in their rooms. What do their workflows look like, why is it so hard to deliver digital technology in their world. What are the real barriers? Because we had heard things anecdotally ... So, we've put some metrics, measure around, we want to look at MyHealth record adoption in specialist."*
> *(GM-2)*

Here, perhaps, because executives internalised the importance of the overarching goal they were able to utilise the freedom afforded by the board to think more broadly about how the goalcould be achieved.

7.4 Mutual Appreciation of the Goal

The extent to which executives had the discretion to implement appropriate initiatives to achieve the measures influenced their perception of those measures. This was particularly relevant with respect to NFPMs where the results and outcomes were often subjective and open to interpretation. Hence, a mutual agreement of the desired outcomes was required. The relationship between executives and their direct supervisors appeared to influence how they interpreted performance measures. For example, whilst the measures in place were somewhat vague and open to interpretation at his organisation, CS-1's relationship with the CEO (his direct supervisor) allowed him to progressively interpret and implement the strategy and achieve the measures, knowing that he was supported:

> *Yeah, the KAs were round but they were not endlessly flexible ... and it was a different relationship between myself and [Org1 CEO] ... I had a sense that we could do it and I*

> *kind of agree to [Org1 CEO] that yeah if you think that's important, we can do this. So, I guess round (measures) but it didn't detract from the commitment to the task. (CS-1)*

Therefore, whilst the executive admitted that the measures were open to interpretation, he still considered them to be clearly articulated as they provided him with enough information for him to use his own initiative to deliver the expected results. It was his supportive relationship with his supervisor that encouraged him to explore how best to deliver on the organisation's strategy.

Executives' relationship with their supervisors also appeared to impact their perception of the way in which measures were monitored and therefore their experience of the measure itself. For example, even in cases where executives did not perceive the measure to be ideal or perfect, a common understanding of the underlying premise behind the measure allowed them to feel more supported to work towards achieving the desired outcome. As this general manager in the NFP sector explained:

> *Although it's not like we sit down and look at this every single time and say ok are we tracking on this. What she (the CEO) does do, which is great, is look at all of the different sets of things that we have to measure and put it into one document and say 'how are we tracking every month at a high level at least? Are we hitting these particular targets or things that we said we would do?' There is a level of accountability in there and you know at the end of the day we go, 'well we can't measure it that way, but we do have this and we provide that as an alternative with an explanation'. (GM-2)*

In this example the CEO of the NFP organisation did not employ a rigorous approach to monitoring the performance measures but instead supported her executive's intelligence to work towards the achievement of the organisation's ultimate goal. In this way the measures were not prescriptive but rather designed to encourage the executive's initiative, assuming she appreciated the underlying value of the measure. SM-1 explained that perhaps one of the key features of NFPMs is that "*it is more open to being able to have that discussion and being able to demonstrate the way you have interpreted and delivered against that overall outcome*" (SM-1). Hence executives' perceptions of the measures were influenced by the strength of the relationships within the organisation, allowing them to engage in constructive conversations where the executives felt that their interests were aligned and they were working towards a

common goal. In these cases, deviations were not seen as risks to be managed but, rather, opportunities for further discussion and understanding.

A clear articulation of measures was important, particularly in cases where the measures were not ultimately achieved. As SM-2 discussed, what may have been described as disappointing employee engagement results were viewed as a learning opportunity to understand employee sentiments. Her management's approach was, *"let's go and understand why"* (SM-2). In this case, both the executive and the management team appeared more interested in the informational value of the measure rather than simply using it as a means for assessing performance, as she said:

> *It's not a very clear 'you've underperformed'. Because at the end of the day I am accountable. There's also others in management that play a part, it's not just on me. (SM-2)*

This approach allowed the executive to feel that her efforts were valued as there was a feeling that they were working towards a common goal. Hence, the measure was not just a means for monitoring individual performance, but, importantly, it was a measure of the team's collective performance. Therefore, the burden of poor employee engagement was shared by the management team, treating the deviations as a learning opportunity.

NED-3 pointed out that the relationship between a CEO and chair appeared particularly important for interpreting performance and managing deviations or uncertainties, as he explained:

> *the CEO is very comfortable putting the issues on the table and bouncing things around, because she knows that it's not going to go anywhere if it doesn't have to go anywhere. So, it's sort of a conversation between the two of them, in shaping her decision making and her operations and guidance to the organisation and thinking. (NED-3)*

Here, it was the CEO's relationship with the chair that allowed her to maintain control over decision making whilst freely voicing her concerns in a secure environment. In this case, the chair provided her with an avenue to seek advice that was free from bias or judgement so that she was able to make decisions that were in the best interests of the organisation.

151

Conversely, in this example, this general manager in the NFP sector explained how a lack of genuine engagement between the board and the executive team may lead to executives feeling that they needed to maintain a level of ambiguity in terms of to developing measures in order to allow a degree of interpretation should they fail to achieve the agreed targets:

> *it's also a balance between what you're setting yourself to achieve and, the other thing is the appetite for say the boards, say the board's appetite for failure. If you've got a culture for where failure's ok, then you can set yourself some really awesome measures if you have that culture. Otherwise, what tends to happen in my experience is that you will create goals that are ambiguous because they can be interpreted differently. (GM-2)*

GM-2 explained that even if executives had the freedom to create their own measures, unless the board shared the executive's ambitions and treated deviations as learning opportunities, executives were more likely to be cautious and select ambiguous measures that are open to interpretation.

Hence the interaction between the board and the executive team appeared to be important to enabling CEOs and executives to effectively fulfil their role. This board member in the NFP sector agreed that providing the CEO with a supportive environment best served the interests of the organisation. As he said, *"so we are there at the will of the CEO…so again there is a lot of (discussion), in terms of measures. It's dynamic as well" (NED-1).* Therefore, it appears that a supportive relationship between the board and the CEO, where the CEO is afforded a level of independence, were critical to ensuring the selection of, and a commitment to, pursuing the most appropriate measures.

7.5 Ability to Achieve the Measures

NFPMs that attempted to guide performance rather than prescriptively dictate initiatives and actions sometimes resulted in executives being left with insufficient direction in terms of fulfilling the intention of the measure. For example, NED-4 described a situation relating to a CEO's attempt to achieve the organisation's gender diversity target where he believed that the CEO did not have the confidence or ability to achieve the organisation's ambitions relating to gender diversity, as he explained:

I think he was probably insecure; he was focussed on his dollars so he wanted to achieve all his measurements to achieve his short term incentive (and) long term incentives, he was driven by that. So, he drove, he tried to drive the metrics, to determine the metrics, to basically get his remuneration. (NED-4)

As a result, this executive was able to use the discretion afforded to him to implement initiatives to achieve the measure, but not the intention, of the diversity strategy:

One of the games he was trying to play there was, by measuring (gender ratio) say at the end of year, what you do is get contractors, female contractors to come in at the, say the last month (of the year) to boost the stats … the guy was basically trying to figure out how do I get the numbers (NED-4)

In this case, whilst the measure provided the executive with independence over decision making it did not support his need for appropriate guidance. As a consequence, he reverted to actions to achieve the measure rather than the strategy.

In another example, GM-3 recalled a NFPM at a large retailer relating to supplier engagement. The intention of the measure was to ensure that suppliers were treated fairly in a relationship that may be perceived as inequitable as a result of the retailer's size and bargaining power. As he explained:

While there was a stated desire to treat suppliers well, in fact, practices meant that was often challenging because buyers had to achieve certain business targets and outcomes. (GM-3)

GM-3's view was that given the competitive environment of this organisation, buyers treating suppliers equitably would result in the buyer failing to achieve other business targets and objectives. GM-3 suspected that the organisation may have been genuine in their desire to treat suppliers equitably. However, the competing measures and the priority placed on the other business objectives posed challenges for buyers as they questioned their ability to satisfy the demands of the organisation:

However genuine the message at the top, ultimately if the business doesn't, isn't accountable for delivering on that (fair treatment of suppliers), then I suppose it

> *becomes, it's not authentic, but perhaps not by design but in application that's what ends up happening. (GM-3)*

Therefore, even if the executives agreed with the underlying rationale for the measure, if it appeared unachievable, they would find themselves in a position where they were forced to choose what they perceive to be the organisation's priority, resulting in a *"disconnect between the intent and the behaviour" (GM-3)*. Again, in such situations, whilst the intention of the NFPMs may be to guide behaviours, the executives were not provided with appropriate guidance in terms of prioritisation. Hence, they failed to fulfil the intention of the measure.

Finally, SM-5 raised concerns relating to an inability to achieve NFPMs due to the volume of measures in place, which resulted in executives having to decide where to focus their efforts. In this case, the complexity of the public health sector resulted in multiple measures being used to track a multitude of variables. Whilst this had the consequence of allowing executives to decide where to focus their efforts, it also became prescriptive as the informational value of the measures was lost, as he explained:

> *If you've got the ability to dedicate a team to ok, this is fluctuating, we're not performing, go and look at it. Then that measure is serving the purpose of guiding that team. If you've got, if you don't have that team and that measure is one of a hundred, these measures are only about monitoring high level (performance), how are we tracking. That measure is useless because it is so high level it doesn't really tell you that much, and you don't have a team to go in and check what it is telling you." (SM-5)*

As a consequence, the multiple measures resulted in a prescriptive process where deviations were reported without adequate follow-up and analysis. This resulted in this executive rendering his own actions as ineffective and questioning the validity of the measures.

7.6 Sense of Support

Whilst NFPMs may be designed to support executives' intelligence, the support provided should be felt by executives by allowing them a sense of confidence and effectiveness in their actions. For example, SM-1 described how his organisation provided him the licence to pursue CSR initiatives that closely aligned to his interests as what he perceived to be a reward for achieving

his financial measures. This approach provided SM-1 with a sense of confidence in his own abilities, which allowed him to pursue the CSR goals of the organisation:

> *I often think that meeting those expectations (enforced measures) in some sense is what gives you the opportunity to pursue and be successful in delivering other goals and objectives that might be connected to personal value or project. (GM-1)*

In this organisation the CSR goals and measures were designed to support the executive's intelligence as he perceived participation in such programs as a reward for his efforts. In this way, the organisation encouraged executives to take the controlling decision of determining where their efforts were best expended.

This also seems to be the approach taken by some organisations when it comes to engaging in pro-bono work, as CS-4 explained when discussing a particular individual who took the initiative to establish a pro-bono work program at her law firm. CS-4 believed that it was due to the support of senior partners that she was able to successfully implement a pro-bono program within the firm:

> *But we had pretty responsive, forward thinking senior partners, so yeah they were quite receptive to what she was doing. But also she was a strong performer anyway and it was a bit of a reward for her. (CS-4)*

 In this case, there were no specific measures relating to establishing a pro-bono work program, but none-the-less it was an initiative that was both supported and encouraged by the organisation, giving the executives a sense of self-worth. This approach can be compared to other organisations where participation in pro-bono programs is expected and measured. NED-3 explained that at his professional services firm, involvement in pro-bono initiatives was considered to be a personal and professional development opportunity, however some executives did not see the value in such work:

> *It was more about personal development and developing other team members to get involved in a charity and do something that was, with some social conscious. But you know other people just say, I'm not going to do that, I've got other things to do so. (NED-3)*

155

In this case, participation in such programs was prescribed and some executives did not see the value in participating in such programs even though they were intended to support their development. In this case measuring participation had no effect as they did not feel that such measures were appropriately prioritised by the organisation.

In terms of prioritising CSR related initiatives and measures, some executives suggested that the board structure and make-up inhibited organisations from fully embracing their social responsibilities and providing executive teams with the support they required to implement such initiatives, as these executives explained:

So once you start to get people, women, people with other experiences who aren't just accountants or people with a fairly narrow frame of reference, and those that actually understand that these softer skills are important and that productivity and moral are inextricably linked. (CS-4)

And I know when people look at board, public company boards, in particular, it is somewhat frowned upon when it looks like a boys club. And that can happen. I understand why. So I think there's definitely a push to be more overtly gender balanced, neutral. I think that once that generation if you like, call it, and works its way out of the system, people like myself, that's where I'd like to go at some point in time is to be sitting on more boards. That bit is part of your make up, it's the way you think. Whereas it's normal to keep an open mind about who you're recruiting. (NED-2)

These executives suggested that as boards become more diversified, they will start to give greater consideration to a broader set of stakeholders (such as employees). For them, a more diversified board may be more open minded about how organisational objectives are achieved and play a more supportive role rather than an oversight role, as one NED said, *"some old school directors thought you should join a board and then just sit there and listen for a couple of years" (NED-3).* Furthermore, executives suggested that greater diversity on boards would reinforce the organisation's genuine intention to address CSR issues. As one executive said, it is inadequate for an organisation to proclaim the importance of gender equity targets and that their *"all white male board is behind it 100%"* (SM-1).

7.7 Conclusion

Executives' perception of the flexibility of the NFPMs relating to CSR was strongly influenced by their perception of the relative importance of competing priorities, particularly financial goals and measures. Their understanding and appreciation of the underlying goal including their ability to interpret the measure in a way that was mutually appreciated and agreed, influencing how they perceived the measure. Also, executives' perception of their ability to achieve the measure included a sense of support availability to them, which influenced how they perceived the measure, as well as the effectiveness of the actions they initiated to achieve the measure.

Chapter Eight: Discussion Part I

8.1 Introduction

The findings outlined in the previous chapters suggest that organisations' introduction of NFPMs as a way to enable executives to pursue CSR initiatives has met with mixed success (Banker et al., 2000; Luft, 2009). Whilst organisations' intention may be to enable optimal performance, the implementation of NFPMs can unintentionally have a coercive effect as executives are caught in the trade-off between pursuing difficult to measure long-term objectives (including those designed to encourage CSR) with easily defined and measured short-term targets aimed at financial results (Holmstrom & Tirole, 1989; Wu & Pagell, 2011).

However, as highlighted in Chapter One, organisations are increasing called upon to be agents of social change, and executives are under greater pressure to prioritise their CSR obligations in the face of competing demands (Kudlack & Low, 2015). Given this context, this thesis brings together two distinct areas of scholarship, management accounting and psychology, to understand an executive's motivation to pursue NFPMs in relation to CSR in light of competing pressures and priorities.

Adler and Borys (1996) identified that controls such as performance measures may be designed and implemented to be either enabling or coercive, which would result in either a positive or negative attitudinal outcome, as depicted in Figure 2.1 in Chapter Two. Whilst Adler and Borys' framework acknowledges the flaws associated with viewing motivation as a dichotomy of extrinsic and intrinsic origins, it stopped short of explaining the influence of a spectrum of motivation and subsequent behaviours in response to enabling or coercive formalisations. Hence, it does not consider how an individual's perception of those design features (being global transparency, internal transparency, repair and flexibility) may influence the satisfaction of their psychological needs for autonomy, competency and relatedness (Deci & Ryan, 2002), and therefore motivation and resulting behaviours, as this was not the intention of the framework.

In contrast, as found in the findings sections of this thesis (Chapters Four to Seven), a control that was intended to be enabling maybe perceived as coercive if it does not satisfy the BPNs of the individual. As discussed in Chapter Two, organisational level studies have not explicitly attempted to understand how an individual's psychological processes are impacted by

management accounting practices (Hall, 2016). Furthermore, the enabling and coercive literature has tended to focus on operational management, as opposed to top level leadership roles, which have received less attention (Jordan & Messner, 2012). In the context explored here, this can occur when the pressure to achieve NFPMs is combined with other contextual factors, such as competing internal strategic priorities and external market pressures. Hence, the aim of this study is to understand how individual executives perceived the design features of NFPMs relating to CSR to the extent that they influenced the satisfaction of an their psychological needs and, therefore, their motivation to pursue those measures. This relationship is summarised in Figure 8.1.

Figure 8.1. Enabling and coercive framework including consideration of internal psychological processes
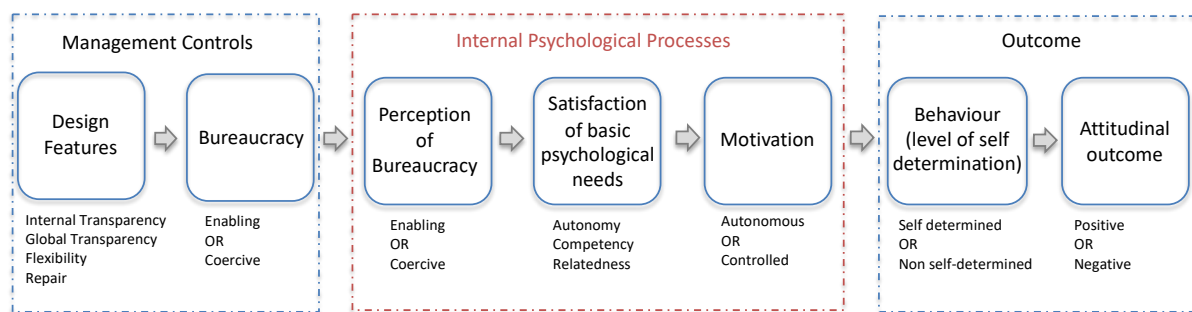
In summary, the study has two principal aims. Firstly, to expand on the current management accounting literature on the design features of NFPMs to provide insights into the contexts and conditions under which measures encourage or stifle social responsibility and long-term focus. Secondly, to further develop motivation theory specifically by applying SDT to understand the extent to which a work context (specifically NFPMs) either satisfies or constrains an executive's BPNs and motivation (Gagné & Deci, 2005), and consequently influences decision making and attitudinal outcomes. This aim will be discussed in Chapter Nine.

8.2 Perceptions of the Design Features of NFPMs

As outlined in Chapters Four to Seven, when assessing the perceptions of executives with regards to the four design features (global transparency, internal transparency, repair and flexibility), six common themes emerged. These themes relate not only to the measures in place,

but also the organisational goals, strategies and objectives that precede them. As demonstrated by previous research, this is because, to be viewed as effective management control devices, a set of measures must be directly linked to strategy, causally linked to organisational outcomes and effectively communicated as accurate, objective and verifiable (Malina & Selto, 2001). Hence an executive's perception of the goals, strategies and objectives underpinning the measures influences their perception of the measures. This study's focus has been on what characteristics define those perceptions of the design features of NFPMs and therefore, shape an executive's attitudinal outcome with respect to how they approach achievement of the measure. In other words, does the executive believe an individual measure to be enabling or coercive? The six themes derived from the research data are described in Table 8.1.

Table 8.1. Themes influencing the perception of the NFPMs

Theme	Description
Personal values	Whether the measure aligned with their personal values
Genuine	If they believed the organisation was genuine in their intentions to achieve the underlying intent of the measure
Leadership	Their views and relationship with leadership (those superior to them), that is, did they feel that their views were aligned? Did they feel supported?
Recognition	Whether they received recognition for their efforts
Effectiveness of actions	Whether they believed that the actions put in place by the organisation to achieve the measure would be effective in achieving the underlying objective
Belonging	Whether the measure and the underlying objective resulted in them feeling part of the organisation and its goals, but also beyond that in terms of feeling part of the solution to a societal problem or issue

These themes demonstrate whether a measure is designed to be enabling or coercive, although this may not be how it is perceived by an executive. For example, a particular measure

strongly aligned with objectives with overt societal implications, such as gender diversity, can be perceived differently within different organisations or by executives within the same organisation. These themes also highlight interdependences between the design features. For example, a measure has the positive features of global transparency because it aligns organisational values with those of the executive, yet, because the executive was not engaged in its development, the measure (repair) can be perceived as coercive. The NFPM design implications of these counterintuitive findings will be explored below.

In this chapter, I discuss each of the six themes in turn to explain how the perceptions outlined in the Chapters Four to Seven can enhance our understanding of Adler and Borys' four design features. I do so by exploring the efficacy of the framework in explaining the resulting behaviours and attitudinal outcomes, including consideration of the interdependencies between the design features. That is, one measure may have enabling characteristics with respect to one design feature, and coercive characteristics in terms of another.

8.3 Personal Values

As supported by previous research, CSR related goals, by their very nature, can be contentious due to their inherent subjectivity. That is, they require interpretation that may be influenced by personal experience and social values (Ditlev-Simonsen & Midttun, 2011). For example, a CEO's political ideologies manifest in their firms CSR profiles, such that liberal CEOs exhibit greater advances in CSR initiatives than their more conservative counterparts (Chin et al., 2013). Hence, an executive's values, being their own ideas and beliefs about what is more appropriate and what is worth doing in any specific context (Chou, Wang, Wang, Huang, & Cheng, 2008), may influence how they respond to the related CSR measures. Financial goals, in contrast, may be seen as more objectively aligned to organisational outcomes that can be readily assessed in the short term. This thesis contributes to these findings in suggesting that the extent to which executives internalise issues such as environmental sustainability and gender diversity influence how they perceive the related goals and measures defined by the organisation. This behaviour difference was particularly evident when the results of their efforts were not always apparent in the short term, as discussed below.

Adler and Borys (1996) suggested that to be enabling, systems or measures should allow users to make appropriate modifications to achieve a desired outcome, thus supporting the "user's intelligence" (p.74). However, for this study I posit that the extent to which an individual may take the initiative to embrace such flexibility appears to depend on how well aligned is the organisational goal with an individual's own personal beliefs and values. Rather than NFPM design, it is the executive's personal convictions that enable them to exercise a degree of flexibility when interpreting a performance measure and, importantly, take the actions required to achieve the desired outcome. In this context, an executive's perceptions are important to how they enact NFPMs that are open to interpretation, as discussed in the example below.

Example 1. Interpreting vague measures

> *GM-2 discussed a broad goal put forward by her NFP Board in the health sector. The goal was to achieve 100% awareness amongst medical practitioners and patients of a government initiative to encourage greater access to patient data. The purpose of this government initiative was to encourage greater use of a national online patient database providing health care providers with access to current patient data intended to provide patients with efficient and effective treatment and care.*

On the surface one would question the value of simply increasing awareness of a government initiative, as well as the mechanics of how this might be achieved by a small organisation in a large sector. Such a measure may have been perceived as a coercive attempt by the board to ensure compliance with government requirements, particularly given that executives were not involved in the design of the measure (Grasser et al., 2021). However, contrary to Grasser et al. (2021), it was the executive's valuing of the ultimate goal to improve the accuracy of patient data, and therefore contribute to better patient outcomes, that enabled them to embrace the measure prescribed by the board. A leadership team that did not value the role of patient data in improving patient outcomes may well have taken the minimum actions needed so as to demonstrate superficial achievement of the target measure. That is, as a coerced and not very meaningful attempt to demonstrate compliance, rather than a genuine attempt to address underlying data quality issues. In contrast, the leadership team considered this as an opportunity to investigate and address a known issue, being the accuracy and completeness of patient data relating to private practitioners.

Hence, for a NFPM to support an executive's intelligence, the executive must first value the organisational goal that is being pursued. The board may have collectively argued that providing the executive team with a somewhat nebulous goal allowed them the flexibility to use their initiative to devise plans to achieve the measure. However, based on interview transcripts, it was their personal values that motivated the executive team's actions to facilitate accurate and reliable patient data, and enabled them to work towards the goal of achieving better patient outcomes. Consistent with previous research (Ditlev-Simonsen & Midttun, 2011; Jordan & Messner, 2012), the vagueness of the measure gave executives considerable leverage to follow their personal convictions; they were able to treat the measure as a means rather than an end. Here we suggest that had executives not valued the important contribution of accurate patient data to improving health outcomes, the measure would have been perceived as coercive, rather than one that enabled them the flexibility to use their initiative.

In some instances, executives concurred with the organisation's CSR goal as their personal values provided the necessary context to pursue the goal. However, as described in Example 2, executives were unable to see the informational value afforded to them by having the measure in place. In this context, the executive perceived the measure as coercive as it did not provide them with internal transparency, or more specifically, visibility of the "inner workings" (Adler & Borys, 1996, p. 72) of their function or progress against the measure.

Example 2. GM-1's experience of gender diversity measures

> *GM-1 provided the example of gender diversity measures in place across many large corporations that provided limited internal transparency with respect to the validity and appropriateness of such measures in her business unit, which was a support function. This was because, in her view, support functions such as finance and human resource management had traditionally balanced female representation compared to more male dominated industries and professions. Thus she perceived the measure to be an arbitrary requirement placed on her to ensure that there was a fifty–fifty gender balance in the recruitment phase for an executive position.*

Whilst she considered herself to be advocate for women in the workplace, and in particular women in senior positions, GM-1 failed to see how the measures relating to gender diversity provided her with visibility with respect to achieving greater diversity at senior levels. According to the interview transcripts, this was because she already valued the need for greater gender diversity and intuitively understood the rationale for the goal. Therefore, she considered

the measure as an arbitrary attempt to provide unsolicited guidance when she had already implemented steps to achieve greater gender diversity. Here the measure to achieve the goal was perceived to be a short-sighted attempt to achieve a short-term result. In this context, what was intended to be an enabling measure was not perceived to guide effort but rather sanction punishment for non-conformance (Adler & Borys, 1996, p. 72). In her view, the measure did not address the underlying causes relating to gender diversity, nor did it consider her personal efforts to encourage diversity. For her the measure did not facilitate internal transparency as it did not provide her with visibility into the "inner workings" (Adler & Borys, 1996, p. 72) of her department or the recruitment process. Furthermore, consistent with Jordan and Messner (2012), increased attention from top management in relation to the measure resulted in coercion, as she was no longer free to interpret the implementation of the measure as she saw fit.

By way of contrast, GM-1 highlighted another organisation where she was able to flexibly interpret the gender diversity measures by placing greater emphasis on mentoring females to progress to senior positions. In this case the organisation allowed executives to implement initiatives they deemed appropriate to achieve the measure. This approach to achieving the gender diversity measure enabled her to enact her values and thus progress towards achievement of the organisation's diversity strategy. In this example, whilst the measure may not have provided adequate internal transparency within this organisation, it did provide her with the flexibility to consider how she could contribute to the underlying intention behind the measure. However, had she not valued the underlying goal of achieving greater gender diversity, it would be difficult to claim that the measure supported her intelligence to devise appropriate initiatives to achieve the desired outcome as identified by Adler and Borys (1996). Thus, to be flexible and support an executive's intelligence as Adler and Borys (1996) suggest, a measure must align to the personal values of individual executives, along with the potential to provide them with a desire to think flexibly about how the measure might be achieved.

Whether the strategy or intention behind the measures aligned to an executive's personal values also appeared to influence whether they interpreted a measure to be enabling or coercive when provided with a rationale for the measure. This is salient because Adler and Borys (1996) identify that global transparency may be achieved by providing employees with the necessary contextual information. However, they did not specifically consider the extent to which that contextual information aligned with an individual's personal beliefs and values. Consistent with

164

the findings of this thesis, a study based on a sample of 249 CEOs conducted by Chin et al. (2013), found that given a set of contextual conditions, CEOs tend to be swayed by their personal biases, values and inclinations. Therefore, in some instances, being provided with a wide range of contextual information (Adler & Borys, 1996, p. 73) could be perceived as coercive if it does not align with an executive's personal convictions. As a result, individuals are placed in a situation where they must choose between their own values and organisational expectations. This is particularly salient in cases where organisational references to the measure are made on a frequent basis., such as measures relating to employee engagement.

Employee engagement, which is generally assessed on an annual basis, was a CSR measure discussed by many of the executives interviewed, who had differing views on the effectiveness of the measure. GM-5 attributed her perceptions of the measure to the extent to which more senior executives valued the importance of employee satisfaction and well-being. She suggested that some individuals are inherently 'people–people' who have a genuine concern for the well-being of others. These executives are more likely to feel empowered by such measures compared to those who, for example, believe that health and well-being is a personal obligation in which employees have limited influence. Such executives are likely to feel coerced to achieve these employee related measures as they see it as a standard measure enforced by organisations year on year. These findings are consistent with McGuire et al. (2003), who identify a manager's personal beliefs as important in driving an organisation's exemplary social performance.

Hemingway and Maclagan (2004) suggest that managers exercising their managerial discretion regarding CSR issues are the agents of social change, rather than the organisation. Hence, given the relevance of personal values in influencing an executive's perception of NFPMs, organisations may consider the alignment of values and beliefs as part of their recruitment process. As NED-1 said, people who work in the health sector have an innate desire to help people, which drives them to achieve the goals of the organisation. If organisational leaders, be that boards or CEOs, are serious about achieving CSR goals, they require a leadership team that personally value those goals. Given that personal values are the antecedent to understanding how CSR measures fit within the organisational context, only when leadership team and organisational goals align can CSR strategies and measures support an executive's intelligence to think flexibly about the role of organisations in addressing these global

165

challenges. Hence the enabling nature of such measures relies on a mutual valuing of such goals, which is discussed next in section 8.4.

8.4 Genuine

Organisations implement CSR related measures for many reasons. However, in most cases, the executives interviewed indicated that there was some form of external pressure or requirement to do so. In some cases, it was an enforced legislative or regulatory requirement, such as the recent modern slavery legislation. In other cases, it was an implicit societal pressure to, at a minimum, have a stated opinion with respect to a social issue, such as environmental sustainability. Therefore, when implementing CSR goals, it was not just how an organisation chose to respond; specifically, executives evaluated the genuine intentions of organisations' leaders (be that the board as a collective, board directors or CEO) to address CSR goals. Based on the interview material collected for this thesis, these evaluations were influenced by perceptions of whether organisational leaders provided a clear rationale for the measures and allocated appropriate resources to achieve the associated strategies and objectives. How these leaders approached these social challenges impacted how the executive perceived and responded to the NFPMs adopted to measure the success of CSR initiatives. This included the personal views of the board and their superiors on the specific issues, and on the organisation's role in affecting change. The collective views of organisational executives impacted the strategies, objectives and therefore measures designed to achieve the overarching goal. These perceptions are discussed in this section.

Regardless of the source of the pressure to implement CSR goals and measures, executives felt a sense of coercion when they were not provided with a clear rationale for the measure. That is, an explanation that demonstrated the relevance of the goal to organisational success, rather than simply a response to external pressure. As Adler and Borys (1996, p. 73) identified, asymmetrical sharing of information, where supervisors are provided with greater visibility, is coercive. Perhaps workers, or in this case executives, were unable to ascertain the intentions of their organisational leaders in implementing such measures, or they believed the intentions to be disingenuous due to a lack of communication and discussion in relation to the measure. For example, NED-2's considered some organisations were simply "going through the motions" in response to societal pressures about gender diversity when implementing measures. Therefore, whilst he broadly supported the rationale for greater diversity in the workplace, he did not believe that the board and CEO were genuine in their commitment to achieving defined

166

diversity objectives. One of his concerns was that the measure was uniformly enforced across the organisation, even though the lack of diversity was of greater concern within the operations parts of the business. Leading a support function, he did not see the necessity to implement the measure within his area of responsibility to the same extent as the operations part of the business.

Consistent with Marginson et al. (2014), under such circumstances, discussion and continual challenge is necessary to encourage ownership of corporate goals. In this case, even when executives identified with the underlying goal, they still required a level of personal involvement by way of discussion and debate to effectively implement the measure. Discursive communication served to clarify the relevance of the goal and measure, as well as the board's and senior leader's commitment to its achievement. Hence, providing global transparency is more than providing a clear rationale for a measure. It also requires that the rationale for the measure is convincingly communicated in a way that demonstrates organisational leaders' commitment to achieving the CSR goal. Furthermore, the opportunity to repair measures as a result of continual and genuine discussion is essential to effective implementation of the measure.

The perception of genuineness is particularly relevant to externally imposed measures, such as those enforced by governments or regulatory authorities. These measures may be viewed by executives as valuable guidance, hence enabling; or alternatively, forced on the organisation, and therefore coercive. In this study, whether a measure is enabling or coercive depended on how executives perceived the measure. This perception was often based on the context provided to executives, because it was the context that influenced how the measure was enforced internally. For example, in Table 4.4 executives are quoted as discussing a resistance to enacting externally driven requirements. Here the goals and measures were treated as externally imposed hurdles to be circumvented (Adler & Borys, 1996, p. 72) due to the inability of organisational leaders to convey a meaningful desire to achieve the underlying goal. These tokenistic intentions were again discussed by executives in the context of the Australian Banking Royal Commission, which resulted in the implementation of initiatives within the banking sector to address the Commission's adverse findings. One banking executive provided the example of CSR measures designed to demonstrate greater engagement in the not-for-profit sector, *"it was just tokenistic and staff felt that"* (NED-1). In this case, the contextual information afforded to staff and

executives resulted in a perception that the organisation's leaders were coerced into implementing such initiatives.

The above example can be contrasted to GM-4's experience of the implementation of diversity measures in response to greater societal awareness of the lack of diversity in the financial sector (see Example 3).

Example 3. Diversity measures in the financial sector

> *GM-4 explained how diversity measures were embraced by his organisation based on the rationale that it encouraged greater diversity of thought in an industry that had "a strongly embedded history of white male dominance". His organisation's attempt to break down the barriers that inhibited minority groups from participating in the sector challenged him to reconsider his preconceptions relating to recruitment, to the extent that it became a natural part of doing business. For example, one of the initiatives implemented by the leadership team was to invite speakers from various refugee advocacy groups to help staff understand the plight of refugees and the challenges associated with resettling in a new country where their skills and experience are not recognised.*

His organisation's attempt to encourage diversity provided GM-4 with the opportunity to rethink the assumptions he made when recruiting within his team. For example, his previous ambivalence towards recruiting individuals without Australian work experience became an opportunity to embrace diverse experiences and knowledge. Hence, in this case, an organisation's desire to embrace externally imposed measures provided this executive with internal transparency in relation to how a more inclusive recruitment policy could enhance his team's performance. The organisation did this by not only clarifying its expectations in terms of clearly defined objectives, but also illustrating how those expectations might be met, by building the team's confidence to implement effective actions. In this case, the measures were perceived to guide efforts rather than sanction punishment (Adler & Borys, 1996 p.72). An enabling interpretation was formed as a consequence of organisational leaders' genuine attempts to clarify their expectations with respect to diversity in the workplace. In turn, this positive perception also enabled executives to implement the required changes to current practices in order to achieve the measure. The outcome of the discursive process of communicating genuine intensions provided executives with the confidence to effect change in a manner that would be viewed as favourable to organisational leaders.

Similar issues arise with other 'grand challenges' where the commitment of organisational leaders to the implementation of strategies and measures to tackle important global issues influenced an executive's desire to pursue those measures. Specifically, whether an organisation had the appropriate systems and processes to support the implementation of the measures also affects an executive's confidence in achieving the measure. This was because these systems and processes indicate to executives the organisation's seriousness about their stated commitment to achieve legislated requirements, or whether they are simply trying to satisfy an external requirement. In the latter case, the measures may be perceived as a hurdle to be either achieved or circumvented rather than a mechanism to provide useful feedback.

To illustrate, some executives questioned the commitment within their organisation to reducing the incidence of modern slavery beyond making the mandatory statements of compliance required by the legislation. SM-4 felt that unless the organisation's leaders were committed to investing in the appropriate system and process changes to enable compliance, any measures related to modern slavery would simply be a rudimentary reporting exercise with limited visibility into the organisation's procurement or supply chain processes. This is consistent with Wright and Nyberg's (2017) finding that despite senior managers embracing a specific social issue related to grand challenges, their organisations failed to maintain a coherent approach because more immediate organisational issues took priority. For accounting information such as performance measures to provide executives with visibility into the process as Adler and Borys (1996) suggest, executives must first believe that the organisation is serious about achieving the associated objectives. This organisational conviction can be demonstrated by investment of appropriate organisational resources in the relevant systems and processes.

Hence, internal transparency through the provision of appropriate information, and the flexibility of systems to support an executive's intelligence was influenced by the level of resources allocated to supporting the achievement of the measures. Importantly, it was a financial commitment to addressing process and system inadequacies that provided executives with an indication of an organisation's seriousness about achieving CSR goals. Financial commitment also provided an indication of the level of support executives could expect to receive as they implemented initiatives to achieve the measures. These findings are consistent with Maas, Schaltegger, and Crutzen (2016), who identified that an integrated approach was required for efficient and effective sustainability performance. An organisation's management accounting

systems enable the identification of strategy related issues, the ability to account for them, to include controls to monitor performance, and finally to report achievements and gaps (Maas et al. 2016). Having such processes in place provides executives with a clear indication of an organisational wide commitment to achieving the CSR goals and measures beyond superficial reporting requirements. In doing so, executives are provided with global transparency by way of extensive information with respect to the broader processes (Adler & Borys, 1996, p. 73) that facilitate a mutual commitment to the achievement of CSR goals.

An organisation's commitment with respect to NFPMs was also influenced by how performance was monitored against the imposed measures. GM-1 provided the example of her organisation's attempt at improving employee well-being and satisfaction by measuring employee engagement on a bi-annual basis.

Example 4. Monitoring of performance measures

In an attempt to improve employee engagement and to address the concerns raised at the recent Royal Commission into the banking sector, this major bank required its employees to complete an engagement survey on a bi-annual basis. The purpose was to ensure a consistent and rigorous focus on improving employee engagement. However, employee engagement survey results did not provide GM-1 with meaningful information to understand her team's engagement. She felt that the frequency of the survey meant that there wasn't sufficient time to implement meaningful initiatives before they had to do the survey again. This led her to believe that the organisation did not take such measures seriously and that any efforts to understand and improve engagement were wasted.

In this case. GM-1 did not believe that the organisation was serious about improving engagement, and therefore the measure became a hurdle to be circumvented (Adler & Borys, 1996, p. 72), rather than a metric providing internal transparency through meaningful feedback. As the measure did not enable GM-1 to effectively carry out her role of managing her team, she focused on improving the employee engagement score rather than improving employee engagement. Here the organisation's leaders failed to appreciate that the measure was a representation of the strategic construct, rather than the construct itself (Choi et al., 2012). Hence, they advocated the importance of engagement through more frequent staff surveys, a

coercive approach as executives could not adequately address the issues raised in the survey in a way that improved employee engagement.

Further, the approach taken by GM-1 to achieving the measure was also influenced by how deviations from the target were treated because this revealed how genuine the organisation was about achieving the measures. GM-1 felt that she needed to adopt covert means to achieve the measure. In this example, performance remediation meant satisfying the short-term needs of her employees to artificially inflate engagement around the time the survey was completed. She understood that the underlying issues relating to poor engagement were multi-dimensional and complex and would require actions that would not demonstrate tangible results in the short term. GM-1 felt coerced to comply with what she felt was a short-sighted approach (a generic employee survey) as she did not feel that the organisation took employee engagement seriously. GM-1 felt that the covert and inefficient work-arounds (Adler & Borys, 1996 p.71) were necessary to satisfy her superiors. However, the measure still had relevance in terms of global transparency because it did not stop her from working towards addressing the underlying causes of poor engagement, which was of genuine concern to her. However, the pressure to achieve the 'target' was a distraction. Therefore, the findings suggest there is a reliance on executives to achieve the underlying goals, whilst potentially acknowledging the ineffectiveness of the measure itself, which in turn leads to a lack of action to repair the measure. Under these circumstances, inefficient workarounds are accepted in order to avoid an unfavourable result (Kristensen, 2021). The concern here is that, as in the case of GM-1, boards and CEOs may appear disingenuous, which is likely to result in a coercive relationship with executives.

This approach can be contrasted to the organisation's response to declining employee engagement scores discussed by SM-2. At her organisation a year-on-year slow but steady decline in employee engagement prompted the leaders within the organisation to assess the underlying causes. For SM-2, this served as an acknowledgement by her leaders of the complexities relating to employee engagement, which are influenced by a range of factors that engagement score alone does not highlight. For example, organisation leaders acknowledged that the measure did not provide them with transparency in respect to the causes of higher staff turnover, or the potential link between staff engagement and the increased incidence of serious health related issues experienced by employees both at the divisional and organisational level. Whilst the declining engagement scores indicated a potential problem with employee

engagement, importantly they also highlighted the inadequacies of the indicator itself, which became an opportunity to repair some of its flaws. In this case the measure was enabling as defined by Adler and Borys (1996), because it indicated to SM-2 that there was a genuine commitment to improving the engagement and well-being of the organisation's employees because executives were willing to work cooperatively to address underlying employee engagement concerns (Adler & Borys, 1996, p. 71). Hence the increased attention to the measure by senior leaders was not perceived as coercive, as suggested by Jordan and Messner (2012), because it enabled internal transparency by guiding executives to identify and communicate issues within their teams (Liew, 2019) in a supportive environment. However, had SM-2 not felt that she had the support of senior leaders, she may have believed the heightened attention to the measure as a coercive attempt to sanction punishment for deviations (Adler & Borys, 1996, p. 72).

The extent to which measures provided executives with meaningful information in relation to their own performance, or the performance of their area of responsibility, influenced their perception of the effectiveness of the measures. When organisational leaders made the effort to provide what was perceived as meaningful feedback, executives felt that they gained greater internal transparency through a better understanding of the inner workings (Adler & Borys, 1996, p. 72) of their area of responsibility. Meaningful feedback provided executives with greater confidence in their performance and how it was assessed and recognised. For SM-5, the objective of "living the organisation's values", which can appear obscure to both executives and external stakeholders, became tangible, providing him with insights into his own performance and the contribution he made to the organisation beyond financial results. This was because the measure enabled him to draw on not just his skills, but also his initiative to understand how his behaviours contributed to his performance. Accordingly, the organisation's value statements were not seen as platitudes working as an organisational defence. Here the feedback provided to him by organisational leaders in response to the measure required an element of self-reflection, allowing him to assess his own performance. The element of self-reflection was only made possible through what SM-5 considered to be genuine and meaningful encouragement by senior leaders to consider how his actions aligned with the organisation's values. However, it may be argued that it was SM-5's orientation towards learning that enabled a positive attitude towards the measure (Wouters & Wilderom, 2008). He considered the measure to be an important

resource for his own reference (Adler & Borys, 1996, p. 72), as it contributed to his understanding of his role within the organisation. However, without the genuine commitment of senior leaders to the organisation's values, the measure would have been perceived as a hurdle to be circumvented (Adler & Borys, 1996, p. 72).

NED-1 had a similar experience at a NFP in the health sector, where his performance as a CEO was measured with respect to delivering the values of the organisation. He too believed that the board appreciated the complexities of operating within the NFP health sector and took account of this in their assessment of his performance. Here, the board and executives demonstrated a common understanding of the rationale behind the measures, centred on providing patient-focused care, but also a genuine concern for patients, their families and the broader community.

These findings are consistent with those of Malina and Selto (2001), who claim that for a set of measures to be viewed as effective they must be communicated as accurate, objective and verifiable. Specifically, they state that the measure should be linked to valued organisational outcomes. In this case the organisational outcomes were embodied in the defined values as they related to expected behaviours towards patients and all visitors to the organisation's facilities. Here the assessment of the measures and corresponding reporting was perceived as genuine because it provided internal transparency by guiding executive effort in terms of how to carry out their role on a day-to-day basis in a way that aligned with organisational values and created a sense of belonging, rather than sanctioning non-performance (Adler & Borys, 1996). . While financial performance was still important, it was expected to be achieved in line with the organisation's values.

Jordan and Messner (2012) interpreted flexibility (as defined by Adler & Borys, 1996) as the relative importance given to one indicator over another. Whilst organisations may intend to fulfil their long-term CSR obligations, how goals are prioritised, particularly against short-term financial goals, influenced how executives perceived the genuineness of these intentions. For example, GM-3 explained how one large retailer implemented metrics relating to the fair treatment of suppliers to ensure that their buying teams did not take advantage of their position as a dominant player in the market. However, as a result of the consistent priority given to short-term financial metrics, achievement of these long-term CSR measures appeared compromised and unachievable. If executives perceived that the organisation clearly prioritised the financial

metrics, then, as Adler and Borys (1996) suggested, executives would make decisions that preference financial outcomes. That is, the measure would support executives in deciding how to manage the trade-off between supplier relations and financial performance.

However, in the case of this retailer, executives felt pressure to achieve two competing priorities, believing that the organisation was not committed to achieving the CSR measure relating to the fair treatment of suppliers if it compromised the financial measure. Hence, the measure was perceived as coercive as executives considered the competing priorities to be mutually exclusive. For these executives, the measure activated a mental model whereby generalised knowledge indicated the focal measure – financial metrics – took priority (Englund & Gerdin, 2015). The current operational environment clearly did not necessitate the fair treatment of suppliers, as executives were not provided with the necessary contextual information to not only validate the organisation's commitment to the goal, but also to contribute to the desired outcomes. The lack of global transparency resulted in executives believing that organisational leaders were not genuine in their duty to suppliers, and therefore their efforts to achieve the measure would be in vain. However, had executives been armed with specific knowledge about certain events or circumstances (Englund & Gerdin, 2015) where, for example, the adverse treatment of suppliers had led to or is likely to lead to adverse organisational effects, this may have enabled a greater desire and confidence to achieve the measure as it was intended. An extension of this is whether executives feel that their efforts to achieve NFPMs are recognised. This is discussed in the following section.

8.5 Recognition

Whether an executive received recognition, or believed that their efforts to achieve the NFPMs were recognised, influenced their perception of the measures. There appeared to be three major themes relating to recognition: firstly, whether organisational leaders or the board recognised the challenges and complexities associated with the achievement of NFPMs; secondly, whether existing efforts to achieve the underlying goal were recognised, regardless of whether these efforts were captured by the measure; and thirdly, the relative importance or priority placed on NFPMs and the associated goals when compared to financial goals. These three themes are discussed below, in turn.

Whilst NFPMs may be imposed on executives, a recognition by organisational leaders of the challenges faced and complexities encountered in achieving the desired outcomes allowed executives to understand how their role fitted into the whole, as well as acknowledging that their actions were effective. This was particularly important when the achievement of the measure required long-term planning and where evidence of their efforts was not always apparent in the short term (Wu & Pagnell, 2011; Banker et al., 2000). This is often the case with CSR strategies and measures. Apparent lack of short-term results was evident in the attempt to implement diversity measures within GM-4's organisation (see Example 2), where the Australian branch of the organisation was making significant progress towards addressing the underlying issues relating to a lack of diversity in the financial sector. Their efforts were recognised through an invitation to share their learnings with their counterparts across the globe. This act served as an indication to the Australian executives that the global leadership team was not ignorant of the real conditions under which the organisation was operating (Adler & Borys, 1996, p. 71) as they appreciated the complexities involved in achieving the goal.

Here, the Australian executive's understanding of the role of diversity was considered a valuable resource (Adler & Borys, 1996, p. 73) as it enabled them to work towards achieving greater diversity. This was because their efforts were recognised and their challenges acknowledged, which gave them the confidence to continue to pursue this challenging goal. Whilst employees and executives possess tacit, yet valuable knowledge to implement and refine measures (Wouters & Wilderom, 2008), if this knowledge is not recognised, executives may easily become disenfranchised and lose interest in such long-term goals. Therefore, rather than treating the measure as an enabling tool, it may be considered a hurdle to be circumvented (Adler & Borys, 1996, p. 72).

GM-1 discussed the way in which the same diversity indicator was implemented and measured at her financial services organisation. However, as discussed in section 8.3 (see Example 2), the measures implemented focused on short-term initiatives, such as requiring a gender balance in the recruitment process. This approach did not provide internal transparency for GM-1 because it did not guide performance, instead operating as a means for organisational leaders to sanction punishment for poor performance (Adler & Borys, 1996, p. 72). By taking such a short-term perspective, the measure did not acknowledge the complexities in, or benefits of, encouraging greater diversity. GM-1 felt that the measure undermined the intention of the

goal to encourage diversity, because the metric had limited informational value. Nor did the measure provide global transparency as it coercively partitioned a short-term measure (Adler & Borys, 1996) (increasing diversity) from a longer-term organisational goal (having a diverse workforce).

In doing so, organisation leaders did not acknowledge GM-1's efforts to encourage diversity because they chose to focus on a more objective measure. There was little or no acknowledgement of her efforts to mentor young females to aspire to senior positions within the organisation. For GM-1, aiding young women to pursue their career goals not only contributed to the achievement of the long-term goal of gender equity, but provided her with much satisfaction in terms of fulfilling her role. However, the results of her efforts were difficult to quantify and, therefore, not acknowledged. Franco-Santos et al. (2012) suggest that whilst a performance management system can bring about judgement biases and subjectivity, the extent to which such subjectivity is helpful is debatable. Here the suggestion is that subjectivity can bring about positive attitudinal outcomes if it serves to acknowledge an individual's immediate efforts to contribute to the achievement of a long-term measure, but more importantly, the underlying goal.

Hence, the relative prioritisation of NFPMs against financial goals impacted an executive's perception of those measures and the flexibility afforded to them to pursue those goals. A contrasting example was at a large retail organisation where CS-1 was the CIO. CS-1 explained how the prioritisation of NFPMs relating to customer satisfaction and employee engagement provided him with the flexibility to consider the interests of his employees and the organisation's customers whilst pursing the equally important financial goals of the organisation.

Example 5. The contribution of support functions

As the Head of IT for a large retail organisation, CS-1 was responsible for the roll out of a point-of-sale system across nearly 500 stores in the UK. As a consequence, although he was not in a customer facing role, one of his metrics was customer satisfaction. This required him and his team to spend time in the stores and with customers in order to understand the implications of the system for customers and store employees. Furthermore, understanding how he and his team contributed to enhancing the customer experience improved their satisfaction and engagement, as well as the engagement of store employees. This was important because employee engagement was another key metric used to assess CS-1's performance.

Here, the performance measurement systems were designed to support the executive's intelligence (Adler & Borys, 1996, p. 74) by enabling them the flexibility to pursue the organisation's financial and non-financial goals equally, rather than attempting to achieve one goal at the expense of another. At this organisation, achievement of the non-financial goals relating to customer and employee satisfaction was seen as instrumental to financial success. Therefore, staff and executives understood the rationale for the measures and were able to confidently adapt to satisfy both financial and non-financial measures with the knowledge that their efforts would be recognised. In this example, a high level of formal control was perceived as enabling as a result of senior leadership support and recognition.

This can be contrasted to the experiences of SM-4 and NED-2, who both expressed concerns relating to measures of employee engagement where achievement of such measures was not acknowledged unless financial targets had also been achieved. They perceived their measures as coercive because their achievement was not recognised, or even acknowledged, in the same way as financial measures. Whilst these executives personally considered employee engagement as critical to the organisation's financial success, this view was not shared by other leaders within the organisation. As a result, they did not feel that they had the flexibility to customise their approach to dealing with employee related issues in a way that aligned with their own values. This left SM-4 and NED-2 feeling somewhat isolated from their superiors and peers, as their efforts were not encouraged or recognised. A perceived lack of support resulted in SM-4 abandoning some of her efforts to achieve the employee engagement measure because they were a distraction from the achievement of the organisation's financial priorities.

These findings are consistent with Luft et al. (2016), who found that non-financial information can create performance evaluation uncertainty, resulting in failures in management decisions. However, Luft et al. (2016) did not explain why that might be the case. This thesis suggests that the lack of clarity with respect to the value organisational leaders place on measures such as employee engagement is a cause for uncertainty, where deviations are risks to be mitigated rather than learning opportunities (Adler & Borys, 1996, p. 74). These results address the call for research to understand how motivation and outcomes can be jeopardised by a high level of formal control (Parker, 2014). Here we demonstrate that a high level of formal control may be perceived as enabling or coercive depending on the extent of recognition executives receive with respect to achievement of NFPMs.

Finally, in some examples, CSR goals and pro-bono initiatives did not appear to be prioritised in the same way as the other goals of the organisation, be that financial or non-financial. For executives with a strong interest in CSR this was seen as contributing to the perception of a measure as coercive, as their interests were not aligned with that of the organisations. However, the ability or permission to pursue such goals was seen by these executives as recognition of their efforts. For SM-1, permission to pursue the organisation's CSR goals was a 'reward' for achieving targets relating to his financial measures. Similarly, CS-4 described an opportunity provided to an employee at a law firm to initiate their pro-bono program as a reward for being recognised as a 'high performer'. In both these cases, it was clear that the CSR goals of the organisation were not prioritised compared to other goals. However, these executives still saw this as enabling, as it was a recognition of their efforts in contributing to the organisation's success, and therefore supported their intelligence, as outlined by Adler and Borys (1996, p. 74), through being allowed to pursue their interests. In these cases, recognition of executives' efforts to specifically pursue CSR goals was less important. In other cases, if executives were to commit to pursuing CSR measures, they had a greater expectation of a clear link between the organisation's purpose and strategies and their CSR goals. This is discussed next.

8.6 Belonging

An executive's perception that they played an integral role in the organisation's achievement of goals influenced their perception of CSR measures. As SM-5 explained, an organisation needs a narrative and executives need to feel they are part of that story. This is particularly relevant with respect to CSR goals where the impact or result of the initiatives may not be evident in the short term. Therefore, global transparency means more than simply being provided with a wide range of contextual information, as suggested by Adler and Borys (1996, p. 73). In this section, we discuss how involvement in the development of the organisation's strategies and measure provided context, whilst, in other circumstances, executives' actions gave them a sense of belonging, that is, of contributing to the success of the organisation or society more broadly.

For CS-1 and GM-5, perceptions of involvement meant being listened to and heard in order to repair any misunderstanding (Adler & Borys, 1996, p. 70) in terms of organisational priorities, even if the strategy or measure could not be remediated in the short term. For example,

CS-1 explained that as part of the strategy development process, initiatives were prioritised as "now, soon and later". In this way, executives gained a sense of confidence in that their concerns or ideas were not dismissed. Furthermore, CS-4 stated that a feeling of belonging and being integral to an organisation and its purpose did not necessarily have to come from above, but could stem from a feeling of confidence and ease with which executives are able to act in the best interests of the organisation. For example, CS-4 acknowledged that whilst employee engagement may not be a critical metric for the board of directors, her experience had taught her that employee engagement and well-being were still important, and that perhaps the board's priorities were focused elsewhere because they were not directly exposed to employee related issues. Whilst the asymmetric flow of information regarding board priorities may be perceived as coercive according to Adler and Borys (1996 p. 73), in this example it was enabling as the executive felt that her focus on this measure was integral to the organisation's success, that is, she could see the cause–effect linkage between employee engagement and the organisation's performance (Webb, 2004). CS-4 did not require recognition from the board because she believed that she was acting in accordance with her own values and in the best interests of the organisation. In a way, she felt that the board had placed its trust in her to address the issues relating to employee engagement.

For many executives interviewed for this thesis, being considered a valuable resource stemmed from knowing that they were making a difference within an organisation that appreciated their contribution. This appeared particularly relevant for executives who were responsible for centralised support functions such as IT, who were not directly in contact with customers. As CS-1 discussed in Example 5, in his role as Head of IT, interaction with store employees and customers provided meaningful context as he, and his team, could see how IT systems had a positive effect on store employee morale and customer satisfaction. This collective identification process contributed to the enabling interpretation of the measure (Cuganesan & Free, 2020). In this example, following interaction with store employees and customers, the IT team assigned significant value to the attributes of their team (Cuganesan & Free, 2020) through a realisation that they played a critical support role in the achievement of the organisation's objectives. Whilst it was an organisational requirement that the IT function understands the challenges faced by store employees and customers in using their systems, it was the personal interaction and identification that provided a sense of belonging and personal context, enabling

the executive and IT team to appreciate the value of the measure in providing extensive information on the broader processes at play. Here the global transparency provided by the measure was more than contextual information as suggested by Adler and Borys (1996), but importantly an appreciation of the contribution made to the achievement of organisational goals. This sense of contribution to the achievement of collective goals gave the measure context.

An executive's desire to contribute to the collective success of the organisation was derived from more than just the organisation providing them with clarity into the inner workings of their own organisational function (Adler & Borys, 1996, p. 72). This was the case for GM-4, as described in Example 3. His ability to share his knowledge and experience with other parts of the organisation in relation to the diversity measure became a way to interact creatively with the broader global organisation, as opposed to engaging in a task that was partitioned (Adler & Borys, 1996, p. 73) by geographic location, and therefore implemented coercively. To encourage interest in the organisation's CSR goals, working groups were established where executives and staff were invited to join. These groups were led by the most senior executives in the organisation, but anyone who joined the groups was considered a valuable resource. Here all levels of the organisation worked cooperatively to 'repair' their common concerns (Adler & Borys, 1996, p. 71) about a lack of diversity in the organisation in a way that made them feel part of the organisational solution. Enabling a cooperative workplace environment, as defined by Adler and Borys (1996), required executives to feel that their views and actions were relevant and appreciated, particularly with respect to CSR causes that were of interest to them. Furthermore, the resulting CSR objectives and measures provided internal transparency, through the provision of practical information that was perceived to guide efforts (Adler & Borys, 1996, p. 72). These findings highlight the value of collaboration, feedback and interaction, as opposed to inferred management expectations when it comes to the implementation of enabling controls (Cuganesan & Free, 2020). However, as Cuganesan and Free (2020) reveal, such enabling controls may become coercive over time. In the example highlighted above, if the views and opinions of the executives were no longer acknowledged through tangible actions, they may feel that they are no longer part of the solution.

Some executives felt so strongly about their particular interests or concerns that it influenced their choice of career, and the need to feel 'part of the solution'. As in the examples provided in Table 4.2, a desire to contribute to society or a particular community provided these

executives with the necessary contextual information or global transparency to pursue specific CSR goals. These findings are consistent with those of De Hoogh and Den Hartog (2008), who found that CEOs in the voluntary sector displayed higher social responsibility and characteristics, such as a concern for others, compared to CEOs in the for-profit sector.

Hence it was a sense of belonging to the organisation and a commitment to its purpose that enabled executives to pursue organisational goals. For example, NED-1 described those working in the health sector as "wanting to make a difference". The same rationale applied when executives had a personal connection to the beneficiaries of their organisation, such as NED-2, whose dedication to serving on the board of a NFP in the disability sector was influenced by his brother's disability. Working in the NFP sector appeared to enable these executives to feel a sense of belonging as they had a broader understanding of the issues, where they were therefore considered a valuable resource within the organisation (Adler & Borys, 1996). These findings align with those of McGuire et al. (2003), who found that managerial beliefs and discretion play an important role in driving exemplary social performance. The interviews conducted for this thesis highlight that this personal context provided executives with internal transparency, in terms of visibility and clarity into the rationale and processes designed to "make a difference" (NED-1). Hence the personal context derived from an executive's personal beliefs and experiences provided a far more meaningful foundation for their interaction with the broader organisation (Adler & Borys, 1996, p. 73), than any contextual information that may have been provided by the organisation.

Hence, executives' understanding of the beneficiaries of their actions and any meaningful contribution made to them, be it to individuals or the environment, influenced their perception of the measures. This perspective formed part of executives' understanding of the social responsibility of organisations, beyond profit making, and their duty to a broader set of stakeholders beyond their owners or shareholders, as outlined in Table 4.6. As these examples suggest, the more that executives felt a sense of responsibility and connection to a broader set of stakeholders, the more enabling the measures became, however this was not always to case.

Some executives interviewed claimed that organisations' CSR goals and measures were distinct from its strategic goals and objectives. That is, these goals did not contribute to organisational success, and perhaps even detracted from it. Hence, it would appear that organisations are challenged to demonstrate the link between CSP and the core corporate strategy

that is focused on enhancing economic wealth (Kamarudin, Ariff, & Ismail, 2021). As a result, the task of achieving CSR measures becomes coercively partitioned from business-as-usual activities (Adler & Borys, 1996).

This ultimately influenced how executives approached achievement of the measure. For example, the two contrasting cases of how the gender diversity measure was implemented demonstrate how the same measure can be perceived in different ways. For GM-1 (Example 2) the gender diversity measure was perceived as an arbitrary requirement enforced by the organisation and not intended to provide internal transparency by guiding performance, but rather to sanction breaches. Furthermore, organisational leaders treated global transparency as a risk to be mitigated as it would only serve as a distraction from the achievement of the organisation's financial goals. Being a vocal advocate for gender diversity, the submissive compliance of GM-1's superiors caused her to question her place in the organisation and her organisation's collective commitment to these goals. She did not feel that her interests were shared or her efforts valued and this resulted in her perception that she was being coerced into achieving the measure.

On the other hand, GM-4 (Example 3) felt that his organisation shared his commitment to achieving greater diversity. In this case the measure was a working tool or resource that is constantly referred to, rather than a "hurdle to be circumvented" (Adler & Borys, 1996, p. 72). GM-4 was thus able to freely engage in the achievement of the measure in an environment where his values and beliefs aligned with those within the organisation. Here executives, GM-1 and GM-4, with the same values and interests with respect to diversity perceived the associated measures vastly differently as a consequence to how they related to those within the organisation. As a result, whilst a 'firm's accountability to stakeholders may be motivated by its desire to preserve legitimacy and related licence to operate' (Rodrigue, Magnan, & Boulianne, 2013, p. 313), how these motives are enacted may be enabling or coercive.

Finally, the age and experience of executives seemed to provide them with an insight into the positive and negative role of organisations in society. Experience supported a desire to make a positive contribution to socially conscious initiatives. As the executives quoted in Table 4.3 mentioned, as they got older, they sought a greater connection to the communities they served and focused less on the achievement of more personal goals. As part of an assessment of 76 empirical studies, Franco-Santos et al. (2012) called for further research to examine the effects of

age and experience on performance management systems. Whilst Adler and Borys' (1996) framework highlights the importance of providing a wide range of contexts, perhaps equally important is that reflecting age and experience. As Divtlev-Simonsen and Midttun (2011) suggest, ambiguous performance measures can give managers sufficient leverage to follow their personal convictions as they pursue more meaningful connections with the communities to which they belong. The findings of this thesis show that age and experience provide executives with greater confidence to follow their personal convictions as acting in congruence with their values, rather than any external rewards or recognition. However, executives' connection with the board and executives senior to them, including their direct supervisor, also influenced their perception of the measures. This is discussed next.

8.7 Leadership Competency

An executive's opinion of the board and senior leadership team, as well as their relationship with their immediate supervisor, appeared to impact their perception of the NFPMs used to assess their performance. In particular, the perceived competency of those senior to them impacted their views of the effectiveness of the measures in place, as is evident in the examples below. In this section we discuss the influence of leadership style, changes in leadership and priorities, and the seriousness of the leadership's commitment or otherwise in relation to CSR goals. In Example 6, CS-1 compared the leadership style of three CEOs he had reported to (identified as CEO One, Two and Three respectively to differentiate from the CEOs interviewed for this thesis).

Example 6. CEO One – 'The constrained thinker'

CEO One was described by CS-1 as a 'constrained thinker'. Heavy reliance was placed on external consultants to develop the organisation's strategy and performance measures. The metrics were implemented without providing adequate explanation or guidance with respect to the link to the organisation's strategic objectives. Without a clear rationale, executives focused on achievement of the measure with little consideration of the underlying goal.

Here CS-1 questioned whether CEO One could effectively lead the organisation towards achieving its strategic objectives. His perspective provided important contextual information with respect to the viability of the organisation's strategy and corresponding measures, raising doubts about the validity of the CEO's guidance. CS-1 further suggested that without appropriate

leadership "people (became) myopic, just deliver my widget" as they deemed the guidance provided unhelpful and potentially unreliable. Furthermore, CEO One's ambiguous rationale for the strategy and measures resulted in limited internal transparency, as executives "did not understand where their piece fit into the eco system" (CS-1). Here, it was a lack of confidence in the CEO that resulted in questioning of the informational value of the NFPMs. By contrast, CEO Two in Example 7, was able to articulate clearly his ideas and expectations.

Example 7. CEO Two – "The customer is always right"

> *CEO Two ensured that executives were highly involved in the strategy development process and implementation of the corresponding performance measures. Executives were involved in an ongoing dialogue to ensure both understanding and consensus with respect to the measures. Whilst the measures were subject to negotiations, the CEO was clear about the strategic goals and objectives of the organisation.*

CS-1's interaction with CEO Two provided him with the confidence that the clearly defined measures were an integral part of the strategic planning process. Importantly, development of the performance measures provided transparency in terms of the CEO's aspirations. The CEO's conviction enabled CS-1 to see how his function (IT) played an integral role to enhancing customer experience and employee engagement (see Example 5). Consistent with Adler and Borys (1996), context influenced perception of the measures as enabling or coercive. However, who provided that context and whether they were perceived as competent was an equally important factor for executives.

As suggested by Adler and Borys (1996), two-way communication and the ability of workers and supervisors to work cooperatively are important enabling characteristics of a management control. Whilst Adler and Borys (1996) were not specifically referring to two-way communication in strategy development, Groen et al. (2017) demonstrate that involvement in developing metrics improved how managers view the quality of measures. This study demonstrates that an executive's involvement in the strategy development phase, and the ability of a CEO to provide a clear and concise view of their aspirations, impacts whether an executive feels enabled to work cooperatively to achieve the desired outcomes. This is because involvement in the design of the measure gives executives confidence to achieve the measure and in the support they will receive. CS-1 compared CEO Two (Example 7) to CEO Three

(Example 8), whose approach to agreeing the measures was very different, although both CEOs professed a collaborative approach.

<div align="center">Example 8. CEO Three – "Choose your measures"</div>

> *CEO Three defined a five-year strategic plan, however, several members of the leadership team were not involved in the strategy development phase and had limited insight into the basis for the defined strategies. CEO Three did not see this as problematic, as his leadership team was provided the freedom to develop initiatives and measures to achieve the organisation's strategy.*

In the case of CEO Three, there was limited discussion to assist the senior leadership team in understanding the CEO's ambitions, so the leadership team took a more prescriptive approach to defining their role in the achievement of the organisation's strategic objectives based on the information available to them. By contrast, CEO Two took a cooperative approach to prioritising goals to ensure that each area understood its role. Whilst CEO Three provided executives with greater flexibility to develop their own measures, the result was coercive as executives did not have an adequate understanding of the organisation's strategy, and therefore this flexible approach did not support the executive's intelligence, as suggested by Adler and Borys (1996).

These findings are contrary to those of Jordan and Messner (1996), who claim that the incompleteness of measures is of limited concern to managers as long as they are free to flexibly manage the achievement of the measures. Here executives' ability to freely interpret measures was influenced by their expectation that their leader would provide meaningful support and direction. CEO Two's more prescriptive approach did not allow for the same degree of flexibility as that of CEO Three. However, CEO Two's approach was perceived as enabling because CS-1 was confident that CEO Two was working cooperatively to achieve the organisation's goals.

The explanation and rationale provided to executives with respect to the strategy and measures was also used as an indicator of leadership competency for executives who did not report directly to the CEO. SM-3 stated that since he was not provided with visibility of the organisation's long-term strategy, he was left to assume it did not exist. SM-3 suggested that frequent changes in the senior leadership team inhibited the organisation's long-term perspective. As highlighted previously, a transparent and consultative process to developing performance management systems allows people to feel empowered and involved (Franco-Santos et al., 2012; Groen et al., 2017) and involving managers in the strategic planning processes can increase

organisational commitment (De Baerdemaeker & Bruggeman, 2015). This thesis suggests that a sense of empowerment and commitment to the organisation may also be felt with respect to how the measures are implemented. In the case of SM-3, a lack of global and internal transparency from the organisation's leaders rendered the measures meaningless, demonstrating that an executive's perception of the organisation's leadership provides important context to the relevance of measures and how an executive contributes to their achievement.

An executive's relationship with their supervisor also influenced their perception of how flexible the measures were, especially in terms of how deviations were treated and the capacity of the executive to make modifications so as to achieve the desired outcome. For example, GM-2 explained that her CEO did not employ a prescriptive approach to monitoring measures, instead encouraging her executive team to use their initiative to achieve the common goal of better health outcomes for the communities they served. This was particularly important when measures were not achieved, so that they could understand why, instead of coercively managing the risk. In her interview, GM-2 outlined how she could talk to her CEO (CS-6) about how to support her executives to achieve measures, perhaps through reallocating resources or re-evaluating initiatives.

Here, the measures were not perceived as coercive, because the CEO's approachability meant that breakdowns did not halt the process of achieving the measures (Adler & Borys, 1996). As Rigby and Ryan (2018) identified, the relationship with a direct supervisor is perhaps the most influential factor in employee engagement.

An executive's relationship with the board also impacted whether they perceived the measures as as coercive or enabling. Whilst there is evidence to suggest that board independence is positively associated with firm performance (Pucheta-Martínez & Gallego-Álvarez, 2020), the relationship between boards and executives can be contentious. An example of a somewhat strained relationship with the board was provided by CS-6, NED-1 and GM-2, who were the CEO, CFO and general manager respectively at a NFP health services provider.

Example 9. Board and executive relationships

CS-6, NED-1 and GM-2 admitted that their relationship with the board was at times strained. They believed the board did not always demonstrate the business acumen required to provide them with the guidance they needed. The leadership team considered themselves as victim to the unrealistic demands of a board that was either ignorant of the conditions under which the organisation operated, or attempting to arbitrarily assert its interests or power on management.

CS-6, NED-1 and GM-2 perceived that the board collectively, as well as its individual directors, did not understand the day-to-day challenges of running the business (Adler & Borys, 1996), which was attempting to cater to its community's diverse and complex needs, whilst remaining mindful of financial and regulatory constraints. As a result, the board imposed unrealistic or aspirational expectations on the leadership team, including consistently increasing performance target expectations each year. NED-1 and GM-2 felt that the board was using the measures as an opportunity to criticise management, rather than guide or encourage performance. Whilst CS-6 felt that she was being personally attacked by the board, her ability to continue to deliver on its expectations was a source of accomplishment for her. GM-2 (as discussed in Example 1) also agreed that the unrealistic demands of the board provided an opportunity to explore more challenging goals. However, the absence of engagement between the board and the lack of confidence in their collective capability, sometimes led to these executives believing that the measures needed to be ambiguous to enable flexibility to interpret deviations as learning opportunities. Hence, the executives did not necessarily perceive the measures as coercive, as suggested by Adler and Borys (1996); rather the leadership team relied on their self-confidence and commitment to fulfil the intention of the strategy and associated measures.

This finding demonstrates that an executive's desire to implement appropriate CSR strategies in the face of vague or flexible measures depends on their confidence in their ability to do so (see Example 10).

<div align="center">Example 10. "Ability to achieve CSR goals"</div>

> *NED-4 provided the example of a CEO in the mining sector who he suspected was "probably insecure" in his role as CEO, but more specifically when it came to his ability to achieve CSR measures, such as the gender diversity measure. As a result, he chose to manipulate the gender ratio figures by recruiting more female contractors towards to end of the financial year in order to achieve the measure.*

In Example 10, insufficient direction from the board, or what Adler and Borys (1996) describe as flexible systems, encouraged the CEO to manipulate the implementation of the measures. Hence, it was not perceived as enabling, as this executive did not have the confidence or the desire to achieve the measure. Here flexible systems afforded this CEO the freedom to focus on achieving the target rather than the underlying strategy, as the measure was used as a surrogate for the strategic construct (Choi et al., 2012)

As a consequence of situations like that in Examples 9 and 10, both NED-4 and NED-3 recognised that boards need to first understand the real conditions (Adler & Borys, 1996, p. 71) under which organisations operate before they can provide advice and enforce measures relating to CSR. In Example 10, the board's better understanding of the challenges relating to recruiting females in a male dominated industry may have assisted the CEO to implement more genuine measures to achieve the strategy. This is important as CSR measures are not always well established compared to financial or even work, health and safety (WHS) measures. Therefore, without boards and executives working cooperatively to repair misunderstandings, executives resort to implementing covert or inefficient workarounds to achieve the measure (Adler & Borys, 1996, p. 71). NED-3 and NED-4 both saw the value in the asymmetry of information (Adler & Borys, 1996, p. 73), which may serve to be an enabling design feature if it provides the board with valuable insights into the drivers of a measure, which they could then pass onto executives.

However, here, the asymmetry of information suggested by Adler and Borys (1996) was coercive from a global transparency perspective, but also be perceived as enabling in providing executives with internal transparency. This highlights the important role of boards in providing meaningful guidance, particularly in relation to long-term measures often identified as subjective, such as those relating to CSR. It is boards as a collective that can lead organisational change. The insight here for CSR strategies is that organisational routines and processes can be modified but through a means that executives perceive as constructive rather than invasive. Also, the manner in which CSR guidance is provided matters. As Angus-Leppan, Metcalf, and Benn (2010) found, explicit CSR frameworks are associated with an autocratic leadership style, whilst more implicit CSR is associated with authentic leadership styles.

Some executives (NED-2, NED-3, CS-4, SM-1) suggested that it was board composition that inhibited executives (and organisations) from fully embracing CSR initiatives. Specifically, NED-2, CS-4 and SM-1 all felt that the age and male dominance of boards inhibited understanding and appropriate guidance in relation to issues such as diversity. These views are supported by Kamarudin et al. (2021), whose analysis of global ESG data across 37 countries demonstrates that firms with high board gender diversity exhibit high sustainability performance. However, NED-3 suggested that more experienced board members inhibited newer directors from sharing their views, consistent with Bernile, Bhagwat, and Yonker (2018), who find that

diverse boards can lead to slower decision making, which in turn impacts an executive's perception of the board's competence.

Boards must first accept the societal obligations of organisations and the role that strategies and measures play if they going to provide appropriate guidance with respect to CSR initiatives. This is challenging because organisations are comprised of different individuals who hold different values (Kamarudin et al., 2021), which provide critical context.. Greater diversity on boards will provide a broader set of perspectives and values, and encourage executives to take a more balanced view when prioritising NFPMs. Furthermore, whilst Adler and Borys (1996) highlight the importance of management controls for providing visibility into the inner workings of an organisation's operations, this understanding must be conveyed to management who look to the board to provide them with relevant and meaningful guidance, as well for recognition of their efforts to achieve CSR outcomes.

8.8 Effectiveness of Actions

Whether an executive believed that their actions to achieve a specific CSR goal would achieve the desired long-term effect, influenced their perception of the measure, particularly as measures frequently related to short-term actions. The interviews revealed that some executives struggled to determine where to focus their efforts, and if the actions taken to achieve the measures had the desired long-term effect on complex CSR goals. This was mainly due to the multitude of measures enforced by organisations to address broad CSR goals, such as environmental sustainability, and the resulting volume of information generated, which will be discussed in this section. Deckop, Merriman, and Gupta (2006) found this often led to the inclination to focus on short-term performance.

Here it is important to note that, at the executive level, organisational leaders were assessed on the cumulative actions of the organisation to achieve CSR goals, leading to the perception that their individual actions to achieve measures were not recognised. Perceptions discussed in this section relate to how clearly the organisation's CSR goals, strategies and/or objectives were defined, and how closely they aligned to the measures designed to demonstrate that they have been, or are being, achieved.

For example, CS-3 suggested that one of the reasons for a multitude of measures was that organisational leaders were often unclear as to the underlying goals related to CSR obligations

189

such as environmental sustainability. She compared such expectations unfavourably to an organisation's work, health and safety (WHS) obligations, where the related measures are well-defined.

As Wong-on-Wing et al. (2010) discuss, dynamic environments can create pressure on employees to cope with uncertainty. Whilst their findings related to participation in the budgeting process, it is equally relevant to participation in the implementation of CSR measures where the constantly changing environment may create doubt or indecision. To compensate for a lack of defined goals and address complexity, there was also a tendency to implement many measures, which creates a level of certainty and, thereby, internal transparency. Whilst these attempts to provide visibility and clarity are associated with the organisational rationale for CSR (Adler & Borys, 1996, p. 72), there remains an element of coercion as the measures aim to alleviate a sense of doubt about their long-term effectiveness.

Such feelings were explained by CS-4, an executive in the government sector. She discussed the range of sustainability measures as ranging from the ratio of photocopying machines to employees, to the environmental rating of her organisation's premises. Through the enforcement of so many measures, tasks associated with achievement of the measure became partitioned from achievement of the underlying goal, which appeared unachievable. Hence the goal became to achieve the individual targets within the short-term budgeting constraints, rather than to consider long-term effects. This is consistent with Choi et al. (2012), who found that managers sometimes lost sight of the fact that a performance measure was a representation of a strategic construct, not the strategy itself. They identified that such situations were more prevalent when a single measure of a strategic construct was used to assess performance. However, the findings of this thesis suggest that multiple CSR measures may suffer the same consequence. As executives focused on individual measures aimed at achieving a short-term objective, they lost sight of what they perceive as poorly defined long-term strategy, which they had limited capacity to influence.

For this reason, Wright and Nyberg (2017) argue that corporations are inherently unsuited to dealing with long to medium-term issues, such as environmental sustainability, due to their inability to balance short- and long-term objectives. This may be because executives fail to see the relevance of their individual actions or outputs because more immediate challenges, such as achieving revenue and profit forecasts, or even non-financial challenges such as creating a safe

190

work environment, have priority. Here, inexperience may be the reason the long-term implications of actions linked to emerging issues such as sustainability are difficult to see, particularly in an environment where short-term financial performance is recognised and valued, and importantly, appears more achievable. These findings are concerning given that the relationship between CSR and financial performance is reasonably well established (Shirasu & Kawakita, 2020; Wood, 2010). The question remains as to why executives are hesitant to meaningfully engage in CSR initiatives.

Corporate sector executives interview responses indicated a tendency to implement a wide range of NFPMs, which in these examples acted as a surrogate for poorly defined strategic constructs (Choi et al., 2012). This resulted in conflicting and competing priorities because of a lack of clarity around the underlying CSR goal and associated strategies, and importantly the link to wider organisational outcomes. This caused uncertainty in defining the appropriate course of action to achieve each individual measure, as well as the effectiveness of those actions to achieve what executives perceived to be an ambiguous outcome. CS-1 suggested that organisations tended to focus on outputs, which leads to the implementation of too many measures in order to account for the range of variables that might contribute to the outcome. This was evident in the example provided by CS-4 relating to environmental sustainability goals. Whilst the intention of the multitude of measures was to provide global transparency through the provision of a "wide range of contextual information" (Adler & Borys, 1996, p. 73), the result was coercive. Executives were not provided with sufficient context when navigating through large volumes of unintelligible data (Adler & Borys, 1996) to assess the effectiveness of their actions.

In other cases, whilst the goal was clearly defined, the strategies and objectives to achieve the goal were less clear, necessitating a wide range of measures to provide context for the many ways to achieve the goal. Executives then had to decide where to focus their efforts, as achieving all the measures appeared inconceivable. This issue was particularly relevant in the public health sector where complexity led to a multitude of variables required to contribute to the overarching goal of positive health outcomes. For example, the burden on the public health system caused by an ageing population with increasing comorbidities, inherently resulted in more complex procedures and treatment plans, and longer hospital stays, yet, as SM-5 explained, the absence of clearly defined goals and strategies meant that the large volume of measures did not provide clarity in terms of the inner workings (Alder & Borys, 1996, p. 72) of the organisation. In this

191

case, perhaps because executives were not provided the opportunity to test, review or refine their conceptualisation of the measures (Wouters & Wilderom, 2008), these measures were perceived as coercive. The measures were treated by SM-5 as risks to be mitigated rather than learning opportunities (Adler & Borys, 1996, p. 74) because he did not have sufficient context to engage in the appropriate analysis to take effective action to achieve the measures. In addition, the approach taken by his organisation constrained his opportunities to repair any breakdowns in processes where actions were deemed ineffective. He saw his organisational leaders as more concerned with fulfilling their reporting and governance responsibilities. These findings may be explained by Groen et al., (2017), who identified that the inclusion of operational employees in discussions relating to performance measures improved perception of the quality of the measures due to the operational knowledge they contribute. The findings of this thesis suggest that if executives are included in discussions relating to the development and implementation of measures, they would have the necessary context to confidently raise concerns relating to deviations from targets or objectives. Furthermore, they would gain a greater perspective with respect to the effectiveness of their actions to influence the desired outcome, and thereby may perceive the measures as more than a governance obligation.

A different approach taken by another organisation in the health sector was to take a more overtly evidence or process driven approach to implementing NFPMs (see Example 11).

Example 11. Addressing complex societal issues

GM-2 explained that her NFP organisation in the health sector was established to improve access to primary health services in order to minimise the risk of poor long-term health outcomes. She believed that the role of the organisation had become increasingly complex due to an ageing population and an under-resourced public hospital system. The purpose of the organisation was to reduce the burden on the hospital system by facilitating better access to preventative health services in the community. To achieve this goal, the executive team (which included NED-1 and CS-6) implemented a wide range of measures to support continuous assessment of the effectiveness of health services to address the health concerns of the community they served.

Whilst this approach also created a large volume of data to capture all relevant inputs and outputs, the measures provided iterative feedback about the organisation's progress towards addressing complex public health challenges and the desired long-term health outcomes. This was possible because the organisation had clearly defined goals, as well as the strategies and

objectives to achieve those goals. As a result, the measures enabled greater transparency of the cause–effect relationships between actions and outcomes (Englund & Gerdin, 2015; Jordan & Messner, 2012), empowering greater confidence in its executives' ability to effect change.

As characterised by Wouters and Wilderom (2008), this experience-based approach allows executives to build on their existing skills, experience and know-how, providing them with the confidence to contribute to improved long-term outcomes. As GM-2 explained, the granularity of the measures provided her with insights into the complexities of the issues at hand by providing granular data in terms of inputs and outputs. For example, understanding the rate of chronic health diagnoses within the communities they served provided appropriate context for the organisation to lobby federal and state governments. In contrast to the previous example, these executives were not overloaded with large volumes of what they perceived to be unnecessary information (Adler & Borys, 1996, p.72) because the measures provided them with feedback on the effectiveness of their actions in achieving the organisation's goals, strategies and objectives

CS-2 suggested that providing executives with a wide range of contextual information (Adler & Borys, 1996, p. 73) on where the strategies and measures originated and how they evolved, provides confidence as to the effectiveness of the actions initiated by executives to achieve the measure. He felt that without a well-defined and communicated CSR strategy, it was difficult to get executive commitment. This is because in the absence of global transparency, the relevance of the goals and measures may be perceived as largely opaque (Adler & Borys, 1996, p. 73), making it difficult for executives to appreciate their relevance in the context of the organisation's wider ambitions. Both CS-2 and CS-1 believed that a clear strategy facilitated conversation and enabled repair by creating an environment where executives could see how their actions were working towards achieving the desired result, and, if not, enabling them to make appropriate modifications.

In this way, treating the development of measures as an iterative process became a cooperative rather than enforced process, which helped executives build confidence in the measures. Here, the two-way communication to repair misunderstandings was enabling (Adler & Borys, 1996) because it provided executives with the confidence that their actions would achieve the desired results, but also that their concerns would be heard. Hence, as suggested by Melnyk et al. (2014), rather than relying on traditional systems that focus on metrics to promote specific

outcomes and solutions, resilience may be built within a performance management system by specifying the desired outcome but not the solution. Perhaps this experimental approach that allows for the changing context of the organisational work environment enables executives to agree on measures that are reliable, valid and understandable (Wouters & Wilderom, 2008), enabling them to have greater confidence in the effectiveness of the measures.

Marginson et al. (2014) found that NFPMs may indirectly improve performance by countering role ambiguity. However, an issue raised by executives interviewed for this thesis is that CSR measures were not always relevant to their area of responsibility, and therefore they did not believe that they could influence the desired outcomes. Hence the measures increased ambiguity instead of providing goal clarity and achievement. Here the measures became coercive as they did not provide internal transparency (Adler & Borys, 1996). Example highlights the case of safety measures in the energy sector. These views were also supported by GM-1, who had experience in the sector.

Example 12. Organisational-wide safety measures

NED-2 is an executive in the energy sector where workplace health and safety is a priority due to high levels of risk in the industry. However, as head of a support function located within the organisation's headquarters, his team was not exposed to the same risks as employees working in the field.

Example 12 shows that whilst safety expectations were the same for all executives and staff, measures enforced what appeared to be unreasonable expectations on support staff who were less exposed to risk of injuries. Here, well intentioned measures designed to provide executives with internal transparency into the inner workings of their function, became hurdles to be circumvented (Adler & Borys, 1996). NED-2 suggested that this was because executives were not provided with a clear rationale for the measures in relation to their area or responsibility, and therefore were unable to devise relevant actions to achieve them. The measure became yet another compliance obligation. NED-2 and GM-1 both suggested that when measures were reframed to focus on concern and responsibility for employees, which ultimately has a financial impact relating to absenteeism as well as productivity, they had greater meaning and relevance.

These findings are consistent with Webb (2004), who demonstrates that non-financial measures had an incremental impact on financial goal commitment above incentive systems as they provided relevant information to managers that contributed to the achievement of financial

goals. As Luft (2009, p. 308) states, "accounting is more valuable when used together with NFI (non-financial information) than when used alone". In this case, to be effective, such measures needed to provide executives with not just an understanding of the inner workings of their area of responsibility, but also how it achieved broader organisational outcomes, including financial outcomes.

Some executives did not appreciate the informational value of the measures imposed on them. GM-5 expressed his concerns relating to working with executives from varied professions and industry backgrounds who tended to rely on their personal experience when assessing the effectiveness of actions to achieve non-financial goals. These executives felt that those enforcing such measures, be it the CFO, CEO or board, were ignorant of the real conditions (Adler & Borys, 1996, p. 71) that influenced organisational outcomes. For GM-5, these leaders did not see the value of NFPMs that provided early warning signs of performance, as they placed greater reliance on indicators of past performance, such as profit.

These perceptions are consistent with Luft et al. (2016), who found that reporting of additional information (one item in addition to profit) resulted in performance evaluation uncertainty. In such cases, an executive's "understanding of the entire process was (not) considered a valuable resource", as suggested by Adler and Bory's (1996, p. 73). For example, a CFO may prefer to focus on metrics relating to decreasing costs and therefore increasing sales margins and profits, whilst ignoring indicators of declining product quality and customer satisfaction. Hence the costs of information incompleteness appear to offset an executive's confidence in their decision making, therefore resulting in fewer coordination failures (Luft et al., 2016).

8.9 Conclusion

The purpose of this chapter was to expand on current management accounting literature on the design features of NFPMs in order to provide insights into the context and conditions under which measures encourage CSR and long-term focus. In doing so, the study also focused on the role of NFPMs in stifling executive efforts by encouraging short-sightedness and dissatisfaction. When assessing the perceptions of executives with regards to the four design features (global transparency, internal transparency, repair and flexibility), six common themes emerged. These themes demonstrated that an executive's perception of the goals, strategies and objectives

underpinning the measures influenced their perception of the measures. Here the focus was on what characteristics defined those perceptions of the design features of NFPMs and therefore, shaped an executive's attitudinal outcome with respect to how they approached achievement of the measure. In short, did the executive believe an individual measure to be enabling or coercive.

Alignment with *personal values* was a recurring theme highlighted by executives interviewed. That is, an executive's perception of a measure, and by default the underlying CSR strategy and objectives, was influenced by its alignment with their own values. This study found that the extent to which executives internalised issues such as environmental sustainability and gender diversity appeared to influence how they perceived the related goals and measures defined by the organisation. This behaviour difference was particularly evident when the results of their efforts were not always apparent in the short term. Hence it is an executive's personal values that encouraged executives to persist with such goals beyond any context or global transparency provided by the organisation. These findings are significant, as executives can have considerable discretion when addressing social issues, to the point that they, rather than the organisation, become agents of social change (Hemingway & Maclagan, 2004).

An organisation's rationale for implementing CSR strategies and measures, and, in particular, whether an executive perceived those intentions as *genuine*, influenced their perception of the measure. Executives evaluated organisation's leaders genuineness, including their personal views on CSR issues, and their perceptions were specifically influenced by whether they were provided with a clear rationale and appropriate resources for the measures. This was of relevance as executives interviewed indicated that there was often some form of external pressure or requirement to implement CSR initiatives. However, this did not necessarily result in the measures being perceived as coercive, as the external requirement provided both global and internal transparency by way of overarching context, as well as specific guidance relevant to implementing relevant initiatives.

Furthermore, executives required *recognition* for their efforts in pursing and achieving CSR measures, particularly of the challenges and complexities associated with the achievement of NFPMS, given the long-term nature of CSR objectives. In particular, their perceptions were influenced by the relative importance or priority placed on NFPMs and the associated goals when compared to financial measures. Of particular concern was the relative subjectivity of NFPMs compared to financial measures. Whilst research argues that the usefulness of

subjectivity within performance management systems is debatable (Franco-Santos et al., 2012), this study suggests that subjectivity can bring about positive attitudinal outcomes if it serves to acknowledge an individual's immediate efforts to contribute to the achievement of a long-term measure, but more importantly, the underlying goal.

Whether a NFPM created to a sense of *belonging*, in terms of enabling an executive to feel integral to the organisation achieving its CSR objectives, contributed to their perception. Hence an organisation's narrative with respect to long-term CSR goals provided the necessary context or global transparency that enabled executives to feel that they were a part of the solution. For many executives interviewed for this thesis, knowing that they were making a difference within an organisation that appreciated their contribution made them feel like a valuable resource. This sense of belonging provided not only the necessary context but also flexibility to achieve the measure, as it gave executives confidence in their actions. For some executives, their particular CSR interests or concerns influenced their career choices as they moved to align themselves with organisations that enabled them to be 'part of the solution' (Adler & Borys, 1996).

An executive's perception of their *leader's competency* to effect change also influenced their perception of NFPMs. This included their perception of the board and senior leadership team, as well as their immediate supervisor. Leadership style, changes in leadership and organisational priorities, as well as the seriousness of leader's commitment to the organisation's goals all impacted an executive's perception of NFPMs, as these factors influenced the level and extent of support provided to them. This thesis suggests that a sense of empowerment and commitment to the organisation may also be felt with respect to how the measures are implemented. A lack of global and internal transparency from the organisation's leaders can render measures meaningless, demonstrating that an executive's perception of the organisation's leadership provides important context in terms of the relevance of the measures and an executive's contribution to their achievement. Hence, an executive's desire to implement appropriate CSR strategies in the face of vague or flexible measures depended on their confidence to do so, which to a considerable extent relied on relevant and meaningful guidance from senior leaders.

Finally, an executive's views of the *effectiveness of the actions* initiated to achieve the CSR goals and measure impacted their perceptions of the measures. Some executives were concerned with where to focus their efforts, and if the actions taken to achieve the measures had

197

the desired long-term effect in addressing complex CSR goals. The interviews revealed that to address the complexity and long-term nature of CSR goals, organisations often implemented a range of measures, which was intended to focus efforts but also provide a short-term assessment of performance. However, this approach posed its own challenges as some organisational leaders focused to a greater extent on short-term performance (Deckop et al., 2006). Hence, whether an executive perceived that the measures were designed to enable performance or coercively monitor compliance, was influenced by how clearly the organisation's CSR goals, strategies and/or objectives were defined.

This chapter has applied Adler and Borys' (1996) framework of enabling and coercive bureaucracies to understand *how* executives' perception of the design features of a NFPM impacted their desire or ability to achieve those measures. In the next chapter, SDT will be employed to illustrate *why* an executive's perceptions of the NFPM are critical to labelling a control as enabling or coercive.

Chapter Nine: Discussion Part II

9.1 Introduction

In the previous chapter, we discussed the importance of understanding an executive's perceptions of NFPMs. We demonstrated that, for the most part, whilst CSR measures were implemented with good intentions, they were not always perceived that way, or that organisations were perceived as simply going through motions of fulfilling external CSR demands or expectations. Despite this, some executives were driven to achieve the underlying goal or objective. In this chapter we seek to explain *why* an executive's perceptions of the NFPM design features (global transparency, internal transparency, repair and flexibility) provides valuable insights into the effectiveness of such measures, in a way that perhaps transcends the original intention for the measure. In some cases, this had positive or enabling effects, and in other cases, it had coercive or adverse effects for the individuals and their organisation.

Specifically, this chapter expands on Adler and Borys' (1996) understanding of enabling and coercive bureaucracies by examining how perceptions of the design features either satisfy or frustrate an executive's BPNs and motivation (Ryan & Deci, 2000). This in turn influences an executive's self-determination and the resulting positive or negative attitudinal outcomes in pursuing and achieving measures relating to CSR.

However, this thesis does not address specific attitudinal outcomes such as organisational identification, organisational commitment, job satisfaction or emotional exhaustion (Gond, El Akremi, Swaen, & Babu, 2017). Here, we discuss the impact of the perceptions examined in Chapter Eight in the context of, firstly, how they affect the satisfaction of an executive's BPN for autonomy, competency and relatedness (Ryan & Deci, 2017), and how this support impacts the way measures are implemented and achieved. The focus of this chapter is on the satisfaction of the three BPNs as studies have demonstrated that although intrinsic motivation is an innate psychological growth function, it is reliant on supports for the BPNs (Di Domenico & Ryan, 2017; Olafsen, Halvari, Forest, & Deci, 2015). Each BPN is discussed individually in the sections below to highlight the relevance of each in the empirical context of this thesis. However, it is important to note that every policy, practice or decision within an organisation is likely to support or thwart each of the three BPNs (Deci et al., 2017). Therefore, the interplay between the

BPNs is also discussed. Secondly, we discuss, the impact of these effects on executive motivation, and therefore executives' performance and experience with respect to CSR measures.

9.2 Autonomy

In terms of executives acting autonomously, that is, with genuine interest and congruent values (Deci & Ryan, 2002, p. 8), personal values influenced their perceptions of organisational CSR goals and associated measures. In this section, we discuss how executives' personal values and beliefs provide important context and meaning beyond that provided by the organisation. Furthermore, we explore whether executives felt that their autonomy was supported in a way that enabled them to make choices or employ optimal strategies for satisfying each of their basic needs (Ryan & Deci, 2017), as well as meeting the expectations of organisational strategies and objectives. Finally, we explore whether executives, by virtue of their role or position within an organisation, believe that they are well placed to make decisions that align with their interests and values when pursuing NFPMs relating to CSR.

The relevance of an executives' personal interests and values was highlighted by GM-2 (Example 1). She discussed her board's implementation of a measure to achieve100% awareness of a government initiative to provide patients with greater access to their own data. The executive team (which included CS-6 and NED-1) disagreed with the board but their curiosity about the link between access to patient data and better patient outcomes enabled the team to think flexibly about how to achieve the measure. Here, the executive team were provided the autonomy to focus on understanding and addressing the causes of poor data quality. As a result, the measure supported their intelligence (Adler & Borys, 1996, p. 74), enabling them to autonomously and flexibly enact the behaviours requested by the board, as they endorsed the underlying principles (Deci & Ryan, 2002) of the government initiative. Furthermore, whilst the measure was broad and did not provide adequate guidance, the executives' shared intrinsic valuing of the underlying goal (Schreurs, Van Emmerik, Van den Broeck, & Guenter, 2014) and the CEO's (CS-6) unwavering support was crucial in providing the necessary social context and therefore global transparency (Adler & Borys, 1996, p. 73) to consider how it might be achieved.

For GM-2, CS-6 and NED-1, rather than being coercive, the ambiguity of the measure and the autonomy granted by the board, gave executives considerable leverage to follow their personal convictions and values (Dictlev-Simonsen & Midttun, 2011). The measure enabled

them to act autonomously to achieve the organisation's objectives. This is consistent with insights from the entrepreneurship literature in relation to social entrepreneurs who are motivated to succeed at a given challenge through the autonomy granted to them to manage their interests without external control (Ruskin, Seymour, & Webster, 2016).

These findings may be explained by Schutte and Malouff (2019), who identify that support for an individual's autonomy provokes curiosity and exploration. Hence, when executives have the autonomy to explore how to achieve a measure, they do not need to be involved in the design of the measure itself. Furthermore, contrary to Jordan and Messner (2012), this meant that increased attention to the measure from the board did not make the flexibility associated with the measure more difficult to sustain. This may be because executives, by the nature of their role, have greater organisational resources and, thereby autonomy, to implement measures as they see fit, compared to middle managers.

Therefore, a degree of ambiguity on the part of the board may be an effective cue to encourage questioning of the status quo (Gioia & Chittipeddi, 1991). This may be particularly salient in the case of executives whose experience and sense of connectedness with each other provides the confidence and therefore competency to rise to the challenge. Hence, whilst the executive team did not feel supported by the board, they did possess a common interest and values, which provided sufficient context or global transparency to understand how their actions with respect to the prescribed measure fit into the wider organisation's goals

SM-2 further highlighted the role of personal values when explaining the importance of prioritising employees' interests for executives that she described as 'people–people', like herself. For her, the employee engagement measure encouraged self-regulation and provided a sense of empowerment through a mutual recognition of the importance of employee well-being and engagement. What she perceived to be a mutual valuing of the measure ensured that her efforts to encourage employee engagement was a valued contribution to the achievement of the organisation's goals, thus providing global transparency. Hence SM-2 felt empowered by the measure that she considered to be significant to those more senior within the organisation. However, SM-4 who worked at the same organisation, experienced the employee engagement measures very differently.

One possible explanation for the differing views of SM-4 and SM-2 may be how their direct manager viewed, and assessed performance against, the measure. For example, Deci,

Connell, and Ryan (1989) found that when employees did not receive autonomy support from their direct supervisors, they tended to blame top management. SM-4 felt that her interest and efforts in fostering employee engagement and well-being were not recognised unless she achieved the organisational financial measures. One may assume that she did not feel supported by her direct supervisor to pursue the measure in the same way as SM-2, who was assessed on the same metrics. SM-4 felt that the organisation's leadership and MCSs did not support her intelligence (Adler & Borys, 1996, p. 74) because she did not have the autonomy to prioritise employee interests over short-term profits. She saw the employee engagement measures as a means for organisational leaders to sanction punishment for non-performance (Adler & Borys, 1996, p. 72), as the well-being of employees did not appear to be a priority within the organisation. Furthermore, in her view, the measure itself was not utilised in a way that enabled internal transparency with respect to employee related concerns and issues. Given the differing perspectives of SM-2 and SM-4, perhaps training direct supervisors to adopt more autonomy supportive management behaviours would be beneficial. These findings provide further evidence that need support may play a more important role in promoting need satisfaction and intrinsic motivation than pay (Olafsen et al., 2015).

In an intervention study conducted by Hardré and Reeve (2009), managers who received training on how to support their employee's autonomy displayed a significantly more autonomy-supportive management style compared to the control group that did not receive the training. Based on these findings, organisations may consider providing executives with training to encourage greater autonomy support and therefore contribute to the enabling characteristics of the NFPMs.

In another example, whilst CS-4 felt that the board of directors of her organisation were also not focused on employee engagement, she did not believe that they were ignorant of the organisation's real conditions (Adler & Borys, 1996, p. 71). Her interpretation of directors' behaviour was that there were more interested in other matters, such financial performance because they were not exposed to the immediate implications of poor employee engagement. In other words, "performance measures give meaning to operations at the same time as operational knowledge infuses performance measures with meaning" (Englund & Gerdin, 2015, p. 299) in a way that perhaps enables executives rather than boards to take action. Here, the meaning assigned to those measures can be influenced by an executive's values and interests. Whilst CS-4

was not privy to the board's rationale for not prioritising a particular measure, the asymmetry of information (Adler & Borys, 1996, p. 73) that seemed to affect the decision choices made by directors was not of concern for her, and therefore not coercive (Adler & Borys, 1996). As a consequence of her senior position within the organisation, acting on her own interests and values (Deci & Ryan, 2002) enabled her to choose to focus on what she perceived to be important to the organisation's success, free from the concern that her efforts would be somehow undermined or ignored. This was because she considered that the board and executive team were working to achieve a common goal, even if their focus was on different areas. Having the employee engagement measure in place enabled her the flexibility to use engagement data and take the controlling decision (Adler & Borys, 1996, p. 74). She was able to act in accordance with her own convictions to encourage employee wellness without the need for explicit endorsement or acknowledgement from the board as she had confidence in her own ability to act in the best interests of the organisation. Hence her need for competency and relatedness were also satisfied.

Had CS-4 believed that her interests and the interests of her peers and the board were not aligned, the scenario could have resulted in perceiving the measure as coercive. For both CS-4 and SM-4, financial measures such as revenue and profit margin provided boards and senior leaders with a clarity of vision, free of ambiguities with respect to the organisation's strategy and objectives (Mouritsen, 2018). In contrast, NFPMs such as employee engagement did not provide similar clarity, at least in the short term. As a result, executives such as SM-4 unwillingly diverted their attention away from NFPMs such as employee engagement measures despite their personal views on the topic. Hence, the measures was not autonomy supportive as it did not seek to guide performance, but rather sanction punishment in the case of deviations from the (financial) target (Adler & Borys, 1996, p. 72).

Whilst there was little acknowledgement of achievement of the NFPM target, there was still a coercive expectation that the engagement targets would be achieved. This may explain why Wright and Nyberg (2017) found that, despite senior managers embracing a specific social issue, organisations failed to maintain a coherent approach as more immediate issues, such as financial performance took priority. Until organisations provide a supportive environment that encourages choice and self-regulation (Ryan & Deci, 2017), executives will not feel encouraged to follow their personal convictions in pursuing CSR measures such as employee engagement.

Hence, whilst subordinates are likely to focus on decisions that superiors evaluate and reward highly (Luft et al., 2016), this is not always the case. As these finding demonstrate, when an executive's need for autonomy is satisfied, as in the case of CS-4, they do not require the Board or CEOs to provide them with a defined approach or validation of their actions, as it is their managerial beliefs that enable exemplary social performance (McGuire et al., 2003), through the affordance of choice and encouragement of self-regulation (Ryan & Deci, 2017).

Executives raised numerous examples of measures they felt were imposed on their area of responsibility, leaving them questioning the effectiveness of their actions to achieve the measures. In Example 12, NED-2, a general manager in the energy sector, explains that support functions struggled to see the relevance of WHS measures, which were of greater significance to the operations part of the organisation. Whilst he valued the safety of his employees, he believed that such measures did not provide him with internal transparency with respect to their health and safety for his area of responsibility. Therefore, it did not serve to guide performance but, rather, to sanction punishment for deviations in performance expectations (Adler & Borys, 1996, p. 72). Here he was forced to provide increased reporting and monitoring beyond that he believed necessary to protect the health and safety of employees within his organisational span of control. As a result, the measures did not support his intelligence to think flexibly about the health and safety needs of his employees. However, he suggested that if the organisational leaders provided a clear rationale for the measures (Adler & Borys, 1996, p. 72) by focusing on the underlying goal, that is, to keeping people safe, it may appeal to an executive's personal values.

As Amundsen and Martinsen (2014) suggest, empowering leaders can support employee autonomy by taking an active rather than passive role in motivating and developing subordinates. Hence, by actively supporting executives to implement the measure within their area of responsibility, there is a greater likelihood that they may autonomously consider how the measure impacts their team, and enact the behaviours requested of them (Deci & Ryan, 2002). It is only then that the measure may provide internal transparency by becoming a working tool rather than a hurdle to be circumvented (Adler and Borys, 1996, p. 72). Instead of stifling an executive's autonomy by pressuring them to think or behave in a certain way (Deci et al, 2017), appealing to an executive's personal interest in the well-being of their employees may provide the necessary contextual information to afford them an understanding of the relevance of the

measure (Adler & Borys, 1996, p. 73), as well as the flexibility to enact the appropriate behaviours.

In doing so, organisational leaders may enable executives to fulfil their responsibilities in a way that is self-endorsed, rather than coerced. This finding is consistent with recent insights into empowering leadership and employee behaviour from the organisational citizenship behaviour and SDT literature (Gao & Jiang, 2019; Li, Liu, Han, & Zhang, 2016). However, Li et al. (2016) highlight that employees with high autonomy orientation are more stimulated by empowering leadership. Whilst this study related to lower level employees, autonomy orientation could also influence the extent to which executives feel empowered by their organisational leaders and the board to pursue CSR goals. Of specific interest to this thesis is the moderating role of high task complexity on intrinsic motivation (Afsar & Umrani, 2019; Jung, Kang, & Choi, 2020), which may be of greater relevance to executives because these studies demonstrate that high task complexity can strengthen the relationship between empowering leadership and commitment to organisational change and innovative work behaviour.

It may be argued that if executives act autonomously in pursuing CSR goals or objectives, formal performance measurement would be unnecessary. Merely providing executives with the opportunity to pursue goals relating to CSR could be treated as a reward for their efforts in achieving the organisation's prioritised goals, as was the case for SM-1. However, in the workplace context, the achievement of NFPM targets is a form of recognition. Another example was provided by CS-4, speaking of an associate at a law firm who was given the opportunity to initiate the firm's pro-bono programme as a reward for efforts in achieving revenue and client service measures.

These examples demonstrate that for performance measures to be truly flexible and support user intelligence (Adler & Borys, 1996, p. 74), an individual must view their behaviour as volitional or fully self-endorsed (Ryan & Deci, 2017). In these cases, having defined measures did not encourage the desired behaviours. Being provided with permission to pursue their interests was incentive enough for these executives to pursue their goal. It was an implicit acknowledgement of their competency that had personal meaning and relevance to the executive. Here a sense of relatedness came more from the stakeholders who were benefiting from their efforts rather than organisational leaders. These findings provide further evidence that it is possible to pursue both extrinsic and intrinsic values at the same time (Schreurs et al., 2014).

That is, intrinsic in the pursuit of one's interests, whilst still requiring a level of extrinsic acknowledgement or reinforcement of one's efforts.

In summary, the findings discussed above demonstrate the importance of autonomy as a social construct identified by SDT. Recognition that their interests were valued provided executives with the flexibility to pursue the CSR goals of the organisation and a measure was not needed. However, some executives did not feel that their efforts to achieve measures were sufficiently recognised, that is, they perceived the measures as coercive and they were not provided with autonomy support. Hence autonomy support is considered critical to a need supportive environment (Ryan & Deci, 2017)and may impact the effectiveness of an executive's actions as well as their connection with the wider organisation. The BPN for competency, then relatedness, are discussed next.

9.3 Competency

Competency relates to a felt sense of confidence and effectiveness in one's actions (Deci & Ryan, 2002). In the empirical findings outlined earlier in the thesis, many of the executives feeling of competency to achieve the CSR measures was influenced by the level of support offered by the organisation, as well as the informational versus controlling feedback provided by the measures. Support related to how the measure was assessed; the systems and processes in place to support implementation of the measure; and the ability to achieve the measure whilst still prioritising financial outcomes. These factors are discussed below.

GM-1 provided the example of an employee engagement measure assessed at the organisational and business unit level on a bi-annual basis (Example 4), for which executives were held personally accountable as part of their performance review process. She claimed that the frequency of measurement did not provide executives with the opportunity to improve or repair engagement within their business unit, and therefore gave executives the impression that the purpose of the measure was not to guide effort but to punish (Adler & Borys, 1996, p. 72). In this case, it was to create the perception that this major bank was addressing the concerns raised by the Royal Commission into the Australian banking sector. Accordingly, the employee engagement measure did not provide executives with a sense of confidence in the actions they put in place (Deci & Ryan, 2002) to improve engagement, nor did it provide them with any confidence that their actions would be acknowledged. Whilst the intention may have been to

provide internal transparency through the provision of timely information to facilitate decision making, it had the effect of overloading executives with unnecessary information (Adler & Borys, 1996, p. 72).

In turn, this had the effect of undermining GM-1's confidence in her ability to influence the engagement of her team, as copious data related to a single measure of engagement rather than the underlying objective or strategy (Choi et al., 2012). GM-1 was also concerned about the lack of competency support through positive informational feedback (Ryan & Deci, 2017). This resulted in GM-1 and other executives engaging in covert workarounds (Adler & Borys, 1996, p. 71) to increase their team's engagement score and avoid negative feedback, instead of addressing systemic issues. In this case achievement of the target, and receipt of the reward or bonus, became a salient feature of the measure. Furthermore, consistent with Gubler, Larkin, and Pierce (2016), GM-1's experience demonstrated how rewards (in this case a performance bonus) can result in gaming and, importantly, lead to crowding out of those who are already internally motivated towards the task. Whilst Gubler et al.'s study (2016) related to a transactional task, being attendance, this example and GM-1's experience, demonstrates that whilst controlling tactics such as the unyielding monitoring and enforcement of a measure may appear to work in the short term, from a motivational perspective, they come at the cost of long-term goals and even financial performance (Rigby & Ryan, 2018).

GM-1's experience can be compared to that of SM-2 and CS-4 (see section 9.2). In the case of SM-2, the annually assessed employee engagement measure was used diagnostically and interactively to reduce role ambiguity and support psychological empowerment (Marginson et al., 2014). As a result, the measure provided internal transparency as the data was provided in a way that enabled executives to understand its meaning and rationale (Deci & Ryan, 2000), which allowed them to take appropriate actions to address issues relating to poor engagement. Here the measure provided the sense of competency of an executive, because it gave executives the opportunity to grow but also receive positive feedback (Ryan & Deci, 2020). These findings are consistent with Marginson et al. (2014), who suggest that face-to-face discussion and challenge promotes a sense of competency to achieve the goal.

On the other hand, in the case of CS-4, the measure was simply a diagnostic tool that set clear goals and provided single loop feedback, but did not encourage discussion and debate (Marginson et al., 2014). However, it did not appear to result in any less competency or meaning

on the part of CS-4, as suggested by Marginson et al. (2014). Perhaps this is because, at an executive level, an individual's sense of competency comes from within themselves, as experience provides them a greater ability to understand the meaning or rationale behind the measure (Deci & Ryan, 2000). Hence it was a sense of competency that enabled internal transparency, as CS-4's experience and interest in employee wellness and engagement provided the necessary rationale for the measure.

These differences in how the measure was experienced by GM-1 and SM-2 could be specifically assessed according to an executive's perceptions of the informational value of the measure to effect change, as well as the supports in place to enable an executive to achieve the underlying goal (Schedlinsky, Schmidt, & Wöhrmann, 2020). The extent to which an executive's need for competency is satisfied may assist in evaluating the internal transparency provided by the measure. This can be expressed as a continuum in terms of whether the measure provides greater visibility into employee related issues, or overloads executives with unnecessary information (Adler & Borys, 1996). Furthermore, an executive's perception of whether they have been provided with flexibility through adequate support to effect change, satisfying their need for competency, may also be worth exploring in the context of CSR measures.

These findings indicated that the long-term nature of CSR goals created ambiguity about the informational value of long-term measures. Delayed, uncertain or ambiguous rewards did not have the necessary motivational impact (Malina & Selto, 2001) as they did not fit with organisations' increasingly short-term business models (Wright & Nyberg, 2017). This can explain why long-term incentive plans may not be the most effective way to motivate senior executives (Pepper et al., 2013). The executives interviewed discussed a range of short-term measures implemented in their organisations as a proxy for long-term performance. The intention of these measures was to reflect actions that are within an executive's control or influence (Malina & Selto, 2001) aimed at addressing long-term CSR issues such as environmental sustainability.

CS-4 used an example of measures relating to the ratio of photocopying machines to employees, or the environmental rating of the organisation's building. She suggested that by taking this progressive micro-operational approach over a significant period, executives can focus on outputs that are controllable yet contribute to the long-term outcome. This approach appeared to help executives overcome their initial feelings of incompetence as they engage in

new behaviours (Kasser, 2009), encouraging greater confidence to affect the desired intermediate results. In doing so, the range of measures were intended provide the necessary contextual information (Adler & Borys, 1996, p. 73) to enable the effective assessment of the organisation's response to environmental sustainability issues.

However, the multitude of measures also had the effect of overloading executives with unnecessary information (Adler & Borys, 1996, p. 72). The interviewees raised concerns about the multitude of CSR measures imposed on them, which at times became overwhelming as they were not sure where to focus their efforts. Specifically, they questioned the effectiveness of their actions as they attempted to address the volume of measures. At times, this resulted in a loss of global transparency or context, as the focus turned to the achievement of individual short-term outputs. By focusing on individual initiatives and activities, which on their own did not appear to make any significant impact on environmental sustainability, executives lost confidence in their ability to effect real change. This was perhaps because the feedback provided by the measure did not facilitate meaningful insights with respect to the achievement of long-term CSR goals. Therefore, executives' need for competency was compromised as they did not feel efficacious when it came to implementing those initiatives (Ryan & Deci, 2000). As a result, the measures were considered coercive as they provided limited visibility into the inner workings (Adler & Borys, 1996, p. 72) of the organisation that were relevant to the executives' area of responsibility. Nor did they provide global transparency by way of context, to interpret organisations' stated ambitions with respect to environmental sustainability. Under such circumstances perhaps it would be prudent for organisations to focus on providing autonomy support to encourage value internalisation and a willingness to engage in CSR efforts prior to pursing competency and relatedness (Roehrich, Hoejmose, & Overland, 2017).

In contrast, relying on numerous measures was claimed to be an appropriate approach for some executives in the health sector for assessing the long-term effectiveness of their actions. GM-2 explained (Example 11) that complex public health challenges necessitated deploying wide reaching strategies and measures at her organisation, a government funded NFP. Whilst this inevitably created a large volume of data, the measures provided executives with internal transparency by way of valuable feedback (Adler & Borys, 1996). Here executives gained visibility in terms of the short-term effectiveness of initiatives in contributing to positive long-term health outcomes. These findings are consistent with Marginson et al. (2014), who

demonstrate that NFPMs can be particularly useful in generating a positive psychological experience. This is important given that research suggests that promoting health behaviour change requires a supportive environment that combines multiple co-acting techniques (Gillison, Rouse, Standage, Sebire, & Ryan, 2019). In this respect, the measures provided executives with valuable competency support through insights giving them a sense of confidence in the effectiveness of their actions (Deci & Ryan, 2002) in influencing health behaviours, as well as by indirectly improving performance through counteracting role ambiguity and supporting psychological empowerment (Marginson, et al., 2014) and by providing a clear rationale for the measures (Adler & Borys, 1996, p. 72). Here the short-term measures enabled internal transparency by providing executives with visibility into the inner workings of their area of responsibility to address the multifaceted health challenges. Whilst long-term measures ensured global transparency by not losing sight of the complexity of the goal.

CS-4's experience can be contrasted to that of GM-2 who found meaning in the measures. These differences may be explained by how CSR goals are perceived in different sectors and industries. For example, societal pressure within the public and private sector required executives such as CS-4 to consider the environmental footprint of their organisation and enact appropriate strategies and measures to address the associated societal concerns. This responsibility appeared overwhelming as suggested by CS-3, as executives simply lacked the experience to address these issues and therefore struggled to overcome the initial feeling of incompetence (Kasser, 2009). On the other hand, executives such as NED-1 (see Table 4.2) suggested that, in his sector, executives were motivated by an inherent interest in serving others. This intrinsic motivation enabled these executives to seek out optimal challenges and gave them a feeling of competence when undertaking such tasks (Ryan & Deci, 2017).

Several executives also raised concerns about expectations placed on them to achieve non-financial outcomes whilst prioritising the financial goals of the organisation (including GM-1, GM-3, SM-2, SM-3 and SM-4). They cited the failure of the board and senior leadership team to maintain a coherent approach to managing the perceived conflict between CSR objectives and financial outcomes, leaving resolution of this conflicting goals to their subordinates. This resulted in junior executives questioning the credibility of their leaders' intentions and their own competency. GM-3 provided the specific example of a larger retail organisation that, in a response to public pressure, publicised strategies and measures relating to the fair treatment of

suppliers. However, internally this organisation placed a strong emphasis on the achievement of financial outcomes, which involved utilising their bargaining position to drive supplier costs down. Here consultation in relation to development of the measures was seen as one-way, "a way for higher ups to cover their asses" (Adler & Borys, 1996, p. 71). Whilst the measure was devised by organisational leaders, it was left to executives within the buying team to maximise profits without marginalising suppliers.

Furthermore, the lack of global transparency resulted in the task of enhancing supplier relations being partitioned from financial performance goals, as executives failed to see how the two goals aligned. Hence the measure was perceived coercive because it did not provide the necessary competency support through positive informational feedback (Ryan & Deci 2017). As a result, repairing the situation involved covert and inefficient workarounds (Adler & Borys, 1996, p. 71), to create the impression that the NFPM was being achieved, whilst focusing on the organisation's priority, financial performance. Hence, a lack of leadership support resulted in executives focusing on the shortest path to achieving the rewarded outcome. This involved engaging in non-constructive or potentially immoral behaviour (Ryan & Deci, 2017), providing further evidence of the role BPN play in organisational deviance (Lian, Ferris, & Brown, 2012). Whilst Webb (2004) demonstrates that non-financial measures have an incremental impact on financial goal commitment through the provision of relevant information to managers that contributes to the achievement of financial goals, in this scenario the NFPM put executives in a conflicting situation. Such measures ultimately resulted in executives questioning their competence to achieve the desired outcome with respect to supplier relations, and therefore the measure did not seek to guide efforts, but rather sanction punishment for poor performance. In contrast, some research suggests that paradoxical leadership behaviour can increase employee creativity in a complex environment (Yang, Li, Liang, & Zhang, 2021).

One of the means by which boards and CEOs attempted to instil a coherent approach to the pursuit of organisational goals was to develop a set of values to define and benchmark desirable behaviours. This was not always perceived as a successful tactic by some executives such as NED-3, who saw it as a "marketing tag line". However, other executives (NED-1 and SM-5) viewed the defined values as integral to the organisation's success. The critical difference between NED-3's experience and that of NED-1 and SM-5 was that the values were an integral part of the performance measurement process, used by leaders to derive clear implementation

intentions, thereby making organisational behaviours more automatic through the creation of norms or shared cognitions (Gagné, 2018). By defining measures relating to seemingly obscure objectives such as "living the organisation's values", SM-5 was provided with a context in which he could understand how his role fitted into the organisational whole (Adler & Borys, 1996, p. 73). In this way defined organisational beliefs helped to translate stakeholder expectations into tangible managerial actions (Rodrigue et al., 2013). Hence it was support for competency through structured measures and informational feedback that provided SM-5 with an appreciation of the organisation's values in fulfilling his role.

Executives' confidence in their ability to achieve the measures was also influenced by the systems and processes in place that facilitated the achievement of the measures. SM-4 provided the example of an organisation's inadequate attempt to comply with the recent modern slavery legislation introduced both in Australia and globally, where executives and staff felt that the systems in place did not provide clear visibility into the organisation's procurement processes and supply chain. In SM-4's view, an executive's ability to engage in discussions relating to the new legislation indicated if they had the necessary contextual information that afforded them a comprehensive understanding of the rationale for the measure, and how their actions or inaction impacted modern slavery. Consequently, within this organisation, executives not only appeared to understand the rationale for the legislation, but also what was required of them.

Hence, according to Adler and Borys (1996), the measure enabled global transparency. However, whilst they were able to understand the meaning and rationale behind the measure, inadequate systems and processes did not facilitate their ability to enact behaviours to monitor the organisation's chain of responsibility. In addition, inadequate resources signalled to executives a lack of commitment by the CEO and board to address the intent of the legislation and enable executives to achieve the prescribed measures. Without the appropriate competency support in place, executives were left to consider covert or inefficient workarounds such as ineffectual contractual clauses that redirected the onus of responsibility for achieving the measures to suppliers . As Deci and Ryan (2000) suggest, competency is not just the ability to understand or grasp the meaning behind a particular directive, but also the ability to enact it. Again, it was the failure of organisational leaders to maintain a coherent approach to achieving the measures that prevented executives from embracing the challenge (Wright & Nyberg, 2017). In this case, an understanding and valuing of the underlying goal and measure was insufficient to

effectively pursue its achievement. Next, we discuss how executives' perceptions of their relationship with organisational leaders and other stakeholders influences their perception of NFPMs.

9.4 Relatedness

SDT explains that relatedness is evident when an individual feels connected to others. In terms of pursuing NFPMs relating to CSR, the interviewees outlined that being involved in the development and implementation of the strategies and measures enabled them to feel integral to achieving the organisation's objectives. In some cases, the extent of involvement in developing and implementing measures was influenced by executives' perceived relationship with their direct manager, including their personal views of that individual. Whether the NFPMs contributed to, or strengthened executives' commitment to organisational stakeholders, such as their employees and customers, also influenced whether the measures resulted in enabling or coercive behaviours. These factors and how they affected executives' need for relatedness are discussed in this section.

CS-1 and CS-2 explained that having a clearly defined strategy that encouraged executive consultation and feedback was the foundation that enabled executives to work cooperatively to achieve the associated measures (Adler & Borys, 1996, p. 71). Importantly, this encouraged executives to repair the measures where they did not operate as intended. This was particularly important when, as GM-5 suggested, executives did not initially appreciate the informational value of the measures. In this situation they tended to rely on their own experience to make the connection between events and outcomes, rather than rely on accounting information to make those connections explicit (Hall, 2010). As their need for relatedness was not met, they considered others within the organisation, including their peers, to be ignorant of the real conditions (Adler & Borys, 1996, p. 71) that influenced performance.

Such behaviour had the potential to create a disjointed executive team, who did not feel integral to each other's success (Deci & Ryan, 2002). Furthermore, a perception that others within the organisation did not understand the real conditions in which they were operating appeared to impact executives' need for relatedness, specifically, whether the actions of others caused executives to feel integral to or accepted by others (Deci & Ryan, 2002). For CS-1, not being involved in the design of the measures was coercive as it did not facilitate two-way

communication (Adler & Borys, 1996, p. 70) between him and organisational leaders. He did not feel that his views were significant or mattered to his superiors (Ryan & Deci, 2017).

In contrast, involvement in the design of measures is likely to result in positive outcomes (Adler & Borys, 1996). Specifically, involvement in the development of CSR strategies and measures also provided executives with global transparency through much needed contextual information to understand how their own tasks fitted into the achievement of organisational objectives (Adler & Borys, 1996, p. 73). As a result, a more consultative process left them feeling empowered and involved (Franco-Santos et al., 2012; Kuvass, et al., 2017), as well as perceiving the measures themselves to be of a higher quality (Groen et al., 2017). CS-2 suggested that the CSR strategies and measures gave meaning to the organisation's defined values, as executives could not only see them, but also be involved in bringing those values to life. In doing so, executives were able to internalise the organisation's stated values and purpose.

Involvement in the development of measures enabled two-way communication as suggested by Adler and Borys (1996, p. 70), creating a social environment where executives felt that their views were integral to, and accepted by, others (Deci & Ryan, 2002), in this case organisational leaders. Hence the need for relatedness was satisfied through fostering high quality relationships where organisational actors internalised the organisational goals and made them their own (Gagné, 2018). In doing so, accounting information facilitated debate and discussion and provided the opportunity for managers to obtain more tacit forms of information (Hall, 2010). It was not just the information exchange that was of value, but a strong relational base that developed and enabled executives to jointly consider the value and effectiveness of the measures in place.

In another example, CS-1 explained the rationale for prioritising objectives, where the CEO encouraged executive agreement on what should be implemented, "now, soon, later" (Example 7). In doing so, the CEO demonstrated an awareness of how perceptions of time affected the setting of goals that were both desirable and feasible to those within the organisation (Gagné, 2018). At this organisation, executives believed that their views and opinions were heard, with the consultative process providing them with a feeling of being empowered and involved (Franco-Santos et al., 2012). It was the transformational leadership of this CEO and his ability to communicate ideas with a sense of enthusiasm and meaning, whilst acknowledging different perspectives, that facilitated the executive's autonomous motivation (Deci, et al., 2017).

Participation in the design and development of performance measures had the effect of improving the validity and acceptance of measures as a more experienced based approach allowed executives to build on their previous skills and experience (Wouters & Wilderom, 2008), contributing to the development of measures that enabled performance, as in the case of CS-1 who felt that his views were responded to, and respected (Ryan & Deci, 2017). Here the process of working cooperatively to develop the measures established a secure rational base amongst the CEO and his executives and provided them with a sense of security (Deci & Ryan, 2000) that their opinions were heard and they understood the basis on which their performance would be judged.

The extent to which executives could relate to their direct manager also impacted how they perceived the NFPMs. The relationship between an individual and their direct manager is seen to be one of the most influential factors in engagement and motivation (Rigby & Ryan, 2018). CS-1 explained how the contrasting relationships with two CEOs in the retail sector impacted the way he perceived the measures used to assess his performance. CEO-1 (Example 6) for example, imposed predefined strategies and measures on his executive team, where discussion and consultation in implementing the measures was one-way (Adler & Borys, 1996, p. 71), leaving executives feeling that their views and opinions were irrelevant. The asymmetrical flow of information where the CEO had greater visibility of the rationale for the measures (Adler & Borys, 1996, p. 73) resulted in executives becoming disconnected from the organisation's strategy and objectives. This transactional leadership approach left these executives feeling that their views, and therefore they as individuals, were not significant or did not matter (Ryan & Deci, 2017) in the eyes of the CEO and board. Of particular concern for executives within this organisation (including GM-1 and GM-3) was that they did not believe that their values, and that of the CEO were aligned. Hence, they felt coerced to achieve measures that, in many cases, they did not understand or agree with. Furthermore, they did not have the relational support of the CEO to seek clarification. Here, as the work environment within this organisation was not of these executive's needs, achievement of the measures and the associated external rewards became more important (Olafsen, et al., 2015).

This experience was contrasted to CS-1's interaction with CEO-2 (Example 7), who was also prescriptive in implementing NFPMs. However, in this example, whilst the one-way discussion in relation to the chosen measures may have been considered coercive by Adler and

215

Borys (1996), CS-1's sense of connection and acceptance of the CEO's intentions provided him with the confidence to raise issues and opportunities for improvement as they arose. Here the CEO involved the executive team in the strategy development process, thereby creating a feeling of belonging in an environment where their views were not only valued but were integral to the success of the organisation. Whilst CS-1 stated that there was little room for discussion about the defined measures, involvement in the strategy development process provided him with the assurance that the CEO valued his opinion, and the measures were simply an outcome of the agreed strategy. This was because CEO-2 was able to reframe existing conceptions and interpretive schemes relating to employee engagement and customer satisfaction towards the espoused vision to counter any resistance to change (Gioia & Chittipeddi, 1991).

Here, one-way discussion or consultation with respect to the measures was not coercive, as suggested by Adler & Borys (1996), as executives understood the strategy and rationale behind the measures, and their input was heard and respected. As the CEO asserted the simultaneous importance of flexibility and efficiency (Adler, Goldoftas & Levine, 1999), executives tended to internalise the values and goals of the CEO and their executive peers (Deci & Ryan, 2000); the defined measures created a sense of efficiency in terms of clear expectations that did not result in an inflexible bureaucracy because executives understood and agreed on the strategies behind the measures. De Baerdemaeker and Bruggerman (2015) highlight that the design of a participatory accounting process (such as the implementation of NFPMs) should consider the psychological effects on subordinates. Here, the relational support offered by his supervisor provided CS-1 the flexibility to treat deviations as learning opportunities rather than risks to be avoided (Adler & Borys, 1996, p. 74). The process of experimentation enabled executives to build on their existing skills and know-how (Wouters & Wilderom 2008) in an environment where they felt secure and respected.

The importance CEO-2 placed on employee engagement and customer satisfaction were aligned with those of CS-1, providing him with the confidence him with the psychological sense that they were united (Deci & Ryan, 2002) in their approach and his efforts would be appreciated and recognised. CEO-2 was able to convince his leadership team that he was acting in accordance with his deep-seated values and convictions, and in doing so built a level of respect and trust (Avolio, Gardner, Walumbwa, Luthans, & May, 2004; Ilies, Morgeson, & Nahrgang, 2005). This approach provided CS-1 with the flexibility to consider how the needs of employees

and customers could be prioritised when working towards achieving the financial targets of the organisation. It was CS-1's meaningful relationship with CEO-2 that enabled him to view himself as a leader who could inspire and impart a sense of leadership in others (Trépanier, Fernet, & Austin, 2012). Here the context of increased competition and shrinking profit margins for the organisation, meant that managing and reducing costs had to be visible across the organisation. CS-1, as the head of IT, was able to gain an understanding of how the services the IT function contributed ultimately influenced the engagement of both the IT and retail staff, which in turn contributed to the achievement of the organisation's financial metrics. These findings are consistent with those of Banker et al. (2000), who find that the inclusion of non-financial customer satisfaction measures provides managers with the necessary means to influence financial measures over which they have less control. Here, the measures influenced the executive's understanding of the entire process and created a feeling that he and his team were a valuable resource (Adler & Borys, 1996, p.73) as he was made to feel that his contribution was valued and therefore he felt integral to the organisation's success (Deci & Ryan, 2002).

In relation to CSR goals, NED-2 described some organisational leaders as "going through the motions" when implementing measures such as those related to gender diversity. As with many executives interviewed, he questioned the intentions of organisational leaders and whether his actions were really appreciated, as the organisation did not show a genuine commitment to the goal. For them, a lack of care and genuine involvement by organisational leaders signalled an ignorance of the real conditions (Adler & Borys, 1996, p. 71) in which the organisation was operating, and hence they did not have a definitive rationale for enforcing such measures.

This perceived lack of genuine commitment to goals such as gender diversity was particularly problematic for female executives such as GM-1, as it created the perception that the organisation's interest in them is conditional (Ryan & Deci, 2017). She described particular concerns with respect to the implementation of organisation-wide gender diversity measures that impacted her ability to relate to top management and their intentions. GM-1 provided an example of the recruitment process coming to a halt due to the inability to enlist an equal number of male and female candidates in the energy sector, as required by the organisation's recruitment policy and associated measure. The inability to repair the measure by considering the merits of the

recruitment process to encourage more female candidates, resulted in executives feeling coerced to apply what an apparently arbitrary measure.

As Mouritsen (2018) explains, although a 'number', or in this case a measure, does not represent reality, it may take the place of reality. In this case, a gender balanced recruitment process and targets created the appearance of a gender diverse organisation. For GM-1, the inability to repair the measure not only signalled that the CEO and board were ignorant of the real conditions (Adler & Borys, 1996, p. 7), but that there was a feeling of disconnectedness to the organisation. Hence the coercive nature of the measure was the result of her basic need to feel responded to and respected (Ryan & Deci, 2017), which was not met.

Furthermore, both GM-1 and NED-2 did not feel that their efforts and concerns in respect to gender diversity were acknowledged and hence their relatedness as well as autonomy and competency were compromised by an organisation that did not appear to take their diversity goals and measures seriously. Interestingly, both GM-1 and SM-1were both vocal advocates of their immediate managers who appeared to support their autonomy. However, contrary to Deci et al., (1989), an autonomy supportive manager did not result in a more trusting attitude towards top management, perhaps due to their close proximity to senior leaders, which facilitates a more tangible perspective. In the next section, executives' satisfaction or dissatisfaction pertaining to their psychological needs for relatedness, as well as autonomy and competency, and its impact on motivation is discussed.

9.5 Motivation

In this section we discuss how executives' perception of NFPMs relating to CSR influences their motivation to achieve the desired result. Three topics will be used to explain how the perception of a measure influences the satisfaction of an individual's BPNs and therefore motivation, which results in either an enabling or coercive attitudinal outcome. Firstly, the differing perceptions of diversity measures will be used as an example of how a specific measure can positively or negatively influence an executive's motivation; this is followed by the perceptions of an organisation's responsibility to a diverse group of stakeholders; finally, the impact of age and experience will be explored.

9.5.1 Diversity Measures

As a female executive who spent much of her career in traditionally male dominated industries, GM-1 appreciated the importance of encouraging greater female representation at the senior levels of organisations. In fact, she considered herself an advocate and mentor for young aspiring female executives. However, on occasion, the approach taken by her employers to address issues relating to the lack of diversity in the workplace left her questioning the intentions of the organisation. As discussed in section 9.4 above, the organisations she worked for introduced measures relating to the enforcement of quotas on the number of women interviewed and appointed through the recruitment process. Whilst the intention of the measures was to objectively guide performance rather than sanctioning punishment for non-compliance (Adler & Borys, 1996, p. 72), this was not how the measure was perceived by GM-1.

However, her peers appeared to appreciate the objectivity of the measure, and therefore may have claimed the measure to be enabling, as they failed to appreciate (or chose not to) view the measure as a representation of the strategic construct (Choi et al., 2012), that is, not a strategy in and of itself. These findings are consistent with Kunz (2015), who analysed the effectiveness of subjective versus objective performance assessment and its impact on autonomous motivation. Kunz (2015) found that for people high in autonomous motivation, such as GM-1, imprecise or subjective measures are more effective, while the opposite is the case for individuals low in autonomous motivation.

In GM-1's case, decades of work experience provided the necessary context to understand the meaning and relevance of the measures associated with gender diversity. However, she did not feel that she was acting autonomously when it came to achieving the organisation's diversity goals because she struggled to understand and therefore internalise the strategy adopted by the organisation. Deci, Eghrari, Patrick, and Leone (1994) argue that three factors facilitate internalisation. For GM-1, whilst the measure satisfied the first factor, in that she understood the meaning or rationale for the goal and measure, it did not fulfil the other two factors. That is, her reservations about the short-sightedness of the measure were not acknowledged, nor was she given a choice but to comply with the requirements of the measure. As she clearly stated, she would not recruit a woman just to fill a quota if the candidate was not the most suitable for the role, behaviour that she believed the measures coercively encouraged. .

In GM-1's case, monetary rewards did not promote intrinsic motivation (Olafsen et al., 2015), in fact they had the opposite effect.

Furthermore, she felt that the actions she was taking to mentor young aspiring executives went unnoticed and unappreciated, stifling her need for both competency and relatedness. This was because, firstly, she lost confidence in the effectiveness of her actions to encourage future female leaders in the workplace (Deci & Ryan, 2002), and secondly, she did not feel that her actions were significant or mattered in the eyes of the organisation's leaders. In the case of her peers, they did not appear to understand the meaning or the rationale for the measure. Whilst preferencing an objective measure, the leaders within the organisation partitioned the task (Adler & Borys, p. 73) of fulfilling short-term recruitment quotas from the long-term goal of increasing female representation at the executive level. Consequently, GM-1 experienced a more introjected form of motivation, as she felt a sense of pressure to comply with a measure that she had partially internalised but not fully accepted (Deci & Ryan, 2002). The implication here is that whilst introjected motivation is associated with good outcomes it is not as strong as other forms of motivation such as identified and integrated regulation.

GM-1's perceptions were also influenced by the actions of her peers, who treated the measure as a hurdle to be circumvented (Adler & Borys, 1996, p. 72) because they were not provided with genuine support or guidance to enable them to embrace the meaning behind the measure. As a result, they did not internalise the rationale for the measure and experienced instead external regulation to achieve the measure (Ryan & Deci, 2000). That is, the lack of global transparency resulted in compliance with an external demand (Ryan &Deci, 2000) to achieve their performance targets. These individuals did not care much for the task of enhancing diversity, but rather preferred to be rewarded in a predictable way (Kunz, 2015). Hence the coercion to utilise covert or inefficient workarounds (Adler & Borys, 1996, p. 71) such as filling positions with suboptimal candidates.

This form of external regulation was also discussed by NED-4, who explained that without active board support, CEOs may not have the confidence to implement the measure. He used the example of a CEO (Example 10), who without appropriate board oversight and guidance used the flexibility afforded to him to make modifications to the measure. The aim was to achieve the target relating to gender diversity, however, by NED-4's own admission, he was not provided with the appropriate competency supports to achieve the task. Furthermore, his

focus on achieving his performance and bonus targets suggests that pursuit of the diversity targets was not in alignment with his interests or values, perhaps due to an inability to relate to the social groups (in this case women) who were the benefactors of the organisation's diversity strategy. These findings provide further evidence of the link between leader autonomy support and BPN as a lack of interest from, in this case the Board, resulted in the thwarting of this CEO's needs (Slemp, Kern, Patrick, & Ryan, 2018). Rather than focusing on the underlying strategy, this CEO was motivated to earn his short-term incentives (Gagné & Deci, 2005). Hence, his actions to covertly achieve the measure were externally regulated as they served to satisfy the external demands of the board. Here his behaviour was controlled by the specific external contingency (Deci & Ryan, 2000) being his short-term bonus.

GM-4's organisation took a different approach to implementing diversity measures to counter a *"strongly embedded history of white male dominance"* (GM-4) (Example 3). Within his organisation, the true value of diversity was to address what they saw as lacking in the financial services industry, which was, "diversity of thought". Rather than simply enforcing diversity targets, the Australian arm of the organisation engaged in an approach that unintentionally perhaps addressed their executive's psychological needs for autonomy, competency and relatedness. For example, their first-hand exposure to the plight of refugees afforded executives with global transparency through meaningful contextual information to challenge their own personal biases. The context gave executives an understanding of how their own tasks fit into the whole (Adler & Borys, 1996, p. 73) enabling the confidence to pursue the measure. That is, it provided the necessary competency support to take the appropriate steps to achieve the organisations goals and measures. A feeling of relatedness with not just the organisation's diversity strategy, but also the plight of refugees, enabled them to reconsider their recruitment practices by reflecting on how diverse experiences may be of value to their organisation. Here executives felt competent to adopt the initiatives that they were valued by the organisation (Ryan & Deci, 2000) and acted with genuine interest and integrated values (Deci & Ryan, 2002). Hence the measure provided internal transparency by guiding efforts rather than sanctioning punishment for deviations (Adler & Borys, 1996, p. 72). Furthermore, their actions were acknowledged by the global firm providing competency support through positive feedback even though there was not clear evidence of greater diversity in the short term.

As demonstrated by Dossi and Patelli (2010), the inclusion of NFPMs contributed to supporting learning and dialogue between headquarters and subsidiaries of international organisations. Importantly, the genuine context provided to subsidiaries by the headquarters enabled them to act autonomously because they valued the long-term goal of encouraging diversity in the workplace. Contrary to Jordan and Messner (2012), increased attention from top management did not give rise to inflexibility as the head office focus was considered a genuine valuing of the end goal and acknowledgement of the Australian subsidiary's efforts to encourage diversity. Within this organisation GM-4 experienced an integrated form of regulation as he came to personally endorse the organisation's values and goals (Deci & Ryan, 2002); to create greater diversity within the workplace. GM-4 experienced more than just identified regulation as he not only consciously valued the meaning (Gagné et al., 2015) behind the measure, but his first-hand experience with the plight of refugees brought the diversity goal in congruence with his personally endorsed values, goals and needs (Deci & Ryan, 2002). .

The above examples demonstrate how the same measure relating to diversity may be perceived differently by executives within and between organisations. Whether the measure was perceived as enabling or coercive depends on contextual factors within the organisation. In the case of GM-4, organisational initiatives facilitated shared intrinsic work values at the team level (Schreurs et al., 2014), which enabled behaviours consistent with an autonomous form of motivation, as the contextual information provided by the organisation afforded them an understanding of how their actions fit into the whole (Adler & Borys, 1996, p. 73). The opportunity to simultaneously pursue both intrinsic and extrinsic values, within a social context satisfied the BPNs of GM-4 and his team (Schreur et al 2014). GM-1, however, experienced a controlled form of motivation as the measure was adopted to sanction punishment for non-performance (Adler & Borys, 1996, p. 72). The above examples suggest that rather than utilising CSR goals as targets to be attained, they should be viewed as visions, suggesting a general direction rather than specific outcome (Jordan & Messner, 2012). Therefore, rather than stifling an executive's motivation to achieve the underlying goal through subjective measures, this approach may enable flexibility and repair.

9.5.2 Responsibility to Stakeholders

How executive perceives their responsibility to stakeholders both within and outside the organisation influenced their self-determination to pursue NFPMs relating to CSR. In an age

where employees seek out work that is meaningful, and organisations whose values they can endorse (Rigby & Ryan, 2018), unsurprisingly, several executives revealed an innate desire to contribute to a specific cause, or society more broadly (Table 4.2), consistent with autonomous pursuit of organisational goals that came from a self-initiated interest in helping others (Weinstein & Ryan, 2010).

In the health and disability sectors, pursuit of measures relating to an organisation's responsibility to stakeholders, in particular their patients and clients, was volitional and self-endorsed (Ryan & Deci, 2017). Schreurs et al., (2014) highlights that whilst social context is an explicit assumption of SDT in satisfying BPNs, the important impact of values has remained relatively understudied. This thesis suggests that executives' shared personal interests and values provide the necessary social context, and therefore global transparency, that contribute to the enabling characteristics of the management controls as described by Adler and Borys (1996). Furthermore, the measures enforced by the organisation provide visibility into organisational processes and clarify organisations' rationale and purpose (Adler & Borys, 1996, p. 72), providing internal transparency to what would otherwise be aspirational goals. Executives in the health and disability sectors experienced an integrated form of motivation, where the goals of the organisation aligned with their personally endorsed goals and needs (Deci & Ryan, 2002), providing further evidence of the importance of managerial beliefs and discretion in driving exemplary social performance (McGuire et al., 2003). In these sectors it is evident that intrinsic motivation is a better predictor of performance as extrinsic rewards, whilst present, are only indirectly salient to performance (Cerasoli, et al., 2014).

Whilst corporations have been called on to be agents of social change (Fink, 2020), replicating this innate desire to serve others has proven challenging, with differing views on the social responsibility of organisations (see Table 4.6). In addition, research suggests that a CEO's political ideologies can influence their values on CSR, with more liberal CEOs exhibiting greater advances in CSR compared to their more conservative counterparts (Chin et al., 2013). However, as SM-4 stated, organisations that choose to ignore the harmful social or environmental impact of their operations are likely to find running their business difficult due to adverse public scrutiny. If the avoidance of public scrutiny is the context or global transparency provided to executives, then any CSR measures implemented would be perceived as coercive, as executive motivation to achieve the measure would be externally regulated, that is, to avoid punishment (Gagné et al.,

2015). At best, the motivation of individual executives would be introjected. Hence, such conditions that promote controlled motivation will yield less effective performance especially on heuristic performance that requires a level of flexibility and creativity (Gagne & Deci, 2005).

GM-3 believed that even if profitability and earnings, and by default shareholders' interests, were considered paramount, this did not release organisations from their ethical responsibility to other stakeholders, such as their customers and the communities. Therefore, whilst boards and senior executives may encourage flexible systems and processes that support user intelligence (Adler & Borys, 1996, p. 74), executives who believe that shareholders' interests are paramount would, at best, experience an introjected motivation if they felt some internal pressure, perhaps feelings of shame or guilt. The example of NED-1's organisation, a major Australian bank engaging in initiatives to assist NFP organisations in response to the findings of the Royal Commission into the banking sector, may be argued to be one where the organisation is engaged in such initiatives not only to respond to external regulation but also to alleviate feelings of shame or guilt.

In other cases, for example, the CEO described by NED-4 (Example 10), the motivation to achieve a target was external demand and the reward contingency (Ryan & Deci, 2000). In these cases, regardless of the flexibility offered to such executives, there is always a level of coercion that inhibits their desire to pursue the measure. This may be because they cannot relate to the beneficiaries of the goal or measure, or they feel pressure from competing organisational priorities. Alternatively, a lack of a 'crisis' makes such strategic change difficult to accomplish given no pressing rationale to do so (Gioia & Chittipeddi, 1991). Regardless of the cause, the MCS in Example 10 was not designed to support the executive's intelligence (Adler & Borys, 1996, p. 74) due to the executive's inability to grasp the meaning or rationale behind the measure (Deci & Ryan, 2000).

As a consequence, contrary to prior research, 'ambiguity by design' did not enable this CEO to consider different ways to achieve the strategy (Gioia & Chittipeddi, 1991). For this CEO, a lack of appreciation of the underlying goal and the executive's desire to achieve his short-term bonus resulted in covert workarounds (Adler & Borys, 1996, p. 71). These findings provide further evidence to demonstrate that the way in which rewards are designed and delivered will impact their controlling versus informational value, as rewards that are considered

to be controlling tend to decrease an individual's sense of autonomy, whilst rewards providing informational value are said to be competency enhancing (Deci et al., 2017).

9.5.3 Age and Experience

The age and experience of executives interviewed provided personal context that influenced how they perceived the CSR measures and their desire to pursue the underlying goals. In fact, some executives interviewed (such as CS-3, NED-1 and SM-1 as quoted in Table 4.3) made concerted efforts to find opportunities to fulfil their social responsibilities within their work environment. Whilst there is limited knowledge of how personal characteristics such as age and experience influence the effect of performance management systems (Franco-Santos, Lucianetti & Bourne, 2012), executives interviewed for this study revealed that age and experience increased their desire to connect with and be integral to others (Deci & Ryan, 2002), as they actively sought out opportunities to fulfil their sense of social responsibility. These findings align with those of Sheldon and Krieger (2014) who found that participants who f were of greater chronological age demonstrated greater consistency between their endorsed values and their actions. Perhaps executives interviewed found themselves in a position to personally and professionally utilise the flexibility afforded to them by the ambiguity of the NFPMs for which they were held accountable. It was with age and experience those executives viewed NFPMs and the organisational context as being supportive of their autonomy and competency, which enabled them to make the appropriate modifications (Adler & Borys, 1996, p. 74) to work practices to integrate their own interests and values.

For example, CS-3 and SM-1 both admitted that, with age, they had a greater desire to contribute to society and saw the CSR goals of their organisation as an opportunity to make a meaningful contribution. The ambiguity of the CSR measures provided them with significant leverage to follow their personal convictions (Ditlev-Simonsen & Midttun, 2011). For CS-3, it was the opportunity to implement CSR goals and measures into an organisation that had traditionally focused on financial growth. For SM-1, it was a chance to more meaningfully consider how his team could contribute to the CSR goals of the organisation. Further, they identified the benefit of experience as giving them confidence and enabling them to prioritise NFPMs because they realised the value of their contribution to social groups outside of their organisation. Thus they were able to satisfy all three BPNs, that is, the autonomy to enact their values, the competency to trust their personal convictions to serve others, and relatedness

through a connection to the wider community. These executives experienced a more integrated motivation as their desire to contribute to society became a personally important outcome (Deci & Ryan, 2002). These findings provide further evidence that intrinsic motivation may be a better predictor of performance 'quality' associated with achievement of a goal, as opposed to performance 'quantity' associated with achievement of a target or measure, where extrinsic rewards may be preferable (Cerasoli et al., 2014).

However, age and experience were not always a motivating factor for executives pursing CSR goals and measures. NED-3 provided the example of pro-bono activities and measures imposed on executives at a professional services firm. The purpose for the measures was to broaden senior leaders' experience through exposure to the not-for-profit sector, thereby encouraging satisfaction of their BPNs. However, these executives viewed the initiative and associated measures as coercive because the measures were considered to have been implemented with limited discussion or consultation in an environment where financial results and measures were considered the priority. Furthermore, pro-bono obligations were perceived as an additional burden, implemented as a result of societal expectations rather than a genuine desire to make a meaningful contribution to society. Hence executives complied to obtain the associated reward or to avoid punishment for non-compliance (Gagné et al., 2015), making pay a salient tool of control (Ryan & Deci, 2017, p. 549). Alternatively, compliance involved covert or inefficient workarounds (Adler & Borys, 1996, p. 71). As they considered the board and senior leaders within the organisation as ignorant of the real conditions in which they operated (Adler & Borys, 1996, p. 71) the measures appeared easily avoided. In this case, leaders were not considered to be autonomy supportive, and therefore did not provide the critical social context for fostering the BPNs and autonomous work motivation (Slemp et al., 2018). Here, their experience taught them that NFPMs were not valued equally to financial measures. In these situations, executives experienced an introjected form of motivation, where compliance was based on an avoidance of guilt (Gagné et al., 2015), or more likely an externally regulated form of motivation where compliance was based on an external demand to participate in pro-bono initiatives. These findings provide further evidence that whilst prosocial behaviour or the motivation to help can come from controlled or autonomous sources, behaviours that are experienced as self-initiated or self-endorsed will have greater benefits for the recipient as well as the helper (Weinstein & Ryan, 2010).

9.6 Conclusion

This chapter expanded on Adler and Borys' (1996) understanding of enabling and coercive bureaucracies by examining how perceptions of the design features of NFPMs either satisfy or frustrate executives' BPNs and motivation (Ryan & Deci, 2000). Here we discuss the impact of the perceptions examined in Chapter Nine in the context of, firstly, how they affect the satisfaction of executives' BPN for autonomy, competency and relatedness, and, secondly, the impact of these on executive motivation, and therefore their performance and experience with respect to CSR measures.

When executives' need for *autonomy* was satisfied, they acted with genuine interest and congruent values (Deci & Ryan, 2002, p. 8). With respect to CSR goals and measures, executives' personal views and beliefs provided important context and meaning, beyond any global transparency offered by the organisation. Furthermore, the extent to which an executive felt their autonomy was supported in a way that enabled flexibility (Ryan & Deci, 2017), while meeting the organisation's strategies and objectives, also impacted their perception of the NFPMs. Finally, whilst it may be assumed that executives were in an opportune position to align their interests and values with CSR goals that were important to them, this was not always the case. For some executives a lack of internal transparency resulted in an inability to appreciate how particular measures related to their area of responsibility, even where they appreciated the underlying rationale for the measure. In these cases, having defined measures was not necessary to encourage the desired behaviours. In other cases, having permission to pursue their interests was incentive enough to pursue the goal, demonstrating that it is possible to pursue both extrinsic and intrinsic values at the same time (Schreurs et al., 2014).

Furthermore, executives' feeling of *competency* to achieve the CSR measures was influenced by the level of support offered by the organisation, as well as the informational feedback provided by the measures themselves. Support related to how the measure was assessed, as controlling tactics may appear to work in the short term but from a motivational perspective, are detrimental to the achievement of long-term goals and even financial performance (Rigby & Ryan, 2018). It also related to the systems and processes in place to support implementation of the measure, particularly for executives who experienced an initial feeling of incompetence as they engaged in new behaviours (Kasser, 2009). In some examples,

227

this involved implementing a range of measures intended to provide the necessary contextual information (Adler & Borys, 1996, p. 73) to enable the effective assessment of organisational responses to CSR goals, such as environmental sustainability. Finally, the confidence and ability to achieve the CSR measures whilst remaining focused on financial outcomes, which appeared to be an organisational priority, also influenced executives' perception of the CSR measures. Often it was the failure of organisational leaders to maintain a coherent approach to achieving the measures that prevented executives from embracing the challenge (Wright & Nyberg, 2017).

Being involved in the development and implementation of the strategies and measures related to NFPMs enabled executives to feel integral to achieving the organisation's objectives, as it satisfied their need for *relatedness*. However, involvement in the design of the measures can be considered coercive if it does not facilitate two-way communication (Adler & Borys, 1996, p. 70) between an executive and organisational leader, particularly if they do not feel that their views were significant or mattered to their superiors (Ryan & Deci, 2017). Sometimes, the extent of involvement in developing and implementing measures was influenced by an executive's perceived relationship with their direct manager, including their personal views of that individual. Finally, whether the NFPMs contributed to, or strengthened, executives' commitment to organisational stakeholders, such as their employees and customers, also influenced whether the measures resulted in enabling or coercive behaviours. On some occasions, the NFPMs influenced executives' understanding of the entire process in a way that also enabled a sense of connection with the wider organisation and a feeling that they were a valuable resource (Adler & Borys, 1996, p. 73) that was integral to the organisation's success (Deci & Ryan, 2002).

Finally, this chapter examined how executives' perception of NFPMs relating to CSR influenced their motivation to achieve the desired result. Three topics were used to explain how the perception of a measure influenced the satisfaction of the BPNs and motivation. Firstly, the differing perceptions of *diversity measures* were used as an example of how a specific measure can positively or negatively influence executives' motivation. The findings demonstrated that the same measure relating to diversity may be perceived differently by executives within and between organisations depending on contextual factors.

Secondly, how an executive perceived their *responsibility to stakeholders* both within and external to the organisation influenced their self-determination to pursue NFPMs relating to CSR. Executives within the health, disability and public sector more broadly experienced an

integrated form of motivation, where the goals of the organisation were aligned with their personally endorsed goals and needs (Deci & Ryan, 2002), providing further evidence of the importance of managerial beliefs and discretions in enabling exemplary social performance (McGuire et al., 2003). Replicating this innate desire to serve others has proven more challenging in other sectors, particularly the private sector. For some of these executives, the avoidance of public scrutiny was the context or global transparency provided to executives. Therefore, any CSR measures implemented would be perceived as coercive, as executive motivation to achieve the measure would be externally regulated, that is, to avoid punishment (Gagné et al., 2015).

The *age and experience* of executives interviewed also provided personal context that influenced how they perceived the CSR measures and their desire to pursue the underlying goals. Whilst there is limited knowledge of how personal characteristics such as age and experience influence the effect of performance management systems (Franco-Santos et al., 2012), executives interviewed revealed that age and experience increased their desire to connect with and be integral to others (Deci & Ryan, 2002). So much so, that some actively sought out opportunities to fulfil their sense of social responsibility. Age and experience provided executives with the autonomy to enact their values, the competency to trust their personal convictions to serve others, and relatedness through an innate connection to the wider community. These executives experienced a more integrated motivation as their desire to make a contribution to society became a personally important outcome (Deci & Ryan, 2002). However, this was only in cases where executives made a personal choice to engage in such activities, rather than being forced or compelled to do so.

Chapter Ten: Conclusion

10.1 Introduction

This study aimed to expand the management accounting literature by attempting to understand how the design characteristics and contextual factors relating to NFPMs impact executives' motivation to pursue the CSR goals and long-term interests of an organisation. It develops Adler and Borys' (1996) framework of enabling and coercive bureaucracies by bringing the theory "into contact with empirical reality, thus exposing (Mouritsen, Hansen, & Hansen, 2009) strengths and weaknesses and modifying and even refuting (it)" (Vaivio, 2008, p.78). Understanding an executive's perception of the design features of NFPMs relating to CSR provided insights into the contexts and conditions under which measures encourage social responsibility and long-term focus, as opposed to stifling motivation and generating short-sightedness and dissatisfaction. The study also aimed to further develop motivation theory specifically by applying SDT to executives, helping to explain the extent to which a work context (specifically NFPMs) either satisfies or inhibits an executive's BPNs (Gagné & Deci, 2005) and consequent decision making.

10.2 Significance and Contribution of this Research

This study makes a theoretical contribution to Adler and Borys' (1996) framework by examining how the perceptions of executive decision makers influence the enabling and coercive design features of a control, specifically NFPMs in relation to an organisation's CSR strategies. As described in Chapter Eight, when assessing the perceptions of executives with regards to the four key NFPM design features (global transparency, internal transparency, repair and flexibility), six common themes emerged. These themes provide a structure for assessing an individual's perceptions of enabling and coercive design features of a control, thereby providing an understanding of how a NFPM designed to be enabling or coercive may be perceived otherwise. Furthermore, this study is significant in that it employs SDT to illustrate why executives' perceptions of a NFPM are critical to their response to the control as enabling or coercive. The study finds that executives' perceptions correspond to the satisfaction or thwarting of an individual's BPN for autonomy, competency and relatedness, which are predictably related to different forms of motivation (Gagné et al., 2015). Specific contributions in relation to the design features are discussed below.

10.2.1 Contribution to Adler and Borys' (1996) Enabling and Coercive Framework

Adler and Borys (1996) identify that global transparency may be achieved by providing employees with a wide range of contextual information. This thesis provides further clarity on the importance of 'context' and how it influences executives' perceptions. Whilst an organisation may provide a wide range of contexts, it is personal context that provides meaning to the measures for executives. The significance being that whilst executives operate in a cognitively complex environment, they have greater powers and opportunity to negotiate and exercise their personal values and beliefs.

The first contribution of this thesis reinforces existing management accounting literature in respect to the role of personal experience and social values (Ditlev-Simonsen & Midttun, 2011; Chin et al., 2013). The key findings of this thesis demonstrate that personal context by way of individual personal beliefs and values enabled executives the autonomy and flexibility to make choices or employ optimal strategies for satisfying their BPNs. So much so that a need to feel 'part of the solution' influenced some executives' career choices. In this way NFPMs and associated strategies and objectives supported executives' intelligence (Adler & Borys, 1996) by providing the structure and framework to pursue their interests and values relating to specific CSR issues, such as environmental sustainability or diversity.

The second contribution of this thesis is that age and experience appeared to provide executives with personal context from which to understand the positive and negative role of organisations in society, creating a sense of belonging and a desire to make a genuine and positive contribution through the pursuit of socially conscious initiatives. Hence, this thesis contributes to the limited understanding of the effects of age and experience on performance management systems (Franco-Santos et al., 2012). The benefit of experience increased the motivation of executives to connect with, and be integral to others (Ryan & Deci, 2002), as they had the time and opportunity to actively seek out opportunities to fulfil their sense of social responsibility. Furthermore, it provided them with a sense of competency to carry out actions confidently and effectively in the pursuit of long-term outcomes. It was age and experience that facilitated reflection and a desire to align their personally important values and goals (Deci & Ryan, 2002) with those of their organisation.

The third contribution of this thesis responds to Adler and Borys' (1996) argument that providing users with extensive information on the broader processes is enabling. However, this

study suggests that the enabling characteristics of such information depended on executives' perceptions of the information, as well as organisational contextual factors relating to how it evokes action. For example, NFPMs imposed as a result of an external requirement, such as legislation, were not always perceived as a genuine attempt by organisational leaders to address the underlying CSR goal. This was particularly so when the goal was not supported by the appropriate systems and processes to effect change, for example, in the case of legislation introduced to address modern slavery. Whilst executives may understand and be empathetic to the rationale for the imposed goals and measures, a lack of genuine commitment on the part of organisational leaders may stifle their desire to meaningfully pursue the measure. As Deci and Ryan (2000) suggest, competency is not just the ability to understand or grasp the meaning behind a particular directive, also the ability to enact it.

The fourth contribution of this thesis is in providing insights into the challenges specifically relating to implementing complex CSR goals and measures. Executives often found themselves overwhelmed with the responsibility to effect change and measures did not always provide insights into the effectiveness of their actions. Consistent with Choi et al. (2012), the implementation of a multitude of measures often resulted in executives losing sight of the strategic goal they were trying to achieve. However, this was not the case for all executives, such as those within the health sector. For these executives, complex public health challenges necessitated deploying wide reaching strategies and measures to achieve the underlying goal of better community health outcomes. Here, the multitude of measures enabled performance by facilitating a sense of confidence and effectiveness (Ryan & Deci, 2002) both in the short and long term. Similarly, this study also demonstrated that asymmetrical flow of information is not necessarily a coercive design feature as suggested by Adler and Borys (1996). When boards rose to the challenge of providing competency support with respect to the implementation of measures, this not only satisfied executives' need for competency, but also relatedness, because they felt a greater sense of connection with the board.

The fifth contribution of this thesis is in expanding existing psychology literature that highlights the importance of the relationship between an individual and their direct manager as one of the most influential factors in engagement and motivation (Rigby & Ryan, 2018). The findings in this study emphasise that this relationship is equally important to executives as they gauge their organisation's commitment to CSR goals and measures by the capability of their

direct manager, particularly if that person is the CEO. Executives were attuned to the ability of their direct manager to provide a clear and concise view of the organisation's collective aspirations, thereby demonstrating that they are not ignorant of the real conditions (Adler & Borys, 1996) in which the organisation is operating. The autonomy support provided by direct managers not only enabled executives the competency to repair ineffective measures, but also the flexibility to autonomously pursue the organisation's objectives. Executives who lacked confidence in their leaders tended to arbitrarily pursue the achievement of measures rather than raise issues about obstacles or barriers to the achievement of related goals or objectives. This was particularly evident with respect to employee related measures concerning engagement and diversity.

The sixth contribution of this thesis is that it provides further evidence that involvement in the design of performance measures is perceived as enabling as it facilitates both global and internal transparency. The study contributes to this understanding by highlighting the importance of enabled two-way communication as suggested by Adler and Borys (1996, p. 70) where executives felt that their views were integral to, and accepted by others (Ryan & Deci, 2002). As a result, a more consultative process made executives feel empowered and involved (Franco-Santos et al., 2012), as well as perceiving the measures themselves to be of a higher quality (Groen et al., 2017). However, two-way communication to repair misunderstanding as Adler and Borys (1996) suggested, required executives to have confidence in their leaders to provide genuine and constructive guidance and support.

The seventh contribution of this thesis is in providing further clarity with respect to situations in which an executive may resort to covert inefficient workarounds (Adler & Borys, 1996), in order to achieve or alternatively repair a measure. Such situations were particularly prevalent where organisational leaders prioritised financial measures over non-financial and CSR objectives. Such behaviours affected executives' sense of competency to meet organisational expectations. Furthermore, they influenced how executives related to their superiors as in the example of a large retailer who enforced measures relating to the fair treatment of suppliers, but perceived as expecting this not be at the expense of achieving financial metrics.

Finally, this study provides evidence that the four design features defined by Adler and Borys (1996) – global transparency, internal transparency, repair and flexibility – are not mutually exclusive in executives' perceptions. In particular, global transparency provided

through a range of contextual information will influence the level of internal transparency in terms of visibility into the inner workings of a specific function or division within an organisation. Also, a NFPM may have both enabling and coercive features. For example, whilst executives may work cooperatively to define a measure (repair), it may still be considered coercive if it is viewed as a hurdle to be circumvented as it does not provide executives with internal transparency in terms of the management of their function or area of responsibility.

10.2.2 Contribution to Self-determination Theory

This study contributes to the growing body of qualitative research using SDT by providing an in-depth exploration of its application to executives and how their BPNs and motivation are experienced in the workplace. It counters the claim that individuals are paid to work so cannot be intrinsically motivated (Deci et al., 2017; Ryan & Deci, 2000) by demonstrating that intrinsic motivation is not the only form of autonomous motivation. Executives are in a unique position to align organisational goals with their own personal beliefs and values. Therefore, this study highlights the potential for an individual to experience higher orders of motivation given the opportunity to express their personal convictions through a degree of flexibility in terms of how CSR measures are designed and implemented. For example, some executives discussed not just the willingness but also the desire to engage in CSR initiatives in situations where it was not a requirement of their specific role and their efforts were not measured. Instead, their position and experience provided them with the opportunity and flexibility to align their personal values and beliefs with personally important organisational outcomes (Deci & Ryan, 2002).

With respect to the BPNs, this study also provides qualitative evidence of the importance of relatedness to intrinsic motivation (relatedness to direct manager, peers, customers/beneficiaries). For example, executives working in the health and disability sector described their affinity with the beneficiaries of their work as a significant contributor to their choice of industry and workplace. These findings further validate the results of the meta-analysis conducted by Van den Broeck et al. (2016), who found that relatedness plays more than a distal role, as suggested by previous research. These findings are significant as, whilst previous studies make reference to individual mental processes, "they typically do not provide empirical evidence to support the existence of these processes" (Hall, 2016, p. 66). By understanding the psychological effect of management accounting practices, such as enhancing the desire to feel

integral to, and accepted by others (Deci & Ryan, 2002), we can better understand the conditions under which they result in effective or ineffective outcomes.

   10.2.3 Practical Contribution

The theoretical contributions contained within this thesis are significant to organisations endeavouring to implement NFPMs with respect to CSR in a way that enables executives to embrace the complexity and challenges involved. The six themes outlined in Chapter Eight provide tangible guidance in terms of considerations when designing and implementing NFPMs more generally, as well as specifically relating to CSR. Furthermore, whilst organisational leaders cannot manufacture a desire or concern for CSR, this study highlights that some individuals have an innate desire to contribute to the betterment of society. These individuals have the potential to contribute to organisational success by autonomously engaging in work they personally value, and which is respected by organisational leaders through satisfaction of their BPNs (Ryan & Deci, 2017). Organisations have an opportunity to harness this intrinsic motivation as part of executive recruitment processes by considering the alignment of the values and beliefs of a potential recruit with that of the organisation.

   In addition, the findings of this study highlight autonomy supportive leaders support executive intelligence by enabling flexibility in the way measures are implemented. Furthermore, they are more likely to be perceived as guiding effort rather than sanctioning performance (Adler & Borys, 1996). Whilst not all leaders possess such qualities, intervention studies suggest that managers can be trained on how to support their employees' autonomy (Deci et al., 1989; Hardré & Reeve, 2009). Hence, organisations may consider providing executives with training to encourage greater autonomy support and therefore contribute to the enabling characteristics of NFPMs.

10.3 Research Limitations and Future Research

This study is not without its limitations. Firstly, qualitative research in psychology remains stigmatised (Gough & Lyons, 2015). However, capturing the subjective feeling of a participant's experience, as well as the recurring patterns of experience amongst participants (Willig, 2013) was of interest in this study. In doing so, the study recognised that management accounting is a complex interaction between "social, political, cultural, institutional, economic and operational contexts" (Tucker, 2020, p. 225). For this reason interpretive research was well suited to understanding complex and multifaceted social processes (Bhattacherjee, 2012), such as the

relationships and dynamics between executives, their supervisors, the board and external stakeholders, including customers and the community in which they operate. Interpretive research is also appropriate for studying context specific processes (Bhattacherjee, 2012). Whilst it is acknowledged that heavy reliance on contextualised inferences inhibits the replicability and generalisability of findings (Bhattacherjee, 2012), here the interest was not just in *how* executives perceive NFPMs, but importantly, *why*. Understanding why NFPMs may be perceived differently, by different executives, provided an important contextual understanding of social behaviour. Therefore, seeking explanation for contextual variables was necessary even if that limited the generalisability of inferences (Bhattacherjee, 2012).

Furthermore, the study is based on detailed interviews with 20 executives. Whilst this may be considered a small sample, this study was concerned with "developing a depth of understanding rather than a breath" (Boddy, 2016, p.430). The use of semi-structured interviews was used to avoid leading participant responses, whilst still providing the flexibility to probe for a more detailed understanding and meaning. However, whilst most participants were interviewed twice to clarify understanding and interpretation, there is still a chance of misinterpretation.

The executives who participated in the study were based in Australia and their experiences were predominantly within the Australian context. As such, this study focuses on the individual's perception and experience of such measures and was not intended to be generalisable to the population of executives in Australia or elsewhere, although the application of SDT has received cross-cultural validation (Deci et al., 2017; Gagné et al., 2015). Therefore, findings maybe of relevance to other locations where NFPMs and CSR have received increased focus and attention. Hence this study would benefit from empirical testing in other domains to potentially identify other contextual antecedents.

Importantly, this thesis provides several exciting opportunities for future research with respect to the effective design and implementation of management controls, executive motivation and organisations' pursuit of CSR goals.

Six themes were identified in this thesis, providing a structure for understanding an executive's perceptions of NFPM design features. Future quantitative research could explore the validity of these themes, particularly the way they interact with the three BPNs of autonomy, competency and relatedness. Findings from such studies may provide important insights with respect to the application of SDT to executives in this context.

Empirical evidence throughout this thesis highlighted a tendency or desire to engage in "covert or inefficient workarounds" (Adler & Borys, 1996, p71) in order to achieve NFPM targets. Future research may investigate the tendency for executives to engage in covert or inefficient workarounds in this context where achievement of the measure is linked to a financial incentive as opposed to simply being a performance metric. Future research could investigate whether covert or inefficient workarounds are motivated by a more introjected regulation, and therefore a desire to avoid shame or guilt for non-performance. Alternatively, it could investigate whether external regulation is more salient in terms of a desire to obtain a financial reward for achievement of the measure.

The study also highlighted opportunities afforded to executives whose need for autonomy was satisfied through the opportunity to explore ambiguous goals that also align with their personal values and beliefs. Future research could explore the circumstances under which an executive's psychological need for autonomy is harnessed by encouraging curiosity and exploration through ambiguity. Also, whilst not addressed as part of this thesis, examining the role of social play in the expression of intrinsic motivation (Di Dominico & Ryan, 2017) may provide important insights with respect to the pursuit of CSR goals that require a level of innovation and meeting of minds. In this context, the use of neuroscience methods may be used assist in investigating the internal motivational processes that are not accessible via self-report or behavioural observations (Di Domenico & Ryan, 2017).

Finally, this thesis provides further evidence of the distinction between identified regulation, integrated regulation and intrinsic motivation within the context of executive motivation to pursue NFPMs relating to CSR. A clear theoretical distinction between these forms of motivation points to a potential flaw in the measurement instruments that may be addressed using this context. As executives have a unique opportunity to express their interests and values, particularly with respect to the challenges associated with CSR, these differences in motivation may become more apparent. For example, this may be achieved by comparing the motivations of executives working in different sectors who appeared to express a more identified form of motivation in that they endorsed the value of an activity (Ryan & Deci, 2020). By comparison, this study found that those in the NFP, health and disability sector experienced a more integrated and intrinsic form of motivation, compared to those in other sectors. This was because executives chose careers in these sectors not only because they identified with the social goals of the

organisations as they had personal value and meaning, but importantly those goals were integral to executives' sense of self. Whilst some executives pursued these goals out of interest and enjoyment, others experienced a more identified and integrated form of motivation based on a sense of value (Ryan & Deci, 2020).

References

Adler, P. S., & Borys, B. (1996). Two types of bureaucracy: Enabling and coercive. *Administrative Science Quarterly*, 61-89.

Adler, P. S., & Chen, C. X. (2011). Combining creativity and control: Understanding individual motivation in large-scale collaborative creativity. *Accounting, Organizations and Society, 36*(2), 63-85.

Adler, P. S., Goldoftas, B., & Levine, D. I. (1999). Flexibility versus efficiency? A case study of model changeovers in the Toyota production system. *Organization Science, 10*(1), 43-68.

Afsar, B., & Umrani, W. A. (2019). Transformational leadership and innovative work behavior: The role of motivation to learn, task complexity and innovation climate. *European Journal of Innovation Management*.

Ahrens, T., & Chapman, C. S. (2004). Accounting for flexibility and efficiency: A field study of management control systems in a restaurant chain. *Contemporary Accounting Research, 21*(2), 271-301.

Ajzen, I., & Fishbein, M. (1977). Attitude-behavior relations: A theoretical analysis and review of empirical research. *Psychological Bulletin, 84*(5), 888.

Amundsen, S., & Martinsen, Ø. L. (2014). Empowering leadership: Construct clarification, conceptualization, and validation of a new scale. *The Leadership Quarterly, 25*(3), 487-511.

Angus-Leppan, T., Metcalf, L., & Benn, S. (2010). Leadership styles and CSR practice: An examination of sensemaking, institutional drivers and CSR leadership. *Journal of Business Ethics, 93*(2), 189-213.

Athanasakou, V., & Hussainey, K. (2014). The perceived credibility of forward-looking performance disclosures. *Accounting and Business Research, 44*(3), 227-259.

Avolio, B. J., Gardner, W. L., Walumbwa, F. O., Luthans, F., & May, D. R. (2004). Unlocking the mask: A look at the process by which authentic leaders impact follower attitudes and behaviors. *The Leadership Quarterly, 15*(6), 801-823.

Bair, J., & Palpacuer, F. (2015). CSR beyond the corporation: contested governance in global value chains. *Global Networks, 15*(s1), S1-S19.

Banker, R. D., Potter, G., & Srinivasan, D. (2000). An empirical investigation of an incentive plan that includes nonfinancial performance measures. *The Accounting Review, 75*(1), 65-92.

Barton, D., Bailey, J., & Zoffer, J. (2016). *Rising to the challenge of short-termism*. Retrieved from https://www.fcltglobal.org/resource/rising-to-the-challenge-of-short-termism/

Bem, D. J. (1972). Self-perception theory. In Advances in experimental social psychology (Vol. 6, pp. 1-62): Academic Press. https://doi.org/10.1016/S0065-2601(08)60024-6

Bernile, G., Bhagwat, V., & Yonker, S. (2018). Board diversity, firm risk, and corporate policies. *Journal of Financial Economics, 127*(3), 588-612.

Bhattacherjee, A. (2012). *Social science research: Principles, Methods, and Practices,* (Textbooks Collection, Book 3, http://scholarcommons.usf.edu/oa_textbooks/3.

Birnberg, J. G., Luft, J., & Shields, M. D. (2006). Psychology Theory in Management Accounting Research. In C. S. Chapman, A. G. Hopwood, & M. D. Shields (Eds.), Handbooks of Management Accounting Research (Vol. 1, pp. 113-135). Amsterdam, NL: Elsevier. https://doi.org/10.1016/S1751-3243(06)01004-2

Boddy, C. R. (2016). Sample size for qualitative research. *Qualitative Market Research: An International Journal*.

Brüggen, A., Krishnan, R., & Sedatole, K. L. (2011). Drivers and consequences of short-term production decisions: Evidence from the auto industry. *Contemporary Accounting Research, 28*(1), 83-123.

Bryman, A., & Bell, E. (2015). *Business research methods* (Fourth Edition 2015 ed.). New York: Oxford university press.

Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *The Academy of Management Review, 4*(4), 497-505. doi:10.2307/257850

Cerasoli, C. P., Nicklin, J. M., & Ford, M. T. (2014). Intrinsic motivation and extrinsic incentives jointly predict performance: A 40-year meta-analysis. *Psychological Bulletin, 140*(4), 980.

Chapman, C. S., & Kihn, L.-A. (2009). Information system integration, enabling control and performance. *Accounting, Organizations and Society, 34*(2), 151-169.

Chenhall, R. H., & Moers, F. (2015). The role of innovation in the evolution of management accounting and its integration into management control. *Accounting, Organizations and Society, 47*, 1-13.

Chin, M., Hambrick, D. C., & Treviño, L. K. (2013). Political ideologies of CEOs: The influence of executives' values on corporate social responsibility. *Administrative Science Quarterly, 58*(2), 197-232.

Choi, J., Hecht, G. W., & Tayler, W. B. (2012). Lost in translation: The effects of incentive compensation on strategy surrogation. *The Accounting Review, 87*(4), 1135-1163.

Chou, L.-F., Wang, A.-C., Wang, T.-Y., Huang, M.-P., & Cheng, B.-S. (2008). Shared work values and team member effectiveness: The mediation of trustfulness and trustworthiness. *Human Relations, 61*(12), 1713-1742.

Cuganesan, S., & Free, C. (2021). Employees' identification and management control systems:A case study of modern policing. *Accounting, Auditing & Accountability Journal*.

Dai, N. T., Kuang, X., & Tang, G. (2018). Differential weighting of objective versus subjective measures in performance evaluation: Experimental evidence. *European Accounting Review, 27*(1), 129-148.

De Baerdemaeker, J., & Bruggeman, W. (2015). The impact of participation in strategic planning on managers' creation of budgetary slack: The mediating role of autonomous motivation and affective organisational commitment. *Management Accounting Research, 29*, 1-12.

De Hoogh, A. H., & Den Hartog, D. N. (2008). Ethical and despotic leadership, relationships with leader's social responsibility, top management team effectiveness and subordinates' optimism: A multi-method study. *The Leadership Quarterly, 19*(3), 297-311.

Deci, & Ryan, R. M. (2002). Overview of self-determination theory: An organismic dialectical perspective. *Handbook of self-determination research*, 3-33.

Deci, E. L., & Ryan, R. M. (1985). Cognitive evaluation theory. In *Intrinsic motivation and self-determination in human behavior* (pp. 43-85). Springer, Boston, MA.

Deci, E. L., Connell, J. P., & Ryan, R. M. (1989). Self-determination in a work organization. *Journal of Applied Psychology, 74*(4), 580.

Deci, E. L., Eghrari, H., Patrick, B. C., & Leone, D. R. (1994). Facilitating internalization: The self-determination theory perspective. *Journal of Personality, 62*(1), 119-142.

Deci, E. L., Koestner, R., & Ryan, R. M. (1999). A meta-analytic review of experiments examining the effects of extrinsic rewards on intrinsic motivation. *Psychological Bulletin, 125*(6), 627-668.

Deci, E. L., Olafsen, A. H., & Ryan, R. M. (2017). Self-determination theory in work organizations: The state of a science. *Annual Review of Organizational Psychology and Organizational Behavior, 4*, 19-43.

Deci, E. L., & Ryan, R. M. (2000). The" what" and" why" of goal pursuits: Human needs and the self-determination of behavior. *Psychological Inquiry, 11*(4), 227-268.

Deckop, J. R., Merriman, K. K., & Gupta, S. (2006). The effects of CEO pay structure on corporate social performance. *Journal of Management, 32*(3), 329-342.

Decoene, V., & Bruggeman, W. (2006). Strategic alignment and middle-level managers' motivation in a balanced scorecard setting. *International Journal of Operations & Production Management, 26*(4), 429-448.

Di Domenico, S. I., & Ryan, R. M. (2017). The emerging neuroscience of intrinsic motivation: A new frontier in self-determination research. *Frontiers in Human Neuroscience, 11*, 145-145. doi:10.3389/fnhum.2017.00145

Ditlev-Simonsen, C. D., & Midttun, A. (2011). What motivates managers to pursue corporate responsibility? A survey among key stakeholders. *Corporate Social Responsibility and Environmental Management, 18*(1), 25-38.

Dong, L., & Wong-On-Wing, B. (2021). Does causally linking nonfinancial measures influence investors' use of management's disclosures of nonfinancial information? *Accounting & Finance, 61*, 2269-2299.

Dossi, A., & Patelli, L. (2010). You learn from what you measure: Financial and non-financial performance measures in multinational companies. *Long Range Planning, 43*(4), 498-526.

Englund, H., & Gerdin, J. (2015). Developing enabling performance measurement systems: On the interplay between numbers and operational knowledge. *European Accounting Review, 24*(2), 277-303.

Erturk, I., Froud, J., Johal, S., & Williams, K. (2005). Pay for corporate performance or pay as social division? Rethinking the problem of top management pay in giant corporations. *Competition & Change, 9*(1), 49-74.

Fink, L. (2018). Larry Fink's Annual letter to CEO's 'Sense of Purpose'. Retrieved from https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

Fink, L. (2021). Larry Fink's 2021 letter to CEOs. Retrieved from https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

Fitch, H. G. (1976). Achieving corporate social responsibility. *The Academy of Management Review, 1*(1), 38-46. doi:10.2307/257357

Franco-Santos, M., Lucianetti, L., & Bourne, M. (2012). Contemporary performance measurement systems: A review of their consequences and a framework for research. *Management Accounting Research, 23*(2), 79-119. doi:http://dx.doi.org/10.1016/j.mar.2012.04.001

Franco-Santos, M., & Otley, D. (2018). *Reviewing and theorizing the unintended consequences of performance management systems*. *International Journal of Management Reviews*, *20*(3), 696-730.

Fransella, F., Bell, R., & Bannister, D. (2004). *A manual for repertory grid technique* (Second ed.): London; New York: John Wiley & Sons.

Gagné, M. (2018). From strategy to action: transforming organizational goals into organizational behavior. *International Journal of Management Reviews, 20*, S83-S104.

Gagné, M., & Deci, E. L. (2005). Self-determination theory and work motivation. *Journal of Organizational Behavior, 26*(4), 331-362. doi:10.1002/job.322

Gagné, M., Forest, J., Vansteenkiste, M., Crevier-Braud, L., Van den Broeck, A., Aspeli, A. K., . . . Güntert, S. T. (2015). The Multidimensional Work Motivation Scale: Validation evidence in seven languages and nine countries. *European Journal of Work and Organizational Psychology, 24*(2), 178-196.

Gan, H., Park, M. S., & Suh, S. (2020). Non-financial performance measures, CEO compensation, and firms' future value. *Journal of Business Research, 110*, 213-227.

Gao, A., & Jiang, J. (2019). Perceived empowering leadership, harmonious passion, and employee voice: The moderating role of job autonomy. *Frontiers in Psychology, 10*, 1484.

García-Sánchez, I. M., & Martínez-Ferrero, J. (2019). Chief executive officer ability, corporate social responsibility, and financial performance: The moderating role of the environment. *Business Strategy and the Environment, 28*(4), 542-555.

Gillison, F. B., Rouse, P., Standage, M., Sebire, S. J., & Ryan, R. M. (2019). A meta-analysis of techniques to promote motivation for health behaviour change from a self-determination theory perspective. *Health Psychology Review, 13*(1), 110-130.

Gioia, D. A., & Chittipeddi, K. (1991). Sensemaking and sensegiving in strategic change initiation. *Strategic Management Journal, 12*(6), 433-448.

Gond, J. P., El Akremi, A., Swaen, V., & Babu, N. (2017). The psychological microfoundations of corporate social responsibility: A person-centric systematic review. *Journal of Organizational Behavior, 38*(2), 225-246.

Gough, B., & Lyons, A. (2016). The future of qualitative research in psychology: Accentuating the positive. *Integrative Psychological and Behavioral Science, 50*(2), 234-243.

Grasser, R. A., Majerczyk, M., Staehle, M., & Yang, D. (2021). The benefits of deliberative involvement in the design of incomplete feedback systems. *Contemporary Accounting Research*.

Grinyer, J., Russell, A., & Collison, D. (1998). Evidence of managerial short-termism in the UK. *British Journal of Management, 9*(1), 13-22.

Groen, B. A. C., Wouters, M. J. F., & Wilderom, C. P. M. (2017). Employee participation, performance metrics, and job performance: A survey study based on self-determination theory. *Management Accounting Research, 36*(Supplement C), 51-66. doi:https://doi.org/10.1016/j.mar.2016.10.001

Gubler, T., Larkin, I., & Pierce, L. (2016). Motivational spillovers from awards: Crowding out in a multitasking environment. *Organization Science, 27*(2), 286-303.

Haddock, G. M., G.R (Ed.) (2012). *Attitudes* (5 ed.). United Kingdom: BPS Blackwell.

Hall, M. (2010). Accounting information and managerial work. *Accounting, Organizations and Society, 35*(3), 301-315. doi:https://doi.org/10.1016/j.aos.2009.09.003

Hall, M. (2016). Realising the richness of psychology theory in contingency-based management accounting research. *Management Accounting Research, 31*, 63-74. doi:http://dx.doi.org/10.1016/j.mar.2015.11.002

Hancox, J. E., Quested, E., Ntoumanis, N., & Thøgersen-Ntoumani, C. (2018). Putting self-determination theory into practice: Application of adaptive motivational principles in the exercise domain. *Qualitative Research in Sport, Exercise and Health, 10*(1), 75-91.

Hardré, P. L., & Reeve, J. (2009). Training corporate managers to adopt a more autonomy-supportive motivating style toward employees: An intervention study. *International Journal of Training and Development, 13*(3), 165-184.

Hemingway, C. A., & Maclagan, P. W. (2004). Managers' personal values as drivers of corporate social responsibility. *Journal of Business Ethics, 50*(1), 33-44.

Holmstrom, B., & Milgrom, P. (1991). Multitask principal-agent analyses: Incentive contracts, asset ownership, and job design. *JL Econ. & Org., 7*, 24.

Holmstrom, B. R., & Tirole, J. (1989). The theory of the firm. *Handbook of Industrial Organization, 1*, 61-133.

Ilies, R., Morgeson, F. P., & Nahrgang, J. D. (2005). Authentic leadership and eudaemonic well-being: Understanding leader–follower outcomes. *The Leadership Quarterly, 16*(3), 373-394.

Ittner, C. D., Larcker, D. F., & Meyer, M. W. (2003). Subjectivity and the weighting of performance measures: Evidence from a balanced scorecard. *The Accounting Review, 78*(3), 725-758.

Jordan, S., & Messner, M. (2012). Enabling control and the problem of incomplete performance indicators. *Accounting, Organizations and Society, 37*(8), 544-564. doi:https://doi.org/10.1016/j.aos.2012.08.002

Jung, K. B., Kang, S.-W., & Choi, S. B. (2020). Empowering leadership, risk-taking behavior, and employees' commitment to organizational change: The mediated moderating role of task complexity. *Sustainability, 12*(6), 2340.

Kamarudin, K. A., Ariff, A. M., & Ismail, W. A. W. (2021). Product market competition, board gender diversity and corporate sustainability performance: International evidence. *Journal of Financial Reporting and Accounting*.

Kasser, T. (2009). Psychological need satisfaction, personal well-being, and ecological sustainability. *Ecopsychology, 1*(4), 175-180.

Kenny, G. (2017). Should a CEO's pay be based on financial performance alone? Retrieved from https://hbr.org/2017/05/should-a-ceos-bonus-be-based-on-financial-performance-alone?sf57594148=1

Koberg, C. S., Detienne, D. R., & Heppard, K. A. (2003). An empirical test of environmental, organizational, and process factors affecting incremental and radical innovation. *The Journal of High Technology Management Research, 14*(1), 21-45.

Koller, T., Manyika, J., & Ramaswamy, S. (Producer). (2017). The Case Against Corporate Short-Termism. Retrieved from https://www.milkenreview.org/articles/the-case-against-corporate-short-termism

Kristensen, T. B. (2021). Enabling use of standard variable costing in lean production. *Production Planning & Control, 32*(3), 169-184.

Kudłak, R., & Low, K. Y. J. (2015). Special Issues Dedicated to CSR and Corporate Sustainability: A review and commentary. *Long Range Planning, 48*(3), 215-227. doi:http://dx.doi.org/10.1016/j.lrp.2015.03.002

Kunz, J. (2015). Objectivity and subjectivity in performance evaluation and autonomous motivation: An exploratory study. *Management Accounting Research, 27*, 27-46.

Kuvaas, B., Buch, R., Weibel, A., Dysvik, A., & Nerstad, C. G. (2017). Do intrinsic and extrinsic motivation relate differently to employee outcomes?. *Journal of Economic Psychology*, *61*, 244-258.

Latham, G. (2012). *Work Motivation: History, Theory, Research, and Practice*(2 ed.). doi:10.4135/9781506335520

Lau, C. M. (2011). Nonfinancial and financial performance measures: How do they affect employee role clarity and performance? *Advances in Accounting, 27*(2), 286-293. doi:http://dx.doi.org/10.1016/j.adiac.2011.07.001

Lau, C. M., & Roopnarain, K. (2014). The effects of nonfinancial and financial measures on employee motivation to participate in target setting. *The British Accounting Review, 46*(3), 228-247.

Levitt, H. M., Motulsky, S. L., Wertz, F. J., Morrow, S. L., & Ponterotto, J. G. (2017). Recommendations for designing and reviewing qualitative research in psychology: Promoting methodological integrity. *Qualitative psychology, 4*(1), 2.

Li, M., Liu, W., Han, Y., & Zhang, P. (2016). Linking empowering leadership and change-oriented organizational citizenship behavior: The role of thriving at work and autonomy orientation. *Journal of Organizational Change Management*.

Lian, H., Ferris, D. L., & Brown, D. J. (2012). Does taking the good with the bad make things worse? How abusive supervision and leader–member exchange interact to impact need satisfaction and organizational deviance. *Organizational Behavior and Human Decision Processes, 117*(1), 41-52.

Liew, A. (2019). Enhancing and enabling management control systems through information technology: The essential roles of internal transparency and global transparency. *International Journal of Accounting Information Systems., 33*, 16-31.

Lillis, A. (2008). Qualitative management accounting research: rationale, pitfalls and potential: A comment on Vaivio (2008). *Qualitative Research in Accounting & Management*.

Luft, J. (2009). Nonfinancial Information and Accounting: A Reconsideration of Benefits and Challenges. *Accounting Horizons, 23*(3), 307-325.

Luft, J., Shields, M. D., & Thomas, T. F. (2016). Additional information in accounting reports: effects on management decisions and subjective performance evaluations under causal ambiguity. *Contemporary Accounting Research, 33*(2), 526-550. doi:10.1111/1911-3846.12156

Lukka, K., & Modell, S. (2010). Validation in interpretive management accounting research. *Accounting, Organizations and Society, 35*(4), 462-477.

Maas, K., Schaltegger, S., & Crutzen, N. (2016). Integrating corporate sustainability assessment, management accounting, control, and reporting. *Journal of Cleaner Production, 136*(Part A), 237-248. doi:https://doi.org/10.1016/j.jclepro.2016.05.008

Maio, G., & Haddock, G. (2014). *The psychology of attitudes and attitude change*: Sage.

Malina, M. A., & Selto, F. H. (2001). Communicating and controlling strategy: An empirical study of the effectiveness of the balanced scorecard. *Journal of Management Accounting Research*, 47+. Retrieved from http://ezproxy.library.usyd.edu.au/login?url=http://go.galegroup.com.ezproxy1.library.usyd.edu.au/ps/i.do?p=EAIM&sw=w&u=usyd&v=2.1&it=r&id=GALE%7CA83374601&sid=summon&asid=f5bbf0d2b961008200764b6ae9c3a0d5

Marginson, D., McAulay, L., Roush, M., & van Zijl, T. (2014). Examining a positive psychological role for performance measures. *Management Accounting Research, 25*(1), 63-75. doi:http://dx.doi.org/10.1016/j.mar.2013.10.002

Matten, D., & Moon, J. (2008). "Implicit" and "explicit" CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management review, 33*(2), 404-424.

McGuire, J., Dow, S., & Argheyd, K. (2003). CEO incentives and corporate social performance. *Journal of Business Ethics, 45*(4), 341-359.

Melnyk, S. A., Bititci, U., Platts, K., Tobias, J., & Andersen, B. (2014). Is performance measurement and management fit for the future? *Management Accounting Research, 25*(2), 173-186.

Mishel, L., & Kandra, J. (2021). *CEO pay has skyrocketed 1,322% since 1978*. Retrieved from https://www.epi.org/: https://files.epi.org/uploads/232540.pdf

Mouritsen, J. (2018). From numbers to interventions and back: How do accounting facts and management concerns interact? In L. Garseth-Nesbakk & F. Mellemvik (Eds.), *Dealing with Expectations and Traditions in Research* (pp. 129-147). doi: https://doi.org/10.23865/noasp.42

Mouritsen, J., Hansen, A., & Hansen, C. Ø. (2009). Short and long translations: Management accounting calculations and innovation management. *Accounting, Organizations and Society, 34*(6-7), 738-754.

Nshimiyimana, A., & Cartledge, P. T. (2020). Peer-teaching at the University of Rwanda – a qualitative study based on self-determination theory. *BMC Medical Education, 20*(1), 1-12.

O'Connell, V., & O'Sullivan, D. (2014). The influence of lead indicator strength on the use of nonfinancial measures in performance management: Evidence from CEO compensation schemes. *Strategic Management Journal, 35*(6), 826-844. doi:10.1002/smj.2124

Okwir, S., Nudurupati, S. S., Ginieis, M., & Angelis, J. (2018). Performance measurement and management systems: a perspective from complexity theory. *International Journal of Management Reviews, 20*(3), 731-754.

Olafsen, A. H., Halvari, H., Forest, J., & Deci, E. L. (2015). Show them the money? The role of pay, managerial need support, and justice in a self-determination theory model of intrinsic work motivation. *ScandinavianJournal of Psychology, 56*(4), 447-457.

Parker, L. D. (2012). Qualitative management accounting research: Assessing deliverables and relevance. *Critical Perspectives onAccounting, 23*(1), 54-70.

Parker, S. K. (2014). Beyond motivation: Job and work design for development, health, ambidexterity, and more. *Annual Review of Psychology, 65*, 661-691.

Patrick, H. A., & Kumar, V. R. (2012). Managing Workplace diversity: issues and challenges. *SAGE Open, 2*(2), 1-15. doi:10.1177/2158244012444615

Pavlov, A., & Bourne, M. (2011). Explaining the effects of performance measurement on performance: An organizational routines perspective. *International Journal of Operations & Production Management, 31*(1), 101-122.

Pelletier, L. G., & Tuson, K. M. (1995). Toward a new measure of intrinsic motivation, extrinsic motivation, and amotivation in sports. *Journal of Sport & Exercise Psychology, 17*(1), 35-53.

Pepper, A., Gore, J., & Crossman, A. (2013). Are long-term incentive plans an effective and efficient way of motivating senior executives? *Human Resource Management Journal, 23*(1), 36-51. doi:10.1111/j.1748-8583.2011.00188.x

Perera, S., Harrison, G., & Poole, M. (1997). Customer-focused manufacturing strategy and the use of operations-based non-financial performance measures: A research note. *Accounting, Organizations and Society, 22*(6), 557-572. doi:http://dx.doi.org/10.1016/S0361-3682(96)00048-7

Podger, A. (2007). What really happens: Department secretary appointments, contracts and performance pay in the Australian public service. *Australian Journal of Public Administration, 66*(2), 131-147.

Pucheta-Martínez, M. C., & Gallego-Álvarez, I. (2020). Do board characteristics drive firm performance? An international perspective. *Review of Managerial Science, 14*(6), 1251-1297.

Rigby, C. S., & Ryan, R. M. (2018). Self-determination theory in human resource development: New directions and practical considerations. *Advances in Developing Human Resources, 20*(2), 133-147.

Roberts, M. L., Neumann, B. R., & Cauvin, E. (2017) Individual performance measures: Effects of experience on preference for financial or non-financial measures. In*: Vol. 28. Advances in Management Accounting* (pp. 191-221).

Rodrigue, M., Magnan, M., & Boulianne, E. (2013). Stakeholders' influence on environmental strategy and performance indicators: A managerial perspective. *Management Accounting Research, 24*(4), 301-316.

Roehrich, J. K., Hoejmose, S. U., & Overland, V. (2017). Driving green supply chain management performance through supplier selection and value internalisation: A self-determination theory perspective. *International Journal of Operations & Production Management*.

Ruskin, J., Seymour, R. G., & Webster, C. M. (2016). Why create value for others? An exploration of social entrepreneurial motives. *Journal of Small Business Management, 54*(4), 1015-1037.

Ryan, R. M., & Connell, J. P. (1989). Perceived locus of causality and internalization: examining reasons for acting in two domains. Journal of personality and social psychology, 57(5), 749.

Ryan, R. M., & Deci, E. L. (2000). Self-determinationtheory and the facilitation of intrinsic motivation,social development, and well-being. *American Psychologist, 55*(1), 68-78.

Ryan, R. M., & Deci, E. L. (2020). Intrinsic and extrinsic motivation from a self-determination theory perspective: Definitions, theory, practices, and future directions. *Contemporary Educational Psychology, 61*, 101860.

Salikhova, N. R., Lynch, M. F., & Salikhova, A. B. (2021). Adultlearners' responses to online learning: Aqualitative analysis grounded in self-determination theory. *Eurasia Journal of Mathematics, Science and Technology Education, 17*(10), em2011.

Schaltegger, S., & Hörisch, J. (2017). In search of the dominant rationale in sustainability management: legitimacy-or profit-seeking? *Journal of Business Ethics, 145*(2), 259-276.

Schedlinsky, I., Schmidt, M., & Wöhrmann, A. (2020). Interaction of information and control systems: How the perception of behavior control affects the motivational effect of relative performance information. *Accounting, Organizations and Society, 86*, 101171.

Schreurs, B., Van Emmerik, I., Van den Broeck, A., & Guenter, H. (2014). Work values and work engagement within teams: The mediating role of need satisfaction. *Group Dynamics: Theory, Research, and Practice, 18*(4), 267.

Schutte, N. S., & Malouff, J. M. (2019). Increasing curiosity through autonomy of choice. *Motivation and Emotion, 43*(4), 563-570.

Sheldon, K. M., & Krieger, L. S. (2014). Walking the talk: Value importance, value enactment, and well-being. *Motivation and Emotion, 38*(5), 609-619.

Shirasu, Y., & Kawakita, H. (2020). Long-term financial performance of corporate social responsibility. *Global Finance Journal*, 100532.

Slemp, G. R., Kern, M. L., Patrick, K. J., & Ryan, R. M. (2018). Leader autonomy support in the workplace: A meta-analytic review. *Motivation and Emotion, 42*(5), 706-724. doi:10.1007/s11031-018-9698-y

Stoel, M. D., Ballou, B., & Heitger, D. L. (2017). The Impact of quantitative versus qualitative risk reporting on risk professionals' strategic and operational risk judgments. *Accounting Horizons, 31*(4), 53-69.

Tremblay, M. A., Blanchard, C. M., Taylor, S., Pelletier, L. G., & Villeneuve, M. (2009). Work Extrinsic and Intrinsic Motivation Scale: Its value for organizational psychology research. *Canadian Journal of Behavioural Science/Revue canadienne des sciences du comportement, 41*(4), 213.

Trépanier, S.-G., Fernet, C., & Austin, S. (2012). Social and motivational antecedents of perceptions of transformational leadership: A self-determination theory perspective. *Canadian Journal of Behavioural Science/Revue canadienne des sciences du comportement, 44*(4), 272.

Tucker, B. P. (2020). Jumping through hoops: Publishing interview-based management accounting research. *Accounting, Auditing & Accountability Journal*.

Vaivio, J. (2008). Qualitative management accounting research:Rationale, pitfalls and potential. *Qualitative Research in Accounting & Management*.

Valukas, A. (2010). Report of Anton R. Valukas, Examiner. *Report, In re Lehman Brothers Holdings Inc., et al, Debtors*.

Van den Broeck, A., Ferris, D. L., Chang, C.-H., & Rosen, C. C. (2016). A review of self-determination theory's basic psychological needs at work. *Journal of Management, 42*(5), 1195-1229.

Veenstra, K. (2020). CEO implicit motives: their impact on firm performance. *Behavioral Research in Accounting, 32*(2), 57-89.

Webb, M. A. (2014). When and how to pursue corporate social responsibility with core competencies. *Business and Society Review, 119*(3), 417-434.

Webb, R. A. (2004). Managers' commitment to the goals contained in a strategic performance measurement system*. *Contemporary Accounting Research, 21*(4), 925-958.

Weinstein, N., & Ryan, R. M. (2010). When helping helps: autonomous motivation for prosocial behavior and its influence on well-being for the helper and recipient. *Journal of personality and social psychology, 98*(2), 222.

White, R. L., Bennie, A., Vasconcellos, D., Cinelli, R., Hilland, T., Owen, K. B., & Lonsdale, C. (2020). Self-determination theory in physical education: A systematic review of qualitative studies. *Teaching and Teacher Education*, 103247.

Wibbeke, L.-M., & Lachmann, M. (2020). Psychology in management accounting and control research: an overview of the recent literature. *Journal of Management Control, 31*(3), 275-328.

Willig, C. (2013). *Introducing qualitative research in psychology*: McGraw-hill education (UK).

Wong-On-Wing, B., Guo, L., & Lui, G. (2010). Intrinsic and extrinsic motivation and participation in budgeting: Antecedents and consequences. *Behavioral Research in Accounting, 22*(2), 133-153. doi:10.2308/bria.2010.22.2.133

Wood, D. J. (1991). Corporate social performance revisited. *Academy of Management Review, 16*(4), 691-718.

Wood, D. J. (2010). Measuring corporate social performance: A review. *International Journal of Management Reviews, 12*(1), 50-84.

Wouters, M., & Wilderom, C. (2008). Developing performance-measurement systems as enabling formalization: A longitudinal field study of a logistics department. *Accounting, Organizations and Society, 33*(4-5), 488-516.

Wright, C., & Nyberg, D. (2017). An inconvenient truth: How organizations translate climate change into business as usual. *Academy of Management Journal, 60*(5), 1633-1661.

Wu, Z., & Pagell, M. (2011). Balancing priorities: Decision-making in sustainable supply chain management. *Journal of Operations Management, 29*(6), 577-590. doi:http://dx.doi.org/10.1016/j.jom.2010.10.001

Yang, Y., Li, Z., Liang, L., & Zhang, X. (2021). Why and when paradoxical leader behavior impact employee creativity: Thriving at work and psychological safety. *Current Psychology, 40*(4), 1911-1922.

Yuan, Y., Tian, G., Lu, L. Y., & Yu, Y. (2019). CEO ability and corporate social responsibility. *Journal of Business Ethics, 157*(2), 391-411.

Ziffer, D. (2021, 23 August 2021). CEO pay ratio: The small number that could change a lot. *ABC News*. Retrieved from https://www.abc.net.au/news/2021-08-23/ceo-pay-ratio-the-small-number-that-could-change-a-lot/100215434