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Exploring the current utilization of non-financial performance measurements with a focus on customer satisfaction measurements

Master's thesis in Quality and Operations Management

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Abstract

In a market characterized by knowledge-based offerings, servitization of manufacturing companies, and globalization, the importance of intangible assets will likely continue to increase. It has long been argued that the increased importance of intangible assets, such as customer loyalty and employee satisfaction, lead to challenges when solely relying on financial performance measurements.

Today, there is an abundance of non-financial performance measurements, and a vast amount of companies employ performance measurement systems entailing a combination of financial and non-financial performance measurements. However, there are challenges connected to the understanding, utilization, and acceptance, of these measurements in the corporate control and decision making process. Examples of challenges are e.g. lack of clarity on how to perform the measurements, and lack of guidance on how to make non-financial performance measurements an integral part of the management of intangible assets. The purpose of this thesis is thus to explore the current use of non-financial performance measurements, and identifying barriers and enablers connected to these.

The thesis is based on a multiple case study, and the findings of the thesis can be clustered into three areas. First, the non-financial performance measurements need to be concretized for the specific firm. This demands knowledge regarding your customers as well as a relationship with them, in order to better understand the drivers of customer satisfaction underlying the measurement. Second, short-term financial reporting often drives a focus on financial measurements. Results measured by non-financial performance measurements are often perceived as vague, thus risk to be overridden by financial performance measurements. Hence, a means of increasing the use of non-financial performance measurements is to elaborate on the link to financial performance measurements. Third, there are many enablers for use of non-financial performance measurements that have been elaborated on in previous research, e.g. link to strategic goals and establishing responsibility for taking actions on the measurements. However, even when systematic processes to measure non-financial performance measurements and top leadership commitment are in place, customer satisfaction scores can still be low. Low scores can be a result of e.g. specific market properties, wrongly defined measurements, or inability to act on the measurement results. The top performers, however, have other enablers in place, e.g. a champion with thorough understanding of the measurements, or a partnership with customers.

Keywords: Utilization of non-financial performance measurements, customer satisfaction

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1

Introduction

In the following section the background, and current environment, of the thesis are presented. Furthermore, the purpose and delimitations of the thesis are discussed. Conclusively, the problem description and research questions are presented.

1.1 Background

With an unceasingly faster technology development, combined with the forces of globalization, increasingly sophisticated customer demands, and eroding trade barriers (Bititci, Garengo, Dörfler, & Nudurupati, 2012), businesses are dependent on performance measurements that have the ability to capture past, present, and especially future performance, in order to be sustainably successful (Taticchi, Tonelli, & Cagnazzo, 2010). The nature of, and need for, performance measurements is however changing, and has been for quite some time (Bititci et al., 2012).

Historically, the post-industrialization economy has been characterized by mass-production and consumption of commodities, and companies have measured their performance with the aid of financial performance measurements (Fornell, Johnson, Anderson, Cha, & Bryant, 1996). Up until the 1970's, this way of measuring performance was often suitable, since the book value, which reflects the reported value in the company's official balance sheet, and the market value, which according to Kristensen and Westlund (2003) is defined as the reflection of "*the investors' perception of the company's present (and future) value, as manifested by stock prices*" (p. 161), were very close (Kristensen & Westlund, 2003).

However, a widening gap between the book value and the market value has since then emerged, due to the increased importance of intangible assets in a company's product offering – assets which cannot be adequately measured through mere financial performance measurements (Fornell et al., 1996; Kristensen & Westlund, 2003). Today, 80 percent of a company's market value, if not more, might not be captured in its financial statement (Arvidsson, 2011). This trend is unlikely to cease, due to the development of the knowledge-based and innovation-driven era (Arvidsson, 2011), and must hence be mirrored in the companies' performance measurement system (Zsidó & Fenyves, 2015). Other dynamics in the global market place, such as the emergence of servitization (Nudurupati, Bititci, Kumar, & Chan, 2011), and increased actions to take on corporate citizenship, by e.g. taking sustainability issues into account (Kristensen & Westlund, 2003), further fuel the development of

the economy of intangibles.

The shifted focus on intangible assets in the companies' value creation processes in combination with the non-financial measurements not being governed by accounting principles, has resulted in a flood of non-financial measurements, currently outnumbering the financial measures (Stern, 2006). The lack of standardization of non-financial measurements (Stern, 2006) might however result in companies being unable to perform strategic benchmarks on intangible assets, such as customer satisfaction, brand image, etc.

According to e.g. Kristensen and Westlund (2003), Nudurupati et al. (2011), and Fornell et al. (1996), the main difference between financial and non-financial performance measurements however, is considered to be that the former is a lagging measurement focused on the historical performance, whereas the latter is a leading measurement, enabling companies to predict past, current, and future financial performance. Regardless of this, many companies still struggle with how to measure and manage non-financial performance indicators (Ittner & Larcker, 2003).

1.2 Purpose

The purpose of the thesis is to explore the utilization of non-financial performance measurements, with an emphasis on customer satisfaction measurements, as well as the associated challenges and possibilities connected to the utilization of non-financial measurements. This will aid in:

1. Increasing the understanding of companies' needs for non-financial performance measurements, with emphasis on customer satisfaction-measurements
2. Identifying similarities and differences regarding how non-financial performance measurements are used in comparison to financial performance measurements

The purpose will be addressed through a multiple case study.

1.3 Delimitations

The group of interviewed companies are all based in the Swedish market, however, some are subsidiaries of global corporations. Further, throughout the interviews, emphasis has been placed on customer satisfaction measurements as one example of a non-financial performance measurement. The customer satisfaction measurement used to cluster companies into three groups based on the level of customer satisfaction has been the specific measurement provided by the EPSI group.

The thesis will not analyze or discuss the non-financial performance measure upon which the background case company's product is built, which is a product utilized by many of the studied companies in order to measure customer satisfaction.

1.4 Problem Description and Research Questions

Due to the increased importance of intangible assets in corporations, it is of interest to study how companies measure the performance of these assets and which non-financial measurements that are employed. The companies' reasoning around, and development and utilization of, these performance measurements, can be argued to mirror how they prioritize and view their intangible assets. Hence, research question 1 (RQ1) focuses on capturing how the studied companies are utilizing non-financial performance measurements.

RQ1 - How are non-financial performance measurements, with an emphasis on customer satisfaction measurements, utilized today?

Identifying how non-financial measurements are utilized today, the potential usage in the strategic decision-making process, and which opportunities and challenges that are associated with their use, will aid in analyzing how non-financial performance measurement systems can be improved, and in which contexts these measurements are most valuable. Hence, the second research question (RQ2) revolves around the perceived value and challenges associated with their use.

RQ2 - Which are the opportunities and which are the challenges associated with using non-financial performance measurements?

2

Theory

In order to answer the proposed research questions, several theoretical models, frameworks, and research areas were studied and applied. In the section below, the most important theoretical areas for the thesis are presented. Firstly, a definition of performance measurement systems is provided, followed by a section regarding non-financial performance measurements and their historical development. Thereafter, three identified emerging trends; globalization, servitization, and corporate social responsibility, are addressed, before diving deeper into the theoretical field related to customer satisfaction. Further on, the theoretical link between customer satisfaction and employee satisfaction are studied, prior to highlighting theory regarding combined performance measurement systems, containing both financial and non-financial measurements. Conclusively, opportunities and challenges associated with the utilization of non-financial performance measurements are presented.

2.1 Definition of Performance Measurement Systems

Utilizing a performance measurement system (PMS) in order to manage, and control, the company's performance is common practice today (Franco-Santos, Lucianetti, & Bourne, 2012). Lee and Yang describe the function of a PMS as: *“allocating responsibilities and decision rights, setting performance targets, and rewarding outcomes”* (Lee & Yang, 2011, p. 84).

Utilizing a PMS can potentially aid both managers and employees when conducting day-to-day operations, and when aiming to achieve long-term objectives (Hall, 2008). Further on, during the last two decades, companies have strived to compose comprehensive PMS, suiting the company's needs, as well as the specific traits of the market the company is operating in (Franco-Santos et al., 2012; Hall, 2008). This has resulted in the emergence of performance measurement systems comprising both financial and non-financial performance measurements, designed to capture all important areas of the firm (Franco-Santos et al., 2012; Hall, 2008). These PMS combining both financial and non-financial performance measurements, are in current research referred to as Current Performance Measurement Systems (CPMS). Franco-Santos et al. (2012, p. 80), argue that a CPMS exists if *“financial and non-financial performance measures are used to operationalize strategic objectives”*. CPMS will be further explored in its dedicated section.

2.2 Non-Financial Performance Measurements

To properly understand how performance measurements in general, and non-financial performance measurements in particular are utilized in businesses today, comprehending the development of performance measurement systems, can aid in explaining both the opportunities, and the challenges, presently experienced by companies in regards to this particular domain. Hence, a theoretical exploration of the research conducted concerning the historical development of non-financial performance measurements was executed. Several challenges, and benefits, associated with the utilization of non-financial performance measurements are discussed subsequently in the rapport, and are further elaborated on in the dedicated sections.

2.2.1 Historical development of non-financial performance measurements

Prior to the 1970's, business performance had been measured with the aid of financial performance measurements (Nudurupati et al., 2011), which are standardized measurements governed by accounting principles, often closely related to each other (Stern, 2006). However, in the years following 1970, dissatisfaction with the accounting-based, performance measurement system ensued in the business world, due to the success of Japanese companies despite their limited resources (Nudurupati et al., 2011). It became clear that financial performance measurements are suitable for summarizing past financial performance, whilst often failing when aiming to provide good indications for future financial performance, making them lagging, rather than leading, indicators for future financial performance (Jääskeläinen, Laihonon, & Lönnqvist, 2014; Kristensen & Westlund, 2003; Stern, 2006; Yenyurt, 2003).

The western world realized that Japan's success was a result of operational efficiency and effectiveness, which contributed to the emergence of Quality Management (QM) principles, practices and tools, as well as new influential performance measurements connected to quality, time, cost, and flexibility (Bititci et al., 2012; Nudurupati et al., 2011). Simultaneously, the value of intangible assets, e.g. a company's human resources, information technology systems, customer relationships, and product and/or service quality, continued to grow (Kaplan & Norton, 2004). Thus, performance measurements started to be recognized as a multidimensional domain, requiring both financial measures, e.g. profitability, revenue, and cash flow, as well as non-financial ditto, e.g. measurements concerning customer satisfaction, employee capabilities, brand image, and corporate social responsibility (Bititci et al., 2012; Kaplan & Norton, 2004; Kristensen & Westlund, 2003).

Prior to the development of intangible assets, the companies market value, defined by Kristensen and Westlund (2003) as the reflection of "*the investors' perception of the company's present (and future) value, as manifested by stock prices*" (p. 161), and the book value, which reflects the reported value in the company's official balance sheet, had been very close, but with the rise of new business practices and the development, and increased importance, of intangible assets, a gap between the two

assessment measures arose (Fornell et al., 1996; Kristensen & Westlund, 2003).

A study conducted by David Norton and Robert Kaplan in the early 1990's aimed to enhance the existing performance measurement systems, a cause supported by the companies involved in the study since they shared the belief that "reliance on summary financial-performance measures were hindering organizations' abilities to create future economic value" (as outlined in the preface of the book, Kaplan and Norton (1996)). The outcome of the study resulted in the introduction of the Balanced Scorecard, which kept the traditional financial performance measures, as a way of summarizing past performance, but furthermore incorporated non-financial measures, in order to measure the drivers of future performance (Kaplan & Norton, 1996). The framework for Balanced Scorecard consists of four perspectives: financial, customer, internal business process, and learning and growth, and it was argued by Kaplan and Norton (1996) that the novelty of the Balanced Scorecard was that it integrated both financial and non-financial performance measurements in order to review, and guide, all levels of an organization. Prior to this, a vast amount of companies had utilized aggregated financial measures merely on a senior management level in order to summarize and judge past actions, which facilitated the control of short-term operations but lacked long-term thinking, as well as neglected the importance of having all levels of the organization measure, and understand, the impact of their everyday operations (Kaplan & Norton, 1996).

The previously discussed gap between market value and book value has however continued to increase, and today it is argued that at times more than 80 % of a company's market value might not be captured in its financial statement (Arvidsson, 2011). *"In order to understand the gap, there is an obvious need for relevant and reliable information on these intangible assets"* (Kristensen & Westlund, 2003, p. 170), information which non-financial performance measurements aim to provide.

This trend is unlikely to cease, due to the development of the knowledge-based and innovation-driven era (Arvidsson, 2011), and must hence be mirrored in the companies' performance measurement system (Zsidó & Fenyves, 2015). Other dynamics in the global market place, such as the emergence of servitization (Nudurupati et al., 2011), globalization (Bititci et al., 2012; Yenyurt, 2003), and increased actions to take on corporate citizenship (Kristensen & Westlund, 2003), further fuel the development of the economy of intangibles.

Non-financial performance measurements, such as customer- and employee satisfaction, quality, corporate social responsibility, cycle time, innovation, brand assets, and the human capital, are all considered leading indicators for a business' future performance, whilst financial performance measurements are lagging indicators, summarizing past performance rather than predicting the future ditto (Kristensen & Westlund, 2003; Nudurupati et al., 2011; Stern, 2006).

2.2.1.1 Trends in the global market place, fueling the economy of intangible assets and their measurements

The opportunities and challenges connected to the usage of non-financial performance measurements are strongly tied to the current, and future, dynamics of the global market place, and must hence be understood in order to answer the proposed research questions. Thus, three of the major trends, globalization, servitization, and corporate social responsibility, are subsequently explored.

One aspect of globalization is the increasing number of subsidiaries located outside of the country where the company's headquarters are situated, which often demands a balance between the need for local autonomy and the need for strategically aligning all subsidiaries through utilization of suitable performance measurements (Dossi & Patelli, 2010; Yenyurt, 2003). Consequently, a multinational company faces more complex challenges in regards to strategic alignment than a merely nationally operating company, hence requiring comprehensive performance measurements extending across both processes and subsidiaries (Yenyurt, 2003). A study performed by Dossi and Patelli in 2010 shows that multinational companies employ a majority of financial performance measurements when assessing performance, however when in-depth interviews with fifteen CFO's of Italian subsidiaries were performed, viewpoints stating non-financial performance measurements as the most important indicators for "*capturing and reporting important dimensions of performance results*" were expressed (p. 516).

With the rise of servitization, and the by many companies experienced need to add value-adding services to their product offering (Lightfoot, Baines, & Smart, 2013; Nudurupati et al., 2011), improved and updated performance measurements are needed in order to capture the new performance dimensions and complex customer demands (Nudurupati et al., 2011). Further on, with the emergence of customers demanding services instead of, or accompanying, the company's products, there is a shift of the customer's perceived value from value-in-exchange to value-in-use (Bititci et al., 2012). Thus, performance measurements are needed which accurately can capture the customer's perceived value of the product and/or service throughout the product's and/or service's lifespan (Bititci et al., 2012).

Challenges associated with the rise of servitization several, Bititci et al. (2012) state the following problematic issue arising for companies providing product-and-service-bundles: "*Today, the majority of customer-facing measures, such as on-time delivery, flexibility, responsiveness, accuracy of documentation and even customer satisfaction, tend to focus on value-in-exchange, rather than value-in-use-through life*" (p. 316).

As has been previously discussed, the rapidly evolving and emerging changes all businesses face today, e.g. globalization, global warming, swiftly progressing technologies, and increasingly complex customer demands, inherently change the context for performance measurements (Bititci et al., 2012). The value of sustainable development, i.e. environmental, financial, and social responsibilities taken on by a

company, also often referred to as “Triple Bottom Line”, is according to Kristensen and Westlund (2003) one of the essential indicators of a company’s non-financial performance, and should consequently be mirrored in the company’s performance management and measurement systems. This opinion is shared by Bititci et al. (2012), stating that *“environmental and social considerations should, and indeed do, influence the design and use of performance-measurement systems from strategic, operational, and supply chain perspectives”* (p. 309).

According to Bititci et al. (2012), *“the emergence of sustainability and the need for sustainable development as a global challenge is recognized by everyone”* (p. 317). It is further argued that solely companies’ utilizing goals connected to sustainability-measures will be able to compete in the market (Bititci et al., 2012). However, companies face challenges when working with sustainability issues, which potentially require redefining the company’s business model, products, processes, and services (Bititci et al., 2012). Consequently, the company’s performance measurement system needs to adapt and progress, in order to incorporate measures connected to sustainability and corporate citizenship (Bititci et al., 2012).

Identifying and developing the proper measurements however, require the operationalization of a concept, such as e.g. sustainability, in order to accurately capture the present intangible value and to drive the company’s performance in the right direction (Ittner & Larcker, 2003). Sustainability is in itself a vague term, and one definition provided by Pádua and Jabbour (2015) defines the term as *“an organization’s skill at maintaining and concomitantly demonstrating positive economic, social and environmental performance over the long term”* (p. 404).

The integration of sustainability measures however, poses a series of challenges for businesses, potentially due to companies’ inability to properly define suitable measurements, which can be the result of, or lead to, strategic and operational disconnections of the three components of the “Triple Bottom Line” Pádua and Jabbour (2015).

2.2.2 Customer Satisfaction Measurement

Today, customer satisfaction measurement has become widely accepted as a leading indicator for future financial importance, and is the most commonly used non-financial performance measurement (Bititci et al., 2012; Fornell et al., 1996; Kristensen & Westlund, 2003; Stern, 2006). Benefits deriving from having satisfied customers are argued to be e.g. decreased customer complaints, decreased price elasticity and transaction costs, decreased costs of attracting new customers, stronger company image, insulation of current market share from competitors, increased customer loyalty, as well as positive financial result (Fornell et al., 1996; Kristensen & Westlund, 2003).

However, a few decades ago, few companies employed customer satisfaction measurements in their business performance analysis, instead companies mainly focused on

2. Theory

measuring market size and market share in order to determine how well customers' needs were met Stern (2006). Hence, a rapid development in both the academic and the industrial field has occurred over the last decades, a development further fueled by the above mentioned trends of globalization, and servitization, as well as the rise of the knowledge-based and innovation-driven era (Arvidsson, 2011; Bititci et al., 2012)).

Two models of measuring customer satisfaction are the Extended Performance Satisfaction Index (EPSI) customer satisfaction Model, and the American Customer Satisfaction Index (ACSI). The EPSI customer satisfaction model, bases the concept of customer satisfaction on seven components; Image, Customer Expectations, Customer Perceived Product Quality, Customer Perceived Service Quality, Customer Perceived Value, Customer Satisfaction, and Customer Loyalty, as depicted in Figure 2.1 (J. Eklöf & Selivanova, 2008). In comparison, the American Customer Satisfaction Index defines customer satisfaction as the sum of perceived quality, perceived value, and customer expectation, where e.g. perceived quality is made up of the components customization and reliability (Fornell et al., 1996). The ACSI-model was presented in 1994, whilst the EPSI model was formally launched 2001 (Skowron & Kristensen, 2012). Studies conducted by Skowron and Kristensen show that in 2009 more than 50% of the largest companies in the United States utilized the ACSI-measurement, and more than 300 companies in Europe were subscribing to the industry-wide studies conducted by the EPSI Rating Group each year (Skowron & Kristensen, 2012).

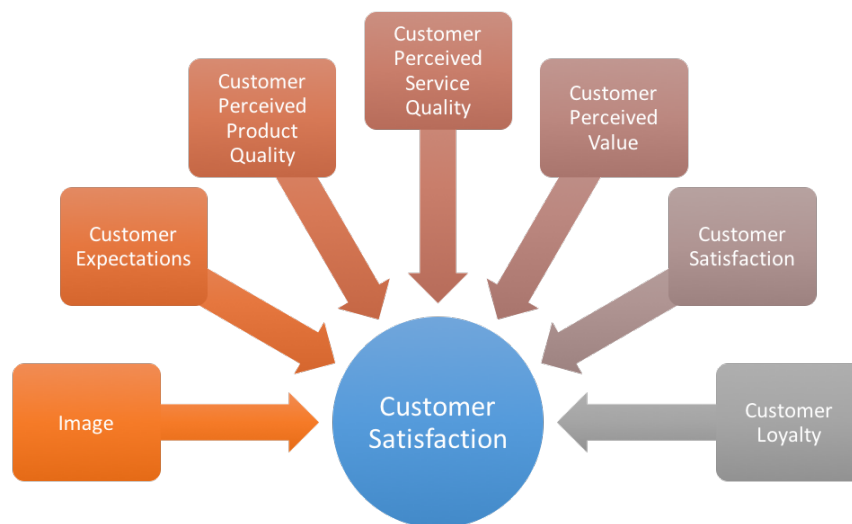


Figure 2.1: EPSI's Customer Satisfaction Model

Consequently, due the complex and indefinable nature of non-financial performance indicators, such as customer satisfaction, no universally agreed upon definition or measurement has been developed (Stern, 2006). Thus, many companies struggle with the challenges associated with the implementation, utilization, and benchmark of these measurements (Ittner & Larcker, 2003).

2.2.3 Link between customer satisfaction and employee satisfaction

According to Yee, Yeung, and Cheng (2008), few studies have been conducted aiming to analyze if, and how, employee satisfaction has an influence on other performance attributes, such as customer satisfaction, quality, and the company's profitability. However, the studies which have been conducted show a positive link between employee satisfaction and customer satisfaction (Chi & Gursoy, 2009). In the research conducted by Yee et al. (2008), the findings point towards employee satisfaction having a profound impact on service quality and customer satisfaction in a high-contact service setting. A high-contact service setting, is defined as industries which *"typically involve activities in which service employees and customers have close and direct interactions for a prolonged period"* (Yee et al., 2008, p. 653).

Brown and Lam (2008) state that a positive interaction between an employee and a customer, often times result in customer satisfaction *"despite problems with other aspects of the service delivery, whereas dissatisfying experiences with service providers have the potential to ruin otherwise pleasant encounters"* (Brown & Lam, 2008, p. 243). The effects of of employee related attributes in high-contact customer settings, are deemed to be more significant in small businesses (Yee et al., 2008). The potential link between employee satisfaction and customer satisfaction is the result of a number of different factors, and a collection of these deriving from multiple studies within the area are presented in Table 2.1.

Brown and Lam (2008) argue that the financial impact of employees' interactions with customers, is not fully understood by neither customer-facing employees, nor the management of the affected companies. Companies are advised to not perform actions which are likely to lead to decreased employee satisfaction, e.g. staff dynamically based on current customer traffic which can lead to employees feeling uncertain and anxious regarding their schedules and salaries, since it potentially can affect customer satisfaction and thus the financial performance of the company (Brown & Lam, 2008). Further on, Brown and Lam (2008) propose that *"satisfied, motivated, and committed front-line employees constitute a powerful engine for delivery of service quality and customer satisfaction, and that such a workforce can be the firm's most valuable asset in developing a loyal customer base"* (Brown & Lam, 2008, p. 252). However, even if most research within this area is focused on employees' interactions with end-costumers, the study of Brown and Lam (2008) shows that both internal and external relationships within the company's supply chain, are likely to be positively affected by employee satisfaction.

2.2.4 Combining financial and non-financial performance measurements in a company's measurement system

Several studies have highlighted the benefits deriving from the organizational implementation and utilization of a performance management system which is suitable for the company's needs and market context, and support it for *"facilitating strat-*

Table 2.1: Link between employee satisfaction, customer satisfaction, and financial performance

Authors	Stated link between employee satisfaction and customer satisfaction	Stated effect on Customer Satisfaction	Stated effect on financial performance
Brown & Lam, 2008	The customers' perception of the company is the actions and attitude of the company's employees	Employees' both verbal and non-verbal communication with the customers, influences the customers' satisfaction of the company	Positive perception has shown positive effect on repeat purchase behavior and the company's financial performance
Reicheld, 1996 Zeithaml, 2000	Improving employees' interactions with customers	Potential to result in a small increase in customer satisfaction based on the interactions with the company's employees	Can potentially result in substantial increase in customer retention, loyalty, equity, profitability, and competitive advantage
Chi & Gursoy, 2009	"Providing employees with a superior internal working environment will lead to satisfied employees who are both loyal to the organization and able to provide the customer with an excellent service experience" (p. 248)	"Customers will recognize and value the outstanding service offered to them. Over time, they will exhibit loyalty behaviors, such as continued purchasing and increased referrals" (p. 245)	"These loyalty behaviors will generate both market share and profitability increases for the service firm" (p. 245)

egy implementation and enhancing organizational performance” (Franco-Santos et al., 2012, p 79). As has been described previously, the development of performance management system in the past two decades has entailed the utilization of systems employing both financial and non-financial performance measurements linked to the strategy of the company, e.g. balanced scorecards (Franco-Santos et al., 2012; Kaplan & Norton, 2004).

Studies reporting results on the effects deriving from employing performance measurement systems, are mainly conducted on companies possessing a combination of financial and non-financial performance measurements, and it is of interest for the purpose of this thesis to highlight the stated benefits and challenges associated with the utilization of a combined performance measurement system. Franco-Santos et al. (2012) conduct a review of existing literature to cumulate reported consequences on employing these combined measurement systems, and report numerous positive effects, as well as highlight some contradicting findings.

Combined performance measurement systems are hereafter referred to as contemporary performance measurement systems (CPM systems) as per the definition provided by Franco-Santos et al. (2012). One identified purpose of a CPM system is stated to be that it *“provides the information [financial as well as nonfinancial] that allows the firm to identify the strategies offering the highest potential for achieving the firm’s objectives, and aligns management processes, such as target setting, decision-making, and performance evaluation, with the achievement of the chosen strategic objectives”* (Ittner, Larcker, & Randall, 2003, p. 715). Utilizing a CPM system is further argued to increase a company’s capability to increase value for an increased amount of stakeholders e.g. taking into account environmental and social aspects (Franco-Santos et al., 2012).

Utilizing CPM systems is in unison reported to effect employees’ strategic focus (Franco-Santos et al., 2012). When reviewing quantitative studies, Franco-Santos et al. (2012) find that the strategic focus is one of the main identified reasons when examining in what way CPM systems are able to influence the companies’ performance. Other affected areas when utilizing CPM systems are e.g. reported to be the enhancement of inter- and intra-organizational relationships, e.g. between departments, as well as between head offices and subsidiaries, when these organizations were located in different countries; increased employee involvement and participation; role understanding and job satisfaction; leadership and culture; and decision making, learning and self-monitoring (Franco-Santos et al., 2012).

However, the importance of a possessing a CPM system is stressed when reviewing studies which highlight that the information included in the CPM system can aid employees in understanding their work roles and increase work satisfaction, while another reviewed study conducted by Cheng, Luckett, and Mahama (2007) proposes that the inclusion of goals on multiple organizational levels, i.e. an employee having individual goals whilst also having team-based and/or goals on cumulated company level, can for an individual employee create a perceived conflict between the different

goals, hence leading to tension (Franco-Santos et al., 2012). Another challenge companies face in order to be able to capitalize on the benefits of implementing and utilizing CPM systems, is that the systems alone need to be complemented with “*the capability of managers and employees to respond to it*” (Franco-Santos et al., 2012, p. 99). Furthermore, the review conducted by Franco-Santos et al. (2012) concludes that companies which face issues when implementing and using CPM-systems, often are companies which link the results of the CPM system to monetary rewards. However, this particular connection needs further research in order to identify the underlying reasons.

2.2.5 Link between non-financial performance measurements and a company’s financial performance

Scarce research has been conducted regarding if, and how, companies employing CPM systems, outperform companies solely relying on financial measures Davis and Albright (2004). A study conducted by Davis and Albright (2004) however, shows evidence of superior financial performance for bank branches employing CPM systems, in comparison to the branches merely employing financial performance measurement systems. Furthermore, it has been shown that successfully managing the link between employee satisfaction and customer satisfaction can improve companies’ financial performance, due to e.g. increased customer loyalty and repurchase-rate (e.g. Brown & Lam, 2008; Chi & Gursoy, 2009). However, it should be noted that previous research on the subject has had mixed results in regards to the link between the CPM systems and increased financial performance (Davis & Albright, 2004). Thus, further research is needed in order to determine the nature of link.

2.2.6 Opportunities associated with the utilization of non-financial performance measurements

The value stemming from intangible assets, and thus the importance of utilizing a suitable performance measurement systems, which accurately can incorporate non-financial measurements, are often highlighted (e.g. Arvidsson, 2011; Cohen, Holder-Webb, Nath, & Wood, 2012; Ittner & Larcker, 2003; Kaplan & Norton, 2004; Kristensen & Westlund, 2003). As has been previously discussed in the chapter, non-financial performance measurements have the capability of predicting future financial performance instead of merely summarizing the past, which financial measurements often tend to do (Fornell et al., 1996; Jääskeläinen et al., 2014; Kristensen & Westlund, 2003; Stern, 2006). In order to achieve sustainable success over an extended period of time, companies need to employ non-financial performance measurements, according to Kulmala and Lonnqvist (2006): “*Companies aiming to be profitable in the long run have to track not only financial performance but also other variables, such as customer satisfaction, quality, innovation, flexibility, the efficiency and effectiveness of processes, and the linkages between departments or units and the measurements used for each of these*” (p. 301).

2.2.7 Challenges associated with the utilization of non-financial performance measurements

Despite the numerous advantages deriving from proper management of intangible assets through the guidance of non-financial performance measurements, few companies manage to realize and operationalize these benefits (Ittner et al., 2003). The main fault for this is according to Ittner and Larcker (2003) argued to be that companies “*fail to identify, analyze, and act on the right non-financial measures*” (p. 2).

As with financial reporting, information regarding intangible assets needs to be derived from the proper measurements, it must be comparable, defined by Kristensen and Westlund (2003) as “*based on common guidelines, or even standards*” (p. 161), verifiable, and understood by the stakeholders (Kristensen & Westlund, 2003). Non-financial measurements face great challenges in regards to these aspects, since the measurements are not governed by accounting principles, which financial measurements are, which in combination with the inexplicit nature of intangible assets result in lack of standardized measures, and hence lack of comparability between, and potentially within, companies (Stern, 2006). It is also argued that the lack of standardization and non-existing governance result in non-financial performance measurements being “*equally, if not more, susceptible to manipulation as financial accounting*” (Ittner et al., 2003, p. 3).

Thus, companies face a risk of defining wrong measures for non-financial assets, which can fuel erroneous behavior from employees, ultimately leading to the divergence of financial and non-financial performance measurements (Ittner et al., 2003). Consequently, there is an inherent need for organizational structures and processes, which are able to capture and process this often complex and multifaceted information (Bititci et al., 2012). A summary of opportunities and challenges associated with the utilization of non-financial performance measurements is depicted in Table 2.2.

Table 2.2: Benefits and challenges associated with non-financial performance measurements

Cluster	Factor	Reference
Benefits	Forecast of future financial performance	Jaaskelainen et al., 2014; Bititci, 2012; Nudurupati et al, 2011; Stern, 2006; Kristensen & Westlund, 2004; Kristensen & Westlund, 2003; Fornell et al., 1996; Kaplan & Norton, 1996
	Can measure, and hence provide information regarding, the gap between book value and market value that stems from intangible assets	Bititci et al., 2012; Cohen et al., 2012; Arvidsson, 2011; Kaplan & Norton, 2004; Kristensen & Westlund, 2003; Fornell et al., 1996
	Enables companies to create future financial value, which a reliance on mere financial performance measurements hinders	Kaplan & Norton, 1996
	Many emerging trends, e.g. servitization, globalization, and increased focus on corporate citizenship, build on intangible assets, hence requiring a company to utilize non-financial performance measurements in order to monitor its actions as well as developing future capabilities	Zsidó, & Fenyves, 2015; Bititci et al., 2012; Arvidsson, 2011; Nudurupati et al., 2011; Yenyurt, 2003; Kristensen & Westlund, 2003
	Provides more appropriate measurements for the modern economy, where companies face increasingly complex, and differentiated, customer demands	Fornell et al., 1996
	Enhances inter- and intra-organizational relationships, increases employee involvement and participation; increases role understanding and job satisfaction; affects leadership, culture, decision making, learning and self-monitoring	Franco-Santos et al, 2012

Table continues on next page

Cluster	Factor	Reference
Challenges	Difficulties to operationalize/realize the potential benefits deriving from utilizing non-financial performance measurements	Ittner & Larcker, 2003
	Many companies struggle with the implementation, utilization, and benchmark of non-financial performance measurements	Ittner & Larcker, 2003
	Complex and indefinable nature	Stern, 2006
	Difficult to define the correct way of measuring a non-financial indicator, hence the organization risks developing wrong measurement which fuel an incorrect behavior of the employees	Ittner et al., 2003
	The inclusion of goals on multiple organizational levels, i.e. an employee having individual goals whilst also having team-based and/or goals on cumulated company level, can for an individual employee create a perceived conflict between the different goals, hence potentially leading to decreased workplace satisfaction	Franco-Santos et al., 2012
	The CPM systems need to be complemented with the organizational capability to respond to it, meaning the related competence of the managers and employees in regards to the measurement system	Franco-Santos et al., 2012
	Identifying links between utilizing CPM systems and superior financial performance in comparison to companies utilizing merely financial performance measurements	Davis & Albright, 2004
	Linking the results of CPM systems to monetary rewards can result in disadvantages for the companies	Franco-Santos et al., 2012
	Need for organizational structures and processes, which are able to capture and process this often complex and multifaceted information	Bititci, et al., 2012

Table continues on next page

2. Theory

Cluster	Factor	Reference
Differences in comparison to financial performance measurements	Non-financial performance measurements are not governed by accounting principles, which leads to lack of standardized measures which can lead to lack of comparability within, and between, companies	Stern, 2006
	The lack of standardization and non-existing governance result in non-financial performance measurements being “equally, if not more, susceptible to manipulation as financial accounting”	Ittner & Larcker, 2003, p.3

End of table

3

Methods

In the method-chapter, the chosen methodology for the conducted thesis is presented and described. Firstly, the research strategy, research design and research process are described. Then, the data collection and data analysis process are addressed. Conclusively, the trustworthiness and ethical considerations of the thesis are discussed.

3.1 Research Strategy

Research strategies are often categorized based on whether the researcher chooses an either qualitative or quantitative approach (Bryman & Bell, 2011). However, Bryman and Bell (2011) and Rolfe (2006) mention that this distinction by some writers is seen as ambiguous or even false, since the two approaches rather are ends of a spectrum than two unconnected opposites. However, the classification into a qualitative or quantitative approach can be useful for guiding the research approach in a number of methodological issues. Thus, it is argued that the choice of qualitative or quantitative approach goes beyond the superficial decision of whether to employ quantitative measurements or not, but rather guides the researcher when deciding the role of theory in relation to the research, as well as the epistemological and ontological considerations (Bryman & Bell, 2011; Rolfe, 2006). However, in some cases, a combination of quantitative and qualitative research strategies, denoted as a mixed methods research, can provide a more complete picture of the studied case (Bryman & Bell, 2011).

A quantitative research strategy most often has a deductive approach to the relation between theory and research, i.e. aims at testing existing theory in contrast to a qualitative research strategy, which emphasizes generation of theory through an inductive relationship between existing theory and the conducted research (Bryman & Bell, 2011). Thus, depending on the aim of the research, whether it is focused on testing a hypothesis or on building new theoretical ground, an appropriate choice of research strategy can be made (Bryman & Bell, 2011). However, a third approach to the relationship between theory and research is the abductive research approach, which emphasizes the continuous interaction between theory and empirical findings (Dubois & Gadde, 2002).

For the purpose of this research, an abductive research strategy is chosen, since this approach allows the researcher to successively modify the original framework,

Table 3.1: Distinction between a quantitative and a qualitative research strategy

	Quantitative	Qualitative
Principal orientation to the role of theory in relation to the research	Deductive; testing of theory	Inductive; generation of theory
Epistemological orientation	Natural science model, in particular positivism	Interpretivism
Ontological orientation	Objectivism	Constructionism

if unanticipated empirical findings or theoretical insights require so. Thus, the theoretical framework, and the case studies can evolve simultaneously, which can be suitable since findings not covered by the original theoretical framework can emerge when interviewing employees e.g. regarding perceived challenges and opportunities. These findings can hence be iteratively addressed as they emerge during the empirical fieldwork in the case study. Previous research within the field of non-financial performance measurements has focused on the why, but not as much on the actual utilization of these measurements and the resulting consequences according (Franco-Santos, Lucianetti, & Bourne, 2012), correspondingly, there is a need for also gathering empirical information as a guideline for the theoretical framework.

Regarding epistemological issues, the two major positions are considered to be positivism and interpretivism (Bryman & Bell, 2011). Positivism and the methods utilized in natural sciences are highly intertwined, thus from a positivistic viewpoint, research can be completely objective, with reason and logic constituting the sole sources of knowledge, whilst the epistemological viewpoint, interpretivism, concerns the perspective that *“the subject matter of social sciences – people and their institutions – is fundamentally different from that of the natural sciences”* (Bryman & Bell, 2011, p. 16), thus allowing for multiple accounts of the perceived reality (Bryman & Bell, 2011). The ontological orientation of a research concerns the view of social reality, whether it is seen as an external, objective reality, which is the case with objectivism, or whether it is regarded as a *“constantly shifting emergent property of individuals’ creation”* (Bryman & Bell, 2011, p. 27). Table 3.1 depicts the distinction between a quantitative and a qualitative research strategy, as illustrated by Bryman and Bell (2011, p. 16).

In regards to properly addressing the aim of this thesis, which is to explore the utilization of non-financial performance measurements, with an emphasis on customer satisfaction measurements, as well as the associated challenges and possibilities connected to the utilization of non-financial measurements, being able to apprehend the thoughts, beliefs, and subjective opinions held by the employees in the companies, are of particular importance. Thus, a qualitative research approach, able to capture the feelings and thoughts of the employees of the participating companies, is deemed the most suitable. The epistemological and ontological orientations considered most suitable when addressing the research questions are hence the ones connected to

a qualitative research strategy, namely orientations of interpretivism and constructionism. Furthermore, it is almost impossible to be completely objective in research, hence the researcher must always be aware of her assumptions and beliefs, and in which way these might affect and influence the way the methods are conducted and the way the findings are analyzed (Bryman & Bell, 2011).

3.2 Research Design

The research design specifies the framework used when collecting and analyzing data, hence guiding the researcher when executing the chosen research methods (Bryman & Bell, 2011).

In this thesis, conducting a multiple case study has been deemed to be a suitable research design, since scarce research exists on the topic of how non-financial performance measurements are utilized in companies today. A case study is by Barratt, Choi, and Li (2011) defined as *“an empirical research that primarily uses contextually rich data from bounded real-world settings to investigate a focused phenomenon”* (p. 329). Furthermore, the specific research design has also been chosen due to the scarcity of previous research, and the emergent field of studies related to the research’s purpose, since the purpose of a case study is to examine and understand a contemporary phenomenon in its real world setting (Barratt et al., 2011). Further on, case studies have been argued to be *“one of the most powerful research methods in operations management, particularly in the development of new theory”*, with benefits such as the development of new theory and creative comprehensions, as well as having high validity with practitioners (Voss, Tsikriktsis, & Frohlich, 2002, p. 195). This validity can be increased even further by utilizing triangulation, which is described as *“using more than one method or source of data in the study of social phenomena”* (Bryman & Bell, 2011, p. 397), as well as having a well-designed research protocol, which furthermore enhances the study’s reliability (Voss et al., 2002). Further on in this chapter, this study’s use of several sources of data, in order to increase validity, will be elaborated on.

Meredith (1998) states that one of the main benefits of the case methodology is that *“the case method lends itself to early, exploratory investigations where the variables are still unknown and the phenomenon not at all understood”* (p. 444), which is the setting of this study. The aim of this study is to explore the utilization of non-financial performance measurements, hence variables and understanding will emerge throughout the research process. There are however challenges associated with the use of this particular research design, such as requiring skilled interviewers, difficulty to develop generalizable conclusions from a narrow set of cases, and to ensure thorough research (Voss et al., 2002). In order to enhance the ability to develop generalizable conclusions, both a horizontal and a vertical case study has been conducted, by utilizing fourteen case interviews from a variety of industries to gain a horizontal overview, as well as four in-depth case interviews focused on the Swedish ICT-industry.

The chosen case study methodology depends on which purpose the case study has, i.e. whether the purpose is theory generating, theory testing, or theory elaborating/refining (Ketokivi & Choi, 2014; Voss et al., 2002). The differences of the mentioned methodologies lay mainly in the varying emphasis of, and balance between, theory and empirics (Ketokivi & Choi, 2014). Given the existing research in the general field of non-financial performance measurements, e.g. their benefits and opportunities, a theory elaborating methodological approach is deemed as the most suitable approach for the purpose of this thesis. The data collection process will be driven by the identified main areas of the theoretical field, however with the purpose of further refining market specific theory regarding the Nordic ICT-market, by elaborating on the current utilization and concrete usage of, as well as the perceived benefits and challenges associated with, non-financial performance measurements with an emphasis on customer satisfaction.

Potential data in a case study can range from observations and interviews, to reviewing public and private archives, essentially anything describing the studied phenomena (Voss et al., 2002). By utilizing a case study as the research design, the researcher can study the why, how, and what of a certain aspect in the specified context (Voss et al., 2002), which is suitable when aiming to answer this thesis' proposed research questions regarding what the current utilization of non-financial measurements looks like, and what the perceived challenges and opportunities are.

For the purpose of this research, an abductive research strategy is chosen, since this strategy facilitates the continuous interaction between theory and empirical observation (Dubois & Gadde, 2002). Correspondingly, Dubois and Gadde (2002) depict how this research strategy also allows the researcher to successively modify the original framework, if unanticipated empirical findings or theoretical insights require so. Since this study was designed to start with an overview before utilizing in-depth case studies, it is natural to anticipate the emergence of unexpected findings throughout the research process. In order to enable validation of the generated data, and to make the research both reliable and replicable, it is of profound importance to have a thorough execution of the utilized methods, as well as providing detailed accounts of every step in the process (Bryman & Bell, 2011).

3.3 Research Process

Due to the choice of utilizing an abductive research research strategy, the thesis is a result of systematically combining the theoretical framework with the empirical explorations (Dubois & Gadde, 2002). Thus, the author identified suitable literature throughout the whole process of performing the thesis, and relevant sections were added successively. Initially, it was not known that one of the major challenges for companies when utilizing non-financial performance measurements, is the missing link to both financial ditto, as well as to other non-financial performance measurements. Hence, theory regarding the potential link between employee satisfaction and customer satisfaction was added, since this specific link was mentioned in both the background, overview, and in-depth interviews. Further on, the information de-

riving from the empirical background and overview studies, as well as the literature study, aided the coding process and analysis of the in-depth empirical study.

3.4 Literature Study

The literature study was conducted in an iterative manner throughout the research process. Initially, a literature study was conducted in order to obtain an overview of the existing research on the area, and facilitating the development of the interview guide used in the conducted interviews. As the research developed, and empirical material was studied, the theoretical areas were slightly redefined and developed further.

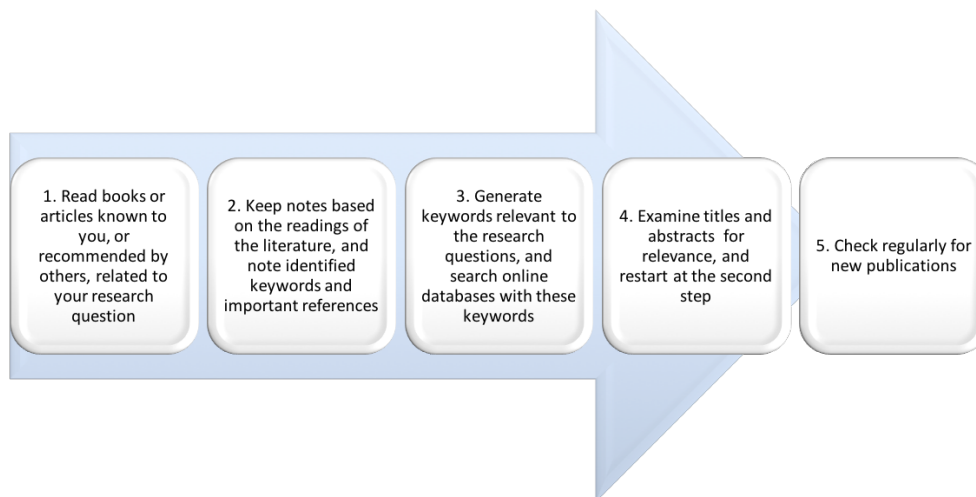


Figure 3.1: Bryman & Bell Five Step Method of Literature

The literature study was conducted in accordance to the five-step method, depicted in Figure 3.1, described by Bryman and Bell (2011). Notes were developed during the reading, potentially useful references were noted, and keywords related to the research questions were generated. Examples of potential keywords are: “utilizing performance measurements”, “non-financial performance measurements”, and “measurements and servitization”. Literature was accessed through electronic databases, such as the Chalmers library database, Google Scholar, and Emerald Inside. References were also recommended by the supervisor at Chalmers.

Due to the iterative nature of the literature study, the theoretical framework was dynamic throughout the process and developed in symbiosis with the empirical findings. One of the iterative literature study loops resulted e.g. in the review of research concerning current performance measurement systems, which are performance measurement systems containing both financial and non-financial performance measurements. This aided in understanding and analyzing the studied companies, since they solely rely on these combined performance measurement. Prior to this loop, mainly nonfinancial performance measurements had been studied.

Table 3.2: Background interview study with provider of non-financial performance measurement studies

Company	Position	Length of interview
European Provider	CEO	1h 30 minutes
Swedish Provider	CEO	1h
Swedish Provider	Project Manager	1h
Swedish Provider	Analyst	40 minutes

3.5 Data Collection

The thesis is built on two major sources of data collection, an iterative literature study and an empirical study. These two parts form the foundation of the thesis' analysis, thus aiding in answering the stated research questions and fulfilling the purpose of the thesis. The empirical study consists of a multiple case study.

3.5.1 Empirical study

The empirical study consists of primary data, used to facilitate an analysis on multiple levels. First, a background empirical study was conducted, entailing four interviews with a provider of an industry-wide non-financial performance measurement studies, focusing on customer satisfaction. Both the European parent-company and the Swedish subsidiary were interviewed, and the interviewees, as well as interview length, is depicted in Table 3.2. The European parent-company will from here on after be referred to as European Provider, and the Swedish subsidiary will be referred to as Swedish provider. It was deemed valuable for the purpose of the thesis to interview the European and Swedish Provider, since the industry-wide customer satisfaction measurement provided by these companies, is well known and widely spread in a variety of industries on the Swedish market.

All interviews for the empirical background study were conducted by the author, face-to-face at the company site, and were recorded, after receiving permission of the interviewees, as well as subsequently transcribed.

For the empirical overview study, fourteen companies were chosen, and nineteen interviews with these fourteen companies operating in various industries on the Swedish market were conducted. All interviews were recorded, after receiving permission of the interviewees, as well as subsequently transcribed. The nineteen performed interviews were also part of a research project between Chalmers, Swedish Institute for Quality, and EPSI Rating Group, with a similar purpose as the conducted thesis. Hence, the interviews constituting the empirical material for the overview study, were conducted by employees from the Swedish Institute for Quality, and the author had access to the fully transcribed material from the interviews. The interviewees were middle- to top- managers of Swedish companies from a variety of industries, such as ICT, recruitment, and transportation.

The fourteen companies were chosen based on their score on the EPSI Rating Group

Table 3.3: Interviews for the overview case study

Company	Industry	Position
G1	Banking	CEO
G2	Energy	Customer Service Manager
G3	Health & Fitness	Communication Manager
G4	Insurance	Manager
Y1	Staffing Industry	Quality Manager
Y2	Banking	Customer Insights Manager
Y3	Staffing Industry	Business Process Development Manager
Y4	Energy	Business Area Manager
Y4	Energy	Business Area Manager
Y4	Energy	Marketing and Sales Manager
Y4	Energy	Business Area Manager
R1	Energy	Net Promoter Score Manager
R2	ICT	Senior Business Analyst Manager
R3	Public Agency	Brand Manager
R4	Public Agency	Area Manager
R4	Public Agency	Key Account Manager
R5	Energy	Quality Manager
R6	Transportation	HR Manager
R6	Transportation	Customer Insights Measurements Manager

Customer Satisfaction index, and a selection of top-scorers, as well as mediocre-scorers, and low-scorers were chosen. The results are presented on a scale from 0 to 100, and the top-scorers were chosen among companies which received a score above 75, the scores of the mediocre-scores varied between 75 and 69.7, and the low scorers had a score below 69.7. The purpose of this was to facilitate an analysis regarding potential differences concerning how companies utilize non-financial performance measurements, depending on how well they have scored. The companies were anonymized, and are referred to based on how well they scored on the measurement. Thus, top-scorers are marked white and referred to as G1, G2, etc., mediocre-scores are marked light-grey and referred to as Y1, Y2, etc., and low-scorers are marked black and referred to R1, R2, etc. The interviews were mainly focused on customer satisfaction, and how measurements regarding customers needs and experiences were captured, communicated, and utilized within the organization. The color coded company reference, the industry the company is operating in, as well as the position of the interviewees, are depicted in Table 3.3.

The empirical in-depth study consists of four interviews with two companies operating in the Swedish ICT-industry. All the interviews were conducted face-to-face at the customer site, recorded, and subsequently transcribed. The position of the interviewees, the anonymized company reference, and the length of the interview, are presented in Table 3.4. Participating interviewers was the author, as well as representatives from the Swedish Institute for Quality. The building blocks of the

Table 3.4: Interviews for the in-depth case study

Company	Position	Length of interview
Company A	NPS Manager	1h 5 minutes
Company A	Director of Corporate Communications	50 minutes
Company A	User Experience Manager	58 minutes
Company B	Senior Quality Manager	1h 15 minutes

empirical study are illustrated in Figure 3.2.

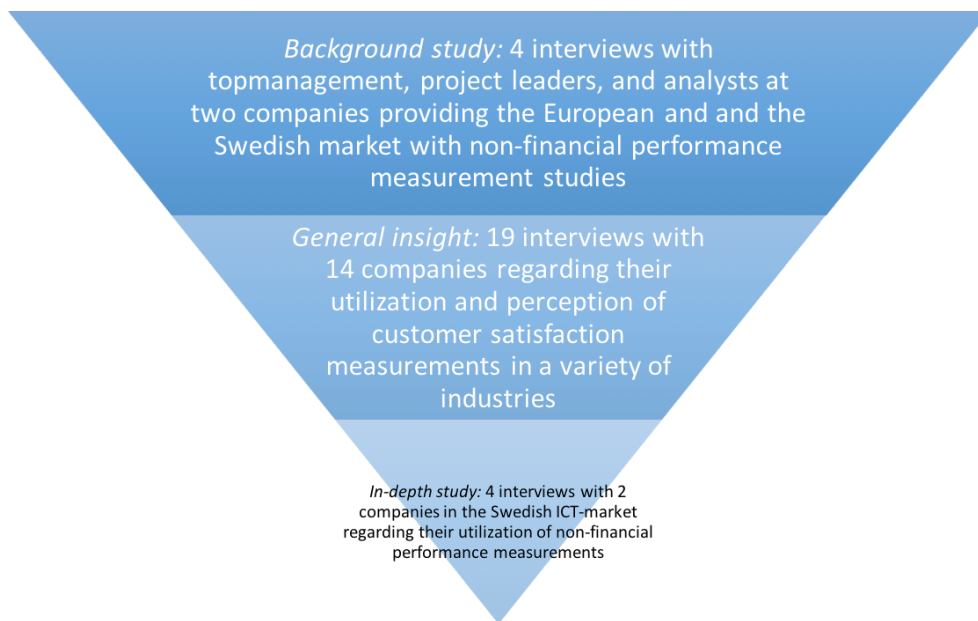


Figure 3.2: Building blocks of the empirical study

3.5.1.1 Interviews

There are different structures to choose from when performing interviews: structured, semi- structured, and unstructured interviews (Bryman & Bell, 2011). When choosing the most suitable structure, the type of research, whether it is qualitative, quantitative, or mixed, needs to be considered. The differences lie mainly in the flexibility in asking and responding to the questions. In qualitative research the need for flexibility is greater, and it is more important to capture the interviewees' point of view with rich detailed information, rather than obtaining standardized and directly comparable answers. In quantitative research there is more need for standardization, in order to codify, process, compare and analyze the answers, and to prove reliability and validity.

For the purpose of this research, semi-structured interviews are deemed to be the most suitable, since this method facilitates gaining answers to a number of pre-defined areas connected to the research questions, as well as leaves room for the

respondents to give unforced input that might prove valuable further on in the research. This is deemed especially useful, since not all variables are known yet, due to the scarcity of relevant research.

As previously mentioned, initial interviews with relevant employees from the European Provider and the Swedish Provider of industry-wide non-financial performance measurement studies were held in order to gain an understanding of how their non-financial measurement tools are devised, and their knowledge regarding how and why companies utilize customer satisfactions measurements. A total of four interviews were conducted, with both top management and project leaders (see Table 3.2.

Furthermore, nineteen semi-structured interviews with fourteen companies were held in order to explore the utilization of non-financial performance measurements, in relation to how well the companies have scored on the EPSI Rating Group customer satisfaction rating. Consequently, four semi-structured in-depth interviews were conducted with two companies in the Swedish ICT-market, concerning their usage of non-financial performance measurements, as well as their perceived benefits and challenges deriving from the utilization of ditto. For both the initial interviews, as well as the overview and the in-depth interviews, specifically developed interview guides, e.g. a list of questions connected to the purpose of the thesis and its research questions, were developed prior to the interviews. Examples of questions are: “Which benefits do you associate to the utilization of non-financial performance measurements?”, and “Is there a difference within your company’s decision making process regarding whether financial or non-financial performance measurements are used?” (for further examples of questions, see the interview guide attached in Appendix A.1). Even though the interview guide formed the foundation of the interview, there was space to ask questions not stated on the interview guide in case the interviewee judged the new question to be value adding and relevant. The interviews were recorded, after receiving permission of the interviewees, and transcribed afterwards.

The interview guides for the in-depth interviews were developed based on the initial literature study as well as the background interviews with the companies providing the industry-wide non-financial performance measurement studies, and the overview case study interviews. However, since the theoretical field is emerging within the area, the questions were left fairly open, to allow the interviewee to discuss the issues relevant for their specific company and/or industry. However, the interviewees were always asked to specify and concretize their answers, in order to enhance the understanding of how the companies were actually utilizing the measurements, and in what manner they experienced challenges or opportunities.

3.6 Data Analysis Method

The data was analyzed in an iterative manner, meaning that the data collection, the literature study, and the analysis were performed simultaneously, which is a common process according to Bryman and Bell (2011). In order to facilitate the

analysis of the qualitative data deriving from the interviews, the Nvivo software was used, which allows the user to code the transcribed interview material based on a set of defined key-nodes.

The coding process was preceded by the author conducting the initial literature study as well as reading through the transcribed interview manuscripts, in order to identify the suitable key-nodes fitting the purpose of the study. The key-nodes were later on clustered, in order to facilitate the analysis of the material.

3.7 Trustworthiness

In order to ensure, and evaluate, the quality of business research, three often mentioned key criteria are reliability, validity, and replication (Bryman & Bell, 2011). There has however, according to Bryman and Bell (2011), been debates among researchers whether or not these criteria are suitable for qualitative research. One of the main reasons for the debate regarding the suitability of these criteria for qualitative research is that they do not accept the complexity of social reality, hence not adhering to the belief shared by many qualitative researchers: the existence of more than one possible truth (Bryman & Bell, 2011). Thus, Guba and Lincoln (2004) (as cited in Bryman and Bell (2011)), propose alternative evaluation criteria for qualitative research: trustworthiness.

In turn, trustworthiness is built upon four sub-criteria; credibility, transferability, dependability, and confirmability (Bryman & Bell, 2011). Credibility refers to how believable the outcomes of the study is, and is therefore, according to Bryman and Bell (2011), influenced by how well good practice has been followed, as well as confirming with the studied subjects whether empirical findings are understood correctly. To achieve credibility, triangulation was used in when conducting the thesis, meaning the utilization of “*more than one method or source of data in the study of social phenomena*” (Bryman & Bell, 2011, p. 397), e.g. empirical overview and in-depth case studies from companies utilizing the non-financial performance measurements, both transcribed material and new interviews, background case study from companies providing the measurements, literature studies, etc.

The matter concerning transferability, i.e. whether the findings of the study are applicable outside the studied context, is addressed through providing descriptions and discussions regarding the studied companies culture and environment. Dependability entails the adaption of an auditing approach (Bryman & Bell, 2011), hence records from the research process, such as interview transcriptions, interview notes, and notes from various data analysis discussions held with the supervisor of the thesis, have been kept in an accessible manner.

Further on, the research has to be separated from the researcher’s personal values and beliefs as well as from theoretical predispositions, which the criteria confirmability is concerned about (Bryman & Bell, 2011). To address this criteria, an abductive research approach has been chosen, since it allows the theoretical framework

to evolve simultaneously with the empirical findings, hence empirical findings are driving the theoretical framework as well as vice versa. Furthermore, the interviews have been conducted in a semi-structured manner to ensure that the respondents perspectives are accurately captured. Thus, the interviewees' viewpoints are given predominant focus, and not the potentially biased questions in the interview guide established by the author.

3.7.1 Ethical considerations

Ethical issues related to this research to be considered are mainly lack of informed consent, invasion of privacy, and deception (Bryman & Bell, 2011). To avoid lack of informed consent it is important to clearly state the purpose of the research, present how the data will be analyzed and how it will be presented, as well as to whom and where. All interviewees were informed regarding the purpose of the interviews, as well as what would happen to the information. Regarding the issue of invasion of privacy, it is important to not intrude on a respondent's privacy when conducting the methods, and to give them the right of anonymity and the right to refuse answering questions. Thus, the participating companies were asked if they are willing to display their name in the research. Permission was asked prior to recording any interviews, and the participant was granted permission to review the answers of their questions.

Furthermore, sources in the research need to be presented in an ethical way, meaning crediting the rightful author of the information used.

4

Empirical Findings

In this section, the empirical findings of the study will be presented. First, the empirical background of the case study consisting of interviews with a company providing non-financial measurements to other companies and industries are presented. Thereafter, an overview and general insight in the utilization of non-financial performance measurements is presented, based on interviews with fourteen companies. Conclusively, the in-depth section of the empirical findings, based on four interviews with companies in the Swedish ICT-sector, is displayed.

4.1 The background study

In order to gain an initial overview, and understanding, of how non-financial performance measurements and their utilization, several initial interviews were carried out. The interviewees were top-management, project leaders, and analysts from a European company, and its Swedish subsidiary, specialized in providing industry studies of non-financial performance measurements, with an emphasis on customer satisfaction measurements. As was mentioned in the method chapter, the Swedish subsidiary and the multi-national parent-company, were considered valuable to interview since they are providers of one of the most widely used studies in Sweden, concerning customer satisfaction measurements on the Swedish market. The Swedish subsidiary will from here on after be referred to as Swedish Provider, and the parent-company will be referred to as European Provider.

Among the non-financial performance measurements that the Swedish Provider measures are e.g. customer satisfaction and employee satisfaction. In order to facilitate a deeper understanding and analysis, the emphasis of the background interviews was on the customer satisfaction measurements. This was also decided due to the fact that the empirical material constituting the general insight of the empirical findings is focused on the participating companies' perception and utilization of customer satisfaction measurements.

4.1.1 Purpose and ownership of the non-financial performance measurements

The respondents have varying levels of customer contact, but state in unison that the reason their customers choose to purchase customer satisfaction measurements is highly varying. However, the three most prominent reasons for companies to pur-

4. Empirical Findings

chase customer satisfaction measurements are, according to the interviewees, marketing, improvement initiatives, and benchmarking with other actors in the specific market. “The reasons for utilizing customer satisfaction measurements are fairly evenly distributed in three categories”, a project manager at the Swedish Provider, states, “[...] roughly speaking; one third is marketing, one third is improvement initiatives, and one third is more of a check to see what the current level of the measurement is, without necessarily being interested in initiating any actions”.

It also became apparent during the interviews that when the Swedish Provider is invited to present their customer satisfaction insights at the customer’s site, different companies invite a variety of different departments to be present at the customer satisfaction insight-themed presentation. At some occasions, only the communications department is present, whilst other presentations are held in front of the executive committee, or the analytics department. Naturally, the discussions during and after the presentation, are differing in nature, depending on which the participating employees and departments are. “Most of the time we meet with the executive committee”, the CEO of the Swedish Provider states, “but it also common that the meeting is with communications officer or communications department of the company. Then you can tell right away that the company mainly wants to utilize the results of the industry study for a press release”.

If the communications department are the participators, discussions tend to circulate around marketing initiatives. In the case of top management participating in the meeting, strategic questions and change initiatives are often discussed. At the occasions when the Swedish Provider presents their findings to an analytics department, the discussions are often centered around questions regarding how the measurement process has been carried out, the sample group size, and whether the findings indeed mirror the reality. “If the presentation and the results land at the communications department, it is pretty apparent that the result is presented on the company website, if it’s positive result, that is. But if the results land on the table of the CEO, then it rather becomes a part of the change initiatives in the organization, and the results are being taken into consideration when developing the year plan and such. It becomes more of a prioritized question”, a project manager at the Swedish Provider explains.

However, the ownership of the results, i.e. which departments that are responsible for analyzing and initiating actions based on the customer satisfaction measurement results, predominantly belongs to the marketing or communications department, according to the CEO of the Swedish Provider. “To me it makes no sense that only the marketing or the communications department own the results, which is the case in 9 out of 10 times. The HR department should own the results as well”, the CEO states, arguing that there is a link between employee satisfaction and customer satisfaction, which however needs to be further studied and analyzed.

4.1.2 Utilization of the non-financial performance measurements

Which organizational level the results are being presented to, is also a potential indicator for how the results of the non-financial measurements later on will be utilized in the organization, a project manager at the Swedish Provider proposes: “If the presentation is on a low organizational level, the focus lies on that the participating employees need to report the results to a certain department or management group. There is no discussion regarding what the results mean, or which actions that could be taken in order to improve the results”.

The nature of the discussions during, and after, the Swedish Provider’s presentation, is a result of how accepting the organizational culture is to working with these kinds of measurements, according to a project manager at the Swedish Provider. The discussions following the presentation of the customer satisfaction results are important for the companies, according to the Swedish Provider, since the discussions often are the main drivers for the understanding of the results: “If the employees don’t engage in the discussions, or don’t even want us to present the results, they only receive a very extensive report, which can feel overwhelming and make it difficult to understand what to prioritize when wanting to improve the customer satisfaction levels”.

If discussions regarding improvement actions arise during or after the presentations, the focus often lies on how to improve in the future. Very seldom, past initiatives or actions are followed-up and discussed during the Swedish Provider’s meetings with the client companies, according to a project manager at the Swedish Provider. Regarding how many of the companies who are buying the customer satisfaction measurement from the Swedish Provider, that are utilizing the measurement as one of their key performance indicators (KPI), the CEO of the Swedish Provider gauged the percentage to be around 50%.

Furthermore, the interviewees state that the link between financial and non-financial performance measurements is seldom established within the companies that the Swedish Provider visits when presenting the customer satisfaction measurement results. “Numbers are simple. We have a 10% profit – that’s simple. We are also not good enough in explaining the value of non-financial performance measurements.”, the CEO of the Swedish Provider suggests as a potential reason for why companies face difficulties in establishing a link between financial and non-financial performance measurements.

There are however companies which manage to identify a clear link between an increase in non-financial performance measurement resulting in an increase in financial ditto. “A challenge when establishing the link however, is that activities done for the customers of a business cost money, thus ending up on the wrong side of the balance statement. So it often becomes a cost issue since the payback is in the future, which makes it complicated.” That the potential earnings of customer facing,

and customer focused, activities often lie in the future, is a challenge, according to the CEO of the Swedish Provider, “It is very important that the link is made clear, because as we all know - money talks”.

When asked if, and why, the interviewees judged it important for companies to measure non-financial performance measurements in general, and customer satisfaction in particular, the direct link to the survival of the company was stressed. “It is a matter of survival. Who pays our salaries? Without customers, there is no business”, the CEO of the Swedish Provider argued. However, when asked if, and how, the company themselves utilized customer satisfaction measurements, it became apparent that only a handful of these measurements had been conducted throughout the years since the company has been established. “My hypothesis is that the companies which we sell the measurement results to – just like us – predominantly are run by financial performance measurements, and that the utilization of the non-financial performance measurements often is very ad-hoc”, the CEO of the European Provider suggested.

4.2 Overview case study

In order to gain a general understanding of the utilization of non-financial performance measurements in general, and customer satisfaction measurements in particular, as well as the perceived challenges and opportunities, nineteen interviews were conducted with fourteen companies in a variety of industries. Four companies achieving high customer satisfaction scores were interviewed, four companies achieving mediocre scores, and six companies achieving low scores on the measurement. Below, the identified clusters and key-nodes will be discussed. Appendix A.2 illustrates the clusters, key-nodes, and their relationship with the companies. Top performers are marked white, mediocre scorers are marked grey, and companies receiving low customer satisfactions scores are marked black.

4.2.1 Service and customer focused mindset

Two out of four studied companies, G1 and G2, which are performing well in regards to customer satisfaction scores, mention that customer focus and a service mindset are vital when developing and delivering their products and services. The two companies, which operate in the energy and the banking industry, both stress the matter that they are service-companies, and that having a focus on the customer and the relationship to them, is an inherent trait of the service industry. The quality manager of the mediocre-scoring staffing company Y1, also highlights the inherent demands present when operating in the service industry: “By giving a good customer service, you receive high customer satisfaction. So the question is, what is good service? Well, that is up to each and every customer him- or herself to decide. Your job is to identify what the customer’s needs are, so that you can meet, or even exceed them.”

However, regarding the low scorers, four out of six companies explicitly mention that customer focus is not a vital part of their development and delivery of their products and services. “We have started to realize that we might have to listen to our customers, and take advantage of our employees’ competence, in a way that we haven’t done in the past. It is not out of malice that we’re not doing this today, I just think that we believe we know best regarding what our customers want... But I guess sometimes we should listen to the people that are actually using our services”, an interviewed project manager from R3 suggests. All of the low-scoring companies operate in service, or product-service bundle, markets, such as energy and ICT.

4.2.2 Infrastructure support

In order to be able to study to what degree companies systematically work with non-financial performance measurements, the interviews have been reviewed based on a number of actions and processes, all deemed to be building blocks of organizational infrastructure support.

4.2.2.1 Ownership of the customer satisfaction results

Based on the initial interviews, one point which was deemed interesting was to examine the ownership of the non-financial performance measurement results, meaning which department that predominantly had the responsibility to analyze, and take action on, the results. A hypothesis mentioned by the respondents in the background interviews, was that if e.g. the communications department was the main receiver of the customer satisfaction results, the results would mainly be utilized in marketing efforts, and not as much lay the foundation for any organizational improvement actions. Hence, the empirical material deriving from the overview case study was analyzed based on whether the respondents mentioned that the company utilized a functional ownership, i.e. one department or function being the primary responsible for utilizing the results, if they mentioned a process oriented ownership, i.e. where the results were used in a process of analysis and actions, or if they stated that no ownership was established, i.e. no function or department had the outspoken responsibility to work with the results.

The empirical material exposes that functional ownership is used by half of the companies in all categories, i.e. half of the top-scoring companies, half of the mediocre scorers, as well as half of the low-scorers have established a functional ownership. “The receivers of the results are the leadership board and the communications department. The communications department are the ones analyzing the material, I merely get the results presented to me, but I don’t do anything more with it”, a manager, responsible for delivering business results, from the top-performing company, G4, states. In most of the cases, the leadership board and the communications department were mentioned as the receivers, and owners, of the results. Further on, two out of the four studied top performers, were deemed to have no distinctly defined ownership of the results deriving from non-financial performance measurements. “Oh, I hardly dare to say...”, the communication manager of one of the top

performing companies, G3, states, “I might write something in my newsletter regarding our great results, but other than that we don’t really do anything with the results.”

4.2.2.2 Systematic processes, devoted meetings, educational efforts, and gathering of customer feedback

Four out of the six studied low-scoring companies described that they possessed systematic processes for collecting customer complaints, questions, and feedback from their customers. “We conduct both internal and external monthly studies regarding how our employees and our customers perceive us”, an interviewed project manager from the low-scoring company R3 explains. “After we have been in contact with a customer, we always reach out to them to ask them for their feedback and perceived experience with us”, a manager, responsible for the Net Promoter Score (NPS), from a different low-scoring company, R1, states. However, merely one top-scoring company and one mediocre-scoring company clearly stated that they to collect feedback from customers in a systematic way. In some instances, it was not deemed possible to clearly decide whether the companies used systematic processes or not, thus some companies have not been market with either having, nor lacking, systematic processes for the gathering of customer feedback.

None of the four top-performing companies, declared to have regular meetings devoted to discussing the results of non-financial performance measurements, instead these issues were discussed in an ad-hoc manner. Two of the mediocre scoring companies, Y1 and Y2, as well as two of the low-scoring companies, R2 and R3, stated that these issues were mandatory points on the agenda at the weekly or monthly departmental meetings.

Merely four out of the fourteen studied companies mentioned that employees were educated in how to work with non-financial performance measurements and related matters, such as customer satisfaction and customer focus. Out of the four companies employing educational resources to enhance the employees’ knowledge regarding these issues, three of them chose workshops as educational method, Y3, R3 and R6. During these workshops, information regarding these measurements are discussed, whilst also focusing on gathering information concerning how the employees currently perceived the organization’s work with e.g. matters regarding customer satisfaction. A project leader from the low-scoring company R3, describes the workshops occurring in connection to the customer satisfaction results: “During these workshops, we discuss with the employees why we think that the customers perceive us a certain way, and how we could improve on that. After that, we take the suggestions that the employees have provided, and take them to the customers, asking them how they would like it if we implemented those changes. Then we do those loops a couple of times, until we have a number of customer-secured change initiatives.”

Concerning if, and in what manner, the companies systematically collect customer feedback, six companies were assessed to do so, whilst four explicitly stated that

they did not gather that kind of information in a systematic way. Four out of the six companies which do collect customer feedback in a systematic way, are low-scoring companies, namely R1, R2, R3, and R4. “Directly after a customer has been in contact with us, we reach out to them and ask them a number of questions in order to understand how they perceived their contact with us”, the NPS manager of company R1 explains.

4.2.2.3 Intranet is used to communicate NFPM-results

Out of the fourteen interviewed companies, six companies clearly state that the intranet is used to communicate the results of the non-financial performance measurements. “On our intranet, all the managers have access to the results on a national level, as well as on a branch level. It is our plan to extend that so that every employee can see exactly how they are performing regarding these different non-financial performance measurements”, a quality manager of the mediocre-scoring company Y1 explains. Further on, the quality manager illustrates how the communication of the results through the intranet is aiding in building an organizational culture around customer satisfaction and other non-financial performance measurements: “We use our intranet to communicate news regarding our non-financial performance measurement results. We also feature sunshine stories, which are examples of when one of our employees has done something special for the customer. By doing that, we highlight good examples and build a culture around it.”

The NPS manager of the low-scoring company, R1, presents a similar approach: “We continuously display our set goals, the current status of these goals, and individual activities on the intranet. We also try to display activities from different parts of the organization, so that everyone feels like there is a point with working with these things, and that they can feel proud over what their particular department is doing”.

4.2.3 Culture

In order to facilitate an analysis of the utilization of non-financial performance measurements, and perceived experience of ditto, it was deemed important to gather information regarding the cultural aspects of the studied companies. As these aspects often are considered vague, and hard to define, efforts were focused to identifying concrete actions and outspoken attitudes deriving from the organizational culture. However, no questions were specifically asked regarding the culture of the interviewees’ companies, but the topic was often mentioned in connection to the questions regarding the utilization of non-financial performance measurements. Thus, judgments regarding the organizational culture could only be made if the respondent explicitly mentioned aspects deemed to directly affect the organizational culture, such as e.g. employee interest and top management commitment, when discussing the utilization of non-financial performance measurements.

4.2.3.1 Employee commitment, interest and mandate

The outspoken interest and commitment shown by the employees of the studied companies, for working with non-financial performance measurements, varies, judged by the interviewees' responses. None of the interviewed managers from the low-scoring companies, stated that there was an outspoken interest from their employees in regards to working with non-financial performance measurements. However, respondents from one top-scoring company, and two mediocre-scoring companies, claimed that their employees were committed and interested in the process of working with non-financial performance measurements. "In general, I think that our employees feel that it is fun to work with customer satisfaction... If you have satisfied customers, then your job is more fun, and if you have dissatisfied customers, then your job is not that fun. I think that breeds interest and commitment", the quality manager of the mediocre-scoring company Y1 suggests.

One interesting aspect was brought to light by the communications manager of a top-scoring company, G3, stating that the branches performing best always were very interested in the results, whilst the branches which were not performing very well did not show interest at all: "Those branches which are performing well, are always very interested in the results and embrace the reports of the non-financial performance measurements, whilst those who need it the most just put the report aside".

Out of the interviewed companies, four explicitly state that working with non-financial performance measurements in general, and customer satisfaction measurements in particular, is perceived as a challenge or burden. A manager of the top-scoring company G3 points out that their high ranking makes some departments and employees unmotivated to work with these matters; "We usually have lectures regarding these measurements, but as soon as their done everything goes back to business as usual. Some branches quite like it that way, since they feel that it is challenging to have to take the customers' opinions into account. On the other hand, most branches have really, really, really satisfied customers, so they might not see any reason to engage in these matters...".

The matter of having a culture which supports the work with matters measured by non-financial performance measurements, is pointed out by a Customer Insights manager from the mediocre-scoring company Y2: "There needs to be a cultural change regarding these issues, because it is so much easier to buy fancy tools and systems, than to actually create those real relationships with the customers". How important the employees perceive measuring customer satisfaction is, varies between being stated as something very important to "not important enough so that everyone agrees that we should devote resources or money to actually measure it every year", as the quality manager of the low-scoring company R5 puts it.

4.2.3.2 Top management openly displays commitment for the importance of working with non-financial performance measurements

An outspoken, and visible, commitment from the top leadership of the interviewed companies is only explicitly mentioned by three of the interviewed companies, one mediocre-scoring and two low-scoring companies. In most companies, the non-financial performance measurement results do at some point land on the tables of the top leadership, but the visible commitment, interest, and publicly announced importance of working with these measures, is, as previously mentioned, merely mentioned by three of the company representatives. “There is such an outspoken commitment from the top leadership of the company, and I believe that is essential when working with these things”, the quality manager of the mediocre-scoring company Y1 proposes. However, during the interview he stresses that top leadership commitment, and having the right organizational culture, is not enough: “Initially, when we were a small company, we could drive this commitment merely through the organizational culture. The top leadership always spoke about customer focus, and they were visible out in the hallways discussing these topics with the employees, all of that made it possible to let the culture drive these issues related to having satisfied customers. As we have grown bigger, it has become difficult to merely rely on the top leadership establishing a culture which creates customer focus, we have had to systemize things, to ensure that this mindset permeates all of our processes. We have done this by setting customer satisfaction as one of our three corporate wide goals.”

The NPS manager of the low-scoring company R1, describes how top leadership commitment has facilitated the establishment of culture where employees are interested in working with non-financial performance measurements: “The global top leadership decided four years ago that we need to work customer focused, and since then, the leadership board in every country continuously set goals to improve the NPS-results. Initially, this was met by frustration from the employees, and it was perceived as just another burdening work task, but as the knowledge and understanding has grown, as well as the employees seeing that working with these matters actually improve our business, the force is starting to come from within the organization.”

4.2.3.3 The outspoken description of the company culture regarding customer satisfaction: intangible or result of conscious effort

How the interviewed company representatives describe the organizational culture in regards to attitudes and behavior connected to issues measured by non-financial performance measurements differs. Firstly, not all of the interviewees mention whether or not working with issues that are connected to improving non-financial matters is an intangible part of their culture or the result of a conscious effort to build such a culture. Thus, a generalization regarding what the predominant approach is cannot be made. However, a hypothesis can be formed regarding how companies view the work with intangible assets related to non-financial performance measurements. Some companies view the way they work with these measurements as an intangible

part of their culture, meaning that based on the company culture there either is, or is not, a positive attitude and a good way of working with these measurements, whilst others might view it as a part of their culture deriving from a conscious effort to establish these ways of working. The differences in these two approaches can potentially be mirrored in how the employees view, perceive, and systematically work with intangible assets, which is a hypothesis for future research. Nevertheless, mentioning these two nuances can aid in the overall analysis of the study.

One top performing company representative explained how the measurements were performed within the company: “The measurements are a top priority for us, and since customer focus is regarded as such an important issue...the measurements just more or less happen by themselves.” A representative from a mediocre-scoring company provides a similar description when asked how the customers’ needs and wants are communicated within the company: “We always put the results of the customer satisfaction measurements on the intranet...we are trying to improve how we work with these things. There are weekly meetings where we discuss our current orders, and how we can fulfill those orders. So there is some kind of element of always working with customer satisfaction, it is more or less ingrained...in the way we do business.”

Another approach is displayed by the quality manager from the mediocre-scoring company Y1, “The measurements control what we do, it is an instrument so to say, but it is very rigid so there is a need to build a culture around that. But I do feel like [the measurements] control the direction and ensure that everyone shares the same focus, because otherwise there is too much to think about when you are a new employee, or even if you have worked here for a while.” Thus, instead of either merely relying on the organizational culture in terms of ensuring that the organization’s employees share the same focus or solely relying on the measurement tools themselves, the interviewee from company Y1 explicitly states how the combination of measurement tools and organizational culture facilitates the establishment of a shared focus in regards to the measurements.

4.2.4 Non-financial performance measurements connected to goals, evaluation, and rewards

An interesting aspect when studying the utilization of non-financial performance measurements, is whether or not the particular measurements are connected to goals, evaluation, and/or the benefit structure of the company, as well as on which level these potential goals and benefits are placed.

Seven out of the fourteen studied companies stated that they had set goals directly related to the results of non-financial performance measurements. Half of the top scorers had goals related to the non-financial performance measurements, as well as three out of four of the mediocre scorers, and one third of the low scoring companies. Out of these, all, except for one, solely set the goals on a company and/or top

management level. The one company, Y1, utilizing goal setting on multiple levels, utilized it on both team level and company level. “The evaluation of the performances of the leadership board is directly tied to how well their specific country is performing in the customer satisfaction measurements.”, the quality manager of the mediocre scoring company Y1 in the staffing industry elaborates. Further on, the interviewee described that the company employed monthly customer satisfaction surveys in order to evaluate how well the company itself, the separate branches, the teams, as well as the individual employees were performing in terms of customer satisfaction. Since the company is in the staffing industry, customers were defined to be both the end customers receiving the service, as well as the consultants hired to conduct the job. Thus, the monthly customer satisfaction meetings were sent to both the company’s customers, as well as to the consultants. “These monthly surveys give us the possibility to take direct action [...] You also receive a monthly score regarding how well you are performing, how well your team is performing, and how satisfied the customers of this particular branch are. Since we are such a result- and goal-oriented company, these results breed some kind of competitive commitment and we have rewards connected to achieving the best scores on team level. The team with the most satisfied customers, or the most satisfied consultants, receives a cash prize which they can use to do a team activity. So we have a very clear focus on these measurements...”, the interviewed quality manager from Y1 explains.

The only top performing companies, G1 and G2, which set goals connected to the results of non-financial performance measurements, both set these goals on a company level. “We have stated in our strategic plan that we should have a customer satisfaction score of at least 75¹, so for that reason we probably will buy an external, industry wide, customer satisfaction measurement study at least every other year, and we might also complement that with some other type of measurement studies every now and then”, the CEO of G1 states.

The customer service manager of G2 explains which goals the top-scoring company in the energy industry has set, and furthermore highlights some perceived challenges connected to being a top-scoring company: “Our business-plan states that we should have satisfied customers, so that is a very strategic question which the leadership committee are working with. Everything we do, should lead to satisfied customers, that’s the way it is. [...] The goal in the three-year business-plan, is that all business units should be top-ranked regarding customer satisfaction. But we also need to know how we should act when we reach the top spot. In my opinion, it doesn’t matter if we end up first, second or third, the important thing is to understand if our customer satisfaction score would change dramatically – why is that and what happened? We have had the luxury of getting a better score every year, and that makes it very hard to know what we should be doing next.”

The NPS-manager of R1 states that the company has just recently initiated adding non-financial performance measurement goals to the budget and the business plan: “It has been decided from the group executive leadership team that we from now on

¹Out of a score of 100

will include these soft NPS-values in our whole budget- and business plan-process, instead of being an activity outside of the ordinary control- and report-system...but that is a little bit different in the different countries. Here in Sweden I feel like we already have that mental mindset, but needless to say - as soon as you have to prioritize, you naturally always prioritize what's included in the report-system."

4.2.5 Rewards connected to results of non-financial performance measurements

One interesting aspect to study, is whether the companies utilize rewards in connection to the results and/or goals set for the non-financial performance measurements. The quality manager of Y1 emphasizes how rewards aid the company in working more customer focused: "By rewarding good results, we steer the employees' behavior in the direction of achieving higher customer satisfaction, and the customer satisfaction measurement study is a tool on our way there". If the company receives a good score on the conducted customer satisfaction measurements, the different branches are encouraged to celebrate accordingly, "If we receive a good result that we rightly should be very proud of, then we encourage all branches to drink champagne and celebrate...so we definitely like to celebrate our successes."

Further on, the quality manager of the staffing company, Y1, illustrates how the rewards are given out on an individual level as well: "We have a very strong internal culture here, where we give each other reward-cards if someone has done something particularly good. [...] Those reward-cards are often to highlight if someone has done something special for a client, so for example a key account manager can give a reward-card to a consultant manager because he or she has appointed the client a consultant quickly, or handled a complaint very well. That reward-card is read out loud on the Monday meetings so that everyone gets to hear that, which of course is an honor for the receiver, plus that the card also is a lottery entry, where we once a year draw a winner who gets to go to Africa, where we support a charity project." The customer service manager of a top scoring company in the energy industry, G2, describes a slightly more toned-down celebration style: "We celebrate internally with cake, and since the customer service department has a very big impact on the customer satisfaction results, the department usually has a lunch together, does a workshop, and celebrates".

However, some companies also connect monetary rewards to the results of the non-financial performance measurements. In company R1, monetary bonuses are given out based on the results of Net Promoter Score (NPS) measurements. NPS is a non-financial performance measurement, gauging the loyalty of the company's customers. "We have an incentives system within the global group that is built upon profitability, security, and customer satisfaction. Part of the potential bonus also depends on the outcomes of the NPS-projects", the NPS-manager of R1, a company in the energy market, states. The direct connection to employees' salaries is mentioned by the senior business analyst manager of a telecommunications company, R2: "We also work a lot with the sales team in regards to customer satisfaction...or

maybe it's more that we tell them were firmly that if they don't behave...well then they're going to see that on their salary slip. Creative selling is not something that we encourage. [...] If the store increases their customer satisfaction score, well then the sales team will be able to tell from their salary slip.”

4.2.6 The process of measuring non-financial performance measurements

In order to review if, and how, companies systematically work with the utilization of non-financial performance measurements, three areas of interest were defined when initially reviewing the empirical material. These three areas consist of studying whether companies have defined what to measure, when they measure it, and how they measure these non-financial performance measurements.

4.2.6.1 Defined areas where non-financial performance measurements are continuously measured

The purpose of this section is to cumulate information regarding what the companies have identified as being important indicators to measure in terms of non-financial performance measurements. Companies merely reading the public customer satisfaction results provided by e.g. the background company Swedish Supplier, are excluded from being counted as having identified areas to measure, since this potentially means that they have no own processes or procedures for working with non-financial performance measurements.

Half of the fourteen studied companies mention that they have identified areas which they regard as important to measure with non-financial performance measurements. The constellation of the companies working with non-financial performance measurements within identified areas of interest are three out of four top scorers, half of the mediocre scoring companies, and half of the low scoring companies.

The customer service manager of G2, a company in the energy industry, states that employee satisfaction is identified as a very important measurement: “The results from the employee satisfaction measurements are equally important to us, as the results from the external, industry wide, customer satisfaction measurement that we buy. There are always things to improve, and these employee satisfactions measurements that we conduct, always result in the initiation of activities.” The business process development manager of the staffing company Y3, mentions a potential link between the satisfaction of their consultants, and customer satisfaction: “We believe there is a link – even though we can't prove it – but we believe there is a connection between how satisfied our hired consultants are and how satisfied our customers are. That's the reason why we also measure how satisfied our consultants are with us.”

The brand manager of company R3 suggests that the company potentially has not as of yet identified the most suitable measurements, “We are currently looking over our balanced scorecard, because we have the hypothesis that we perhaps sometimes

control and act on the wrong indicators, which leads to counter-productive behavior and the wrong focus”. Further on, the interviewee explains which non-financial performance measurements that the company measures: “We measure employee satisfaction every month, and take part in an external, industry wide customer satisfaction study. However, we haven’t set any goals regarding the customer satisfaction scores, but we have set goals regarding employee satisfaction.”

The communications manager of G3 describes how the company, operating in the health and fitness industry, continuously measures how well they fulfill their core values, when asked which non-financial performance measurements the company utilizes: “We conduct measurements every other month regarding how well customers perceive that we live up to our stated core values. Over time, we are going to study the trend of these measurements, and initiate some campaigns to see the campaigns affect the measurement results.”

“I believe that we measure everything that can be measured, how satisfied our customers are, how satisfied our consultants are, how satisfied the visitors of our front desk are – all different kinds of variables! Then of course we also have revenue, number of booked meetings, profit, how long time it took to appoint a consultant to a customer, how much of our orders that we fulfilled – we measure everything!”, the quality manager of the staffing company Y1 explains, mentioning both areas measured by non-financial performance measurements as well as areas measured by financial ditto.

4.2.6.2 Utilizes more than one type of customer satisfaction measurement method

Since non-financial performance measurements often rely on qualitative data, one hypothesis is that it can be useful to utilize several different types of measurement methods, in order to fully capture the spectrum of e.g. the customers’ perception of the company. Thus, the empirical data was codified with the node containing whether the companies employ more than one type of method to measure customer satisfaction. The result demonstrates that more than half of the studied companies, i.e. eight out of fourteen, employ more than one method to measure customer satisfaction.

The most common way of measuring customer satisfaction is, based on the respondents’ answers, to conduct their own customer satisfaction measurements, as well as purchasing customer satisfaction measurements from external businesses. When the companies themselves conduct the customer satisfaction measurements, the methods vary between phone interviews, internet surveys, in-depth interviews, and focus groups. The senior business analyst manager of a telecommunications company, R2, illustrates the array of methods utilized by the company, as well as highlights the perceived main challenge when working with these issues: “We measure customer satisfaction in several different ways in addition to purchasing the industry wide, external, customer satisfaction measurement study. For example: every time a customer has contacted our customer service, an automated phone call containing a

survey is sent out to the customer, asking them how satisfied they are with their experience. We also measure customer satisfaction out in our stores. We have also initiated a big NPS-project within the global group, where we have utilized focus-groups and in-depth interviews with lots of leaders within the company as well as with lots of customers, which has resulted in a survey that we send out to a couple of thousand of our customers every month. [...] So there is currently a lot of focus on these aspects. The main challenge is to get someone to actually own the results and own the responsibility of making things happen.”

4.2.7 Purpose of conducting the customer satisfaction measurements

During the interviews, it often became evident why the companies choose to conduct, or purchase, customer satisfaction measurements. However, the stated reasons diverge. None of the top-scoring companies mentioned benchmark with competitors as a reason, whilst half of the mediocre scorers voiced this as the main purpose, together with a third of the low-scoring companies. The remaining low-scoring companies which did not mention benchmarking as a reason for conducting or purchasing customer satisfaction measurements, did not specify any reasons at all for why they measured customer satisfaction.

The top scoring companies on the other hand, all had a clear purpose connected to why they utilized customer satisfaction measurements. Among the mentioned purposes were check if a project has affected the customers, or to get concrete advice on actions to take in order to improve customer satisfaction, as well as check to see if the company satisfies the customers’ needs, to encourage and motivate employees by being able to demonstrate good results, and identify areas with poor performance in regards to the non-financial performance measurements. “Whenever we receive the customer satisfaction measurement results, we get a list of things to improve on”, the Customer Service Manager of G2 explains, explaining how the customer satisfaction measurement results aid the company when making decisions regarding which activities to perform. G2 also states an additional reason to why they choose to employ customer satisfaction measurements, “It doesn’t matter if we come in first place, second or fourth. The interesting thing is if our score would change dramatically one year, making a significant drop for example. Then we need to ask ourselves: Why did this happen?”

4.3 In-depth case study

The companies studied in the in-depth study operate in the Swedish ICT industry, and have been interviewed in order to get an understanding of the current utilization of, as well as perceived benefits and challenges associated with, non-financial performance measurements. The companies will be referred to as Company A, and Company B.

4.3.1 Current utilization of non-financial performance measurements

The main non-financial performance measurements currently employed within Company A are stated to be three different non-financial performance measurements: Net Promoter Score (NPS), churn rate², and employee satisfaction, according to the NPS manager of Company A. Other non-financial performance measurements such as wait time, are only used on a departmental level (e.g. wait time in the customer service department), thus stated as not influential in the organizations decision making process, according to the Director of Corporate Communications at Company A. However, whilst churn rate and employee satisfaction have been utilized since the company started, NPS is more of a novel measurement: “We have been working actively with NPS for about two years now. Before that we measured it just for the sake of measuring, it was not at all as systematic as it has been these last two years.”, the NPS manager of company A explains. “When I initially started working with NPS, my position entailed so many other parameters, so I basically just made sure that the NPS measurements were done – but not much more. It was a shame really, because NPS measurements are a fantastic way to follow up on the organization’s progress! Since I believed in the measurement so strongly, I arranged for a small NPS-department to be established, under the condition that it was cross-functional, thus allowed to work across the whole organization. Then, my manager and I travelled to the United States to obtain a NPS-certification, and through that we also gained a lot of theoretical knowledge.”

In Company A, the NPS measurements contain both measurements of transactional NPS and relationship NPS, and the Director of Corporate Communications at Company A explains that Company A currently scores very differently on those two: “We measure the transactional NPS when a customer has been in contact with us, and ask them how they perceived their experience with us, as well as if they would recommend us to their friends and family. We see an enormous positive trend in the transactional NPS measurements. However, in regards to relationship NPS, which is measured on people that we have not been in contact with regarding their perception of us, things are moving at a lot slower pace. That shows us that it takes a long time to change people’s perception and image of us, if they don’t interact with us.”

The NPS manager from Company A deems the departmental knowledge regarding the NPS measurements, and their associated processes, to be vast, and shares experiences of the providers, which deliver the measurement tools, not being equally knowledgeable: “Often times, me and my closest colleague, have more knowledge regarding the NPS measurements than the providers delivering the measurement tool. Given that, we just try to find a suitable tool which can visualize the reports in an easy and understandable way for the management team, so that it is easy to use and grasp.”

²Churn rate: Number of customers leaving the company during a specified time period

The Director of Corporate Communications at Company A however, stresses the importance of the customer service department when asked to explain how Company A works with non-financial performance measurements: “We sell complicated products and services and we receive a lot of questions from our customers, so we are dependent on having a good customer service department in order for us to have satisfied customers.”

In Company A, the NPS are reported to the leadership board on a monthly basis, and if recent employee satisfaction measurements have been conducted, these are also presented. Employee satisfaction measurements have throughout the history of Company A been measured on a yearly basis, except for a recent two-year gap. However, this year, a new type of employee satisfaction measurement has been utilized, an employee NPS measurement (ENPS). The employees are asked e.g.: “Would you recommend Company A as an employer to your friend?”, which corresponds to the NPS question asked to the company’s customers (referred to as a CNPS measurement): “Would you recommend Company A as a provider to your friends and family?”. Whilst conducting the ENPS measurement study, an interesting finding was made: “The teams working in the customer service department, which naturally have a lot of customer contact, had a correlated ENPS and CNPS. Meaning, if someone had a low ENPS score, they also had a low CNPS. We have detected that correlation, we have however not analyzed it any further yet”, the NPS manager of Company A states.

At Company B, several different non-financial performance measurements are utilized, according to the Senior Quality Manager, “We almost measure too much. People talk about Key Performance Indicators but seem to forget the word key. So instead we have hundreds of things we measure, but no one knows why or what they do”. Among the most influential according to the interviewee are NPS, headcount³, employee satisfaction, churn rate, and incidents caused by change, i.e. disturbance in Company B’s provided services due to an action performed by an employee. However, the interviewee from Company B clearly states that financial performance measurements have been, and still are, the ones utilized the most within the company: “Financial performance measurements always have been, and still are, very, very important. Naturally, that shows. The ICT-market is a very tough market, constantly battling the needs to become more efficient. So, headcount is utilized a lot here, but it has also received a lot of internal criticism. Sometimes there hasn’t been enough time to analyze which people the organization should lay off, and suddenly we have gotten rid of some of our most important competence. There is just a date set from the top management, that at this point in time we need to have a headcount of such and such, and that is when things like this happen. Behind the headcount measurement, there are a lot of financial numbers and arguments.”

The representative from Company B states that employee satisfaction measurements and churn-rate measurements always have been conducted throughout the company’s history, however, the measurements have changed in nature depending

³Number of employees

on which supplier the measurements are outsourced to. Employee satisfaction is measured once a year, according to the Senior Quality Manager at Company B. The NPS measurements have been conducted for four years, and are, as is the case in Company A, broken down into transactional and relationship NPS. However, the Senior Quality Manager at Company B is hesitant towards using relationship NPS: “Relationship NPS is just about the brand. It goes up and down, and it takes a really long time to influence it. There almost needs to be a generational change before you really can see any changes, otherwise people are just going to keep their opinions – regardless if they are true or not. So the important thing is to just measure relationship NPS and see what the results are, so that we know.”

4.3.1.1 Non-financial performance measurements connected to goals and evaluation

Exploring if, and how, companies have set goals related to the results of non-financial performance measurements, facilitates the understanding of how actively non-financial performance measurements are utilized in the companies’ decision making process.

Company A had previously not set any goals related to the NPS results until Q4 2014, the NPS manager of Company A states. The goals are set for transactional NPS and relationship NPS, and utilized both horizontally and vertically across the organization, according to the Director of Corporate Communications at Company A. In order to set the specific goal, a systematic review of all the gathered information deriving from all the previously conducted NPS measurements was performed by the NPS department, which consists of the NPS manager and one additional, dedicated employee. “Our small NPS department provided specific data for each manager, containing historical results of different KPI’s identified as drivers for the NPS score. Then, we presented a goal recommendation for Q4 this year [2015], based on what the previous year’s score had been, what the score currently was, and then what our estimation of a realistic goal for Q4 this year could be.”

Further on, the NPS manager of Company A describes that the recommended goal setting deliberately is somewhat stretched, in order to ignite a concrete, and activity focused discussion among the managers of the company: “When we recommend managers to set a certain goal, we deliberately stretch that goal somewhat, which is as way for us to get the managers more involved by arguing that they cannot possibly reach that goal due to whatever factors. Then, we make the managers identify which five main activities that are needed in order for them to reach that certain goal, and then also have them identify five threats that can challenge the possibility of reaching that goal.” The three main building blocks of the goal setting process; the goal itself, the five main activities, and the five main threats, are then all put on an A4-sheet to be easily accessible and understandable. So far, the approach seems fruitful: “We follow up on these goals continuously, and the fun thing is that more or less everyone will reach their goals, even though we stretched the goals hard. We have made a fantastic NPS journey with the company, that we only a year ago never though was possible, but it is going really well. Our customers like us more and

more.”

The identified non-financial performance measurement goals, also depend on which organizational level the employee operates on. The NPS manager of Company A describes the how managers’ and employees’ performance is evaluated based on the different NPS goals: “All managers have a so called goal letter, which is written on an annual basis, entailing a financial component, an operational component based on the manager’s specific business area, and one individual component which is divided into three parts. These components are assigned different weights, and constitute the basis of the managers’ bonuses. Nowadays, these goal letters also include NPS measurements. [...] The managers have a cumulated NPS goal in their goal letters, whilst employees on lower levels in the organization, have transactional NPS measurement goals, concerning their specific department, or their specific process or sub-process.”

In Company A, if the set goals are not met, the employees and managers do not receive their NPS related bonuses and the NPS department initiates actions to uncover why the set goals were not met. “It is our purpose to establish a discussion with the employees not meeting their set goals, in order to find out why the goals were not fulfilled. Did something happen this year which made it challenging to meet the goal which was deemed as realistic last year? Then we make an analysis on that. Often times, the manager who does not reach the goal level, knows best what the reason is, and then we need to take that into account when setting next year’s goals. Maybe that department does not have enough resources.”, the NPS manager of Company A describes.

Since the NPS goals have been established and connected to the bonus-system, there has been a change in the managers’ mindset, according to the NPS manager of Company A: “Nowadays, when something happens in the organization, the managers tend to say: ‘This is going to have a negative outcome on the NPS score’. Previously, it was only me and my colleague who thought, and expressed ourselves, that way – it was an impossibility for the company to think in that manner. We could tell the other departments that: ‘If you send out this note regarding a sudden increase in price, it is going to affect the NPS score negatively’. Now, the managers themselves say things like that, which creates a sense of ownership and awareness regarding one’s own score and goal.”

The CEO of company A, has also officially stated that a goal of Company A is to have Sweden’s most satisfied customers’, which, according to the NPS manager of Company A, has resulted in a breakdown of which activities and changes that would be needed to accomplish that goal: “We called it ‘from worst to first’ internally [...]. However, it is more of a vision than a goal, since we haven’t set a timeline on it. It is more a long term thing. But we have worked internally with the concept of what it means to have Sweden’s most satisfied customers, and broken that concept down into its components.” Another positive outcome of having vocalized the vision of having the most satisfied customers in Sweden, is that it results in a fun work-place

environment according to Director of Corporate Communications at Company A: “It is fun to work in a company that aims for having satisfied customers – even if we still have a long way to go.”

According to the Senior Quality Manager of Company B, setting goals connected to the non-financial performance measurements is a fairly new process within the company. “We have always measured a bunch of non-financial performance measurements, but never really defined any clear goals. It has more been like studying the weather: ‘Oh, we had 265 days of sunshine this year!’..and then you just move on.” However, the last two years, the company’s NPS-measurements has had goals connected to them, and the results are starting to show: “We have been able to see results since we started setting goals two years back. However, an organization as big as this is very slow-moving, especially since we operate on a multinational level, and the number one priority there is fighting corruption.”

In regards to Company B’s defined NPS-goals, the transactional NPS, i.e. the NPS measured after the customers have been in contact with the company, is set on multiple organizational levels. Further on, the goals have been customized to fit different departments, e.g. the logistics-department has one set of goals, whilst the customer support department has other goals, the Senior Quality Manager of Company B states.

In both Company A and Company B, the bonuses of the managers and of the employees in the customer service department are partly based on their NPS scores. However, the Senior Quality Manager of Company B raises a concern in relation to these bonus-targets: “All managers have their own, personalized goals which are tied to their bonuses. But, sometimes, the goals connected to employees’ bonuses are not in harmony with the corporate goals. That is when you get clashes, and people steer in different directions, because everyone has different incentives and goals. The one thing I am sure of, is that whatever is stated in those personalized bonus-goals, gets done. They have a very strong steering power.”

4.3.1.2 Processes and ownerships connected to the utilization of non-financial performance measurements

Setting goals related to the results of non-financial performance measurements is an important aspect to study, however – exploring in which way the companies’ work between the set milestones, paints an interesting picture of the way the studied companies actually utilize non-financial performance measurements in their daily operations and decision making processes.

“The most important thing is what happens between the annual goal follow up, namely those things that are happening on a weekly or monthly basis”, the NPS manager of Company A states. “We use something called Customer Experience Pulse [CX Pulse], which entail stand-up meetings throughout the organization, where the individual departments and business areas follow up on their current progress. Every Wednesday at 9 o’clock, we meet for a half hour stand-up meeting,

where we review all NPS measurements, both the ones measured on a weekly basis, and once a month also those measured on a monthly basis. Prior to the meetings, all the results are always presented on the intranet. The whole leadership board and our CEO are present at most of those Wednesday morning CX Pulse meetings, also most of the managers and specialists which feel some kind of ownership of the results are present as well.” The owners of the various NPS results are explained to be mainly the different department managers, as well as some specific process owners, and, according to the Director of Corporate Communications at Company A, the number of participants at the CX Pulse meetings are estimated to a total of between 30-50 every week.

During the ten-minute-long CX Pulse meetings, the participants discuss the current progress of the NPS measurements, and any issues are raised to create awareness and receive help with identifying the root cause and potential improvement actions. The issue is then followed up during the next week’s meeting. All planned customer facing, or potentially customer impacting, activities are also highlighted and discussed during the meeting. “If there is anything planned the upcoming weeks which can affect our customers and services in a negative way, e.g. are we doing any direct marketing efforts, are we sending out letters which state an upcoming price increase, we gather that information to obtain a holistic view”, the NPS manager of Company A states. Since the meetings were initiated in the beginning of 2015, there has been a change in approach, led by the NPS team: “Initially, my colleague and I just read all the results out loud during the meetings, but we decided that that was not a good approach. Instead, we now only talk about the current NPS situation in general, and then everyone who is owning a NPS measurement result has to deliver that result themselves. That way, we force the owners of the results to analyze what really happened last week, in order to explain why their score potentially has changed. Since the top leadership always is present at the meeting listening to the reports, everyone has to know why their score has changed in one way or the other, otherwise it gets really uncomfortable”.

Furthermore, the customer service department at Company A has its own weekly pulse meetings, where NPS is followed up on team level. Regarding the other specific departments, pulse meetings with NPS as a standing agenda point, is either on a monthly or weekly basis. Moreover, the NPS department at Company A has identified focus areas for improving non-financial performance measurements, by devoting one work day to analyzing customer complaints and customer feedback. Thereafter, two project managers have been appointed to lead the improvement work within three focus areas each.

If a negative change appears in the NPS results over an extended number of weeks, the NPS manager states that the role of the NPS department is to support the responsible owner of the results, in order to identify and act on whatever root cause there is. During the interview, a concrete example of such an event is provided: “My colleague and I once noticed that there was a negative trend regarding how customers perceived that they were treated when they contacted the customer ser-

vice department. So, we had a talk with the customer service manager, regarding what the reason might be. She did not know, but discussed this during her meeting that week with her customer service team leaders, and asked them to be attentive to this issue and to coach the customer service employees in the way they treated the customers. Two weeks later, we saw that the trend was positive again. That is a good example of how an organization can work with these soft values”.

At Company A, the ownership of the, stated to be, most important non-financial performance measurements, NPS and employee satisfaction, are the Customer Experience Manager, for the NPS measurements, respectively the HR-department for the employee satisfaction measurements, according to the Customer Experience Manager.

At company B, the process of measuring employee satisfaction is a one-year cycle, the Senior Quality Manager states, “The measurements are conducted from the smallest teams of 5-6 employees and then aggregated as you go up the organizational structure. You get your results, and the results from last year. Then you analyze the areas that you scored lowest in, and identify actions to take in order to improve on that score, and those actions are put in a plan. And then the cycle starts again.” However, the interviewee is not fully convinced that the way that Company B utilizes the employee satisfaction measurements is working: “Since I have been doing this circle now for many years, my response is almost: ‘here we go again’ when that time of year rolls around. I don’t really understand why we do it, the things we want to change and to achieve are not possible anyway. Then there also the question of priorities – how important are those identified activities to improve employee satisfaction, if another matter is pressing at the same time?”

Within Company B, the owners of the non-financial performance measurements are the managers for the specific business areas, hence a way of functional ownership is deployed.

4.3.2 Relationship with financial performance measurements

When asked which performance measurements that are regarded as the most important for the company, the Director of Corporate Communications at Company A highlights four financial performance measurements, namely growth⁴, debt-rate, margins, and capital expenditure. The NPS manager of Company A describes what happens when the financial and non-financial performance measurements conflict: “When the business plan has been set as a little too optimistic regarding the financial results, then it gets very problematic to deal with these more qualitative matters. Because then it becomes a matter of ‘what is most important?’. Consequently, the departments and employees which have sale based NPS will have a negative affect

⁴Growth can be measured in both financial and non-financial terms (financial terms are e.g. profitability, revenue, return on investment (ROI); non-financial terms are e.g. market share, number of employees, number of products), however which definition Company A utilizes was not clearly stated during the interview

on their NPS, but perhaps another department is doing something positive with these qualitative components towards the customers in order to achieve their goals, so that the customers still like us and it evens out... It's not black or white. It's a constant calibration process, there is no universal solution."

The Director of Corporate Communications at Company A describes the difference between financial and non-financial performance measurements as substantial: "The financial performance measurements are tightly governed by laws and rules and other external variables. There is not much to talk about regarding how to work with those measurements. When working with non-financial performance measurements it is all up to us – who do we want to communicate with, how, and why?"

When asked whether there is a difference regarding how financial performance measurements are utilized in the decision making process in comparison to the non-financials performance measurements, the NPS manager of Company A stresses importance of being able to connect non-financial performance measurements to financial figures: "The next step is to put money behind the NPS measurements, that will make it easier to communicate the value of having loyal customers. Instead of it just being something fun to read about in the news, our owners can see that it is something which makes the company more profitable and will make it economically sustainable over time." According to the Director of Corporate Communications at Company A, having a good NPS score directly translates to financial winnings: "The reasons for why we should strive for having satisfied customers are very strongly linked to financial performance measurements. More satisfied customers lead to increased NPS scores, which lead to greater pricing power, and also as a result we don't have to put in as much effort in order to obtain new customers". However, when asked is Company A has managed to establish this link to the financial performance measurements, the answer is no: "No, we have not been able to do that, but we know it exists." Further on, the Customer Experience Manager at Company A states that this is an important link, which needs to be established better within the company: "We definitely need to do become better at establishing the link between employee satisfaction and customer satisfaction. We need to understand how they correlate, instead of dealing with them as two separate issues."

The Customer Experience Manager at Company A explains the perceived financial link between the matters measured with non-financial measurements and the company's financial performance: "Having a high employee-turnover is costly for the company. If you don't like your job, then you will be on sick-leave, and you will cost the company a lot of money. So there is a financial link between employee satisfaction and the company's financial performance. If we don't have satisfied customers, that also influences the company's financial performance in a negative way. So all of these non-financial measures have a financial link, even if we cannot specify that link directly."

In comparison to non-financial performance measurement, financial measures are easier to relate to, the Senior Quality Manager of Company B states: "Financial

measures are so much more established, and therefore also a lot easier to relate to than non-financial performance measurements. You need to keep track of the financial terms, to ensure the company's survival. So, naturally, financial performance measurements are extremely important."

How well established the process is, is also mentioned by the Senior Quality Manager of Company B as an attribute distinguishing between financial and non-financial performance measurements: "As soon as money is involved, the mechanisms are very clear. We almost have overworked the mechanisms dealing with monetary investments, because you have had a few hundred years to work these mechanisms into the company structure. There are instructions and laws governing the utilization. But if we start talking about non-financial performance measurement, everything becomes rather unclear."

However, even though the interviewee stressed the importance of financial performance measurements in connection to the company's survival, changing the balance in favor for the non-financial performance measurements was also regarded as important: "I think it would benefit companies in this industry if the perceived importance of the non-financial performance measurements was increased, since companies risk sub-optimizing if mainly focusing on financial goals."

4.3.3 Opportunities associated with the utilization of non-financial performance measurements

The majority of the customers state that they experience a number of opportunities when employing non-financial performance measurements. Among other benefits, it increases the knowledge and understanding regarding the companies' intangible assets.

4.3.3.1 Potential to increase financial performance

The existence of a link between non-financial performance and financial ditto is undisputed, and making that link visible is the next step for the interviewees. "What we want is to be able to connect the financial performance measurement to a NPS value, because then we can determine that: 'If we do a certain activity, it is going to affect the NPS value in this or that manner, and if we move the customer towards this end of the spectrum it will result in this amount of money in the end'. That is the next step. If we can do that, we can prove that these measurements can lead to sustainable economic development over time", the NPS manager of Company A states. Further on, the Senior Quality Manager of Company B stresses the fact that decisions based solely on financial performance measurements ultimately can lead to sub-optimization and financial loss: "The trends the last couple of years have been on companies taking the role of corporate citizenship, and a focus has been on corporate social responsibility (CSR), as well as on customer satisfaction. If you base your decisions exclusively on financial performance measurements, you risk to

act counterproductive against CSR and customer satisfaction.”

How the trend of an increased awareness of corporate social responsibility is affecting the companies is highlighted by the Customer Experience Manager of Company A: “A lot of things are connected, and we are working a lot with trying to understand the current trends in the marketplace. I think as an employer, you need to take on a greater responsibility to be attractive. You can’t just care about your questions, you have to be engaged in questions regarding the environment too. You need to be certain you are choosing the right suppliers too in terms of their corporate citizenship. You need to be able to do all those thing to be attractive for today’s generation.”

4.3.3.2 Improves workplace satisfaction

Working for an organization which takes the matters related to non-financial performance measurements seriously, increases work-place satisfaction according to the Customer Experience Manager at Company A: “I see a major change in my organization since these measurements have gained attention and focus. It has been a longed for change to create a better balance between focusing on gaining new customers and establishing good relationships with the customers in a clearer way. It is not that we haven’t cared about the customer relationships before, it has just become more prominent within the organization. And you feel a lot better when knowing that your work means something, and that it is not just some activity you perform somewhere far away. It creates energy and engagement.”

4.3.3.3 Improves performance against competitors

“Utilizing the non-financial performance measurements definitely aids us when competing with our competitors in the market place. I believe that when we within the organization talk about what the customers think of us as individuals, it becomes a very strong competitive advantage”, the NPS manager of Company A states. This view is however not shared with the Director of Corporate Communications at Company A, not perceiving the utilization of non-financial performance measurements as an activity which can deliver competitive edge.

4.3.3.4 Creates an actionable link between cause and effect

The way non-financial performance measurements aid the organization in both its operations and its decision making process is perceived in the following manner by the NPS manager of Company A: “Utilizing NPS is an enormous force. When you manage to visualize it, and bring it into every manager’s and every employee’s consciousness, so that everyone understands the cause and effect of what happens...then it is absolutely amazing.”

4.3.4 Challenges associated with the utilization of non-financial performance measurements

All of the studied companies experience challenges associated to the utilization of the non-financial performance measurements. Lack of established ownership and understanding are often mentioned. However, the missing links to financial performance measurements, i.e. being able to translate non-financial performance measurement results into monetary terms, and the missing link to other non-financial performance measurements, are perceived as the toughest challenges in order to properly utilize the measurements and capitalize on the potential benefits.

4.3.4.1 Ownership and understanding of what the NFPM's mean, to avoid them being perceived as fluffy

One of the main challenges when working with non-financial performance measurements is mentioned to be the vagueness connected to the measurements and the issues that they are intended to measure. The qualitative nature of the measurements, create hurdles for the studied companies: “The biggest challenge is to...to feel an ownership for these non-financial performance measurements, to really understand what they mean, so that they don't just become some fluffy thing happening somewhere far away. Everyone can view their operational reports in order to see their delivery scores, you can view your sales scores, you can view all your financial performance measurements, it is all so hands-on and distinct. It is a matter of creating that understanding, how the non-financial performance measurements are linked to my own operation, and how I can affect those values. I don't think that this is a challenge specifically for the ICT-sector, I think this is a general challenge across industries”, the NPS manager of Company A proposes.

According to the Senior Quality Manager at Company B, understanding the non-financial performance measurements is the biggest challenge connected to the utilization of these measurements: “To understand to what degree I, as an individual, can affect these measurements – that is the biggest challenge. As it is right now, no one can see how they can affect the measurements since they are too fluffy, thus the measurements don't affect my actual behavior. There is a need for goals and parameters in order to create a positive, steering affect. Otherwise, there is just too big of a gap between measurement and action.”

4.3.4.2 Balance between short-term financial gain and the long term horizon of non-financial performance measurements

During the interviews, it was mentioned that financial performance measurements are allowed to override non-financial ditto at times, since the end-line of the business report is defined in financial terms. A resulting challenge was described as the ability to balance short-term financial gain, which potentially could lead to a decrease in customer satisfaction, with the long term horizon of non-financial performance measures.

“It becomes problematic when we have to make decisions which we know will affect customer satisfaction negatively, in order to save a quarterly report.” the NPS manager of Company A describes, arguing that it short-term thinking to prioritize the financial reports over e.g. customer satisfaction scores. “Because if we act like that this quarter, prioritizing the financial goals, we know that it is going to affect us negatively in terms of customer satisfaction scores, and we can’t do that every quarter, then we will completely destroy our business”.

Further on, the Customer Experience Manager of Company A describes how the stress before the quarterly results can lead to financial performance measurements overriding non-financial ditto: “In the heat of the battle, say that we are about to close our quarterly reporting, then of course the financial performance measurements override the non-financial measurements. If we need to fix our results to ensure that we deliver, then there is a clear prioritization. But otherwise the non-financial performance measurements don’t get overridden, only if we have to, so to say.”

4.3.4.3 Being able to translate non-financial performance into financial value/terms

Continuously mentioned as a challenge associated with the utilization of non-financial performance measurements, is the missing link to financial values. A link between non-financial performance measurements and financial ditto, is assumed to improve communication within the organization regarding the importance of utilizing non-financial performance measurements, enabling the management of the company, as well as the employees, to understand that there is a financial value and worth deriving from a proper management and utilization of these measurements.

“Higher up in the organization, it is easier when you can put figures and money on things, because it is a language that everyone understands, and everyone can relate to it. Therefore, these non-financial performance measurements get a lower priority, because it is easier to take action on hard numbers. That doesn’t mean that non-financial performance measurements aren’t important, NPS is our highest prioritized question even though we haven’t been able to translate it into monetary terms, it is important because we decided that it should be important. But other non-financial matters potentially risk to not being as prioritized”, the Customer Experience Manager of Company A states.

Furthermore, this challenge is not limited to the ICT-sector according to the interviewees from the different companies. “I think it is always easier when you can talk in dollars and pennies, how you either increase the profit or decrease costs, in order to get people to listen. It is always easier. You can put money on these other issues too, but it takes more effort and it is more of a guessing-game than actually knowing.”

4.3.4.4 Establishing a links between non-financial performance measurements, such as employee satisfaction and customer satisfaction

Several of the interviewees propose the potential link between employee satisfaction and customer satisfaction within their organization. However, none of the studied companies has of yet managed to identify or establish that link using financial values. “We definitely believe that there is a clear link between employee satisfaction and customer satisfaction, but we can’t translate that link into monetary values yet. That is the next step we need to take”, the NPS manager of Company A proposes, describing the perceived challenge.

4.3.4.5 To understand NPS, and customer satisfaction, measurements you need to communicate, and build relationships, with your customers – difficult

When asked if there are any improvement areas that the interviewees have identified in regards to how their specific organization utilizes non-financial performance measurements, all of them named most, if not all, of the challenges described in the previous sub-chapters. One interesting aspect to study in connection to these identified improvement areas is the stated reason to why the organizations have not implemented these improvements as of yet. Often times, the answers to that revolved around the perceived difficulty and challenge to communicate with the companies’ customers, as well as how to build, and maintain, relationships with ditto.

NPS managers of Company A explains why the company has not managed to conduct the improvements: “We don’t communicate with our customers. We have conducted a range of major improvements and invested a lot these last two years in order to improve the products and services that are the most important to our customers, but we fail to tell our customers this. I don’t know why we fail at this though. I think part of it is due to us having a hierarchical organization, where our top-leadership outspokenly believe that our customers are cynical. I am not so sure that they are, and I would like to test to communicate with them in a confident but yet humble way about which improvements we have done. Show them that we are aware of where we have issues, and that we are doing our best to fix those, by communicating with them through different channels.”

The Director of Corporate Communications at Company A also stresses the difficulty of communicating with the customers, as well as with potential customers: “I believe that customer satisfaction not only is about the company’s products, services, and how your experience with us is, I believe it is about the role the company plays in the society at large, what we as a company stand for. Unfortunately, we are not at all clear enough in our external communications regarding these matters. [...] All of that plays a major role for the results of relationship NPS, and we have a lot of work to do in this area.”

4.3.4.6 Subpar knowledgeable providers

According to the NPS manager of Company A, it is challenging to find providers, which deliver non-financial performance measurement tools, who have sufficient knowledge about the topic, so that the providers can aid, and push, the organization in order to improve on these matters. “I don’t want to toot my own horn too much, but often times me and my colleague have more knowledge regarding NPS than the providers delivering the tool. You just have to realize that, and try to find a good tool that can deliver good reports and make it visual and easy to grasp for the managers to use”, the NPS manager of Company A explains.

4. Empirical Findings

5

Analysis

In this chapter, the research questions will be analyzed based on the theoretical framework and the empirical findings. The purpose of the analysis is to identify the enablers and barriers present at organizations working with non-financial performance measurements, with an emphasis on customer satisfaction measurements.

5.1 How are non-financial performance measurements, with an emphasis on customer satisfaction measurements, utilized today?

The theoretical field regarding in what way companies should utilize non-financial performance measurements, and how they concretely can be integrated into the organization and their decision making process, is scarce if not even non-existent. Hence, analyzing whether the concrete actions and processes within a company are suitable from a theoretical viewpoint is challenging. Thus, the analysis of the current utilization of the non-financial performance measurements aims at identifying a number of critical factors for facilitating the use of non-financial performance measurements which are missing from the theoretical field.

According to studies conducted by Bryman and Bell (2011) Arvidsson (2011) and Zsidó and Fenyves (2015), the emergence of the knowledge-based era, characterized by rapid technology movement and a focus on innovation, challenge the companies to adapt their performance measurement systems accurately. Contemporary performance measurement (CPM) systems, i.e. performance measurement systems consisting of both financial and non-financial performance measurements, are commonly deployed within companies today according to both theory (e.g. the theoretical review conducted by Franco-Santos et al. (2012)) and the thesis' empirical findings. According to Ittner et al. (2003), possessing a CPM system aligns management processes, "*such as target setting, decision making, and performance evaluation with the achievement of the chosen strategic objectives*" (p. 715). The hypothesis drawn from the presented theory is that the financial and non-financial performance measurements should be utilized and deployed in unison, and not as two separate matters, in order to obtain the stated advantages. However, the empirical study shows this to not be a correct depiction of the current state. Often times, the customer satisfaction measurement results are used as either marketing, a base for improvement efforts, or to solely check the current status without the aim to initiate any actions

based on the results. Thus, the studied companies are deemed to possess a relatively low maturity in terms of knowledge regarding, and handling of, their performance measurement systems.

Further on, given the trends in the global market place such as globalization, corporate social responsibility and the emergence of servitization, the theoretical framework stresses the need for companies to possess mechanism which facilitate the control and management of intangible assets, such as employees and customers (Bititci et al., 2012; Ittner et al., 2003; Kaplan & Norton, 2004; Kristensen & Westlund, 2003; Nudurupati et al., 2011; Yeniyurt, 2003). Companies need to utilize both financial and non-financial performance measurements, in order to enable capturing the value stemming from these intangible assets (Franco-Santos et al., 2012; Ittner et al., 2003). However, a small minority of the studied companies highlight these trends in connection to their current utilization of non-financial performance measurements. The empirical findings conclude that the majority of the studied companies are focused on the concrete, day-to-day operations, and do not as of yet seem to have the holistic perspective of the measurements.

5.2 Is there a difference regarding how non-financial performance measurements are utilized in companies with high customer satisfaction scores, in comparison to low-scoring companies?

When analyzing the empirical background and overview study, it becomes apparent that working with non-financial performance measurements in general, and customer satisfaction in particular, in a structured and systematic way, i.e. having defined, systematic processes for the measurements and regular meetings regarding these, does not equal receiving high scores in customer satisfaction measurements. The companies which score low on customer satisfaction scores can e.g. have systematic processes in place for dealing with non-financial performance measurement, whilst top-scorers at times lack ditto. Hence, the mere presence of systematic processes is not sufficient in order to gain customer satisfaction. In the subsequent chapters, an analysis will be conducted, in terms of possession, or lack of, traits deemed as enablers for successful work with non-financial performance measurements, as well as analyzing similarities and differences between top-scoring companies and low-scoring ditto. Furthermore, external factors, such as market specific characteristics, will be examined when deemed an important factor.

5.2.1 Service-, and customer focused-, mindset

Comparing the companies scoring high on the customer satisfaction measurement with the companies scoring low, a clear difference in regards to their customer focus can be identified. The majority of the studied companies which score low on the customer satisfaction score, explicitly state that they do not view customer focus as

an essential part of their product and service development and delivery. In contrast, half of the top-scoring companies, and one mediocre-scoring company, state that having customer focus is an important matter for them.

Interestingly, all of the low-scoring companies are either pure service companies, e.g. public agencies, or companies offering product-service-bundles, e.g. the company in the ICT-sector. Companies operating in the service sector, and companies starting to add services to their product-offerings, i.e. being a part of the servitization trend, need to be able to manage their intangible assets, such as the customer base, in a successful manner by employing both financial and non-financial performance measurements (Arvidsson, 2011; Bititci et al., 2012; Kristensen & Westlund, 2003; Nudurupati et al., 2011; Yenyurt, 2003; Zsidó & Fenyves, 2015). Still, the stated mindset of company R3 stands in direct opposite of the mediocre scoring company Y1 in regards to perceiving customers as a vital part of the service-delivery. “We have started to realize that we might have to listen to our customers, and take advantage of our employees’ competence, in a way that we haven’t done in the past. It is not out of malice that we’re not doing this today, I just think that we believe we know best regarding what our customers want... But I guess sometimes we should listen to the people that are actually using our services”, the interviewed project manager of R3 states regarding the company’s history of neglecting the customers’ viewpoints, whilst the quality manager of Y1 stresses the importance of same: “By giving a good customer service, you receive high customer satisfaction. So the question is, what is good service? Well, that is up to each and every customer him- or herself to decide. Your job is to identify what the customer’s needs are, so that you can meet, or even exceed them.”

A potential conclusion deriving from these opposite viewpoints, is that possessing a customer focused mindset and understanding that the requirements of a service are determined by the customers – not by the company itself – can be an important part of gaining good customer satisfaction scores. However, as stated, only half of the top-scoring companies and one mediocre-scoring company, possessed this outspoken mindset, which could indicate that the lack of a non-customer-focused mindset in itself not is a key to achieving customer satisfaction. Thus, more attributes, processes, and approaches need to be in place in order to be able to capitalize on the benefits of utilizing non-financial performance measurements (e.g. Bititci et al., 2012; Ittner & Larcker, 2003).

5.2.2 Infrastructure support

Notably, the company possessing second to most processes and activities in place, which are identified as components of a company’s infrastructure support connected to the utilization of non-financial performance measurements, is the low-scoring company, R3. The low-scoring company possesses four out of six proposed processes, activities, and attributes. Only the mediocre-scoring company, Y1, has one additional activity in place, namely the utilization of the intranet to communicate the results of non-financial performance measurements. The majority of the top

scoring companies, three out of four, are deemed to have none of the characteristics connected to the companies' infrastructure support for non-financial performance measurement, whilst one top-scorer, G4, is deemed to possess two of the infrastructure support components. Thus, it seems as though possessing systematic processes, with dedicated meetings and conducting educational efforts, are either not sufficient to determine the customer satisfaction score, and/or conducted poorly at the low-scoring companies.

In regards to ownership, functional ownership of the customer satisfaction results dominates. However, based on the empirical background interviews with the Swedish Provider of customer satisfaction measurements, utilizing a functional ownership is not ideal. Often times, the non-financial performance measurements risk to merely be utilized within that specific function, i.e. used solely as marketing material if it the communications department is the established owner of the results. Furthermore, the lack of a process-oriented ownership increases the risk of the measurements being merely another add-on, utilized in a remote corner of the organization, instead of being utilized organization-wide in unison with financial performance measurements. The benefits identified in the theoretical field of non-financial performance measurements, have occurred when the non-financial performance measurements are used as an integral part of the company's performance measurement system, together with the financial performance measurements (e.g. Franco-Santos et al., 2012). Thus, isolating the ownership of the for example customer satisfaction measurements to e.g. the communications department, and the employee satisfaction measurements to the HR-department, which is common practice in several of the studied companies, can be argued to be disadvantageous for companies.

A reason for why the majority of the studied companies seem to employ a solely functional ownership of the non-financial performance measurements, is the lack of established, and clear, links to both the financial performance measurements as well as to other non-financial measures, which is a challenge also highlighted by Davis and Albright (2004). As the CEO of the interviewed Swedish Provider stated, companies neglect taking advantage on the power of the customer satisfaction measurement results by isolating the results in the communications department. The CEO's following argument concerning that the HR-department should be the owner of the results as well, can be deemed to be one step in the right direction, but far from sufficient. Both theory, e.g. Brown and Lam (2008), and Chi and Gursoy (2009), and the empirical study, stress the link between employee satisfaction and customer satisfaction. However, whilst the fairly scarce theory within the field points out a clear connection, the empirical study depicts a low level of knowledge regarding the link. It seems clear to a number of interviewed company representatives that there potentially could be link, and that being able to establish that link would be beneficial, but none of the companies have been able to do so as of yet. Thus, the missing links between the different non-financial performance measurements, as well as between the non-financial performance measurements and the financial ditto, seem to lead to an isolation of ownership regarding who, and how, the results are analyzed and actions initiated within the companies. It is clear that more in-depth

case study research is needed, in order to gain understanding of how these links can be established within the organization.

Merely four out of the fourteen studied companies stated that they employed educational efforts in order to improve their employees' knowledge and skill-set regarding the work with non-financial performance measurements. Given that many of the interviewees, in both the overview study and the in-depth study, either seemed to have rather limited knowledge, i.e. by often referring to other employees when asked a question, or possessing specialized competence due to their work-role, the organizations' accumulated level of knowledge is deemed as fairly low. However, due to the isolated nature of the non-financial performance measurements position in the companies, it is not unexpected that the knowledge regarding the measurements is being kept fairly isolated as well. Since the educational efforts often were held in terms of workshops, the companies which perform these activities, Y3, R3 and R6, also gain the opportunity to receive their employees' input regarding the utilization of the measurements. Thus, the companies which have chosen not to conduct workshops related to non-financial performance measurements, miss out on the opportunity to both spread the knowledge, and the potentially correlated interest to work with these measurements, as well as receiving important feedback from one of their most valuable intangible assets – the employees themselves.

5.2.3 The organizational culture surrounding the utilization of non-financial performance measurements

One of the areas affected when utilizing performance measurement systems which entail both financial and non-financial performance measurements (referred to as CPM systems) is the organizational culture, by e.g. increasing workplace satisfaction, partly due to increased role-understanding, as well as improving intra-organizational relationships (Franco-Santos et al., 2012). However, there appear to be differences regarding to how organizational cultures perceive non-financial performance measurements, in regards to whether working with non-financial performance measurements is an ingrained part of the cultural DNA, or if it is perceived as a separate entity. According to the communications manager of top-scoring company G3, these two distinctively different cultural approaches can be present within the same organization, when stating that the branches performing best always are very interested in obtaining the results, whilst the low-scoring branches neglect both analyzing, as well as working with, the customer satisfaction results. According to Franco-Santos et al. (2012) a successful implementation and utilization of performance measurement systems entailing both financial and non-financial performance measurements, leads to a cultural change instigating better communication and engagement within the organization. Based on those conclusions, the implementation and utilization of the performance measurement system in company G3 can be deemed not entirely successful, even though the company still receives high accumulated customer satisfaction scores. However, one cultural building block is employee satisfaction, which has been shown to positively affect customer satisfaction (Brown & Lam, 2008; Yee et al., 2008), and could thus explain why some branches of G3 receive high customer

satisfaction scores.

Since the majority of the companies scoring low on customer satisfaction measurements possess systematic processes in place in order to capture customer feedback, whilst the majority of the top-scoring companies lack ditto, it could be argued that the top-scoring companies possess a culture in which working with non-financial performance measurements is ingrained. Thus, these companies might be able to successfully capture customer feedback without the aid of systematic processes, as a customer focused culture fostering good customer relations might exist. However, Bititci et al. (2012) highlight the need for companies to possess processes and organizational structures able to capture the often complex customer related information. Furthermore, the companies receiving low customer satisfaction scores whilst possessing systematic processes for collecting customer feedback, might not be able to translate the information deriving from these activities into the organizational processes structures stressed by Bititci et al. (2012), hence failing to operationalize the potential benefits deriving from obtaining the customers' viewpoints.

Several of the companies mention the organizational culture as an important matter when working with the non-financial performance measurements and their results, whether it is that the measurement themselves foster employee engagement or stressing the importance of establishing an organizational culture surrounding the measurement tools and processes. The latter is vocalized by the Customer Insights manager from the mediocre-scoring company Y2 when stating: "There needs to be a cultural change regarding these issues, because it is so much easier to buy fancy tools and systems, than to actually create those real relationships with the customers". Possessing an organizational culture which is characterized by customer focus could be a vital part in order to achieve a culture which manages to successfully capitalize on a CPM system.

5.2.4 Connecting the non-financial performance measurement results to the company's goals, evaluation, and reward system

Several of the companies stress the importance of linking the company's non-financial performance measurements to the employees' goals and correlated rewards, in order to steer the employees' behavior in the direction which the goals. A notion shared by many is vocalized by the Senior Quality Manager of Company B: "The one thing I am sure of, is that whatever is stated in those personalized bonus-goals, gets done. They have a very strong steering power". However, tying managers' and employees' goals to monetary reward has been shown to potentially be disadvantageous for companies, and further studies need to be conducted in order to determine whether monetary rewards should be utilized as incentives connected to the goals of non-financial performance measurements (Franco-Santos et al., 2012).

Utilizing goal setting in connection to the non-financial performance measurements, has aided some companies to enhance the understanding, and knowledge, of the

measurements, increase employees' engagement in the measurement process, and facilitate the initiation of improvement actions. Since it previously has been mentioned that the general organizational knowledge level regarding non-financial performance measurement has been deemed as fairly low, setting goals in relation to these measurements could hence be considered positive. In Company A, setting goals caused a cultural change, resulting in that managers started to take the NPS scores into consideration in the decision making process, where as before merely the NPS department had voiced concerns if the company's operations and projects potentially risked to affect the NPS result. "Previously, it was only me and my colleague who thought, and expressed ourselves, that way – it was an impossibility for the company to think in that manner. [...] Now, the managers themselves mention how actions or decisions potentially could affect the NPS scores, which creates a sense of ownership and awareness regarding one's own score and goal", the NPS Manager of Company A explains.

The companies which set goals related to their non-financial performance measurement results, also tend to do so on multiple organizational level, leading to employees at times having goals on both a personal level as well on a team or departmental level. Setting goals on multiple levels has been shown to potentially create a goal-conflict for the employee (Cheng et al., 2007), i.e. not knowing how to prioritize in case the goals steer motivates different behaviors in the daily operations, potentially leading to stress and thus decreased workplace satisfaction.

5.2.5 Purpose of conducting the customer satisfaction measurements

Except for performing benchmarks with competitors, none of the companies scoring low on the customer satisfaction measurements stated any purpose for why they employ customer satisfaction measurements. In fact, four out of the low-scoring companies did not mention a purpose at all for why they conducted, or purchased, customer satisfaction measurements. On the other hand, all of the top-scoring companies had a clear purpose regarding why they chose to utilize these measurements within their organizations.

According to the Swedish Provider of customer satisfaction measurement studies, the purpose their customers have to purchase customer satisfaction measurements studies from them, is fairly evenly divided into three categories: marketing, improvement initiatives, and benchmarking with other actors in the specific market. The companies which purchase the customer satisfaction measurement studies in order to perform benchmarks or promote themselves with the results, are according to one of the interviewees from the Swedish Provider not interested in utilizing the results in order to conduct any improvement initiatives. Thus, a differentiating attribute between the top-scoring companies and the low-scoring companies can be argued to be established purpose connected to the utilization of the customer satisfaction measurements – or lack thereof. This difference potentially results in if companies take action on the customer satisfaction results in order to improve, or if they merely

conduct the measurements without the aim of doing anything further.

5.3 Which are the opportunities and which are the challenges associated with using non-financial performance measurements?

All the companies mention several opportunities, as well as challenges, associated with the utilization of the non-financial performance measurements. However, it seems fairly clear that for many companies, there are several major challenges keeping them from being able to fully utilize the potential benefits deriving from a successful implementation and utilization of these measurements. Thus, this section starts by analyzing the perceived challenges and barriers connected to the utilization of non-financial measurements, before concluding with an analysis of the perceived opportunities.

5.3.1 Challenges associated to the utilization of non-financial performance measurements

During the empirical study a number of challenges were highlighted, where the most commonly named were the lack of clarity regarding the measurements, as well as the missing link between the non-financial performance measurements and the financial ditto. However, theory regarding the concrete utilization of non-financial performance measurements, as well as concerning the potential link between financial and non-financial performance measurements is still scarce (e.g. Davis & Albright, 2004; Ittner & Larcker, 2003).

Both the empirical overview study, as well as the in-depth case study, depicts issues with the non-financial performance measurements being perceived as fluffy and vague. The main underlying reason for that seems to be the absence of links between the non-financial performance measurements and the financial ditto. As one of the interviewee's said: "Financial measures are so much more established, and therefore also a lot easier to relate to than non-financial performance measurements", a notion shared by many of the interviewed company representatives. However, scarce research has been made trying to identify the link between financial performance measurements, non-financial performance measurements, and ultimately the company's performance, and the findings that have been made on the topic have been contradicting (Davis & Albright, 2004). Nonetheless, Davis and Albright (2004) find that companies employing CPM systems, financially outperform the companies solely employing financial performance measurement systems.

The challenges deriving from non-financial performance not being governed by laws and accounting principles, make it more difficult for companies to perform benchmarks, due to the absence of official standards for non-financial performance measurements (Ittner & Larcker, 2003; Stern, 2006). The challenge connected to the

lack of governance is addressed by the Director of Corporate Communications from Company A, when stating: “The financial performance measurements are tightly governed by laws and rules and other external variables. There is not much to talk about regarding how to work with those measurements. When working with non-financial performance measurements it is all up to us – who do we want to communicate with, how, and why?” Thus, it can be argued that the lack of governing principles and laws has a significant impact on the perceived clarity, and ease of usage, of the non-financial performance measurements. Establishing nation-wide, or even global, standards could potentially aid companies when facing these issues.

Several of the interviewees mention the link between measurement, goals, and their behavior. It is apparent that the goals set to measure the employee’s performance, will drive the employee’s behavior. “There is a need for goals and parameters in order to create a positive, steering affect. Otherwise, there is just too big of a gap between measurement and action”, the Senior Quality Manager of Company B states in regards to the non-financial measurements. The empirical background study shows that half of the studied companies have set goals related to the results of the non-financial performance measurements. Even though the question was not asked, most companies mentioned clearly stated goals related to their financial performance. Thus, a difference regarding the utilization of financial and non-financial performance measurements can be identified. Hence, further research regarding the measurement- and goal setting process related to non-financial performance measurements is recommended.

However, the empirical study shows that having set goals related to non-financial performance measurements does not directly translate into correlating behavior within the organization. If financial and non-financial performance measurement goals conflict, all the empirical accounts addressing this matter state that the financial performance measurements always override the non-financial ditto. “In the heat of the battle, say that we are about to close our quarterly reporting, then of course the financial performance measurements override the non-financial measurements. If we need to fix our results to ensure that we deliver, then there is a clear prioritization. But otherwise the non-financial performance measurements don’t get overridden, only if we have to, so to say”, the Customer Experience Manager of Company A explains. Since financial performance measurements are lagging indicators of future performance, whilst non-financial performance measurements are leading indicators (e.g. Fornell et al., 1996; Jääskeläinen et al., 2014; Kristensen & Westlund, 2003; Stern, 2006), it could be argued that companies’ prioritizing financial performance measurements over non-financial ditto possess a short-term mindset.

Furthermore, companies risk defining the wrong measurement for their non-financial assets, which in turn can lead to misleading goals (Ittner et al., 2003). Since several of the interviewees mention that setting goals is the most powerful way to steer the employees’ behavior, the companies risk being unable to properly manage their non-financial assets, potentially resulting in a divergence between the non-financial performance measurements and the financial ditto (Ittner et al., 2003).

The qualitative nature of the non-financial performance measurements, in combination with the lack of standardization and the absence of financial links, create difficulties for the studied organizations according to several of the interviewees. The pure nature of the issues these measurements are designed to measure, creates a distance from the company in which it is supposed to operate in. Several interviewees address the issue with being unable to see how their performance can influence the non-financial measurement. The combination of all the above mentioned reasons, is a potential explanation to why employees have difficulty to feel ownership over the non-financial performance measurements. Underlying these issues, could be argued to be the absence knowledge and understanding regarding the measurements. Based on the in-depth interviews, as well as the empirical overview study and background study, these issues do not seem industry related and can rather be argued to be of generic nature. Thus, a conclusion can be reached that companies are in need of educational efforts aimed at improving the organizations' knowledge regarding the non-financial performance measurements.

5.3.2 Opportunities associated to the utilization of non-financial performance measurements

With the increasing complexity in regards to customers' demands, and the growing importance of companies' intangible assets, such as employees and the quality of the customer base, theory stresses the importance of being able to utilize non-financial performance measurements in the new economy of intangibles (Arvidsson, 2011; Cohen et al., 2012; Fornell et al., 1996; Ittner & Larcker, 2003; Kaplan & Norton, 2004; Kristensen & Westlund, 2003). Companies which are successfully adapting to the new economy by employing these measurements, could hence be argued to be more likely to be successful.

Further on, e.g. Jääskeläinen et al. (2014), Stern (2006), Kristensen and Westlund (2003), explore one of the distinctive features separating the non-financial performance measurements from the financial ditto, when concluding that non-financial performance measurements have the capability of predicting future financial performance rather than merely summarizing the past, which financial measures do. However, when reviewing the empirical findings, this positive feature is barely mentioned. It could therefore be argued that the companies lack knowledge of this opportunity, which according to theory is an attribute of the non-financial performance measurements (e.g. Stern, 2006). Furthermore, it implies that the studied companies have not themselves either attempted to, or been able to, establish the connection in regards to the differences in forecasting future performance.

The majority of the companies perceive a link between both different non-financial performance measurements, such as employee satisfaction and customer satisfaction, as well as between non-financial performance measurements and financial performance measurement. Company A, for example, have seen that customer service teams scoring high on employee satisfaction, also score high on customer satisfac-

tion. However, none of the studied companies have been able to clearly understand, or utilize, those links as of yet, but view it as the next, necessary step in the development of their performance measurement systems. The scarce research aiming at identifying if, and which, links exist between different non-financial performance measurements (e.g. Brown & Lam, 2008), as well as between non-financial performance measurements and financial ditto Davis and Albright (2004) is scarce. However, the research does point out a clear link between employee satisfaction and customer satisfaction, which in turn provides companies the possibility to manage their customer satisfaction by e.g. increasing their employee satisfaction, ultimately leading to improved financial performance (Brown & Lam, 2008; Chi & Gursoy, 2009). Furthermore, companies utilizing non-financial performance measurements in combination with financial ditto have been shown to at times achieve better financial performance than companies relying on financial performance measurements (Davis & Albright, 2004).

Utilizing performance measurement systems which employ both financial and non-financial performance measurement systems, increases workplace satisfaction, as well as improves employees' role understanding, and improves intra-organizational relationships (Franco-Santos et al., 2012). This correlation is addressed by the Customer Experience Manager at Company A, stating that working for an organization which takes the matters related to non-financial performance measurements seriously, increases work-place satisfaction: "I see a major change in my organization since these measurements have gained attention and focus. It has been a longed for change to create a better balance between focusing on gaining new customers and establishing good relationships with the customers in a clearer way. It is not that we haven't cared about the customer relationships before, it has just become more prominent within the organization. And you feel a lot better when knowing that your work means something, and that it is not just some activity you perform somewhere far away. It creates energy and engagement." However, organization's need to ensure that employees' individual goals do not conflict with goals on e.g. team level, since that potentially can stress employees, thus leading to a decrease in workplace satisfaction (Franco-Santos et al., 2012).

Conclusively, the potential value of utilizing non-financial performance measurements is undisputed among the companies and within the theoretical field (e.g. Hall, 2008; Kaplan & Norton, 1996; Nudurupati et al., 2011). However, a number of barriers with varying degree of complexity exist within all the companies. Thus, further research on this topic is deemed important.

6

Discussion

In this chapter, the thesis' contributions are discussed. Consequently, areas identified in the need of more research will also be addressed.

The research within the field of non-financial performance measurements is concentrated on the why, and as of yet, not as much on the how. The purpose of this thesis however, was to explore the current utilization of non-financial performance measurements, and identifying opportunities and challenges connected to these. Furthermore, the findings from the multiple case study facilitates the identification of the enablers and barriers linked to the ability to capitalize on the potential benefits deriving from the utilization of the non-financial performance measurements. Thus, this thesis can aid in moving the research field forward, as well as support an increased use of non-financial performance measurements.

With the increased focus on intangible assets and increasingly complex customer demands, the proper utilization of non-financial performance measurements in a company's performance measurement system is stressed by e.g. Cohen et al. (2012), Arvidsson (2011) and Kaplan and Norton (2004). However, whilst contemporary research within the field often aims at examining the potential effects deriving from the utilization of non-financial performance measurements (e.g. Franco-Santos et al., 2012), this thesis fills a gap by reporting on concrete experiences from 18 companies regarding the challenges and opportunities linked to their utilization of non-financial performance measurements.

Based on the analysis, several identified challenges, opportunities, barriers, and enablers, have been identified, some of which have not yet been explored in research, such as e.g. the barrier connected to the isolation of ownership over the non-financial performance measurement results. Furthermore, many of the perceived challenges and barriers seem connected to each other, potentially increasing the difficulty for companies working with these types of measurements. Moreover, there is a lot of complexity surrounding non-financial performance measurements, due to their intangible nature (Stern, 2006) as well as due to the complexity of what they intend to measure. Since customers' demands are getting increasingly sophisticated (Bititci et al., 2012), merely defining which parameters to measure is a challenge. Once the decision regarding measurement areas and parameters is done, there is a need to allocate resources in order for the companies to develop these measurements so that they can capture what they are intended to measure, respectively to choose an appropriate, and knowledgeable, supplier of non-financial performance measure-

ment studies. To transform the measurement results into action and understanding within the organization, is a process which many companies appear to struggle with.

One identified barrier missing in the theoretical field is the isolation of the owner, and user, of the non-financial performance measurements. Often times, the results of e.g. a company's customer satisfaction or employee satisfaction measurements, are only worked with in one specific department, which in the studied cases mostly has been the communications department, respectively the human resources department. However, since a link between employee satisfaction and customer satisfaction has been identified (e.g. Brown & Lam, 2008; Chi & Gursoy, 2009), it could prove beneficial to extend the ownership of e.g. the customer satisfaction measurements to the human resources department and vice versa. The isolated ownership, also hinders the organization from spreading knowledge and understanding of the non-financial performance measurements, which is needed in order for the employees to understand in what way their daily actions affects the company's intangible assets.

One potential cause for the often times isolated ownership is the lack of established links between the different non-financial performance measurements themselves, as well as between non-financial performance measurements and financial ditto (Davis & Albright, 2004). The companies report in unison that working with non-financial performance measurements is more complex than working with financial ditto, since it is stated to be easier to relate to financial measures than to measurements dealing with intangible assets. This could partly be due to that processes for taking action on financial performance measurements are clearer, and more established, than those for the non-financial ditto, since processes dealing with financial performance measurements to a certain extent are governed by external laws and practices. However, since the importance of intangible assets is becoming increasingly highlighted, a development which is fueled by the current trends in the global market place, e.g. globalization, servitization, and corporate social responsibility, companies must be able to cope with the changes accordingly (Bititci et al., 2012; Fornell et al., 1996; Kristensen & Westlund, 2003; Nudurupati et al., 2011). Thus, both researchers (e.g. Davis & Albright, 2004; Yee et al., 2008) and the companies in this study, stress the need to be able to identify, understand, and establish these potential links between both different non-financial performance measurements, and between non-financial performance measurements and financial performance measurements, in order for companies to be able to fully capitalize on the potential benefits of utilizing these measurements.

Setting goals can aid companies in aligning the employees' behavior, according to several of the company representatives. Often times, the goal setting process involves active discussions with the managers and the employees, focusing on the identification of tangible actions and plans necessary to reach the goal. Thus, it can be argued that setting goals related to non-financial performance measurements, enables companies to move the non-financial performance measurements and the companies' intangible assets one step closer to the employees' actions, potentially increasing the understanding of the measurements and their connection to the com-

panies' operations. Consequently, this thesis reports that goal setting has the potential to increase both managers' and employees' knowledge of, and interest in, working with non-financial performance measurements. When the employees and managers are measured on how well they, respectively their department, perform in terms of non-financial measurements, the discussion revolving around how the company's operations and actions affect the company's intangible assets, mostly in terms of how it affects their customers' satisfaction, spreads from e.g. the dedicated NPS department to wider settings within the organization.

Companies receiving low customer satisfaction scores might have systematic processes in place designed to work with non-financial performance measurements, whilst top-scoring companies at times lack any kind of systematic structures. However, top-scoring companies tend to have an explicitly voiced service mindset, as well as an inherent customer focus, potentially enabling the organization to collect, understand, and capitalize on their customers' needs without the aid of systematic processes. The organizational culture is also a potential factor in the equation describing the likelihood of a successful utilization of non-financial performance measurements. In some companies, both employees and managers show interest in e.g. the customer satisfaction results, whilst other organization report complete absence of interest. However, working with CPM systems, has been shown to increase employee involvement and engagement (Franco-Santos et al., 2012), thus it can be argued that companies which possess an organizational culture which is unsupportive in regards to the utilization of non-financial performance measurements, have not been able to successfully implement and utilize the performance measurement systems.

Furthermore, companies which score low on the customer satisfaction measurements are shown to either lack a clear purpose regarding why they choose to conduct, or purchase, customer satisfaction measurements, or shown to merely conduct the measurements in order to benchmark their performance against their competitors. All the top-scoring companies on the other hand, have clearly defined purposes connected to their utilization, which all are connected to their customers and their corresponding internal processes. Thus, it can be argued that companies scoring low on customer satisfaction measurements possess a low maturity in terms of why they choose to utilize customer satisfaction measurements. This can potentially explain why they fail at initiating actions which improve their customer satisfaction scores. The lack of purpose is a clear differentiator between the low-scoring companies and the top-scoring ditto.

6.1 Future Research

This thesis has mainly focused on exploring the utilization of measurements related to capturing customer satisfaction. A wide array of non-financial performance measurements exists, thus an interesting area for further studies would be to explore which non-financial performance measurements companies should employ, in order to suit their specific capabilities and needs.

Furthermore, one of the major barriers experienced by companies today when utilizing non-financial performance measurements, is the difficulty to establish a link between non-financial performance measurements and the financial ditto. Thus, research aiming at identifying how non-financial performance measurements affect financial performance measurements, would facilitate the acceptance, understanding, and proper utilization of the non-financial performance measurements within organizations. Furthermore, more research is needed regarding the links between different non-financial performance measurements, e.g. customer satisfaction and employee satisfaction. Whether a company scores high or low on customer satisfaction measurements can also be due to market specific characteristics, which have not been examined in this study. Thus, further research is needed in order to identify which factors influence a companies' customer satisfaction scores.

Many of the identified barriers and challenges are connected to each other, and can create a negative spiral fueling the perceived complexity connected to the utilization of non-financial performance measurements. For example, the lack of knowledge, and understanding, of the non-financial performance measurements, is in this thesis reported to be partly due to the missing link between financial performance measurements and the non-financial ditto. Thus, employees have difficulty understanding how their actions affect both the non-financial performance measurements, as well as the areas the measurements are intended to measure, e.g. customer satisfaction. As a result, the processes dealing with the non-financial performance measurements risk becoming ad-hoc and poorly designed. In order to gain a holistic understanding of how companies should employ non-financial performance measurements in order to gain positive results, research must first establish in what it means to employ non-financial performance measurements successfully, before identifying and studying companies which do so. This thesis has aimed at taking the first, small step, in order to identify potential traits of companies which utilize non-financial performance measurements in a successful, respectively unsuitable, way, but in order to paint the full picture, more research is needed.

7

Conclusion

The purpose of this thesis was to explore the utilization of non-financial performance measurements, with an emphasis on customer satisfaction measurements, as well as the associated challenges and possibilities connected to the utilization of non-financial measurements. Moreover, increased understanding of companies' needs in regards to non-financial performance measurements, with an emphasis on customer satisfaction measurements, was developed. The conclusions are presented in relation to the two research questions.

RQ1 - How are non-financial performance measurements, with an emphasis on customer satisfaction measurements, utilized today in the studied companies?

The conducted study, provides insights to how, and why, companies utilize non-financial performance measurements. The result depicts a multifaceted state, which enforces the complexity described in current literature regarding the nature of non-financial performance measurements (e.g. Stern, 2006). In general, all companies measure non-financial performance measurements to some extent, however, the way these measurements are incorporated into the organizational activities, and decision making process, varies. In some companies, the measurements are considered a burdensome add-on to their regular work tasks. In contrast, other companies describe how utilizing the e.g. customer satisfaction measurements have aided the employees in gaining a holistic understanding of their actions and the deriving results on the company's intangible assets.

Mapping which activities and attributes companies scoring high, respectively mediocre or low, on customer satisfaction measurements possess, further stress the complexity of the matter. Low-scoring companies often have systematic processes in place designed to work with non-financial performance measurements, which not necessarily is the case in top-scoring companies. However, companies which receive high customer satisfaction scores, tend to employ a more customer focused and service-dominated mindset. Furthermore, a clear differentiator between the high-scoring companies and the low-scoring ditto, is the presence, respectively absence, of a clear purpose regarding why customer satisfaction measurements are conducted or purchased. The low-scoring companies either mention benchmarking with competitors or no reason at all, whilst all of the top-scoring companies have clearly defined purposes connected to understanding, and improving of, their customers' satisfaction, respectively to motivate their employees. Thus, it can be argued that the low-scoring

companies possess a low maturity in terms of understanding the purpose of utilizing non-financial performance measurements, such as e.g. customer satisfaction, which potentially is mirrored in a poor execution of their processes designed to work with these measurements, thus creating difficulties when trying to take action on the results.

RQ2 - Which are the opportunities and which are the challenges associated with using non-financial performance measurements?

All companies report that they experience challenges connected to working with non-financial performance measurements, which often are connected to each other. For one, a negative circle can be identified due to the lack of established links between non-financial performance measurements and financial ditto, which can lead to a lack of understanding and knowledge regarding non-financial performance measurements within the organization, since employees and managers report difficulties when relating to performance measurements of a non-financial nature. This lack of understanding concerning the usefulness of non-financial performance measurements, can be a factor leading to financial performance measurements overriding non-financial ditto, when their goals conflict. Thus, a shared understanding is both consciously and unconsciously spread in the organization stating that financial performance measurements are more important than non-financial ditto. This, in turn, can result in an organizational culture and structure which is unsupportive of, and unable to, utilize non-financial performance measurements in a way that allows it to fully capitalize on the benefits of the proper management of the company's intangible assets.

However, many of the companies highlight how utilizing non-financial performance measurements aid the employees and managers to gain a holistic perspective of their activities and decisions, which in turn can lead to improved workplace satisfaction and improved company performance, a finding in line with theory (e.g. Franco-Santos et al., 2012). Furthermore, some companies state that they have identified a link between employee satisfaction and customer satisfaction, a link also explored by e.g. Brown and Lam (2008), however, these companies still struggle with understanding the properties of that link, and are thus not able to capitalize on that link as of yet.

It is clear that more research is needed in order for companies to be able to fully take advantage of the potential benefits deriving from the utilization of non-financial performance measurements. Research in fields concerning companies' intangible assets must be linked to the research focused on performance measurement systems, as well as to research regarding organizational learning.

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A

Appendix

A.1 Example of interview questions

Introduktion

Uppstartsfrågor/Bakgrundsfrågor som ger context

1. Hur länge har du jobbat på den här positionen?
 - (a) Vad innebär positionen?
2. Beskriv allmänt hur ledning och styrning går till i er organisation.
Ledning: Hierarkiskt, platt organisation, . . . ?
3. Beskriv era viktigaste nyckeltal. Varför är just dessa viktiga för er?
 - (a) På företagsnivå, avdelningsnivå och individnivå?
 - i. Hur vet du att du gör ett bra jobb, och hur vet du huruvida företaget presterar väl?

Om verksamheten har icke-finansiella nyckeltal – fortsätt på fråga 4.

Om verksamheten INTE har icke-finansiella nyckeltal fortsätt nedan:

- (b) Hur har ni koll på hur nöjda kunder och medarbetare är?
 - (c) Tänker ni börja göra icke-finansiella mätningar?
4. Hur målsätter ni, mäter och följer upp? *Till exempel: sätts målen och mätetalen av ledningsgruppen och sprids sedan nedåt i organisationen, mäts kontinuerligt genom [...] och följs upp med månatliga uppföljningsmöten, eller hur ser processen ut?*
5. På vilket sätt arbetar ni om målen inte nås?
 - (a) Vad presenteras vid uppföljning? *Hur projektet ligger till i förhållande till målet, eller avvikelser? Presenteras förslag till hur eventuella avvikelser ska lösas?*

Frågor med fokus på icke-finansiella nyckeltal och mätningar

6. Vilka icke-finansiella mätningar, som till exempel kundnöjdhet, medarbetarnöjdhet, churn-rate, etc., gör ni idag? *Churn-rate: antal kunder som lämnar före-*

taget under en specificerad tidsperiod

- (a) Hur länge har ni mätt dessa icke-finansiella mätetal?
- (b) Hur har resultaten sett ut de senaste åren?
- (c) Hur ligger ni till i förhållande till konkurrenterna?
- (d) Vilka trender ser ni?

Dessa frågor fångar upp hur medveten den anställda är om organisationens faktiska resultat

7. Hur använder ni resultaten av de icke-finansiella mätningarna, som exempelvis kundnöjdhet?

- (a) Kan du beskriva vad som händer när ni fått ett resultat av en mätning av ett icke-finansiellt mätetal?
 - i. Finns det en utarbetad plan på hur ni agerar om ni till exempel skulle få ett väldigt dåligt resultat?
 - A. Kan du ge ett exempel på när ni konkret har agerat på ett resultat gällande ett icke-finansiellt mätetal?
- (b) Vem i organisationen har ansvar/ägande över resultaten för de icke-finansiella mätetalen?
 - i. Vilka andra personer och/eller avdelningar blir involverade?
 - ii. Hur använder dessa olika grupper resultaten av mätningarna?
- (c) Har den här processen förändrats/utvecklats något?
- (d) Hur tror du att ni skulle kunna förbättra er hantering av icke-finansiella mätningar?
 - i. Varför tror du att ditt företag inte har gjort dessa förbättringar än?

8. Knyter ni de icke-finansiella mätetalen till er strategi eller era mål i verksamheten? Är mätetalen framtagna för att stödja er strategi?

- (a) Hur gör ni det?
 - i. Används resultaten som KPI/nyckeltal?
- (b) Vilka mål är satta?
 - i. Hur sätts dessa mål?
- (c) Mäts era anställda, på individ- och/eller teamnivå, på några icke-finansiella nyckeltal?
 - i. Vilka?
 - ii. På vilket sätt påverkar det hur dina medarbetare utför sina arbetsuppgifter? Exemplifiera.
- (d) Är mätetalen framtagna för att stödja er strategi?
- (e) Följer ni upp ifall ert jobb med exempelvis kundnöjdhet ger effekt på andra nyckeltal, som exempelvis lönsamhet? Exemplifiera.
- (f) Har ni utfästelser gällande icke-finansiella områden, som exempelvis kundnöjdhet?

9. Vilka svårigheter och utmaningar ser du med användandet av icke-finansiella mätetal?

- (a) Tror du att dessa är specifika för er bransch?

- i. Varför/varför inte?
 - (b) Anses det viktigt med dessa mätningar inom organisationen?
 - (c) Har dessa mätningar någon effekt i praktiken?
 - i. Kan du ge några exempel på sådana effekter som ni har upplevt?
10. Vilka möjligheter och styrkor ser du med användandet av icke-finansiella mätetal?
 - (a) Tror du att dessa är specifika för er bransch?
 - i. Varför/varför inte?
 - (b) Hjälper de icke-finansiella mätetalen er att konkurrera?
 - i. Kan du ge ett exempel?
11. Kan du beskriva något tillfälle när användandet av icke-finansiella mätetal varit extra problematiskt, eller av extra stort värde? *Kulturellt eller politiskt, eller ett exempel på när organisationen agerade på ett icke-finansiellt mätetal utan att kontrollera att det var en viktig aspekt för kunden, d.v.s. man investerar mot fel mål, suboptimerar, eller att målen för mätetalen har varit fel satta, etc.*

Exempelvis om ni håller på att genomföra ett förändringsprojekt för att förbättra tillgängligheten, och får in en mätning att kunderna är missnöjda med hur tillgängligheten är idag, och att tillgänglighet är väldigt viktigt för dem, vilket resulterar i att ert förändringsprojekt får mer fart och drivkraft? Eller att ni agerade på ett dåligt värde av ett icke-finansiellt mätetal med ett stort förändringsprojekt och att ni sedan insåg att den aspekten inte var särskilt viktig för kunden.
12. Vilka fördelar och nackdelar ser du med användandet av finansiella mätetal?
 - (a) Är det enklare eller svårare att agera på finansiella mätetal/KPI:er än icke-finansiella dito?
 - i. Varför? Exemplifiera.
13. **Vad finns det för likheter och skillnader mellan hur ni använder finansiella, respektive icke-finansiella mätetal i ert beslutsfattande?**
 - (a) Kan du ge ett konkret exempel på hur ni använt finansiella respektive icke-finansiella nyckeltal i ert beslutsfattande?

A.2 Enablers and Disablers

Cluster	Factor	G1	G2	G3	G4	Y1	Y2	Y3	Y4	R1	R2	R3	R4	R5	R6
Service mindset	Shared understanding that fulfilling the needs of the customer is more important than...	X	X			X									
Infrastructure support	Process ownership/mainly utilized within a process							X							
	Has defined processes for how to act on NFPM results -> does not rely on that "culture will take care of it"					X									
	Regular meetings are set up where NFPM results and current NFPM projects are discussed					X	X					X	X		
	Performs workshops/trainings with the aim of improving, and/or understanding, NFPM results					X	X	X				X	X	X	
	Systematic way of collecting customer complaints, questions, and feedback					X	X				X	X	X	X	
	Intranet is used to communicate NFPM-results					X	X				X	X	X	X	
Culture	Employees are encouraged to suggest actions to improve NFPM results										X	X			
	Employees demonstrate commitment and interest for the importance of the NFPM-process and its results					X	X	X			X	X			
	Top management openly display commitment for the importance of NFPM's					X					X	X			
	Described as an intangible part of the culture to work towards improving NFPM's (Customer Satisfaction)					X		X							
	Described as a necessity to build a culture around working with NFPM's (Customer Satisfaction)					X					X				
	Continuous improvement mindset as part of the company culture					X	X								
	Connected to goals and evaluation					X	X	X	X		X				X
	On team level					X	X								
	On individual level					X									
	Follow up on set goals continuously							xx			X				
Bonuses and rewards connected to NFPM-results	On company level					X					X				
	On top management level										X				
	On team level														
	On individual level					X									
	Directly connected to the salary										X				
	Public recognition within the company if an employee has performed well in regards to NFPM's														
	Celebrate good NFPM (Customer Satisfaction) results							X							
NFPM on a strategic level	NFPM results utilized on a strategic level							X	X				X		
Measurement process	Has defined areas where NFPM's are continuously measured					X	X	X	X		X		X		X
	Utilizes more than one type of measurement method					X	X	X	X		X		X		X
Purpose of utilizing the customer satisfaction measurement	Benchmark against competitors										X				X
	Benchmark against internal measurements														
	Check if there has been a change since last year's measurement										X				
	Check if a change project has affected the customers														
	To get concrete advice on actions to take in order to improve customer satisfaction										X				
	Check to see if they satisfy the customers' needs											X			
	To encourage and motivate employees by being able to demonstrate good results					X									
	To identify areas with poor performance in regards to the NFPM					X									

Figure A.1: Enablers

Cluster	Factor	G1	G2	G3	G4	Y1	Y2	Y3	Y4	R1	R2	R3	R4	R5	R6
Service Mindset	Customer focus not regarded as a vital part when developing and delivering the product/service						X			X				X	X
Infrastructure support	Functional ownership/ mainly utilized within a function														
	No defined ownership		X											X	X
	Relies on that "culture will take care of it" instead of having a defined process		X											X	X
Culture	Non-systematic way of collecting customer complaints, questions, and feedback		X												X
	Perceived as a challenge or burden to work with								X					X	X
	NFPM are not regarded as important measurements or indicators													X	
Connected to goals and evaluation	NFPM's are not connected to any goals												X		
NFPM on a strategic level	NFPM results not utilized on a strategic level			X						X					
Measurement process	Perceived as complex to define a correct way of measuring the NFPM's												X		
	Meetings are not on a regular basis, instead e.g. triggered by events				X										
	Does not measure NFPM on a regular basis				X										
Difficulty to take action on NFPM-results	Difficulty identifying concrete actions to improve NFPM-result		X										X	X	
Purpose of utilizing the customer satisfaction measurement	A focus on financial PM's/ a sense that financial and non-financial performance measurements are contradicting								X				X		X
	No specified reason or purpose									X					

Figure A.2: Disablers